SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.

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SEC ORDER CITES THOMAS INVESTMENT. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940, involving the broker-dealer firm of Thomas Investment Company, Skokie, Ill. Also named as respondents are Robert W. Thomas, the firm's president, and two other officers, John H. Thomas and William A. Johnson.

The proceedings are based on staff charges that in connection with their transactions in the common stock of Franklin Balmar Corporation during the period September 1964 to April 1965, Thomas Investment and the three individuals engaged in acts and practices violative of the anti-fraud and anti-manipulative provisions of the Federal securities laws.

A hearing will be scheduled by future order to take evidence on the staff charges and afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the alleged violations in fact occurred and, if so, whether any action of a remedial nature is necessary or appropriate in the public interest.

COMPREHENSIVE DESIGNERS FILES FOR SECONDARY. Comprehensive Designers, Inc., 4 Penn Center Plaza, Philadelphia, Pa. 19103, filed a registration statement (File 2-26950) with the SEC on July 20 seeking registration of 300,000 outstanding shares of common stock. The shares are to be offered for public sale by the holders thereof through underwriters headed by Reynolds & Co., 120 Broadway, New York 10005. The public offering price ($16.50 per share maximum*) and underwriting terms are to be supplied by amendment.

The company offers comprehensive scientific, engineering, and related supporting technical services to industry and government agencies. In addition to indebtedness, it has outstanding 300,000 common shares, and 1,663,488 Class B common shares, all held by directors and officers of the company. The prospectus lists four selling stockholders, including Walter R. Garrison (board chairman and president), Anthony M. Waltrich (secretary and executive vice president), and James A. Moore, Jr. and Conrad E. Schwager (both senior vice presidents), each of whom proposes to sell all of his holdings of common stock of 175,217, 107,201, 5,861, and 11,721 shares, respectively.

VIVIANE WOODARD CORP. FILES FOR OFFERING AND SECONDARY. Viviane Woodard Corporation, 14621 Titus St., Panorama City, Calif. 91412, filed a registration statement (File 2-26951) with the SEC on July 21 seeking registration of 275,000 shares of common stock. Of this stock, 31,107 shares are to be offered for public sale by the company and 218,893 shares (being outstanding stock) by the holders thereof. The offering is to be made through underwriters headed by F. Eberstadt & Co., 65 Broadway, New York 10006 and Stern, Frank, Meyer & Fox Inc., 606 S. Olive, Los Angeles, Calif. 90014. The public offering price ($19.00 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and distribution of a diversified line of cosmetics and fragrances. Net proceeds of its sale of additional stock will be added to its general funds and may be applied to expansion requirements such as increases in inventories and accounts receivable, expenditures for promotion and development of new product lines and promotional campaigns or for payments on indebtedness. In addition to indebtedness, the company has outstanding 1,216,693 common shares, of which management officials own 23.81% (including 20.19% held by J. I. Levin, board chairman and president). The prospectus lists eight selling stockholders. The Phillips Foundation proposes to sell 64,000 of its holdings of 120,994 shares, The Presto Foundation, all of its holdings of 35,925 shares, and L. E. Phillips Charities, Inc., 31,484 of 77,692 shares; the others propose to sell shares ranging in amount from 7,484 to 30,000 shares.

BLASIUS INDUSTRIES PROPOSES OFFERING. Blasius Industries, Inc., One East 44 St., New York 10017, filed a registration statement (File 2-26953) with the SEC on July 21 seeking registration of 170,000 shares of common stock. The shares are to be offered for public sale through underwriters headed by Myron A. Lomasney & Co., 67 Broad St., and Morgan, Kennedy & Co., Inc., One Chase Manhattan Plaza, New York. The public offering price ($7.00 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to sell to the underwriters for $150, five-year warrants for the purchase of 15,000 shares of common stock, exercisable initially at $6.50 per share.

The company was organized under Delaware law in 1966 to undertake the investigation and possible acquisition of companies in the plastics, chemicals and pharmaceutical fields. Of the net proceeds to be received from the stock sale, together with the $493,918 to be received from the sale to Intermediate Credit Corporation of 2,500 shares of $100 par, 6% cumulative convertible preferred stock, Series A, and $250,000 of convertible subordinated notes, due 1973, and approximately $50,000 to be obtained from the secured bank loan after retiring the existing bank loans, (1) $1,212,000 will be used for the payment of the balance of the purchase price of all of the issued and outstanding common stock of Perry Plastics; (2) $75,600 will be used to retire the 756 presently outstanding shares of preferred stock of Perry Plastics; and (3) the balance will be added to working capital. In addition to indebtedness and preferred stock, the company has outstanding 230,000 common shares, of which management officials own 51% (including 24% held by George F. Blasius, president, and 13% by John A. McNiff, vice president and general counsel).

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CONTINENTAL ASSURANCE CO. FILES. Continental Assurance Company, 310 S. Mighigan Ave., Chicago, Ill. 60604, filed a registration statement (File 2-29652) with the SEC on July 21 seeking registration of $50,000,000 of group variable annuity contracts, including equity units in the investment fund of the variable contract account. The group variable annuity contracts are said to provide a means by which self-employed individuals may provide retirement plans for themselves and their eligible employees through investment in a Separate Account, the assets of which are comprised primarily of common stocks. Howard C. Reeder is board chairman and David G. Scott is president.

STANDARD OIL CO. (CALIF.) PROPOSES OFFERING. Standard Oil Company of California, 225 Bush St., San Francisco, Calif. 94120, filed a registration statement (File 2-26954) with the SEC on July 21 seeking registration of $200,000,000 of sinking fund debentures, due 1992. The debentures are to be offered for public sale through underwriters headed by Blyth & Co., Inc., 14 Wall St., New York 10005 and Dean Witter & Co., 45 Montgomery St., San Francisco, Calif. 94106. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the acquisition and development of prospective and proved oil and gas lands; the production, purchase, transportation and sale of crude oil and natural gas liquids; the refining of crude oil; the production, purchase, processing and sale at wholesale of natural gas; and the manufacture, transportation and wholesale and retail marketing of petroleum products, petrochemicals and agricultural chemicals. Net proceeds from its sale of the debentures will be applied to the payment of some $200,000,000 of outstanding bank borrowings. The company's program of capital and exploratory expenditures and investments is estimated at $715,000,000 for 1967 and $750,000,000 for 1968. In addition to indebtedness, the company has outstanding 80,797,382 common shares. O. N. Miller is board chairman and J. E. Gosline is president.

RAPID-AMERICAN PROPOSES RIGHTS OFFERING. Rapid-American Corporation, 711 Fifth Ave., New York 10022, filed a registration statement (File 2-26956) with the SEC on July 21 seeking registration of $3,600,000 of convertible subordinated debentures, due 1980. The debentures are to be offered for subscription by stockholders at the rate of $1.50 principal amount of debentures for each share of common stock held. The record date, interest rate, and offering price are to be supplied by amendment.

The company controls McCrory Corporation through ownership of 55% of its outstanding common stock; McCrory in turn owns a majority of the common stock of Lerner Stores Corp. (50.1%), and S. Klein Department Stores, Inc. (63%), and 49.7% of the common stock of Glen Alden Corporation. In 1965 the company acquired the men's clothing manufacturing business and certain assets of Joseph H. Cohen & Sons, Inc. Hanover Equities Corp. was recently merged into the company. In addition to indebtedness and preferred stock, the company has outstanding 2,101,707 common shares, of which management officials own 15.7%. Meshulam Riklis is president and board chairman of the company, and board chairman of both McCrory and Glen Alden.

COMPUTEST CORP. PROPOSES OFFERING. Computest Corporation, Three Computer Drive, Cherry Hill, N. J. 08034, filed a registration statement (File 2-26957) with the SEC on July 21 seeking registration of 300,000 shares of common stock, to be offered for public sale through underwriters headed by Shearson, Hammill & Co. Inc., 14 Wall St., New York 10005. The public offering price ($16.00 per share maximum*) and underwriting terms are to be supplied by amendment.

The company was organized under Delaware law in 1966 by E. M. Warburg & Co., Inc., Richard O. Endres, its president, and the underwriter, for the purpose of acquiring all of the capital stock of Computer Test Corporation ("CTC") also a Delaware corporation. It is engaged in the design, manufacture and marketing of memory test equipment, data communications equipment, and semiconductor and integrated circuit test equipment for the digital computer industry, the communications industry and related groups. Net proceeds from the sale of the common shares will be applied to retire $1,000,000 of the company's subordinated notes, due 1971, to discharge all then current bank loans, and to discharge all of its obligations to General Kinetics Incorporated incurred in connection with the acquisition of CTC; the remainder will be added to working capital and used for general corporate purposes, including expansion of CTC's research and development programs. In addition to indebtedness, the company has outstanding 598,700 common shares, of which E. M. Warburg & Co., Inc. owns 25.8%, Shearson, Hammill & Co., 22.4%, and Richard O. Endres, president of both the company and CTC, 34.8%. Endres is record holder of an additional 15.7% of the outstanding shares.

POINTON, OTHERS ENJOINED. The SEC Fort Worth Regional Office announced July 19 (LR-3773) that the Federal court in Oklahoma City had issued an order that day permanently enjoining Choctaw Utilities Company, Inc. and Pointon Land Company, and on June 22, an order permanently enjoining William P. Pointon, Jr., from further violations of the registration and anti-fraud provisions of the Securities Act in the offer and sale of bonds of Pointon Land Company and Choctaw Utilities Co., Inc. All defendants consented to the entry of the decrees.

INVESTORS TRADING CORP., OTHER ENJOINED. The SEC Atlanta Regional Office announced July 20 (LR-3774) that the Federal court in New Orleans had issued an order permanently enjoining Investors Trading Corporation and Jack W. Savage, from further violations of the registration provisions of the Securities Exchange Act while engaging in business as a broker or dealer in securities. The defendants consented to the entry of the decree.

SUBSCRIPTION TELEVISION TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending over-the-counter trading in securities of Subscription Television, Inc. for the further ten-day period July 25 through August 3, 1967, inclusive.

CONTINUED

LEA-RONAL PROPOSES OFFERING. Lea-Ronal, Inc. ("Lea-Ronal"), 130-19 180th St., Jamaica, N. Y. 11434, filed a registration statement (File 2-26958) with the SEC on July 21 seeking registration of 125,000 shares of common stock, to be offered for public sale through underwriters headed by Walston & Co., Inc., 74 Wall St., New York 10005. The public offering price ($12.00 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is principally engaged in the development, production and marketing of electroplating processes which have a wide variety of industrial applications. Of the net proceeds from the stock sale, approximately $250,000 will be used for the purchase and installation of equipment for its facilities being constructed in Freeport, N. Y., and for other expenses incurred in connection therewith; the balance will be added to the company's general funds. In March 1968, approximately $720,000 thereof will be applied to the prepayment in full of the 5% notes, due 1968 through 1974, owing to Barnet D. Ostrow, president of Lea-Ronal, and Fred I. Nobel, its executive vice president and secretary. These notes were issued in June 1967 by Elechem Corp. (which will merge into the company in August) in exchange for all obligations for patent purchase payments required to be made under a prior agreement. In addition to indebtedness, the company has outstanding 472,950 common shares, of which The Lea Manufacturing Company owns 38.1% and management officials 59.5% (including 28.3% each, owned by Barnet D. Ostrow and Fred I. Nobel). Henry L. Kellner is board chairman. Ronal Chemicals, Inc., all of the common stock of which is owned equally by Messrs. Ostrow and Nobel, owns approximately 5% of the capital stock of The Lea Manufacturing Company.

BELDEN & BLAKE PROPOSES OFFERING. Belden & Blake and Company Limited Partnership No. 21, 702 Tuscarawas St., W., Canton, Ohio 44702, filed a registration statement (File 2-26959) with the SEC on July 21 seeking registration of 100 units of participation in the partnership, to be offered for public sale at $2,700 per unit. The partnership was organized under the Ohio law for the purpose of drilling oil and gas well locations in Ohio, where certain acreage can be acquired from Belden & Blake Oil Production, a general partnership. The latter is 75%-owned by Henry S. Belden, III, and Glenn A. Blake, general partners in the limited partnership. Belden & Blake will operate the business of the limited partnership.

NATIONAL AVIATION SEEKS ORDER. National Aviation Corporation, New York investment company, has applied to the SEC for an exemption order under the Investment Company Act permitting its purchase of up to $2,000,000 of convertible subordinated debentures of The Cessna Aircraft Company ("Cessna"); and the Commission has issued an order (Release IC-5038) giving interested persons until August 7 to request a hearing thereon. Cessna has filed a registration statement proposing the public offering of $20,000,000 of such debentures. Howard E. Buhse, a director of National Aviation, is a partner of Hornblower & Weeks-Hemphill, Noyes, one of the prospective underwriters of the offering. Under such circumstances, National Aviation's purchase of the debentures during the existence of the underwriting or selling syndicate, is prohibited by Section 10(f) of the Act unless the Commission grants an exemption from such prohibition.

CHEVRON OVERSEAS FINANCE RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5039) granting an application of Chevron Overseas Finance Company ("Chevron"), of San Francisco for exemption from all provisions of the Act.

Chevron was organized by Standard Oil Company of California ("Standard") to raise funds abroad for financing the expansion and development of Standard's foreign operations. All of the outstanding securities of Chevron consists of 5,000 shares of common stock, of which 100 shares have been purchased for $10,000 and are held by Standard. Any additional securities which Chevron may issue, other than debt securities, will be issued only to Standard. Chevron intends to issue and sell $25,000,000 principal amount of its Guaranteed Notes, due 1972, to be guaranteed by Standard; and the notes are to be sold to a group of underwriters for offering outside the United States. Upon completion of the long-term investment of applicant's assets, substantially all of its assets will be invested in or loaned to foreign companies which are engaged in businesses other than that of an investment company and are owned or controlled by Standard or are engaged in business related to the business of Standard and in which Standard and Chevron have a 10% interest.

SECURITIES ACT REGISTRATIONS. Effective July 21: Alloys Unlimited, Inc., 2-26070; Gulf Resources & Chemical Corp., 2-26937 (40 days); McCrory Corp., 2-26891; New York City Commercial Development Corp., 2-26121 (90 days).
Effective July 24: Harvey Aluminum (Incorporated), 2-26813 (40 days); Index Fund of Boston, Inc., 2-26124; Infotronics Corp., 2-26738 (90 days).

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

*As estimated for purposes of computing the registration fee.

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MICHIGAN G & E PURCHASE BY AMERICAN ELECTRIC POWER APPROVED. In a 3 to 1 decision under the Holding Company Act (Release 35-15800) issued today, the Commission approved the proposal of American Electric Power Company, Inc. ("AEP"), a New York holding company, to acquire outstanding common shares of Michigan Gas and Electric Company ("MGE"). Such acquisition is to be followed by the liquidation and dissolution of MGE, its electric properties to be retained in the AEP System and the gas properties to be sold to Michigan Gas Utilities Company ("MGU"), which joined in AEP's application. Commissioner Budge filed a dissenting opinion; and Commissioner Smith did not participate.

In May 1966 AEP had made a tender offer for MGE stock at $100 per share and at the same time filed an application seeking Commission approval of the acquisition of such shares. Following opposition by MGE's management, AEP, by an agreement of July 1, 1966 with MGU, had assigned its interest in the tender offer to MGU. Under that agreement, MGU agreed to and did purchase at $100 MGE shares which had been tendered or were tendered by July 20, 1966, the termination date of the offer. The agreement also gave AEP the right to purchase, subject to Commission approval, all shares of MGE stock owned by MGU and provided that if AEP obtained control of MGE, it would cause MGE to transfer the gas interests to MGU. Subsequently, an agreement was reached between AEP, MGU and MGE, which is reflected in the proposed transactions approved by the Commission. These contemplate AEP's acquisition of the 74,844 shares of MGE (about 36%) owned by MGU at MGU's cost; a new tender offer by AEP to MGE's other shareholders at an increased price of $115 per share; the payment of an additional $15 per share to the persons from whom MGU had purchased shares at $100 pursuant to the prior tender offer; and the acquisition of the MGE gas properties by MGU.

The Commission found that the proposed acquisition by AEP of MGE's electric properties meets the requirements of Section 10 of the Holding Company Act, and that such acquisition would serve the public interest by tending towards the economical and efficient development of an integrated electric public-utility system. The Commission also found that the $115 price was fair and reasonable both for the MGE shareholders and AEP.

With respect to the proposed disposition of the gas properties of MGE to MGU, the Commission pointed out that the net effect of the proposed complex of transactions was the liquidation and dissolution of MGE, with AEP acquiring the electric properties and MGU the gas properties. In this context, the Commission noted, what was involved was essentially a purchase by AEP of the electric properties. Although in a normal case involving the sale of utility assets by a holding company, the Commission has insisted, pursuant to Section 12(d), on the maintenance of competitive conditions, the Commission concluded that in the circumstances here involved its primary statutory concern was to determine the fairness of the $115 price to MGE's shareholders and of the cost of the electric properties to AEP (about $13,800,000). On these issues it reached affirmative conclusion. In light of these and other factors, the Commission concluded that there was nothing in Section 12(d) requiring disapproval of the proposed disposition of the gas properties.

The Commission also considered certain questions regarding the legality of earlier steps taken by AEP and MGU and the effect of these actions on the present application. It noted that the Commission's staff had raised questions as to whether the July 1 agreement between AEP and MGU, and MGU's purchases of MGE stock, involved an attempt by AEP to evade the prohibition of Section 9(a) against direct or indirect acquisition of securities by a registered holding company without Commission approval. The Commission had subsequently advised AEP, MGU and MGE that it had instructed its counsel to take the position that on its face the July 1 agreement went beyond permissible preliminaries. The Commission in its decision held that it was unnecessary to make a definitive finding regarding the propriety of the agreement, concluding that the application should be approved even on the assumption that the agreement and related procedures were improper. In so holding, the Commission took into account the fact, among others, that full evidentiary hearings had been held and that the proposals had been modified so as to enable the Commission to pass not only on compliance with the Act in connection with the proposed acquisition of MGE stock by AEP, but also on the fairness of the price paid to the MGE shareholders who had previously tendered their shares. The Commission concluded that approval of the proposed acquisitions of MGE stock by AEP "would serve the public interest and the policies of the Act since they will result in an integrated utility system with the promise of substantial benefits to the public interest and the interests of consumers and investors alike."

Among the conditions imposed by the Commission was that AEP include a copy of the Commission's decision with its solicitation material to be used in the proposed tender offer. The Commission pointed out, however, that its approval of the tender offer was not a recommendation either to accept or reject the offer; that decision must be made by each stockholder himself.

In his dissenting opinion, Commissioner Budge stated: "I am forced to the conclusion that the Commission's stamp of approval on this transaction is not in the public interest, that it is not protective of the interests of investors and consumers, and that it is not in compliance with the statute which the Congress and the public rely upon the Commission to administer." The July 1966 agreement and "the actions of the parties thereto constituted patent violations of the clear, unequivocal terms of the statute," he observed, and the proposed transactions "are the fruits of the violation" of the Section 9(a) prohibitions against acquisitions of utility securities or assets "Unless the acquisition has been approved by the Commission under Section 10 . . ."

Nor was there a showing, as required by Section 12(d) and Rule 44, that competitive conditions had been maintained in connection with the contemplated sale of the MGE gas properties to MGU. AEP was aware, Commissioner Budge noted, of at least two other potential purchasers for the gas properties; but instead of maintaining competitive conditions and seeking prospective purchasers for all or part of the gas properties, "it did just the opposite and took action designed to discourage potential purchasers." The majority had found that the purchase price paid to MGE shareholders is "fair," but in the absence of the maintenance of competitive conditions, Commissioner Budge indicated, "we shall never know what AEP could have received for MGE's gas properties." Not only were positive statutory requirements "not met," he indicated, "they were completely ignored. No effort was made to comply with the statute, and no one knows what the effect of compliance would have been for the protection of investors and consumers. Certainly noncompliance with the statute cannot be assumed to be in the public interest."