

# 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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**NUVEEN FUND RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5676) granting an application of the Nuveen Tax-Exempt Bond Fund, Series 21, for exemption from the \$100,000 net capital provisions of the Act.

**ALLEGHENY POWER SUBS. RECEIVE ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16371) authorizing Monongahela Power Company, Fairmont, W. Va., and The Potomac Edison Company, Hagerstown, Md., both subsidiaries of Allegheny Power System, Inc., to purchase certain assets from The Potomac Transmission Company, subsidiary of West Penn Power Company, Greensburg, Pa., also a subsidiary of the Allegheny System. Potomac Transmission owns transmission facilities and related equipment, franchises and rights of way. Monongahela proposes to purchase for \$81,503 that portion of Transmission's properties located in Monongahela's service area, and Potomac Edison proposes to purchase for \$230,989 the remaining properties of Potomac Transmission located in Potomac's service area. Upon consummation of the proposed sales, Potomac Transmission proposes to dissolve and to distribute to its sole stockholder, West Penn, all of its assets (consisting solely of cash) subject to all of its liabilities. Thereupon, West Penn proposes to surrender to Transmission for cancellation all of Transmission's outstanding stock.

**UNITED AUSTRALIAN OIL CITED.** The SEC Fort Worth Regional Office announced May 12 (LR-4314) the filing of an action in the U. S. District Court in Dallas, seeking an order directing United Australian Oil, Inc., of Dallas and Hardy Buford Todd of Amarillo to show cause why they should not be held in civil contempt of a prior court order directing them to comply with a subpoena issued by the Commission.

**TRADING SUSPENSIONS CONTINUED.** The SEC has ordered the suspension of exchange and/or over-the-counter trading in the securities of BSF Company, Capitol Holding Corporation and Telstar, Inc., for the further ten-day period May 15-24, 1969, inclusive.

**GENE FINN NAMED SEC CHIEF ECONOMIST.** SEC Chairman Budge today announced that Gene L. Finn has been designated Chief Economist in charge of the Commission's Office of Policy Research. He succeeds Laughlin F. McHugh, who resigned May 3. Mr. Finn has served continuously in the Office of Policy Research since he joined the Commission in May 1965 as a Financial Economist. He graduated from the University of Wisconsin in 1959 and received his Ph.D. degree from the same university in 1961. Before joining the Commission's staff, Mr. Finn was employed as a Financial Economist in the U. S. Department of Agriculture for over 2 years, previously having been employed as a Financial Economist by the Federal Reserve System.

**SOUTH CAROLINA ELECTRIC TO SELL BONDS.** South Carolina Electric & Gas Company, 328 Main St., Columbia, S. Car. 29201, filed a registration statement (File 2-33023) with the SEC on May 13 seeking registration of \$35,000,000 of first and refunding mortgage bonds, due 1999, to be offered for public sale through underwriters headed by Kidder, Peabody & Co., 20 Exchange Place, New York, N. Y. 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company's principal business is the production, transmission, distribution and sale of electricity, and the purchase, transmission, distribution and sale of natural gas. Net proceeds of its bond sale will be used to finance in part the company's 1969 construction program and to repay a major portion of some \$17,500,000 of short-term indebtedness incurred or to be incurred in connection therewith. Construction expenditures for 1969 are estimated at \$83,285,000.

**CONNECTICUT GENERAL FILES OFFERING PROPOSALS.** CG Variable Annuity Account I and CG Variable Annuity Account II, sponsored by the Connecticut General Life Insurance Company, Bloomfield, Conn. 06002, filed registration statements (File 2-33024 and 2-33025, respectively) with the SEC on May 13, each seeking registration of \$15,000,000 of group variable annuity contracts to be offered and sold by the Insurance Company.

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

- Unionamerica, Inc., Los Angeles, Calif. (File 2-33004) - 371,600 shares
- Drug Fair-Community Drug Co., Inc., Alexandria, Va. (File 2-33005) - 110,475 shares
- The Weatherhead Company, Cleveland, Ohio (File 2-33007) - 357,000 shares
- Owens-Illinois, Inc., Toledo, Ohio (File 2-33014) - \$57,225,000 of participations in the Stock Purchase and Savings Plan and 761,730 shares
- Minnesota Mining and Manufacturing Company, Saint Paul, Minn. 55101 (File 2-33015) - 500,000 shares
- Colonial Stores Incorporated, East Point, Ga. 30344 (File 2-33016) - 60,000 shares

OVER

**FISCAL MGMT. SYSTEMS TO SELL STOCK.** Fiscal Management Systems, Inc., 160 Broadway, New York, N.Y. 10038, filed a registration statement (File 2-33001) with the SEC on May 9 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$2.20 per share. The offering is to be made on an all or none, agency basis through underwriters headed by A.J. Carno & Co., Inc., 42 Broadway, New York, N.Y., which will receive a selling commission of 22½¢ per share plus \$11,250 for expenses. Carno & Co. will be entitled to receive \$7,500 per year for three years for services as financial consultant. Carno & Co. also will be entitled to purchase for \$175, six-year warrants for the purchase of 17,500 shares of common stock, exercisable after one year at \$2.50 per share; 2,500 similar warrants are to be issued to Robert Laughlin as a finder's fee.

The company commenced operations in February, offering fiscal and specialized management services in areas relating to data processing, systems design and personnel training. It expects to establish a shared time computer service center. Net proceeds of its stock sale will be used to establish and staff a computer service center in New York and for other and related purposes. The company now has outstanding 600,000 common shares (with a 10¢ per share book value), of which Emanuel Genn, president, and Harold Lefkowitz, executive vice president, own 25% each and management officials as a group 85%. The 600,000 outstanding shares were sold to a group of 17 persons (including officers) for an aggregate consideration of \$57,000. After sale of the shares being registered, they will own 75% of the then outstanding stock; purchasers of the shares being registered will then own 25% for their investment of \$450,000 (they will sustain an immediate dilution of \$1.74 from the offering price).

**COMPANY COMPANY FILES.** Company Company, a New York partnership, 1 Rockefeller Plaza, N.Y., N.Y. filed registration statement (File 2-33002) with the SEC on May 9 seeking registration of 50 units of partnership interest, to be offered for public sale at \$11,000 per unit. The offering is to be made by Harold Prince, general partner. The partnership is to be formed for the purpose of participating in the production of the dramatico-musical play presently entitled "COMPANY", an original musical comedy with book by George Furth in collaboration with Harold Prince and music and lyrics by George Furth. The music is a story of a middle-aged bachelor who becomes acquainted with several married couples and the influence each of the couples has on his life.

**NO. AMER. MTGE INVESTORS FILES OFFERING PROPOSAL.** North American Mortgage Investors, 1894 Beacon St. Brookline, Mass. 02146, filed a registration statement (File 2-33003) with the SEC on May 9 seeking registration of 500,000 shares of beneficial interest in the "Trust," to be offered for public sale through underwriters headed by E.F. Hutton & Company, Inc., 61 Broadway, New York, N.Y. The offering price (\$40 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is a mortgage investment trust which specializes in short-term first mortgage construction loans on commercial properties. Net proceeds of its financing will be used in conjunction with other funds to fulfill the company's mortgage commitments. In addition to indebtedness, the Trust has outstanding 1,865,585 shares, of which the trustees and their associates own 367,687. Jack E. Sonnenblick is managing trustee and Solomon Klausner Chairman Trustee.

**MID-CONTINENT REALTY FILES.** Mid-Continent Realty Corporation, of Chicago, filed a registration statement (File 2-33006) with the SEC on May 12 seeking registration of \$16,000,000 of convertible subordinated debentures due 1989 and 300,000 shares of common stock. These securities were included in the company's earlier filing of March 19 (File 2-32115) - see News Digest of March 24, page 3.

**PETROFUNDS FILES OFFERING PROPOSAL.** Petrofunds, Inc., 2200 Esperson Building, Houston, Texas 77002, filed a registration statement (File 2-33009) with the SEC on May 12 seeking registration of 1,200 units of participation in its 1969 Year End Drilling Fund, to be offered for public sale at \$5,000 per unit. A subsidiary of McRae Oil Corporation, Petrofunds provides opportunities for investment by individuals in property or leasehold interest, in oil and gas prospects, and in exploration and development through the drilling of wells: proceeds of this offering will be applied to such purposes. Petrofunds will administer the drilling program. James A. McRae is president and board chairman of Petrofunds and its parent.

**MB ASSOCIATES FILES FOR OFFERING AND SECONDARY.** MB Associates, Bollinger Canyon Road, San Ramon, Calif. 94583, filed a registration statement (File 2-33011) with the SEC on May 12 seeking registration of 159,000 shares of capital stock, of which 140,000 are to be offered for public sale by the company and 19,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Clark, Dodge & Co., Inc., 61 Wall Street, New York, N.Y.; the offering price (\$12.50 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company engages in applied research, development, production and related testing in certain advanced technological areas; substantially all of its sales during the past two fiscal years were derived from projects in which the company was either a prime contractor or subcontractor for the U.S. Defense Department. A portion of the proceeds of its sale of additional stock will be used to repay short-term bank borrowings for working capital (which amounted to \$350,000 on May 9) and to repay the balance of term bank indebtedness to be incurred to finance the cost (about \$300,000) of engineering, prototype manufacturing and warehousing facilities currently under construction. The company presently plans to construct a separate pyrotechnic and rocket propellant facility during 1970 at a cost of \$275,000. The balance of the proceeds will be used for working capital. The company has outstanding 490,000 shares of capital stock (with a \$1.86 per share book value), of which Robert Mainhardt, president, owns 18.8% and management officials as a group 35.7%.

**DRUMMER BOY PROPOSES RIGHTS OFFERING.** Drummer Boy, Inc., P.O. Box 208, Topeka, Kansas, filed a registration statement (File 2-33008) with the SEC on May 12 seeking registration of 300,000 shares of common stock, to be offered for subscription by stockholders of record June 16, at the rate of one new share for each six shares held. The subscription price (\$15 per share maximum\*) is to be supplied by amendment. Aristo Foods, Inc., (parent of Drummer Boy) will distribute its subscription rights to holders of Aristo's common stock. Rutner, Jackson & Gray Incorporated heads a group of underwriters who have agreed to purchase all unsubscribed shares; the company has agreed to pay the underwriters a \$150,000 minimum cash standby fee.

Organized under Iowa law in May 1962, the company did not actively engage in business until 1968. It is engaged in the business of developing, franchising, servicing and supervising quick service, limited menu restaurants, operated under the name "Drummer Boy." Of the net proceeds of its stock sale, \$1,000,000 will be applied to payments required to acquire additional restaurant sites, \$875,000 to construct Drummer Boy buildings and \$625,000 to purchase and finance restaurant equipment for franchises; the balance will be used for general corporate purposes. The company has outstanding 1,800,000 common shares (with a net tangible book value of 32¢ per share), of which Aristo Foods, Inc., owns 90%. Frank Greco is board chairman and president. Purchasers of the shares being registered will acquire a 14% stock interest in the company for their investment of \$4,500,000\*; Aristo Foods will then own 77%, for which it will have paid \$450,000.

**COLGATE MGM. TO SELL STOCK.** Colgate Management Corporation, 527 Madison Ave., New York, N.Y. 10022, filed a registration statement (File 2-33010) with the SEC on May 12 seeking registration of 120,000 shares of common stock, to be offered for public sale at \$4 per share. The offering is to be made through Daniel S. Brier & Co., Inc., 80 Broad St., New York, N.Y. 10004, which will receive a 40¢ per share commission plus \$12,000 for expenses. Subject to completion of this offering, the company has agreed to sell the underwriter 10,000 shares at 10¢ per share; the underwriter has agreed to transfer 1,000 shares to Philips Appel & Waldon, Inc. (125 shares), George J. Lerner (375 shares) and Eugene Weiss (500 shares) in consideration for their services as finders.

The company was organized under Delaware law in February 1969 for the purposes of engaging in business as a professional placement service, placing personnel, on a fee basis, in positions with firms and companies in business and industry. Of the net proceeds of its stock sale, \$200,000 will be used to open, equip and staff new offices within the Greater New York area and other major city locations, \$100,000 to provide working capital and repay a \$30,000 promissory note, and \$50,000 to implement a computerized method of personnel placement; the balance will be available for general corporate purposes. The company has outstanding 214,000 common shares (with a 5¢ per share book value), of which Lewis Y. Faber, board chairman, and Mario DiRosa, president, own 44% each. Purchasers of the shares being registered will acquire a 38.2% stock interest in the company for their investment of \$528,000 or \$4 per share; Faber and DiRosa will then own 54.4% for which they will have paid an aggregate of \$3,332 or 5¢ per share and exchanged capital stock of Colgate Management Corp. (the company's predecessor).

**CONCORD FABRICS FILES FOR SECONDARY.** Concord Fabrics, Inc., 1407 Broadway, New York, N.Y. 10018, filed a registration statement (File 2-33012) with the SEC on May 13 seeking registration of 200,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The offering is to be made through underwriters headed by Shearson, Hammill & Co., Incorporated, 14 Wall St., New York, N.Y. 10005; the offering price (\$27 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the development, design and styling of medium-priced fabrics which are sold primarily to manufacturers of young women's casual apparel and sportswear as well as to department stores and other retailers for resale as piece goods to the home sewing market. The company has outstanding 1,781,871 common shares, of which Alvin Weinstein, board chairman, and Frank Weinstein, president, own 37.2% each; each proposes to sell 100,000 shares of 662,953 shares held each.

**PAPERCRAFT TO SELL DEBENTURES.** Papercraft Corporation, Papercraft Park, Pittsburgh, Pa. 15238, filed a registration statement (File 2-33013) with the SEC on May 13 seeking registration of \$15,000,000 of convertible subordinated debentures, due 1994, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, New York, N.Y. 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and marketing of a variety of products, including gift wrapping papers, foils, ribbons and bows, gift cards, tags, seals and boxed Christmas cards. Of the net proceeds of its sale of debentures, \$749,000 will be used to retire certain long term indebtedness; the balance will be used to reduce the company's seasonal reliance on short-term borrowings. In addition to indebtedness, the company has outstanding 2,692,559 common shares. Joseph M. Katz is board chairman and president.

**HOUSTON FIRST PROPOSES EXCHANGE OFFER.** Houston First Corporation, 711 Fannin St., Houston, Tex. 77002, filed a registration statement (File 2-33017) with the SEC on May 12 seeking registration of 1,300,000 shares of common stock. It is proposed to offer these shares in exchange for stock of Houston First Savings Association ("Association") at the rate of one share for each four Association shares. Effectiveness of the exchange offer is contingent upon acceptance by holders of not less than 260,000 shares of the Association stock.

Houston First Corporation was organized in April 1969 for the purpose of acquiring the outstanding stock of the Association and becoming a "savings and loan holding company". The holding company is intended as an efficient basis for future growth in the acquisition of businesses compatible to a savings and loan association such as a bank, a mortgage company, a finance company and other such businesses. C.B. Barrett is board chairman and W.E. Dyche, Jr., is president of each company.

**DATRON SYSTEMS TO SELL STOCK.** Datron Systems, Inc., Mountain Lakes, N.J. 07046, filed a registration statement (File 2-33019) with the SEC on May 13 seeking registration of 250,000 shares of common stock, to be offered for public sale at \$10 per share through underwriters headed by Kleiner, Bell & Co., Inc. 9756 Wilshire Blvd., Beverly Hills, Calif. and Jesup & Lamont, 26 Broadway, N.Y., N.Y. The underwriters are to receive a commission of 80¢ per share plus \$15,000 for expenses. Affiliates of the underwriters have acquired 17,600 shares at \$6.75 per share; and the underwriters will be entitled to purchase for \$125, five-year warrants for the purchase of 12,500 shares, exercisable after one year at \$10 per share.

The company is engaged in the design, manufacture and sale of certain types of computer peripheral equipment consisting principally of automatic time clock punches, plastic identification badge punches, tabulating card punches, card reading and transmission equipment and data acquisition equipment. Of the net proceeds of its stock sale, \$700,000 will be used for the establishment of additional manufacturing facilities and the acquisition of production equipment and inventory, primarily for the manufacture of its data acquisition systems; \$600,000 will be used for staffing and equipping of up to eight regional sales offices and for advertising; \$300,000 will be used for product design and development, principally for salaries and equipment; \$173,302 will be applied to the payment of equipment obligations and short-term bank loans; and the balance will be used as working capital. The company has outstanding 635,200 common shares (with a 15¢ per share book value), of which Alfred W. Steward, president, owns 49.5% and management officials as a group 81%. Purchasers of the shares being registered will acquire a 28.5% stock interest in the company for their investment of \$2,500,000 (they will sustain an immediate dilution of \$7.22 per share from the offering price); present holders will then own 71.5%, which they acquired for cash and for services rendered and patents purchased having an aggregate value of \$680,000.

**AVIDO CORP. FILES OFFERING PROPOSAL.** Avido Corporation, P. O. Box 8455, Twelve Corners, Rochester, N. Y. 14618, filed a registration statement (File 2-33020) with the SEC on May 13 seeking registration of 285,500 common shares and 285,500 common stock purchase warrants, to be offered for public sale in units each consisting of 1 share and 1 warrant and at \$10.85 per unit. The offering is to be made on a best efforts basis by First Monroe Corp., 17 Clinton Ave. South, Rochester, N. Y. 14604, which will receive a selling commission of 88¢ per share plus up to \$30,000 for expenses. The underwriter also will be entitled to purchase, for \$285, five-year warrants for the purchase of 28,500 shares, exercisable after one year at \$13.02 per share. Also included in the statement are 10,000 shares issued to Joseph Coulon, a "finder."

The company was organized in January to engage in the design, manufacture, processing and sale of products, equipment and systems for the removal of pollutants and the purification of water, industrial solutions, chemicals and other fluids. As an entry into one segment of this field, it has contracted to purchase certain assets and assume the liabilities of Sil-Flo Corporation for \$1,700,000, of which \$200,000 has been paid to date. Sil-Flo is engaged in the processing and sale of a product which is perlite ore used in filtration. The company intends to continue the business of Sil-Flo and to seek to expand its facilities and the uses of its products in pollution control. Of the net proceeds of its stock sale, \$1,500,000 will be used to pay the balance of the purchase price of Sil-Flo's assets; the balance will be added to the company's general funds and used for working capital and other purposes, including administrative expenses. The company now has outstanding 404,500 common shares (with a 91¢ per share book value), of which William Dodenhoff, president and board chairman, owns 18.5% and management officials as a group 76.8%. Purchasers of the 185,500 shares being registered will acquire a 41.5% stock interest in the company for their investment of \$3,097,675 (or \$10.85 per unit); the founders will then own 277,500 shares, of 40%, for which they paid \$55,500 or 20¢ per share.

**COLUMBIA PICTURES SHARES IN REGISTRATION.** Columbia Pictures Industries, Inc., 711 Fifth Avenue, New York, N.Y. 10022, filed a registration statement (File 2-33021) with the SEC on May 13 seeking registration of 22,315 outstanding shares of common stock. These are part of 89,262 shares recently issued in the acquisition of the assets of Bell Records, Inc. and may be offered for sale from time to time by the holders thereof, at prices current at the time of sale (\$33.75 per share maximum\*).

**SECURITIES ACT REGISTRATIONS. Effective May 13:** American Natural Gas System Companies Employees' Savings Plan and American Natural Gas Company, 2-32404; Berven Carpets Corporation, 2-32018 (8-11-69); Capital Holding Corporation, 2-32361 (90 days); Fruehauf Corporation, 2-32499; Gannett Co., Inc., 2-32495; Geon Industries, Inc., 2-32201 (8-11-69); Hamilton National Associates, Incorporated, 2-31920 (8-12-69); Masters, Inc., 2-30568 (8-11-69); Nebraska Consolidated Communications Corporation, 2-30916 (90 days); Northeast Airlines, Inc., 2-32819; Pulse Communications, Inc., 2-30615 (90 days); Southern Film Extruders, Inc., 2-32028 (8-11-69); The Tremco Manufacturing Company, 2-32690; Younker Brothers, Inc., 2-32615 (6-23-69).

**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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