

# 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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**U. S. SYSTEMS DISMISSAL DENIED.** The SEC today announced a decision under the Securities Act (Release 33-4734) denying a motion of U. S. Systems, Inc., of Minden, Nevada, that the Commission vacate its order of May 22, 1964, temporarily suspending a Regulation A exemption from registration for a 1959 public offering of stock by Systems. The suspension order provided an opportunity for a hearing on the question whether the suspension should be vacated or made permanent. Systems did not request a hearing but moved that the suspension order be vacated. It asserted that any private rights of action any injured investors may once have had are now barred by reason of the Act's limitation provisions, that the issuer's present management is different from and unrelated to that which was in control of the issuer's affairs when the offering was made, and that the entry of a permanent suspension order would hamper its efforts to obtain future financing. These arguments were rejected, the Commission observing that it is not clear that all private rights of action have been barred by the passage of time, nor has an adequate showing been made as to the claim of new management. Moreover, the suspension order would not bar a financing in compliance with the Act's registration provisions; and Regulation A provides a separate procedure for lifting the bar with respect to a future offering upon a proper showing.

Since the company's motion to dismiss was filed within the period fixed for the filing of a request for hearing on the question whether the suspension should be vacated or made permanent, the Commission extended for 20 days the period within which a request for hearing might be filed.

**NASD DISCIPLINE REVERSED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7469) overruling NASD disciplinary action against Arthur Shulman, of New York City. The reversal was based on NASD's lack of jurisdiction because Shulman was not a registered representative of a member firm at the time the NASD proceeding was commenced.

Shulman was president and principal stockholder of The Glenn Arthur Company, Inc., an NASD member, in 1959. In 1960, the firm was sold to another individual, who in 1961 withdrew the firm from SEC registration and at the same time filed notice of withdrawal from NASD membership. Subsequently, Shulman became associated with another firm, which later was incorporated as A. M. Shulman & Co., Inc. The latter resigned from the NASD and Shulman's NASD registration as its representative was terminated in April 1962. The NASD complaint, naming as respondents the Glenn Arthur firm, Shulman and two others (including the person to whom Shulman sold his interest), was filed in April 1963. The violations cited by NASD involved primarily record-keeping by the Glenn Arthur firm, for which Shulman's registration as a registered representative was revoked and he was fined \$1,000.

In reversing these sanctions, the Commission cited NASD by-laws which permit it to invoke disciplinary action against Shulman only if he was a respondent in an action brought against a firm which was a member of the NASD at the time the complaint was filed. While the NASD files do not reflect the receipt of two withdrawal notices sent to it, they do contain an August 1962 letter sent by NASD to Glenn Arthur requesting the filing of a statement of financial condition, which was returned to NASD (and produced in these proceedings by NASD) with a notation "Resigned" at the top and a hand-written note: "This firm has withdrawn its registration more than a year ago. Several notices to that effect have been sent to you. Please correct your records! The Glenn Arthur Co., Inc." This, the Commission stated, "clearly fulfilled the NASD requirements."

**ARNOLD NAIDICH SENTENCED.** The SEC New York Regional Office announced November 20 (LR-3087) that Arnold Naidich received a two-year prison sentence (USDC SDNY) for violating the Securities Act anti-fraud provisions in the sale of common stock of Douglass Precision Parts, Inc. The sentence is to be served concurrently with three other federal prison sentences which Naidich is presently serving.

**IDAMONT OIL & MINING, OTHERS ENJOINED.** The SEC Seattle Regional Office announced November 16 (LR-3088) the entry of a Federal court order (USDC Billings, Mont.) permanently enjoining Idamont Oil & Mining Co., an Idaho corporation, Charles L. Buck of Billings, Mont., J. Earl Johnson of Sheridan, Mont., and Kenneth D. Saunders of Billings, Mont., and Riggins, Idaho, enjoining them from further violations of the Securities Act registration and anti-fraud provisions in the sale of Idamont stock.

**THOMAS PATRICK FLYNN INDICTED.** The SEC Chicago Regional Office announced November 20 (LR-3089) the return of an indictment (USDC WD Wisc.) charging Thomas Patrick Flynn with fraud in the sale of stock of The House of Our Lady of Guadalupe.

**EIGHT STOCKS DELISTED.** The SEC has issued orders under the Securities Exchange Act (Release 34-7473) granting applications of the Midwest Stock Exchange to delist the common stocks of the following companies, effective at the opening of business on December 8, all of which remain listed on the American Stock Exchange: Harnischfeger Corp., Midwest Investment Co., The South Coast Corp., Woodall Industries Inc., Williams & Williams Industries, Inc., National Alfalfa Dehydrating & Milling Co., The Murray Ohio Manufacturing Co., and National Presto Industries, Inc.

OVER

**TRAILER TRAIN RECEIVES ORDER.** The SEC has issued an order under the Trust Indenture Act of 1939 (Release TI-213) finding that the trusteeship of The First Pennsylvania Banking and Trust Company under an indenture of Trailer Train Company with respect to existing Series 3 equipment trust certificates (qualified under the Act) and its trusteeship under a new indenture (proposed to be qualified) are not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the bank from acting as trustee under the existing trusteeship and the new indenture.

**CALDOR FILES FOR SECONDARY.** Caldor, Inc., 69 Jefferson St., Stamford, Conn., filed a registration statement (File 2-22957) with the SEC on November 23 seeking registration of 100,000 outstanding shares of common stock, to be offered for public sale through underwriters headed by New York Securities Co., 52 Wall St., New York. The public offering price (\$15 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company operates eight discount department stores in Connecticut and New York. In addition to indebtedness and preferred stock, it has outstanding 1,118,898 common shares, of which management officials as a group own 64.1%. The selling stockholders are listed as Carl Bennett (board chairman and president), offering 85,000 of 601,335 shares held, and Dorothy Bennett (treasurer), 15,000 of 102,217.

**EQUITY FUNDING CORP. PROPOSES OFFERING.** Equity Funding Corporation of America, 9601 Wilshire Blvd., Beverly Hills, Calif., filed a registration statement (File 2-22954) with the SEC on November 23 seeking registration of 100,000 shares of common stock. The stock is to be offered for public sale at \$6 per share through underwriters headed by New York Securities Co., 52 Wall St., New York, which will receive a 54¢-per-share commission. The company will also issue to New York Securities and Theodore Goodman, who furnished financial advisory services to the company, five-year warrants to purchase an aggregate of 17,500 common shares at \$7.20 per share. In addition, the registration statement includes 10,000 common shares which are owned in equal parts by New York Securities and Goodman and recently acquired by them at 60¢ per share from Stanley Goldblum (president), Michael R. Riordan (executive vice president) and Eugene R. Cuthbertson (senior vice president).

Organized under Delaware law in 1960, the company is primarily engaged in the sale of mutual fund shares and life insurance, either separately or in coordinated acquisition plans. Of the net proceeds from its sale of additional stock, \$175,000 will be used to establish seven additional sales offices in California; \$150,000 will be used to initiate the establishment of new sales offices in Florida, New York and five other States; and \$100,000 will be allocated to a subsidiary for use in the interim financing of life insurance premiums. (The company contemplates that such financing will allow investors to devote current funds otherwise used to pay such premiums to the purchase of mutual fund shares.) The balance of the proceeds will be added to working capital. In addition to indebtedness, the company has outstanding 750,344 common shares, of which management officials as a group own approximately 54%. In March 1961, the company issued 633,334 common shares in equal parts to Goldblum, Riordan, Cuthbertson and another person for all of the then outstanding common stock of three corporations, which were engaged in the sale of mutual fund shares and as general life insurance agents of various insurance companies.

**RAYETTE SHARES IN REGISTRATION.** Rayette, Inc., 261 E. Fifth St., St. Paul, Minn., filed a registration statement (File 2-22960) with the SEC on November 23 seeking registration of 33,963 shares of common stock. Of this stock, 18,500 shares are to be issued to stockholders of Prodon Industries Ltd. in exchange for all of the outstanding shares of such company (of which 462 shares will be transferred, and an additional 463 shares will be issued, to Marshall S. Lachner Associates, Inc.) According to the prospectus, persons acquiring such 18,963 shares may offer them in whole or in part from time to time on the New York Stock Exchange at the then prevailing market price (\$50 per share maximum\*). The remaining 15,000 shares have been issued to certain selling stockholders in connection with certain acquisitions by the company, and such stockholders have indicated that they intend to offer the stock from time to time on the New York Stock Exchange, also at market prices current at the time of sale.

The registration statement also includes outstanding warrants for the purchase of an additional 35,000 common shares at \$32 per share, exercisable until May 15, 1965. Certain of the warrant holders propose to offer such warrants to the public at prices related to the difference between \$32 and the prevailing market price immediately prior to such offer, or such sellers may exercise the warrants and offer the shares acquired thereby on the New York Stock Exchange at the market price then prevailing.

The company is engaged in manufacturing and selling perfumes and fragrances, cosmetics, hair care accessories and other products for beauty care. In 1963 it acquired Faberge, Inc., and in 1964 Tip Top Products Company. In addition to indebtedness, the company has outstanding 2,764,407 common shares, of which management officials as a group own 28.2%. The prospectus lists nine selling stockholders, including Basdon Ltd., offering 9,019 common shares; Gorlux Ltd., 9,019; First Canada Financial Corp. Ltd., 5,000; Brett Industries, Inc., 5,000; and Rickey Petroleum and Mines Ltd., 7,100 of whom are offering their entire stock holdings. The remaining selling stockholders are offering stock ranging in amounts from 91 to 460 shares. The twelve selling warrant holders include The Fund Company, Inc., offering 18,800 warrants; Laurence Witten 7,700; Harold Goodman, 2,000; and Sam E. Goodman, 2,000. Mark L. Arend is board chairman of the company and George Barrie is president.

**CAL-TEX PETROLEUM PROPOSES OFFERING.** Cal-Tex Petroleum, Inc., of Austin, Texas, filed a registration statement (File 2-22961) with the SEC on November 24 seeking registration of 205,000 shares of common stock, to be offered for public sale at \$3 per share. The shares are to be offered through company officials, who will be reimbursed for their expenses; but the company also may employ broker-dealer firms to solicit subscriptions on a best efforts basis, for which it will pay a selling commission of 8%.

CONTINUED

Organized in August 1964 under Texas law, the company proposes to engage generally in the oil and gas business, more particularly to act as the general partner in limited partnerships conducting oil and gas exploration and development programs. Funds for such programs will be solicited from investors with substantial incomes, the company derive its income from its share of any production obtained in connection therewith and from its oil and gas investments for its own account. Net proceeds of this stock offering will be available for working capital and other corporate purposes. The company has outstanding 20,500 common shares, sold at \$3 per share (of which management officials own 36.58%), and warrants for 82,000 shares, exercisable at \$3 per share. R. H. Martin of Houston is board chairman and Sidney Purser of Austin is president.

**FARMBEST FILES FOR OFFERING.** Farmbest, Inc., Denison, Iowa, filed a registration statement (File 2-22962) with the SEC on November 23 seeking registration of 5,587 shares of common stock (nondividend bearing) and \$177,058 of 15-year Retain Capital Certificates (nondividend bearing). Sales of Farmbest securities are limited to producers of agricultural products and cooperative associations of such producers. One common share is required for membership in Farmbest, which plans to carry on a continuous program of selling securities so that common stock will be available to prospective members at all times and in order that capital may be built up over a period of years by the sale of retain capital certificates. A share costs the individual farmer \$1. In addition, an investment in retain capital certificates of \$0.25 per hog marketed is required from each farmer member. Proceeds will be applied to facility additions. Since January 1962 Farmbest has operated a slaughtering plant at Denison, as a cooperative marketing association for swine producers. A second plant began operations at Iowa Falls in December 1963.

**DODGE & COX STOCK FUND FILES.** Dodge & Cox Stock Fund, 1700 Mills Tower, San Francisco, Calif., filed a registration statement (File 2-22963) with the SEC on November 23 seeking registration of 200,000 shares of capital stock. The Fund was established in 1964 as a diversified open-end investment company of the management type. Its shares will be offered at their current net asset value per share (initially, \$12.50 per share maximum\*); there is no sales charge included in the price of the shares. The objectives of the Fund are to provide shareholders with an opportunity for long-term growth of principal and income; an additional objective is to achieve a reasonable current income. Dodge & Cox will serve as manager and investment adviser. Peter Avenali, Fund president, and four other officers of the Fund are officers of Dodge & Cox.

**MISSISSIPPI RIVER FUEL FILES STOCK PLAN.** Mississippi River Fuel Corporation, 9900 Clayton Rd., St. Louis, filed a registration statement (File 2-22964) with the SEC on November 24 seeking registration of 170,754 shares of common stock, to be offered under its Stock Option Plan.

**REVERE COPPER FILES STOCK PLAN.** Revere Copper and Brass Incorporated, 230 Park Ave., New York, filed a registration statement (File 2-22965) with the SEC on November 24 seeking registration of 100,000 shares of common stock, to be offered pursuant to its Qualified Stock Option Plan.

**COLUMBIA GAS SYSTEM SEEKS ORDER.** The Columbia Gas System, Inc., New York registered holding company, and 15 of its subsidiaries have applied to the SEC for an order under the Holding Company Act authorizing the continuation during the 1965 calendar year of open-account advances by Columbia to the subsidiaries; and the Commission has issued an order (Release 35-15154) giving interested persons until December 29 to request a hearing thereon. The application proposes that the subsidiaries will prepay with excess cash, from time to time prior to the end of 1965, a portion of their outstanding installment promissory notes (aggregating \$179,200,000) held by Columbia. As any of such companies require funds for construction and other corporate purposes after prepayment, it is proposed that advances will be made to them on open account by Columbia, provided that at no time will the amount of such advances to any subsidiary exceed the amount of notes theretofore prepaid by it, less any current maturities applicable to such notes which would have matured subsequent to the date of prepayment.

**PENNSYLVANIA ELECTRIC SEEKS ORDER.** Pennsylvania Electric Company, a Johnstown subsidiary of General Public Utilities Corporation, has applied to the SEC for an order under the Holding Company Act authorizing it to acquire from the City of Erie, Pa., for \$1,030,000, a system of underground conduits known as Erie's "High Tension Conduit System"; and the Commission has issued an order (Release 35-15155) giving interested persons until December 18 to request a hearing thereon. According to the application, such facilities are presently rented by Pennsylvania Electric and are used in connection with its underground electric distribution facilities in Erie.

**MODERN LIFE INS. PROPOSES OFFERING.** Modern Life Insurance Company, 390 E. 150th St., Bronx, N. Y., filed a registration statement (File 2-22966) with the SEC on November 24 seeking registration of 200,000 shares of capital stock. Of these shares, 155,000 are to be offered for public sale at \$8.50 per share through company officials. The remaining 45,000 are to be sold at \$8.50<sup>per share</sup> to a "holder", which has agreed to purchase and hold them for resale, over a period of 24 months, to such company insurance agents as may be designated from time to time by the company. The identity of the holder is to be supplied by amendment. No underwriting is involved.

Organized under New York law in 1962, the company is engaged in writing various forms of life insurance. According to the prospectus, it sustained a loss from operations of \$126,611 during the period ended December 31, 1963. During the nine months ended September 30, 1964, it operated at a loss of \$175,077. Net proceeds from the company's stock sale will be added to general funds and used for working capital purposes. The company has outstanding 250,000 capital shares, all of which are owned by Security Mutual Insurance Company. Abraham J. Gurevich is board chairman of the company and John J. Overend is president.

**CORRECTION RE CONNECTICUT YANKEE ATOMIC FILING.** The registration statement filed by Connecticut Yankee Power Company on November 23d and reported in the SEC News Digest of November 24th carries "File 2-22958", not File 2-22959 as reported.

**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. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the November 3 News Digest.

8K's for Oct. 1964

American Tel & Tel Co ( 3,13)	New Jersey Zinc Co ( 4,7,11,13)
Arlan's Dept. Stores, Inc ( 4,7,8,12,13)	Parkview Drugs, Inc ( 3)
Bangor & Aroostook Corp ( 11,13)	Richardson-Merrell, Inc ( 3)
Carrier Corp ( 3)	Stokely-Van Camp, Inc ( 7)
MountainStates Tel & Tel Co ( 3)	Wheeling Steel Corp ( 7,8)
NY Tel. Co ( 7)	
Rothmoor Corp ( 13)	
	Atlas Chemical Industries, Inc ( 2)
Aluminum Co. of America ( 3)	C-F-M Co ( 6)
American Electric Power Co, Inc ( 12)	Coastal States Gas Producing Co ( 12,13)
Appalachian Power Co ( 12)	Ford Motor Co ( 13)
Borman Food Stores, Inc ( 11)	Frontier Airlines, Inc ( 12,13)
Castle & Cooke Inc ( 2,13)	Household Finance Corp ( 13)
General Electric Co ( 3,8)	Liggett & Myers Tobacco Co ( 11,13)
R. Hoe & Co, Inc ( 6)	Milo Electronics Corp ( 13)
Interstate Finance Corp ( 7,11,12,13) Aug. 64	Ramco Enterprises, Inc ( 12)
Life Insurance Co of Kentucky ( 7,11,13)	Realty Equities Corp of N.Y. ( 7,11,13)
Oxford Paper Co ( 7,12)	West Virginia Pulp & Paper Co ( 8,12)
U.S. Pipe & Foundry Co ( 3)	
Westinghouse Electric Corp ( 3)	Consumers Power Co ( 3)
Williams-McWilliams Industries, Inc ( 8)	Koppers Co, Inc ( 7,13)
	Onyx Chemical Corp ( 12,13)
Canadian Industrial Gas Ltd ( 7)	
Consolidated Foods Corp ( 11,13)	Armour & Co, Inc ( 7)
Corroon & Reynolds Corp ( 3)	Coronet Industries, Inc ( 11)
Hazel Bishop Inc ( 2,3,12)	Crown Bremson Industries, Inc ( 6,11)
Kern County Land Co ( 12,13)	General Development Corp ( 3,7,8,)
Nautec Corp ( 13)	Ipcos Hospital Supply Corp ( 11)
Phillips-Van Heusen Corp ( 7,13)	
Shoe Corp of America ( 3,13)	The Deltona Corp ( 7)
	E. I. Du Pont De Nemours & Co ( 2)
Associated Baby Services, Inc ( 3)	Eastern Air Lines, Inc ( 7,13)
Continental Gin Co ( 11)	Ekco Products, Inc ( 8)
Interstate United Corp ( 4,7,10,13)	General Motors Corp ( 8)
Republic Corp ( 3,7,8,13)	MCA, Inc ( 8)
San Diego Gas & Electric Co ( 13)	Texas Gulf Sulphur Co ( 4,7,13)
Southern California Gas Co ( 8)	
Texas Gas Producing Co ( 12,13)	
	Apollo Industries, Inc ( 7,13)
Banner Mining Co ( 8)	Central Charge Service, Inc ( 12)
Giant Food Properties, Inc ( 9,11)	Cowles Magazine & Broadcasting Inc ( 2)
Glen Alden Corp ( 1)	Josten's, Inc ( 11,13)
Grand Deposit Mining Co ( Nov. 1960) ( 8,10, 11,13) April 1961 ( 2,13) Aug. 1961 ( 1)	Malone & Hyde Inc ( 11)
Hilton Credit Corp ( 8,11,13)	Nachman Corp ( 13)
Metropolitan Development Corp ( 12)	Northern Natural Gas Co ( 13)
	Public Service Electric & Gas Co ( 12)
	Tracor, Inc ( 2,13)
	Wells Industries, Corp ( 11,13)

**SECURITIES ACTS REGISTRATIONS.** Effective November 24: Fidelity Bankers Life Insurance Co. (File 2-22800). Effective November 25: Globe Assurance Co. (File 2-22808); Uncle John's Restaurants, Inc. (File 2-22799).

\*As estimated for purposes of computing the registration fee.