



SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A Daily Summary of
S.E.C. Activities

Washington, D.C. 20549

(Prepared by the SEC Office of Public Information)

(Issue No. 72-106)

FOR RELEASE June 5, 1972

COMMISSION ANNOUNCEMENTS

SEC CITES LEVITZ FURNITURE; FILE INJUNCTIVE COMPLAINT, ORDER PUBLIC PROCEEDINGS. The Commission on Friday June 2, announced the filing of a civil injunctive complaint in Federal court in Washington against Levitz Furniture Corporation of Pottstown, Pa., Ralph Levitz, Chairman of the firm, Leon Levitz, President, and Gary Levitz, Vice President.

The complaint charged the defendants with violations of the anti-fraud provisions of the Securities Exchange Act of 1934 in a registration statement filed with the Commission on April 11, 1972 and in amendments to that registration statement. The complaint alleged that statements contained in the registration statement and prospectuses distributed to prospective purchasers of Levitz stock were materially false and misleading in that they omitted to disclose that an effort by the Teamsters Union to organize nationwide employees of Levitz was imminent, that a senior Levitz official had advised the Teamsters Union that Levitz would not oppose such nationwide organizational effort, and that the Teamsters were requested to delay their organizational drive until after the pending registration statement of Levitz had become effective, and said registration statement and prospectuses failed to disclose the potential material financial impact of any such nationwide union organizational drive and the further impact it would have, if successful, upon earnings and the operations of Levitz. Defendants Ralph Levitz, Leon Levitz and Gary Levitz consented to an Order of Permanent Injunction. It is anticipated that the Levitz Furniture Corporation will consent shortly to an Order of Permanent Injunction. (LR-5412)

The Commission further announced that it has ordered public administrative proceedings pursuant to the Securities Act of 1933 involving a registration statement filed pursuant to the Securities Act by Levitz on April 11, 1972 and amended on May 5, 1972 and on May 23, 1972. The registration statement covers a proposed public offering of 600,000 shares of Levitz' \$.10 par value common stock. The proceedings are based on staff allegations that the registration statement contains untrue statements of material facts and omits to state material facts required to be stated therein with respect to the organizational effort to be conducted by the Teamsters Union as discussed above. The Commission's order provides for a public hearing to be held at 10:00 A.M. on June 12, 1972 at the offices of the Securities and Exchange Commission, 500 N. Capitol St., Washington, D. C. 20549 to determine whether the allegations set forth in the Division's Statement of Matters are true, to determine whether a stop order should be issued against the registration statement, and to afford Levitz an opportunity to establish any defenses to the allegations as set forth. (Rel. 33-5257).

FIRST FIDELITY TRADING SUSPENSION TERMINATED. The Commission announced on June 2 that the suspension of over-the-counter trading in the securities of First Fidelity Co., a California corporation headquartered in Beverly Hills, Calif., which was originally requested by the company will terminate on June 4, 1972. (Rel. 34-9628)

TRADING SUSPENDED IN CLINTON OIL. The SEC on June 1 ordered the temporary suspension of over-the-counter trading in the common stock of Clinton Oil Company, Wichita, Kansas for the ten day period commencing on June 1, 1972 through June 10, 1972.

The suspension was ordered because of the unavailability of adequate and accurate information concerning the company, its operations and financial condition, and because of questions which have arisen concerning the valuation of certain assets.

In its quarterly report on Form 10-Q for the nine months ended September 30, 1971, Clinton reported a net loss for the period of \$18,677,500 which includes an extraordinary loss of \$8,400,000 resulting from the reduction of the carrying value of certain producing oil and gas properties.

Unaudited financial statements for the fiscal year ended December 31, 1971 have been filed with the SEC as part of the company's Annual Report on Form 10-K and omit financial information with respect to the results of operations for the year and with respect to amounts of accounts and notes receivable to be included in the balance sheet as at December 31, 1971. The report on Form 10-Q for the quarter ended March 31, 1972 filed by Clinton also omits significant information with respect to the results of operations. (Rel. 34-9627)

DECISION IN ADMINISTRATIVE PROCEEDING

KNAUSS SANCTIONED. The SEC has issued an order censuring Donald R. Knauss, Allentown, Pennsylvania, who was a registered representative with a broker-dealer firm, based on a finding that he offered and sold unregistered stock of International Resources, Inc. in violation of the Securities Act. The order also provided that Knauss may not be employed in the securities business without making a showing to the staff of the Commission that he will be subject to appropriate supervision, and that he shall not be engaged in any such employment in a supervisory capacity without the prior approval of the Commission.

The action was taken pursuant to an offer of settlement, in which Knauss, without admitting or denying the charge consented to the above finding and remedial sanctions. In submitting the offer, Knauss among other things noted that he already had been suspended for a month by the New York Stock Exchange in connection with the transactions. (Rel. 34-9616)

OVER

COURT ENFORCEMENT ACTION

FIVE SENTENCED. The SEC New York Regional office announced June 1 the following pleas of guilty and dispositions in connection with the investigation by the Commission of fraudulent practices involving the distribution of new issues: Herman Tartazky, Stanley Samet, Steven C. Burns, Joseph Rozzo and Irwin Tarlow plead guilty to count one of the indictment charging conspiracy to obstruct justice; Tartazky, Samet, Rozzo and Tarlow were given suspended sentences and fined \$500, \$500, \$1,500, and \$250 respectively. Motions of defendant Eugene Adams to be severed for trial and the government's motion to have Jerome Silverman severed for trial were granted; Ivan Dochtor was found not guilty. (LR-5411)

KEENAN & CLAREY ENJOINED. The SEC Washington Regional Office announced May 31 that the Federal court in the District of Columbia had permanently enjoined John M. Clarey and Keenan & Clarey, Inc., of Minneapolis, Minn., from violations of the registration provisions of the Federal securities laws in connection with the offer and sale of securities of Society of the Divine Savior, Sisters of the Divine Savior, Salvatorian International College, Rome, Inc., Roman Catholic Diocese of Nachingwea, Inc., Salvator Mundi Hospital & Educational Center, Inc. and Salvatorian Fathers of Cologne, Inc. The defendants consented to the court order without admitting or denying the allegations. (LR-5410)

HOLDING COMPANY ACT RELEASE

MICHIGAN CONSOLIDATED GAS CO. The SEC has issued a notice giving interested persons until June 21, 1972 to request a hearing regarding application by Michigan Consolidated Gas Company, subsidiary of American Natural Gas Company, (1) to issue and sell at competitive bidding \$35,000,000 principal amount of first mortgage bonds due 1997, and (2) to pay special cash dividend of \$11,886,000 to the parent company which would concurrently invest the dividend in 849,000 additional shares of Michigan Consolidated's stock. Proceeds from the proposed transactions will be applied by the subsidiary to pay outstanding bank loans and to finance its 1972 construction program, estimated at \$72,000,000. (Rel. 35-17588)

INVESTMENT COMPANY ACT RELEASES

PILOT SEPARATE ACCOUNT A. The SEC has issued a notice giving interested persons until June 25 to request a hearing upon an application of Pilot Separate Account A, a unit investment trust, Pilot Life Insurance Company ("Pilot") and Jefferson-Pilot Equity Sales, Inc., a registered broker-dealer, all of Greensboro, N.C., for an order exempting them from certain provisions of the Act so as to permit the application of proceeds arising from either the death, maturity or net cash value proceeds of a life insurance policy or fixed-dollar annuity contract issued by Pilot to be applied in a lump sum to either a periodic payment or single payment variable annuity contract at one-half of the sales charge applicable to other contracts. (Rel. IC-7208)

JEFFERSON STANDARD SEPARATE ACCOUNT A. The SEC has issued a notice giving interested persons until June 25 to request a hearing upon an application of Jefferson Standard Separate Account A, a unit investment trust, Jefferson Standard Life Insurance Company ("Jefferson Standard") and Jefferson-Pilot Equity Sales, Inc., a registered broker-dealer, all of Greensboro, N. C., for an order exempting them from certain provisions of the Act so as to permit the application of proceeds arising from either the death, maturity or net cash value proceeds of a life insurance policy or fixed-dollar annuity contract issued by Pilot to be applied in a lump sum to either a periodic payment or single payment variable annuity contract at one-half of the sales charge applicable to other contracts. (Rel. IC-7209)

SECURITIES ACT REGISTRATIONS

MUNICIPAL BOND FUND, CALIFORNIA SERIES 1, filed a registration statement on May 26 seeking registration of \$10 million of units. The Fund was created pursuant to a trust indenture and agreement between Dean Witter & Co. Incorporated and Paine, Webber, Jackson & Curtis Incorporated (sponsors) United States Trust Company of New York (trustee) and Standard & Poor's Corporation (evaluator). The Fund consists of interest bearing obligations of the State of California, and counties, municipalities, authorities or political divisions thereof, of certain territories or possessions of the United States, the interest on which is exempt in the opinion of recognized bond counsel, from all Federal income taxes and from California personal income tax. The minimum rating of the bonds is Standard & Poor's Corporation rating "BBB" or Moody's Investor Service rating "Baa". (File 2-44422)

PUBLIC SERVICE COMPANY OF NEW MEXICO, 414 Silver Ave., S.W., Albuquerque, N. Mex. 87101, filed a registration statement on May 26 seeking registration of \$20 million of first mortgage bonds, due 2002, to be offered for public sale at competitive bidding. Net proceeds will be applied to the cost of additions to its utility properties, including repayment of short-term borrowings made to provide funds for the construction program. Construction expenditures are estimated at \$78,977,000 for 1972-1973. (File 2-44425)

BRIARCLIFF CLOTHES, LTD., 6 West 33rd St., New York, N. Y. 10001, filed a registration statement on May 26 seeking registration of 220,000 shares of common stock, of which 165,000 are to be offered for public sale by the company and 55,000 (being outstanding shares) by the holders thereof. The offering is to be made (* at \$11 per share maximum) through underwriters headed by Halle & Stieglitz, Inc., 52 Wall St., New York, N. Y. 10005. The company is engaged in importing and selling medium and popular priced men's and boys' wear. Net proceeds will be used to reduce short-term advances and to prepay acceptances from a commercial finance company. (File 2-44426)

CONTINUED

MEDLINE INDUSTRIES, INC., 1825 Shermer Rd., Northbrook, Ill. 60062, filed a registration statement on May 26 seeking registration of 150,000 shares of common stock, of which 75,000 are to be offered for public sale by the company and 75,000 (being outstanding shares) by the holders thereof. The offering is to be made (* at \$13 per share maximum) through underwriters headed by Loewi & Co. Inc., 225 East Mason St., Milwaukee, Wis. 53202, and Bacon, Whipple & Co., 135 South La Salle St., Chicago, Ill. 60603. The company distributes a broad range of health care products to institutions and manufactures, or has manufactured for it, a limited line of health care products. Of the net proceeds of its stock sale, \$500,000 will be applied to payment of short-term borrowings and the balance will be used for working capital purposes. (File 2-44427)

INTERSTYLE GROUP LTD., 9500 Meilleur St., Montreal, Que., Can., filed a registration statement on May 26 seeking registration of 135,000 shares of common stock, of which 85,000 are to be offered for public sale by the company and 50,000 (being outstanding shares) by the holders thereof. The offering is to be made (* at \$8 per share maximum) through underwriters headed by Sterling, Grace & Co. Inc., 39 Broadway, New York, N. Y. 10006. The company through subsidiaries and jointly owned companies is engaged in the design, manufacture and sale of a broad range of apparel. Net proceeds will be used for working capital purposes. (File 2-44428)

CALADAY SILVER EXPLORATION LIMITED (the Partnership), 809 Mullan Ave., Osburn, Idaho, filed a registration statement on May 26 seeking registration of \$7.5 million of limited partnership interests, to be offered for public sale at \$15,000 per unit with a minimum purchase of \$60,000 required. The offering is to be made by Richards, Merrill & Peterson, Inc., 608 Old National Bank Bldg., Spokane, Wash. 99201. The Partnership was organized to continue an exploration program seeking silver orebodies. Net proceeds will be used for general corporate purposes. Callahan Mining Corporation is the general partner. (File 2-44420)

STOCK PLANS FILED. The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

Systems Capital Corporation, Phoenix, Ariz. (File 2-44384) - 40,000 shares and (File 2-44385) - 250,000 shares
 Betz Laboratories, Inc., Trevose, Pa. (File 2-44387) - 9,000 shares
 Financial Federation, Inc., Los Angeles, Calif. (File 2-44390) - 157,500 shares
 Morrison-Knudsen Company, Inc., Boise, Idaho (File 2-44395) - 245,065 shares
 Johns-Manville Corporation, Denver, Colo. (File 2-44403) - 650,000 shares and (File 2-44404) - 300,000 shares
 Cadence Industries Corporation, New York, N. Y. (File 2-44419) - 200,000 shares

MISCELLANEOUS

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the common stock of Cogar Corporation for the further ten-day period June 6-15, 1972, inclusive.

SECURITIES ACT REGISTRATIONS. Effective June 1: American General Convertible Securities, Inc., 2-43810; Buckbee-Mears Co., 2-43509; Caterpillar Tractor Co., 2-44243; Fox-Stanley Photo Products, Inc., 2-44056; Hawkeye Communications, Inc., 2-43540 (40 days); J. B. Ivey & Co., 2-43937; Ivy Corp., 2-43750 (Aug. 30); Johnson Products Co., Inc., 2-44202; Kapok Tree Inns Corp., 2-43878; LVO Cable, Inc., 2-43846; Marinduque Mining & Industrial Corp., 2-43718; Mercantile Bancorp., Inc., 2-44333; Swedlow, Inc., 2-43684 (90 days); Tropigas International Corp., 2-44245; United States Freight Co., 2-44244.

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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