

# 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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**DECISION RE DOW THEORY FORECASTS ISSUED.** The SEC today announced its decision under the Investment Advisers Act (Release IA-223) reviewing the acts and practices engaged in by Dow Theory Forecasts, Inc. ("registrant"), an investment advisory firm of Hammond, Indiana, which were violative of the provisions of that Act and Commission rules thereunder and which gave rise to the Commission's order of April 30 (Release IA-219) suspending all advertising and solicitation for new subscribers by registrant during the 120-day period May 1 to August 28, 1968. Without admitting the allegations involved, registrant and LeRoy Benjamin Evans, its president, had consented to the suspension order as well as Commission findings that between January 1963 and July 1967 registrant, aided and abetted by Evans, published and distributed materially false and misleading advertisements of its investment advisory service. The proceedings did not involve any question as to the type and quality of investment advice rendered by registrant in its two investment advisory publications, a weekly service entitled Dow Theory Business and Stock Market Forecasts ("Forecasts") and a bi-weekly service entitled Dow Theory Digest.

According to the Commission's decision, a number of registrant's advertisements, including advertising literature, in soliciting trial and regular subscriptions to Forecasts, unlawfully implied in enthusiastic language that the advisory service offered or the specific recommendation made in it would return immediate profits to the subscriber, often within a specified period. For example, one representative advertisement announced, "BUY THESE 6 STOCKS for gains next 30 days," while another proclaimed, "YOUR PROFIT OPPORTUNITY IS AT HAND DON'T LET IT PASS YOU BY." The Commission found that while some of the advertising material contained cautionary language, it was clearly inadequate to overcome the impact of the emphasis on expectable profits.

Another type of solicitation material, the Commission stated, represented that subscribers could be assured of protection against losses that would otherwise result from a bear market decline because registrant was able to predict market turns through its use of the Dow Theory, a method used in ascertaining bull or bear market trends. The opinion stated that circulars, employing the technique of suggestive and colorful rhetorical questions, would ask: "WHERE WILL YOU BE AFTER THE NEXT DECLINE?"; also, that in periods of declining markets registrant used scare or panic headlines such as "BIG STOCK MARKET DROP JUST AHEAD? 400 Common Stocks to Sell Now," or "STOCK MARKET CRISIS Within 30 DAYS?...SELL THESE 143 STOCKS NOW!" The Commission also noted that the advertisements emphasized registrant's promise to provide an "OVERNIGHT WARNING SYSTEM," consisting of special bulletins mailed between regular publication dates whenever warranted, without extra charge. According to the opinion, however, such bulletins were rarely issued and, with one exception, were included in the regular mailings of the service.

In addition, the Commission found that certain of registrant's advertising literature falsely implied that the Dow Theory was the principal or sole basis for registrant's selection of individual stocks to be bought, sold, or held. Moreover, registrant offered a list of "stock split candidates" without disclosing that the stock splits had already been formally announced, and it also made misleading comparisons between registrant's method of forecasting and the methods used by other investment advisers by implying, among other things, that registrant, unlike all other services, was neither too early or too late in forecasting changes in market trends and that such forecasts coincided with actual shifts in market trends.

The Commission concluded that registrant's advertisements "were calculated to arouse illusory hopes of immediate and substantial profit or of protection against loss." It observed that the advertisements "were deceptive in content and dramatic in their tone and form of presentation, particularly in the wording, size, and color of their headlines, ... were obviously of a character to whet the appetite of the gullible and the unsophisticated" and doubtless appealed also "in some respects to so-called sophisticated investors," and tended "to debase the standards of the investment advisory industry by creating a competitive environment that tempts advisers to vie with each other in making unsupportable claims to prophetic insight."

In determining to accept the offer of settlement, the Commission considered the facts, among others, that the soliciting materials in question had been submitted to experienced counsel for review before they were used (although noting that there was no claim that counsel was informed of certain of the circumstances which made the advertisements false or misleading in particular respects), the discontinuance or revision of such materials after commencement of the Commission's investigation, the financial loss resulting from the suspension, and the long period of time respondents had been engaged in the investment advisory business.

**PATRICK OIL AND GAS PROPOSES OFFERING.** Patrick Oil and Gas Corp., 744 West Michigan Avenue, Jackson, Michigan, filed a registration statement (File 2-29650) with the SEC on July 22 seeking registration of 120 units of participation (\$3,000,000) in its 1968 Year End Drilling Fund, to be offered for sale in \$25,000 units. The offering is to be made through company officials and certain NASD members; the latter will receive a 5% selling commission. Organized in June 1968 as a wholly-owned subsidiary of Patrick Petroleum Company, Patrick Oil and Gas Corp. will manage the Drilling Program. U. E. Patrick is president of the Drilling Program and of Patrick Petroleum Company.

OVER

VIP, LTD., PROPOSES OFFERING. VIP, Limited, P. O. Box 437, Boyle Bldg., Nassau, New Providence, Bahama Islands, filed a registration statement (File 2-29652) with the SEC on July 22 seeking registration of 250,000 shares of common stock, to be offered for public sale at \$1 per share. The offering is to be made through the company principally in Ohio, but also in New York, Pennsylvania, and possibly other states.

Organized under Bahamian law in November 1967, the company intends to develop and sell sites on a 60.78 acre tract of land on Eleuthera and on other sites it proposes to acquire. It will use the net proceeds of its stock sale to acquire realty in the Bahama Islands and to develop it and realty presently owned. The company has outstanding 65,000 common shares, of which Oscar Howland Paddock Snyder, president, and Maurine Y. Snyder, secretary-treasurer, own 49% each.

GOLDEN AGE MINE TRADING SUSPENSION CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending over-the-counter trading in the common stock of Golden Age Mines, Ltd., for the further ten-day period July 25-August 3, 1968, inclusive.

SOUTHERN INDIANA GAS & ELEC. TO SELL BONDS. Southern Indiana Gas and Electric Company, 20-24 N. W. Fourth St., Evansville, Ind. 47703, filed a registration statement (File 2-29653) with the SEC on July 23 seeking registration of \$12,000,000 of first mortgage bonds of 1968, due 1998, to be offered for public sale at competitive bidding.

A public utility, the company will use the net proceeds of its bond sale for construction purposes. Construction expenditures for 1968 are estimated at \$23,016,439.

GEORGIA POWER SEEKS ORDER. Georgia Power Company, Atlanta subsidiary of The Southern Company, has applied to the SEC for authorization under the Holding Company Act to issue and sell \$50,000,000 principal amount of first mortgage bonds, due 1998, and 100,000 shares of its cumulative preferred stock at competitive bidding; and the Commission has issued an order (Release 35-16123) giving interested persons until August 12 to request a hearing thereon. Net proceeds of the financing, together with the proceeds of the proposed sale of common stock to Southern (heretofore authorized) and other funds available, will be used to finance the company's 1968 construction program, estimated at \$140,410,000.

GULF & WESTERN SHARES IN REGISTRATION. Gulf & Western Industries, Inc., 437 Madison Avenue, New York 10022, filed a registration statement (File 2-29640) with the SEC on July 19 seeking registration of \$45,000,000 principal amount of outstanding 5-1/2% convertible subordinated debentures, due 1993, 2,231,193 shares of common stock and 528,825 common stock purchase warrants. The registration statement relates to \$45,000,000 of debentures (and the 750,000 underlying common shares) which were issued to certain stockholders of Associates Investment Company in exchange for 1,000,000 shares of Associates, and 28,825 outstanding warrants (and the 28,825 underlying common shares) issued as additional consideration in connection with the purchase of 609,156 shares of Brown Company from Fasco, Inc. Also included in this statement are 500,000 warrants (and the 500,000 common shares initially issuable upon exercise thereof) granted or to be granted under the company's Restricted Warrant Plan, 75,176 outstanding shares being offered by the present holders thereof, 877,192 shares initially issuable upon conversion of \$50,000,000 principal amount of 5% guaranteed sinking fund debentures, due 1988, of Gulf & Western International N. V. The selling security holders may offer common stock, or common stock issuable upon conversion of 5-1/2% debentures or issuable upon exercise of warrants, or warrants for public sale from time to time at prices current at the time of sale (\$60 per share maximum\*).

The company is a diversified company engaged in a variety of businesses conducted through subsidiaries and divisions, including the manufacture and distribution of automotive parts, the manufacture of parts and components for the aerospace and other industries and of wire and electrical products, the production and distribution of motion pictures and television film series and related activities, and the production of zinc products, agricultural chemicals and products. In addition to indebtedness and preferred stock, the company has outstanding 13,831,223 common shares, of which management officials as a group own 11%. Charles G. Bluhdorn is board chairman and chief executive officer and David N. Judelson president. Morgan Guaranty Trust as trustee for a pension fund proposes to sell all of its holdings of 39,611 shares, Title Insurance and Trust Company as trustee for various accounts all of 19,805 shares, and five others the remainder of 75,176 shares being registered. First & Co. proposes to sell \$29,005,785 of debentures, The National Bank and Trust Company of South Bend \$3,375,540, E. M. Morris Foundation, Inc., \$3,458,970, and forty others the remaining debentures being registered. In addition Fasco, Inc., proposes to sell 28,825 warrants and the shares of common stock issuable upon exercise thereof.

FINANCIERA METROPOLITANA FILES FOR OFFERING. Financiera Metropolitana, S. A., Avenida Juarez No. 42, Mexico 1, D. F., Mexico, filed a registration statement (File 2-29641) with the SEC on July 19 seeking registration of \$8,000,000 of Certificates of Deposit, to be offered for public sale at 100% of principal amount. The certificates carry 9.625% interest for a two-year maturity, 10% for a five-year maturity, and 10.6% for a 10-year maturity. The certificates are to be sold under an indenture between the company and The Philadelphia National Bank, trustee.

A Mexican banking corporation, the company is engaged in the financing of industrial and commercial enterprises and lending money to agencies or departments of the Mexican Government. Net proceeds of the offering will be added to the company's working capital. The aggregate principal amount of the certificates of deposit will be deposited with the Bank of Mexico, and 40% will be credited to the company as a reserve and 60% will be available for use by the company to lend to customers. In addition to indebtedness, the company has outstanding 10,036 capital shares, of which Adolfo Lamas, president, owns 19.34%, Salvador Mendoza, executive vice president, 11.47%, Alejandro Paez Urquidi 17.30% and Jesus Robles Martinez 12.11%. Management officials as a group own 72.54%.

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**GOLDEN UNITED INVESTMENT CO. PROPOSES OFFERING.** Golden United Investment Company, Columbus, Ohio 43216, filed a registration statement (File 2-29642) with the SEC on July 19 seeking registration of 800,000 Class A shares with warrants attached to purchase 800,000 additional Class A shares, to be offered for public sale in units of 10 Class A shares, with warrants to purchase 10 additional shares, at \$100 per unit. The shares will be offered and sold by company officials and by approximately 450 registered securities salesmen employed for such purpose on a commission basis. Salesmen will receive commissions of 7%, or 70¢ per share sold. Company officials will receive commissions ranging from 1/2%, or 5¢, to 2%, or 20¢, per share sold.

The company was organized under Ohio law in July 1968. The primary purpose of the stock sale is the financing of an insurance company to be called Golden United Life Insurance Company. At a later date, the company may purchase shares of other insurance companies and of one or more financial institutions or other businesses. Of the net proceeds of its stock sale, the company will invest at least \$3,500,000 in Golden United Life as paid-in capital and contributed surplus, to be used by Golden United in part for operating expenses, and may use a portion to pay officers' salaries and directors' fees; the balance will be added to working capital and may be used in connection with the acquisition or organization of other companies. The company has outstanding 152,100 Class B shares, of which Harry K. Gard, president, and Herbert O. Gingrich, executive vice president, own 13.15% each and management officials as a group 36.16%. Upon completion of this offering, the present shareholders will own 16% of the total outstanding Class A and Class B shares (plus warrants to purchase an additional 152,100 Class B shares at \$2 per share), for which they paid \$304,200, and the purchasers of the shares being registered will own 84%, for which they will have paid \$8,000,000.

**METROMEDIA FILES FOR SECONDARY.** Metromedia, Inc., 277 Park Avenue, New York 10017, filed a registration statement (File 2-29651) with the SEC on July 22 seeking registration of 289,680 outstanding shares of common stock. The shares may be offered for public sale from time to time by the present holders thereof at prices current at the time of sale (\$40 per share maximum\*).

The company owns and operates television stations in New York City, Los Angeles, Washington, D. C., Kansas City, Mo., and San Francisco, and radio stations in New York City, Los Angeles, Philadelphia, Baltimore, Cleveland, and San Francisco-Oakland. In addition to indebtedness, the company has outstanding 5,006,308 common shares. Axe-Houghton Fund A, Inc., proposes to sell 180,000 shares, Axe-Houghton Fund B, Inc., 303,960, Axe-Houghton Stock Fund, Inc., 50,000, and Axe Science Corporation 14,000.

**CALIF. MEDICAL CENTERS FILES FOR OFFERING AND SECONDARY.** California Medical Centers, 3619 N. Mission Road, Los Angeles, Calif. 90031, filed a registration statement (File 2-29655) with the SEC on July 23 seeking registration of 240,000 shares of common stock. Of this stock, 200,000 shares are to be offered for public sale by the company and 40,000 (being outstanding shares) by James A. Pine, president of the company. The offering is to be made through underwriters headed by D. H. Blair Securities Corporation, 66 Beaver St., New York 10004; the offering price (\$10 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to sell to the D. H. Blair firm, for \$300, five-year warrants to purchase 30,000 common shares. The underwriters will pay Philip Dreyfus \$1,500 for his services as a finder.

Organized under California law in March 1968 as successor to a business begun in 1953, the company operates three convalescent hospitals in Los Angeles. Of the net proceeds of its sale of additional stock, the company will use \$950,000 toward the cost of acquiring unimproved property from the company's president and constructing a 110-bed convalescent hospital and a 220-bed retirement care facility on the property, and \$600,000 as partial payment for the property in Artesia, California, and the construction of a 225-bed health care facility thereon. The balance will be added to working capital to be applied for any general corporate purpose. In addition to indebtedness, the company has outstanding 300,000 common shares, all of which are owned by Pine.

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

Eversharp, Inc., Milford, Conn. (File 2-29654) - 244,700 shares  
Communications Industries, Inc., Dallas, Texas 75201 (File 2-29656) - 30,000 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 "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 July 3 News Digest.

American Commercial Lines Inc			
May 68 (1,4,13)	1-4209-2	Diamond Shamrock Corp	
Komatsu Mfg Co Ltd (6K) July 68	2-27593-2	June 68 (7,13)	1-3638-2
Omark Inds Inc June 68 (12)	1-5385-2	Equitable Leasing Corp	
Wisconsin Michigan Power Co		June 68 (7)	0-2963-2
June 68 (7)	0-319-2	Equitable Real Estate Invmt Tr	
		May 68 (3,13)	0-1605-2
GFI Computer Inds Inc June 68(2)	2-27574-2	Farrington Mfg Co June68(4,7,8)	0-1530-2
Marquette Corp		Fidelity Real Estate Invnt Tr	
Sept 67(4,13)	0-1106-2	May 68 (3,13)	0-1929-2
Olson Bros Inc June 68(3,11,12)	0-1042-2		
		Amco Inds Inc	
Stanley Furniture Co Inc		Amnd #1 to 8K for Jan 68(1,13)	1-2866-2
June 68 (4,11,13)	2-23966-2		

Occidental Petroleum Corp Amd #1 to 8K for Apr 68(7,13)	1-520-2	Chelsea Inds Inc June 68 (2,7,13)	1-4917-2
Allied Chemical Corp Amd #1 to 8K for May 68(7)	1-1269-2	Chemetron Corp June 68 (12,13)	1-3061-2
First Republic Corp of America Amd #1 to 8K for May 68 (13)	0-1437-2	Digitek Corp June 68 (2,7,13)	2-24230-2
Associated Oil & Gas Co Amd #1 to 8K for Feb68(2,7,13)	1-3991-2	Espey Mfg & Electronics Corp June 68 (11)	1-4383-2
B T Babbitt Inc Amd #1 to 8K for May 68 (13)	1-3410-2	First Oklahoma Bancorp Inc June 68 (12)	0-799-2
		First Western Financial Corp June 68 (12)	0-2904-2
		Higbee Co June 68 (11,13)	0-1406-2
		Holly Sugar Corp June 68(11,13)	1-2270-2
		Iroquois Inds Inc June 68 (2,4,7,11,12,13)	1-5387-2

**NORTHERN ENTERPRISES SEEKS ORDER.** Northern Enterprises, Inc., Minneapolis, Minn., has applied to the SEC for an order declaring that it is not an investment company; and the Commission has issued an order (Release IC-5444) giving interested persons until August 14 to request a hearing thereon. Northern Enterprises, since its organization in 1933 as the Duluth-Superior Transit Company, has owned and operated the public transit system in Duluth, Minn., and Superior, Wisconsin, which until 1957 was its sole activity. In 1958 it acquired a 25% stock interest in each of two Florida based real estate companies, Win-San Building Corp. and Albert Enterprises, Inc., which had been organized to develop certain ocean front properties at Bal Harbour, Florida. Northern Enterprises claims it controls each of the companies by reason of its 25% stock ownership and because of the continuity of interest between it and the other shareholders. Norman K. Winston, board chairman of Northern Enterprises from 1958 to April 1966, has a majority interest in Albert and controls 40% of the Win-San stock, and J. E. Davis, president of Northern Enterprises, is a shareholder of Albert and vice president of both companies.

In January 1963 Northern Enterprises adopted its present name and transferred all transit assets to a new wholly-owned subsidiary, Duluth-Superior Transit Company. It also substantially expanded its real estate activities by purchasing from a then nonaffiliated company, Shopper's City, Inc. ("SCI"), commercial lots located in St. Paul and Minneapolis, together with buildings which are used as discount department stores. In 1964 it acquired all of the outstanding stock of SCI and commenced to operate the discount stores. In March 1967 Northern Enterprises transferred SCI's assets to Zayre Corporation in exchange for 129,350 shares of Zayre common stock (4.65%). In June 1968 it, through a new wholly-owned subsidiary, acquired for \$1,430,000 all the stock of Lawndale Corporation, which is engaged in the business of manufacturing plumbing fixtures principally for the mobile home manufacturing industry.

In March 1968 Northern Enterprises entered into an agreement to merge with Kodiak, Inc., a Minnesota corporation engaged in the ice and cold storage businesses. Pursuant to that agreement, to be voted on by Northern Enterprises stockholders at a special meeting, Northern Enterprises is to merge into Kodiak, with Kodiak to be the surviving company. As a result of the Zayre acquisition, 48.5% of Northern Enterprises' total assets consist of investment securities. However, applicant claims that it is not an investment company inasmuch as it will be primarily engaged in the real estate and the ice and cold storage businesses; through wholly-owned subsidiaries, in the transit and plumbing business; and, through controlled companies, in the real estate business.

**SECURITIES ACT REGISTRATION STATEMENTS.** During the week ended July 18, 1968, 51 registration statements were filed, 53 became effective, 1 was withdrawn, and 808 were pending at the week-end.

**SECURITIES ACT REGISTRATIONS. Effective July 23:** Crucible Steel Corporation, 2-28910; Foodarama Supermarkets, Inc. 2-29153 (40 days); General Telephone Company of Ohio, 2-29249; Husky Oil Canada Ltd., 2-29334; Lafayette Radio Electronics Corporation, 2-29227 (40 days); Maxson Electronics Corporation, 2-29082 (40 days); Plenum Publishing Corporation, 2-29104 (40 days); Safe Flight Instrument Corporation, 2-28787, (90 days); Stylon Corporation, 2-29307 (40 days); Wards Co., Incorporated, 2-28088 (40 days); and Universal Oil Products Company 2-29453 (40 days) and 2-29454.

**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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