

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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WEST PENN POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15807) authorizing West Penn Power Company, Greensburg, Pa. holding company and an electric utility subsidiary of Allegheny Power System, Inc., to solicit proxies to be voted at a meeting of stockholders scheduled for September 18, with respect to a proposed charter amendment designed to comply with the Commission's Statement of Policy regarding preferred stock issued by companies subject to the Act.

MONONGAHELA POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15812) authorizing Monongahela Power Company, Fairmont, W. Va., holding company and an electric utility subsidiary of Allegheny Power System, Inc., to issue and sell, at competitive bidding, up to \$15,000,000 of first mortgage bonds, due 1997, and 50,000 shares of cumulative preferred stock. The net proceeds from the sale of the bonds and preferred shares will be used to finance in part the 1967 construction program of Monongahela and its subsidiary company (estimated at \$31,000,000) and to pay \$13,500,000 of short-term notes incurred therefor.

INDICTMENT RETURNED IN SALE OF CHAPPELL SECURITIES AND AQUILA LIFE SHARES. The SEC Chicago Regional Office announced August 7 (LR-3782) the return of an indictment by a Federal grand jury in Indianapolis, charging violations of the Securities Act registration and anti-fraud provisions in the sale of securities of Aquila Life Insurance Company and Chappell Securities Corporation. Chappell Securities and two other corporations, together with 49 individuals, were named as defendants (all but one of the individual defendants are residents of Indianapolis or other cities and towns of Indiana).

INDICTMENT RETURNED IN SALE OF 1st ILL. CORP. STOCK. The SEC Chicago Regional Office announced August 4 (LR-3783) the return of an indictment by a Federal grand jury in Springfield, Ill., charging violations of the Securities Act registration and anti-fraud provisions in the sale of stock of 1st Illinois Corporation. Named as defendants were George J. Rutledge and Raymond D. Hill.

ALPINE ASSOCIATES PROPOSES OFFERING. Alpine Associates, Ltd. - 1967, 1028 Patterson Bldg., Denver, Colo. 80202, filed a registration statement (File 2-27048) with the SEC on August 4 seeking registration of 150 units of participation in the partnership, to be offered for public sale at \$5,000 per unit. The units are to be offered for sale by Alpine Oil Exploration Funds, Ltd., the general partner; if broker-dealer firms participate in the offering, they will receive a commission of from 2% to 5%.

The company was organized in July 1967 under Colorado law as a limited partnership. The general partner, all of whose stock is owned by Warren Sheridan, also was organized under Colorado law in July. Sheridan also owns all of the stock of Alpine Oil Company, Inc., which has been engaged as the management company to administer, supervise and manage the partnership's properties for which it will receive a management fee equal to 10% of the gross proceeds raised by this offering (plus reimbursement for costs) and, in future years, a management fee equal to 10% of the direct costs as charged and billed to the partnership. The partnership will undertake the evaluation, selection, acquisition, exploration and development of oil and gas lease and property interests in Colorado and several other states as well as the Canadian Provinces of Alberta, British Columbia and Saskatchewan. Proceeds of the sale of partnership interests will be used for such purposes.

ROCHESTER GAS FILES FOR OFFERING. Rochester Gas and Electric Corporation, 89 East Ave., Rochester, N.Y. 14604, filed a registration statement (File 2-27050) with the SEC on August 4 seeking registration of \$20,000,000 of first mortgage bonds, due 1997, Series W, to be offered for public sale at competitive bidding. Net proceeds of its bond sale will be applied by the company toward its 1967 construction program or to the payment of short term obligations incurred therefor (as of August 1 there was \$12,000,000 of such obligations outstanding). Construction expenditures for 1967 are estimated at \$49,200,000.

NEW YORK STATE E & G FILES FOR OFFERING. New York State Electric & Gas Corporation, 4500 Vestal Parkway East, Binghamton, N. Y. 13902, filed a registration statement (File 2-27051) with the SEC on August 4 seeking registration of \$25,000,000 of first mortgage bonds due 1997, to be offered for public sale at competitive bidding. Of the net proceeds, a portion will be applied to the repayment of \$22,000,000 of borrowings under its revolving bank credit agreement (expected to approximate \$26,500,000 when the bonds are sold) and the remainder will be applied to the company's construction program (for which the notes were sold). Construction expenditures for 1967-68 are estimated at \$145,300,000.

GULF & WESTERN IND. PROPOSES OFFERING. Gulf & Western Industries, Inc., 1271 Avenue of the Americas, New York 10020, and 7800 Westpark Drive, Houston, Tex. 77042, filed a registration statement (File 2-27052) with the SEC on August 4 seeking registration of 25,000 shares of \$5.75 sinking fund preference stock, \$2.50 par. In connection with the company's acquisition of substantially all the assets, properties and business of Desilu Productions, Inc., and the liquidation of Desilu, Lucille Ball received, in part, the 25,000 preferred shares. According to the prospectus, she may sell all or a part thereof from time to time, on the New York Stock Exchange or in the over-the-counter market or otherwise, at prices then obtainable (\$76.125 per share maximum*).

OVER

HARDEE'S FOOD FILES FOR OFFERING AND SECONDARY. Hardee's Food Systems, Inc., Rocky Mount, N. Car., filed a registration statement (File 2-27054) with the SEC on August 4 seeking registration of 208,000 shares of common stock. Of this stock, 160,000 shares are to be offered for public sale by the company and 18,000 (being outstanding shares) by the present holders thereof; the remaining 30,000 shares are being purchased by the underwriters from the company upon the exercise of warrants to be acquired by the underwriters from the present holder thereof. Shearson, Hammill & Co., Inc., 14 Wall St., New York 10005, and Powell, Kistler & Co., 110 Old St., Fayetteville, N.C., are listed as the principal underwriters; and the public offering price (\$25 per share maximum*) and underwriting terms are to be supplied by amendment.

The company and its subsidiaries are engaged in the business of operating, licensing and servicing limited menu, self-service restaurants under the names "Hardee's" and "Hardee's Li'l Chef." Of the net proceeds of its sale of additional stock, some \$1,000,000 will be allocated for the expansion of the company's restaurant and food operations; \$250,000 will be used to finance a portion of the cost of its new home office and manufacturing and warehouse facilities; and the balance will be used for general corporate purposes, including the carrying of increased inventories and receivables. In addition to indebtedness, the company has outstanding 696,240 common shares, of which Joseph Leonard Rawls, Jr., president, owns 18.25% and James Carson Gardner, a director, 14.65%. Rawls proposes to sell 6,000 of his holdings of 127,056 shares; and the Cameron Brown Capital Corp. proposes to sell all of its holdings of 12,000 shares (to be received upon its conversion of \$99,000 of Hardee's Series A debentures). The warrants to be purchased by the underwriters are owned by the Citizens Small Business Investment Company; they are exercisable at \$2 per share.

JET AIR FREIGHT FILES FOR OFFERING AND SECONDARY. Jet Air Freight, 750 Lairport St., El Segundo, Calif., filed a registration statement (File 2-27053) with the SEC on August 4 seeking registration of 100,000 shares of common stock. Of this stock, 75,000 shares are to be offered for public sale by the company and 25,000 (being outstanding stock) by the present holders thereof. The offering is to be made by underwriters headed by McDonnell & Co., Inc., 120 Broadway, New York 10005; the public offering price (\$10 per share maximum*) and underwriting terms are to be supplied by amendment. Also included in the statement are five-year warrants issued to the McDonnell firm for the purchase of 12,000 common shares.

The company is principally engaged in the business of air freight. Net proceeds of its sale of additional stock will be used, in part (\$130,000), to pay off indebtedness incurred in the purchase of unimproved land in Inglewood, Calif., upon which the company plans to build and equip modern administrative offices, warehouse space, and cargo handling facilities; and the balance of the proceeds will be used as additional working capital and for business expansion. The company now has outstanding 325,000 common shares, of which management officials own 81.42%. Julius Wagner, president and board chairman, owns (with his wife) 96,748 shares and proposes to sell 7,448 shares. Mr. and Mrs. K. Sam Moldave proposes to sell 7,630 of their holdings of 99,269 shares (Gertrude Moldave is secretary-treasurer). The other sixteen selling stockholders propose to sell shares ranging in amount from 194 to 2,000 shares.

KIMBERLY-CLARK FILES FOR OFFERING. Kimberly-Clark Corporation, Neenah, Wisc. 54956, filed a registration statement (File 2-27055) with the SEC on August 7 seeking registration of \$50,000,000 of debentures, due 1992. The debentures are to be offered for public sale through underwriters headed by Morgan Stanley & Co., 2 Wall St., New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company and its subsidiaries and associated companies conduct a diversified business of manufacturing and selling paper and related products, including sanitary and household paper products, communication papers and industrial papers. Net proceeds of its debenture sale will be added to the general funds of the company and applied principally to the completion of a consumer products tissue manufacturing and converting facility, now under construction at Beech Island near Aiken, S. Car., and to the recently authorized expansion of facilities for the production of business papers at West Carrollton, Ohio. The company's gross capital expenditures for plant and equipment during the fiscal year ended April 30, 1967, were about \$80,000,000, and it is expected that they will continue at least at this level during the current fiscal year. John R. Kimberly is president.

SEC JOINS DC, VA. & MD. AGENCIES IN PRONOUNCEMENT ON REAL ESTATE SYNDICATIONS. The SEC today joined with the Maryland Division of Securities, the Virginia Division of Securities, and the Public Service Commission of the District of Columbia, in the issuance of a statement discussing the application of the Federal securities laws and those of Maryland, Virginia and the District of Columbia to the sale of interests in real estate syndications. These generally take the form of limited partnership interests or interests in joint or profit sharing ventures, and constitute an offering of a "profit sharing agreement" or an "investment contract;" they are construed to be a "security" within the meaning of Section 2(1) of the Securities Act of 1933. The public offering and sale of such a security is subject to the registration provisions of that Act (unless a specific exemption is available) and to its anti-fraud provisions; and any such investment contract is also deemed to be a security under and subject to provisions of the laws of Maryland, Virginia and the District of Columbia. The joint statement discusses the application of the several laws to the public offering and sale of such interests; for details, see Release 33-4877.

NORTH AMERICAN RESEARCH TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending over-the-counter trading in securities of North American Research & Development Corp., of Salt Lake City, for the further ten-day period August 9-18, 1967, inclusive.

UNLISTED TRADING SOUGHT. The SEC has issued an order under the Securities Exchange Act (Release 34-8140) giving interested persons until August 22 to request a hearing upon applications of the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stock of Diamond Alkali Company, Dynamics Corp. of America, Equity Funding Corporation of America, General Precision Equipment Corp., Livingston Oil Company and Richardson-Merrell, Inc.

CONTINUED

AIR INDUSTRIES FILES FOR OFFERING AND SECONDARY. Air Industries Corporation, 12570 Knott St., Garden Grove, Calif., filed a registration statement (File 2-27056) with the SEC on August 7 seeking registration of 350,000 shares of common stock. Of this stock, 150,000 shares are to be offered for public sale by the company and 200,000 (being outstanding shares) by the present holder thereof. The public offering price (\$16 per share maximum*) and underwriting terms are to be supplied by amendment. Kidder, Peabody & Co., Inc., 20 Exchange Pl., New York 10005, is listed as the principal underwriter.

The company (formerly Air Industries of California) designs, manufactures and sells precision fasteners, primarily for use on military and commercial aircraft, missiles and space vehicles. Of the net proceeds of its sale of additional stock, \$850,000 will be used to repay bank borrowings incurred to finance operations and \$190,000 to complete the expected purchase of additional real property; \$572,000 will be used to pay for production equipment presently on order and scheduled for delivery over the next nine months; and the balance will be added to general corporate funds. The company now has outstanding 1,400,000 common shares, of which 1,395,400 shares are owned by Sam L. Higgins, company president. He proposes to sell 200,000 shares.

UNITED CITIES GAS PROPOSES RIGHTS OFFERING. United Cities Gas Company, 2720 Nolensville Rd., Nashville, Tenn. 37211, filed a registration statement (File 2-27057) with the SEC on August 7 seeking registration of 48,775 shares of common stock. These shares are to be offered for subscription by stockholders at the rate of one new share for each seven shares held (after giving effect to a proposed 3 for 2 stock split). The record date, subscription price (\$13 per share maximum*) and underwriting terms are to be supplied by amendment. Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York 10005, is the underwriter.

The company is engaged in the distribution of natural gas in various communities in Tennessee, Illinois, North Carolina, South Carolina, Georgia and Virginia; it has two subsidiaries, Tennessee Gas Pipe Line Company and U.C.G. Finance Corporation. Following the sale of the 48,775 common shares, United proposes to sell \$2,000,000 of bonds and 10,000 shares of \$100 par preferred to institutional investors. The net proceeds of this financing will be applied to the retirement of \$2,975,000 of short term bank loans and the balance to the costs during 1967 of capital improvements. Construction costs during 1967 are estimated at \$1,936,000. Charles Benson Dushane, Jr., is president and board chairman.

STOCK PLANS FILED. Form S-8 registration statements have been filed with the SEC proposing the offering of securities under employee savings, stock option and other plans, as follows:

Continental Air Lines, Inc., Los Angeles, Calif. 90009 (File 2-27044) - 661,664 shares
 American Standard Inc., New York 10018 (File 2-27046) - 591,813 shares
 National Company, Inc., Melrose, Mass. 02176 (File 2-27049) - 45,400 shares
 Garlock Inc., Palmyra, N. Y. 14522 (File 2-27059) - \$200,000 of participations in Garlock's Stock Fund A and Stock Fund B, and 11,189 shares

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the August 2 News Digest.

Assoc Baby Services Inc Jul 67 (11,12)	1-4684-2	Atlantic Co Mar 67 (11)	0-1205-2
Empire Life Ins Co Jun 67 (7,9)	2-20749-2	Courtesy Products Corp Jun 67 (8,10)	0-1495-2
La Salle Wines & Champagne Inc Jun 67		DEA Inc Feb 67 (3)	0-2061-2
(12)	1-3048-2	Daryl Ind Inc Jul 67 (3,13)	1-4321-2
Marlene Ind Corp Jul 67 (11)	1-4713-2	Northern Pacific Ry Co Jul 67 (13)	1-1413-2
Moviematic Ind Corp May 67 (1,2,9,12,13)	1-1739-2	Pacific Southwest Airlines Jun 67	
United States Lumber Co Jul 67 (12)	0-601-2	(7,8,12,13)	1-5080-2
AIC Corp		Treasure State Ind Inc Nov 66 (2,10,13)	0-2054-2
Amend #1 to 8K for Feb 67 (7,13)	0-148-2	York Water Co May 67 (11)	0-690-2
		Treasure State Ind Inc	
		Amend #1 to 8K for Jun 66 (2,13)	0-2054-2

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended August 3, 1967, 52 registration statements were filed, 39 became effective, 5 were withdrawn, and 422 were pending at the week-end.

SECURITIES ACT REGISTRATIONS. Effective August 7: Belden & Blake & Co. Ltd. Partnership No. 21, 2-26959; Curtice-Burns, Inc., 2-26041 (90 days); Monongahela Power Co., 2-26806 (40 days); Jim Walter Corp, Effective August 8: The Cassna Aircraft Co., 2-26890 (40 days); National Lead Co., 2-26631 (40 days); 2-27003. Standard Oil Co. of Calif. 2-26954.

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.