

# 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

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**METROPOLITAN EDISON SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16128) giving interested persons until August 22 to request a hearing upon a proposal of Metropolitan Edison Company, a Berks County, Pa., subsidiary of General Public Utilities Corporation, to issue and sell \$26,000,000 of first mortgage bonds, due 1998, at competitive bidding. Net proceeds of its bond sale will be used for construction purposes, including reimbursement of Metropolitan Edison's treasury for expenditures therefrom for such purposes and to pay some \$20,700,000 of outstanding bank loans. Construction expenditures for 1968 are estimated at \$48,500,000.

**MICH. CONSOLIDATED GAS SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16129) giving interested persons until August 21 to request a hearing upon a proposal of Michigan Consolidated Gas Company, a Detroit subsidiary of American Natural Gas Company, to issue and sell \$25,000,000 principal amount of first mortgage bonds, due 1993, at competitive bidding, to increase the number of its authorized common shares from 10,060,000 to 10,350,000 shares, and to issue and sell, for \$4,060,000, 290,000 such common shares to the parent. Net proceeds of its securities sale will be used to pay some \$25,000,000 of short term notes to banks and to pay construction costs. Construction expenditures for 1968 are estimated at \$42,000,000.

**STATE STREET INVESTMENT SEEKS ORDER.** State Street Investment Corporation, a Boston open-end diversified management investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to the proposed acquisition of substantially all of the assets of Jomor Investing Company; and the Commission has issued an order (Release IC-5451) giving interested persons until August 23 to request a hearing thereon. Jomor is a personal holding company all of whose outstanding stock is owned by twenty-two stockholders. State Street proposes to issue its shares at net asset value for Jomor's assets, which had a market value of \$25,219,166 on May 31. Had the transaction been consummated on that date, Jomor would have received 456,196 State Street shares. The State Street shares are to be distributed to the Jomor shareholders on the liquidation of Jomor.

**GULF LIFE HOLDING CO. SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5453) giving interested persons until August 20 to request a hearing upon a proposal of Gulf Life Holding Company ("Holding Co."), a Jacksonville, Fla., holding company organized and controlled by Gulf Life Insurance Company ("Gulf Life"), to exchange with ISI Trust Fund ("Trust Fund"), an investment company, up to 251,829 Holding Company shares for a like number of Gulf Life common shares.

Holding Company's offer to exchange its shares for Gulf Life shares held by Trust Fund is part of a general offer to all stockholders of Gulf Life to exchange their shares for Holding Company's shares on a share-for-share basis. The exchange is contingent upon the receipt by Holding Company of at least 80% of the outstanding shares of Gulf Life. At effectiveness of the exchange offer, Holding Company's only asset will be the Gulf Life common shares received by it pursuant to the exchange offer. Upon effectiveness of the exchange offer, Gulf Life will transfer to Holding Company all of the common stock of Stonewall Insurance Company at its cost (\$15,000,000 plus accrued interest) and 80.4% of the common stock of Gulf Enterprises, Inc., received by Gulf Life in exchange for 243,880 common shares of Holding Company. Pursuant to an agreement, Holding Company proposes to acquire from Greatamerica Corporation 57% of the common stock of American-Amicable Life Insurance Company, subject to the effectiveness of the exchange offer and to the sale by Holding Company to the public of sufficient additional common shares to yield \$17,000,000. American-Amicable owns 19.7% of the common stock of Gulf Life. Greatamerica has agreed to cause American-Amicable to tender such shares of Gulf Life in exchange for shares of Gulf Holding common stock in acceptance of Holding Company's exchange offer.

**EMPRESA ELECTRICA DEL ECUADOR SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5454) giving interested persons until August 26 to request a hearing upon a proposal of Empresa Electrica Del Ecuador Inc. ("Empresa"), a wholly-owned subsidiary of Ebasco Industries Inc., a New York investment company, to purchase from Cuban Electric Company ("Cuban"), 88% owned by Ebasco, for a total of \$460,335 a 33,000 kw steam turbine generator unit and certain accessory equipment. Empresa (a Maine corporation) is engaged exclusively in the electric utility business in and near Guayaquil, Ecuador. It is engaged in a five-year construction program, requiring expenditure of a total of some \$17 million and, under Ecuador law, the expansion of Empresa's facilities by at least 34,000 kw during the period 1967 through 1971. Until August 1960 when its properties were seized without compensation, Cuban was engaged in the electric utility business in Cuba. Cuban has endeavored to conserve its few remaining assets not located in Cuba and to convert tangible assets to cash wherever possible. Because of the inter-company affiliation, Empresa is required to receive SEC approval of this transaction.

**WILLIAM C. SMITH INDICTED.** The SEC New York Regional Office announced July 30 the return of an indictment charging William C. Smith, New York, an attorney admitted to practice in the State of Florida, with unlawful failure and refusal to testify and to produce records in obedience to a subpoena of the SEC. On July 25 the Regional Office announced the filing of a complaint in the U.S. District Court (SD NY) seeking to enjoin Smith, among others, from further violations of the Federal securities laws in connection with the offer, purchase and sale of the common stock of Alcar Instruments, Inc. (LR-4078) OVER

**NORVILLE PLEADS GUILTY TO ONE COUNT OF INDICTMENT.** The SEC Chicago Regional Office announced August 1 that James P. Norville, St. Charles, Ill., pleaded guilty on July 30 to one count of a seven-count indictment charging violations of the anti-fraud provisions of the Securities Act, the Mail Fraud Statute, and the Conspiracy Statute. Norville pleaded guilty to the count charging violation of the Conspiracy Statute. (LR-4079)

**UNLISTED TRADING PRIVILEGES GRANTED.** The SEC has issued orders under the Securities Exchange Act (Release 34-8372) granting (1) an application of the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stock of Associated Baby Services, Inc., (2) an application of the Midwest Stock Exchange for such privileges in the common stock of Northwest Industries, Inc., (3) application of the Detroit Stock Exchange and the Pittsburgh Stock Exchange for such privileges in the common stock of International Telephone & Telegraph Corporation, and (4) an application of the Pittsburgh Stock Exchange for such privileges in the common stock of Merck & Company, Inc.

**DELISTING GRANTED.** The SEC has issued an order under the Securities Exchange Act (Release 34-8372) granting an application of the New York Stock Exchange to strike the common stock of Duffy-Mott Company, Inc. from listing and registration, effective at the opening of business on August 6, 1968. Delisting was requested because only 66,028 shares are publicly held exclusive of 622,332 shares (72 percent) owned by American Tobacco Company and 169,550 shares (20 percent) owned by Lee National Corporation.

**SCHEFFRES INDUSTRIES PROPOSES OFFERING.** Scheffres Industries, Inc., 325 Fifth Ave., New York 10016, filed a registration statement (File 2-29740) with the SEC on July 30 seeking registration of 150,000 shares of common stock, to be offered for public sale at \$11 per share. The offering is to be made through underwriters headed by S. D. Fuller & Co., 26 Broadway, New York 10004, which will receive a 99¢ per share commission. The company has agreed to pay the underwriters \$15,000 for expenses and to sell to them, for \$150, four-year warrants to purchase 15,000 common shares, exercisable at \$12.10 per share.

The company (formerly A. W. Scheffres Corp.) purchases natural and synthetic fabrics from textile mills, arranges with independent contractors for their finishing and sells the finished fabrics to customers for resale as piece goods or for fabrication into a variety of products such as draperies, bedspreads, shower curtains and pillows, and into items of apparel. Of the net proceeds of its stock sale, the company will use \$500,000 to reduce trade accounts payable; the balance will be added to working capital to enable expansion of the company's business. The company has outstanding 300,192 common shares, of which A. W. Scheffres, board chairman and chief executive officer, owns 97%. Leonard Beren is president.

**AUSTRAL OIL AND GAS PROPOSES OFFERING.** Austral Oil and Gas Exploration Corporation (Australenco), 2700 Humble Bldg., Houston, Tex. 77002, filed a registration statement (File 2-29742) with the SEC on July 30 seeking registration of \$10,000,000 of interests in its General Program, to be offered for sale in \$10,000 units. The offering is to be made through company officials and NASD dealers (including Woods, Struthers & Winthrop); the latter will receive a 7% commission plus, at their election and subject to certain conditions, an undivided 20% of the reserved interest. Australenco is a wholly-owned subsidiary of Austral Oil Company Incorporated, whose capital stock is 60% owned by Winthrop Brothers and 20% each by Robert Winthrop (a partner of Winthrop Brothers and of Woods, Struthers & Winthrop) and Merchant-Sterling Corporation. C. W. Leisk is chairman and chief executive officer and Robert A. Shepherd, Jr., president of Australenco and Austral Oil.

**CLARY CORP. TO SELL DEBENTURES.** Clary Corporation, 408 Junipero Serra Drive, San Gabriel, Calif. 91776, filed a registration statement (File 2-29743) with the SEC on July 30 seeking registration of \$1,500,000 of convertible subordinated debentures, due 1983. The debentures are to be offered for public sale through First Hanover Corporation, 67 Broad St., New York. The interest rate, offering price and underwriting terms are to be supplied by amendment. The company has agreed to pay First Hanover \$12,000 for expenses and to grant to it, for \$120, five-year warrants to purchase 12,000 common shares.

The company is engaged in the manufacture and sale of gyroscopes, data collecting and recording devices, machinery for the automatic production of housing components and, through its wholly owned subsidiary, Clary Datacomp Systems, Inc., desk-size computers and related peripheral equipment. Of the net proceeds of its debenture sale, the company will use \$230,000 to retire short term notes secured by accounts receivable; the balance will be added to the company's general funds and will be available for additional working capital requirements. Some \$600,000 will be advanced to Datacomp for use as working capital. In addition to indebtedness and preferred stock, the company has outstanding 1,026,050 common shares, of which Hugh L. Clary, board chairman and president, and his wife own 10-1/2%.

**NORTHEAST AIRLINES FILES FOR RIGHTS OFFERING AND SECONDARY.** Northeast Airlines, Inc., Logan International Airport, Boston, Mass. 02128, filed a registration statement (File 2-29745) with the SEC on July 30 seeking registration of 323,701 shares of common stock. Of these shares, 318,701 are to be offered for subscription by common stockholders at the rate of one share for each twenty shares held. The record date and subscription price (\$20.50 per share maximum\*) are to be supplied by amendment. The remaining 5,000 (being outstanding shares) may be offered from time to time for public sale by F. C. Wiser, president of the company, at prices current at the time of sale.

The company is a certified air carrier offering regularly scheduled air transportation of persons, property and mail. The company will apply the net proceeds of its sale of additional stock first to the repayment of any loans made to it by Storer Broadcasting Company in connection with the company's acquisition of additional jet aircraft; the balance will be added to its general corporate funds. In addition to indebtedness, the company has outstanding 6,374,033 common shares, of which management officials own 1.08% and Storer Broadcasting 86%. George B. Storer is board chairman. Wiser proposes to sell 5,000 shares of his holdings of 5,002 shares; he also holds an option to purchase an additional 10,000 shares.

**KATZ DRUG FILES FOR OFFERING AND SECONDARY.** Katz Drug Company, 1130 Walnut St., Kansas City, Mo. 64106, filed a registration statement (File 2-29746) with the SEC on July 30 seeking registration of 230,000 shares of common stock. Of this stock, 100,000 shares are to be offered for public sale by the company and 130,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by A. G. Becker & Co. Inc., 120 S. LaSalle St., Chicago, Ill. 60603. The offering price (\$40 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company operates 57 retail stores, including drug stores, super drug stores and discount department stores. It also operates leased drug, prescriptions, tobacco and toiletries departments in nine Woolco department stores. Of the net proceeds of its sale of additional stock, the company will use \$1,300,000 for furnishings and fixtures for 6 new retail stores scheduled to be opened during 1968 and 1969, \$2,200,000 for inventory requirements of these 6 stores, and \$1,500,000 for remodeling and refurbishing existing stores and the general offices of the company; the balance will be added to the company's general funds. In addition to indebtedness, the company has outstanding 926,002 common shares, of which Earl S. Katz, board chairman, under a Voting Trust Agreement holds 15.92% and Marvin Katz, William Glikbarg (a director), Erwin Katz, Louis Blond and Morris R. Shlensky (president) together under a Voting Trust Agreement hold 13.93%. The Rose Katz Trust proposes to sell 35,000 of 37,712 shares held, M. H. Katz Trust 30,000 of 30,380, Minnie V. Katz Trust 28,000 of 30,594, and Isaac Katz Trust 12,000 of 15,882.

**CASTAGNA ELECTRONICS PROPOSES OFFERING.** Castagna Electronics Corporation, 835 Remsen Ave., Brooklyn, N.Y. 11236, filed a registration statement (File 2-29747) with the SEC on July 31 seeking registration of 125,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made through underwriters headed by Roman Securities, Inc., 2701 E. Sunrise Blvd., Ft. Lauderdale, Fla. 33304, and Aetna Securities Corp., 111 Broadway, New York 10006, which will receive a 50¢ per share commission. The company has agreed to pay the underwriters up to \$4,000 for expenses and to sell to Roman Securities, for \$150, five-year warrants to purchase 15,000 common shares, exercisable initially at \$5 per share.

The company was organized under New York law in April 1967 under the name Castel Products, Inc. Its present name was adopted in April 1968. It is engaged in the manufacture and sale of a miniature sound message repeating device adaptable to point of purchase advertising and a miniature phonograph suitable for audi-visual educational purposes or as a toy. Of the net proceeds of its stock sale, the company will use \$75,000 to acquire electronic testing equipment, \$150,000 to finance the design, assembly and marketing of a line of AM/FM stereophonic radio-phonographs and tape recorders, \$100,000 for research and development of new products, and \$75,000 to reduce indebtedness to Stelber Cycle Corporation; the balance will be added to the company's general funds and used for working capital and other corporate purposes. In addition to indebtedness, the company has outstanding 275,000 common shares (with a \$.127 per share book value), of which John Castagna, president, owns 14.54% and Stelber Cycle Corp. 85.46%. Philip Steller is board chairman. Upon completion of this offering, the present shareholders will own 68.75% of the outstanding common stock, for which they will have paid \$27,500, and the purchasers of the shares being registered will own 31.25%, for which they will have paid \$625,000.

**MARINE MIDLAND PROPOSES EXCHANGE OFFERING.** Marine Midland Banks, Inc. (formerly Marine Midland Corporation), 241 Main St., Buffalo, N. Y. 14240, filed a registration statement (File 2-29748) with the SEC on July 31 seeking registration of 467,541 shares of common stock. It is proposed to offer these shares in exchange for all the outstanding capital stock of Tinker National Bank at the rate of 1.45 shares for each share of Tinker. The offer is subject to acceptance thereof by the holders of not less than 80% of the outstanding stock of Tinker.

A bank holding company, Marine Midland controls 11 banks or trust companies. Tinker is engaged in the general commercial banking business. In addition to indebtedness and preferred stock, Marine Midland has outstanding 11,474,763 common shares, of which management officials as a group own 1.29%. Baldwin Maul is board chairman and J. Fred Schoellkopf, IV, president.

**HOWMET FILES FOR SECONDARY.** Howmet Corporation, 277 Park Ave., New York 10017, filed a registration statement (File 2-29752) with the SEC on July 31 seeking registration of 108,940 outstanding shares of common stock. Pursuant to an agreement of merger of June 1968, the company acquired all of the outstanding capital stock of Air Master Corporation (100 preferred shares and 1,500,000 common shares) from Harold L. Kapp and Leroy H. Hewitt, each of whom owned 50% of Air Master's capital stock, in exchange for 108,940 Howmet common shares. Kapp and Hewitt may offer the 108,940 shares for public sale from time to time at prices current at the time of sale (\$45-3/8 per share maximum\*).

The company (formerly Howe Sound Company) is engaged principally in the manufacture and processing of aluminum and aluminum products, the production of superalloys and the manufacture of precision castings therefrom for jet aircraft engines, and the manufacture of dental and surgical products. In addition to indebtedness, it has outstanding 7,151,617 common shares, of which Pechiney Enterprises Incorporated owns 47%. John J. Burke is president.

**RULE 3c-2 AMENDED.** The SEC today announced the adoption, effectively immediately, of an amendment to Rule 3c-2 under the Investment Company Act to permit registered investment companies to own more than 10% of the outstanding voting securities of unregistered small business investment companies (Release IC-5452). Under the rules as previously in effect, the purchase of more than 10% of the outstanding securities of an SBIC by a registered investment company would subject the SBIC to the registration provisions of the Investment Company Act because the SBIC could no longer claim that it had less than 100 shareholders (the investment company shareholders would be included in the computation of SBIC shareholders). Under the amended rule, the investment company holding of SBIC shares would be deemed to be beneficial ownership by one person, provided

that the value of all securities of SBICs owned by it does not exceed 5% of the value of its total assets. Thus, for example, a registered investment company would be permitted to organize a wholly-owned SBIC which would be excluded from the definition of an investment company subject to the registration provisions of the Investment Company Act if its investment in the SBIC does not exceed 5% of the value of the total assets of the registered investment company.

**PARAMOUNT GENERAL TRADING SUSPENSION CONTINUED.** The SEC has issued an order under the Securities Exchange Act suspending over-the-counter trading in the securities of Paramount General Corporation for a further ten-day period August 6-15, 1968, inclusive.

**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. The captions of the items are as follows:

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Legal Proceedings.
- Item 4. Changes in Securities.
- Item 5. Changes in Security for Registered Securities.
- Item 6. Defaults upon Senior Securities.
- Item 7. Increase in Amount of Securities Outstanding.
- Item 8. Decrease in Amount of Securities Outstanding.
- Item 9. Options to Purchase Securities.
- Item 10. Revaluation of Assets or Restatement of Capital Share Account.
- Item 11. Submission of Matters to a Vote of Security Holders.
- Item 12. Other Materially Important Events.
- Item 13. Financial Statements and Exhibits.

Copies of the reports 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.

Udico Corp Jun 68 (11,13)	0-2695-2	Pennsylvania Life Co Jun 68 (2,11,13)	0-896-2
Wabash Magnetics Inc Nov 67 (7)	1-5298-2		
Apr 68 (11,13)	1-5298-2	King-Seeley Thermos Co Jun 68 (1,13)	1-3270-2
Tyco Laboratories Inc Jun 68 (2,7,12,13)	1-5482-2	Laclede Steel Co Amd #1 to 8K for Jun 68 (4)	0-495-2
Ritter Pfendler Corp Jun 68 (7)	1-5178-2		
Continental Air Lines Inc Jun 68 (7)	1-3661-2	Radiation Dynamics Inc Jun 68 (11)	0-918-2
Levingston Shipbuilding Co Jun 68 (4,13)	0-2891-2	Truck Underwriters Assn May 68 (11)	0-639-2
Fruehauf Corp Jun 68 (7)	1-2872-2	Weingarten Markets Realty Co Jun 68(8)	2-14373-2
Hyster Co Jun 68 (7,13)	0-1383-2		
United States Crown Corp Jun 68 (2,7,11,13)	0-2206-2	Vulcan Materials Co Amd #1 to 8K for Nov 67(7,13)	1-4033-2

**SECURITIES ACT REGISTRATIONS. Effective August 2:** City Investing Co., 2-29479 (40 days); Combustion Engineering, Inc., 2-29125; FML Growth Fund, Inc., 2-28335; International Computers (Holdings) Ltd., 2-29647; International Utilities Corp., 2-29234; Motorola, Inc., 2-29319; Ransburg Electro-Coating Corp., 2-29246; B. F. Saul Real Estate Investment Trust, 2-29281 (40 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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