

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



Washington, D.C. 20549

(In ordering full text of Releases from Publications Unit, cite number)

(Issue No. 66-75)

FOR RELEASE April 19, 1966

STRATHMORE SECURITIES SUSPENDED. The SEC today announced the issuance of a decision under the Securities Exchange Act (Release 34-7864) sustaining NASD findings that Strathmore Securities, Inc., of Pittsburgh, engaged in activities in 1962 and 1963 in violation of NASD rules. But the Commission modified the NASD's order to provide for a 90-day suspension of the firm from NASD membership, and a 90-day suspension of the registration of Auldus H. Turner, Jr. (then vice-president - now president) as a registered representative, in lieu of expulsion and revocation as provided in the NASD order.

The disciplinary action was based upon violations of Regulation T and the NASD mark-up rule. The Regulation T violations were not in dispute; and they involved the failure of the firm in 1962 promptly to cancel 15 customers' securities purchase transactions when payment was not received within seven business days, and the execution of four purchases in two accounts in which within the previous 90 days there had been failures to pay for earlier purchases within seven days. However, as to these violations, the Commission recognized certain mitigative factors, including the serious illness of the firm's late president.

The Commission also upheld the NASD in its ruling that Strathmore Securities took excessive markups on 35 transactions in National Bowling Lanes, Inc., stock in October 1962 and in 11 transactions in Unison Electronics Corp. stock in February 1963. The markup in National stock was 13% in 25 sales at $6\frac{1}{2}$ and 13.5% in ten sales at $6\frac{1}{4}$; and the markup in Unison was 15.4% in sales at 1-7/8. Their practice of buying at the bid and selling exclusively to retail customers at the ask, and of "spreading" their bid and ask prices $\frac{1}{4}$ of a point on \$2 securities and $\frac{3}{4}$ on \$6 securities, generally resulted in mark-ups of $\frac{1}{4}$ or 15.4% over contemporaneous costs of 1-5/8 for Unison stock, and in mark-ups of $\frac{3}{4}$ or 13% and 13.5% over contemporaneous costs of 5-3/4 and $5\frac{1}{2}$ for National stock. Thus the firm's admitted uniform pricing practices were in conflict with the NASD mark-up policy, and preclude any attempt to justify the mark-ups on the basis of the circumstances of each transaction, the Commission stated.

However, the Commission overruled the NASD finding as to an 80.55% markup in 41 sales of Unison stock at 1-5/8, computed upon the basis of the 90¢ per share cost to the firm of a block of 8,340 shares acquired from another firm. In view of the special circumstances surrounding this purchase, the Commission did not sustain the NASD ruling that resales thereof at 1-5/8 were at unfair prices.

TRADING IN ELKTON CO. STOCK SUSPENDED. The SEC announced on April 18 that it had suspended exchange and over-the-counter trading in the common stock of The Elkton Company, of Colorado Springs, Colo. for the ten-day period April 18 to 27, 1966, inclusive. The company's stock is listed on the Colorado Springs Stock Exchange, an exempt exchange.

The Commission's action was based upon the dissemination, both in reports to shareholders and through newspapers to the public, of false and misleading information concerning the earnings and financial condition of Elkton as well as its future prospects. Thus, the Elkton stock cannot be evaluated by investors on an informed and realistic basis.

NUVEEN TAX-EXEMPT BOND FUND SEEKS ORDER. Nuveen Tax-Exempt Bond Fund, Series 11, 135 S. LaSalle St., Chicago, Ill. 60603, has applied to the SEC for an exemption order under the Investment Company Act with respect to the \$100,000 minimum net capital requirements of the Act; and the Commission has issued an order (Release IC-4571) giving interested persons until May 3 to request a hearing thereon. According to the application, the fund proposes to offer for public sale 70,000 units (\$7,000,000) of undivided interest in the trust. The applicant is one of a series of eleven similar funds, named "Nuveen Tax-Exempt Bond Fund", organized pursuant to a Trust Indenture and Agreement between John Nuveen & Co. as Sponsor and United States Trust Company of New York as Trustee.

POTOMAC EDISON SEEKS ORDER. The Potomac Edison Company, Frederick, Md., has applied to the SEC for an order under the Holding Company Act authorizing it to acquire common stock from three of its subsidiaries, The Potomac Edison Co. of Pennsylvania ("PE-Pa."), The Potomac Edison Co. of Virginia ("PE-Va."), and The Potomac Edison Co. of West Virginia ("PE-W.Va."). The Commission has issued an order (Release 35-15449) giving interested persons until May 6 to request a hearing thereon. According to the application, the parent company proposes to acquire 120,000 common shares from PE-Pa. for a cash consideration of \$600,000; 11,000 common shares from PE-Va. for \$1,100,000; and 7,500 common shares from PE-W.Va. for \$750,000. The subsidiaries propose to use the proceeds thereof for property additions and improvements.

HARRY MARCH SENTENCED. The SEC Seattle Regional Office announced April 4 (LR-3484) that Harry March was sentenced to three years' imprisonment upon his conviction of fraud in the sale of securities of Insurance Investment Corp. (USDC, Boise, Ida.) in violation of the Oregon Securities Law. March recently was named as a defendant in a Federal court action filed by the Commission.

COMPLAINT CITES ZION MINERALS AND ROYALTY, OTHERS. The SEC Fort Worth Regional Office announced April 11 (LR-3485) the filing of a complaint seeking to enjoin Zion Minerals and Royalty Corp., of Fort Worth, Tex., J. N. Scott of Andrews, Tex., Jack C. Cooper of Dallas, Tex., and Merville Leonard Denman of Fort Worth, Tex., from further violations of the Securities Act registration and anti-fraud provisions in the sale of common stock of Zion Minerals and Royalty.

OVER

JOHN A. GREGG CITED. The SEC Denver Regional Office announced April 12 (LR-3486) the filing of an amendment to its complaint (USDC, Colo.) adding John A. Gregg, of Littleton, Colo., as a defendant in its action seeking to enjoin certain defendants from violating the anti-fraud provisions of the Federal securities law in the sale of 8% preferred notes of Insurance Investment Security, Inc.

JOHN H. CARR PLEADS GUILTY. The SEC Washington Regional Office announced April 15 (LR-3487) that John H. Carr, formerly a vice president of Booker Brothers, Inc., a broker-dealer of Wilkes Barre, Pa., pleaded guilty to violating the anti-fraud provisions of the Securities Exchange Act (USDC, MD Pa.). The matter was referred to the probation office for a presentence investigation.

COLLEGE LIFE, OTHERS ENJOINED. The SEC Washington Regional Office announced April 15 (LR-3488) the entry of a Federal court order (USDC, DC) enjoining College Life, Inc., John K. Gibbs, both of Silver Spring Md., Francis Patrick Walsh (a/k/a Frank Walsh), Wheaton, Md., and Jose Alex Swann, Arlington, Va., from further violations of the Securities Act registration requirements in the sale of common and preferred stock of College Life. College Life, Gibbs and Walsh were also enjoined from further violations of the anti-fraud provisions of the Federal securities laws.

COURT APPOINTS RECEIVER FOR S & P NATIONAL. The SEC New York Regional Office announced April 18 (LR-3489) that, on motion of the Commission in an injunctive action against S & P National Corporation, et al, Judge Thomas F. Murphy (USDC SDNY) appointed Leslie Kirsch of 405 Lexington Avenue, N. Y., as trustee and receiver for that company, its subsidiary, Smith-Palmer Machine Corporation, and that latter's subsidiary, Southwest International Corporation. The court also entered a judgment of preliminary injunction against three corporations restraining them from doing business as unregistered investment companies in violation of the Investment Company Act and from further violating the reporting requirements of the Securities Exchange Act. The complaint also names David M. Milton and Ralph E. Still as additional defendants.

SEVEN STOCK PLANS FILED. Form S-8 registration statements have been filed with the SEC by the following companies, seeking registration of securities for offering under employee and/or officer stock plans:

Asiatic Petroleum Corporation, 1 Rockefeller Plaza, New York 10020 (File 2-24863) (100,000 shares)
 Cities Service Company, Sixty Wall St., New York 10005 (File 2-24826) (300,000 shares)
 Clevite Corporation, 17000 St. Clair Ave., Cleveland, Ohio 44110 (File 2-24827) (198,827 shares)
 Supermarkets General Corporation, 1-3 Commerce Drive, Cranford, N. J. 07016 (File 2-24832) (235,013 share
 Beneficial Finance Co., 1300 Market St., Wilmington, Del. 19899 (File 2-24864) (\$10,000,000 of Thrift
 Accounts)
 Dayco Corporation, 333 W. First St., Dayton, Ohio 45402 (File 2-24869) (136,987 shares)
 Sun Oil Company, 1608 Walnut St., Philadelphia, Pa. 19103 (File 2-24870) (215,150 shares)

MCCULLOCH OIL OF CALIF. FILES FOR OFFERING AND SECONDARY. McCulloch Oil Corporation of California, 6151 W. Century Blvd., Los Angeles, Calif. 90045, filed a registration statement (File 2-24866) with the SEC on April 15 seeking registration of 375,760 shares of common stock. Of this stock, 100,000 shares are to be offered for public sale by the company and 275,760 shares (being outstanding stock) by the present holder thereof. The offering is to be made through underwriters headed by Shearson, Hammill & Co. Inc., 14 Wall St., New York 10005. The public offering price (\$12 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the exploration for and production of oil and gas. The prospectus states that since December 1963, when the company commenced the development of Lake Havasu City, Ariz., "sales of land have accounted for most of the company's growth and the major portion of its revenues." Of the net proceeds the company's sale of additional stock, approximately \$600,000 will be used to drill and equip additional wells; \$300,000 will be used to repay short-term indebtedness; and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 3,657,703 common shares. Robert P. McCulloch is president and board chairman. The selling stockholder is McCulloch Corp., which presently owns 1,275,760 common shares of the company and which is owned and controlled primarily by McCulloch and his family.

PAINE WEBBER MUNICIPAL BOND FUND FILES. Paine Webber Jackson & Curtis, 25 Broad St., New York 10005, depositor and sponsor of Paine Webber Municipal Bond Fund, First Series, filed a registration statement (File 2-24868) with the SEC on April 18 seeking registration of 5,000 units of interest (\$5,000,000) in said Fund. The Fund consists of Federal income tax-free interest-bearing obligations of states, counties, municipalities, and territories of the United States and authorities and political subdivisions thereof. The sponsor has deposited with the Fund's trustee, United States Trust Co. of New York, bonds acquired by the sponsor in the open market, and the trustee delivered to the sponsor the certificates evidencing the ownership of an aggregate of 5,000 units. Each unit initially represents a 1/5000th undivided fractional interest in the fund in the ratio of one unit for each \$1,000 par value of bonds initially deposited in the fund.

UNION ELECTRIC PROPOSES BOND OFFERING. Union Electric Company, 315 N. Twelfth Blvd., St. Louis, Mo. 63166, filed a registration statement (File 2-24867) with the SEC on April 18 seeking registration of \$30,000,000 of first mortgage bonds, due 1996, to be offered for public sale at competitive bidding. The company will use the net proceeds of its bond sale in connection with its construction program and for other corporate purposes. Its 1966 construction program is estimated to cost \$81,000,000.

EUROPEAN INVESTMENT BANK PROPOSES OFFERING. European Investment Bank, 85, Boulevard de Waterloo, Brussels 1, Belgium, filed a registration statement (File 2-24875) with the SEC on April 18 seeking registration of \$20,000,000 of dollar bonds, due 1976. The bonds are to be offered for public sale through underwriters headed by Kuhn, Loeb & Co., 30 Wall St., New York, and eight other firms. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The Bank was created by the Treaty establishing the European Economic Community (EEC) signed in Rome on March 25, 1957. Its purpose is to contribute to the balance and orderly development of a common market among the EEC member states, by granting loans and guarantees (on a non-profit-making basis). Net proceeds of the Bank's bond sale will be used in its general operations.

MOLYBDENUM CORP. OF AMERICA PROPOSES RIGHTS OFFERING. Molybdenum Corporation of America, 280 Park Ave., New York 10017, today filed a registration statement (File 2-24876) seeking registration of 251,306 shares of cumulative convertible preferred stock. The stock is to be offered for subscription by common stockholders at the rate of one preferred share for each eight common shares held on May 24. Any unsubscribed shares are to be offered for public sale through underwriters headed by White, Weld & Co. Incorporated, 20 Broad St., New York 10005. The dividend rate, offering price (\$70 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in mining and processing operations. Of the net proceeds of its stock sale \$7,550,000 (together with \$1,750,000 received from the recent sale of a subsidiary) will be used in connection with the company's capital projects, presently estimated at \$9,300,000, and the balance will be used for general corporate purposes. In addition to indebtedness, the company has outstanding 2,010,454 common shares. Lewis B. Harder is board chairman and William R. Kuntz is president.

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's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the caption of the several items of the form was included in the April 5 News Digest.

| | | | |
|---|-----------|---|-----------|
| American Broadcasting Companies | | Federal Insurance Co. | |
| Inc. Mar 66 (12,13) | 1-3534-2 | Mar 66 (11,13) | 2-13417-2 |
| Associated Dry Goods Corp. | 1-599-2 | House of Vision, Inc. | |
| Capitol Products Corp. | | Mar 66 (7) | 0-1087-2 |
| Mar 66, (11,13) | 0-169-2 | Proctor-Silex Corp. Feb 66 (8) | 1-2946-2 |
| Jackes-Evans Mfg. Co. | | Thrift Plan of Reda Pump Co. | |
| Mar 66 (7,11,13) | 0-2058-2 | Mar 66 (7) | 2-13774-2 |
| Louisiana Power & Light Co. | | Canal-Randolph Corp. | |
| Mar 66 (8) | 0-1236-2 | Mar 66 (11,13) | 1-3945-2 |
| San Juan Racing Association, | | General Tel Co. of Indiana, Inc. | |
| Inc. Apr 66 (11,12,13) | 0-1721-2 | Mar 66 (11,13) | 0-1210-2 |
| West Virginia Pulp & Paper Co. | | Georgia Internatl. Life Ins. Co. | |
| Mar 66 (11) | 1-3013-2 | Mar 66 (11,13) | 2-15307-2 |
| American Thread Co. | | Phila. and Reading Corp. | |
| Mar 66 (7,8,13) | 0-773-2 | Mar 66 (3,4,11,13) | 1-4355-2 |
| First Mortgage Investors | | McGraw-Hill, Inc. Mar 66 (12) | 1-1023-2 |
| Mar 66 (12,13) | 0-1381-2 | H. K. Porter Co., Inc. | |
| Hanover Equities Corp. | | Mar 66 (3,13) | 1-4157-2 |
| Mar 66 (3) | 0-884-2 | Pratt & Lambert Inc. | |
| Lerner Stores Corp. Mar 66 (13) | 1-5177-2 | Mar 66 (11) | 1-994-2 |
| Nashua Corp. Mar 66 (11) | 0-1023-2 | Sundance Oil Co., Mar 66 | |
| Official Films, Inc. | | (11,13) | 1-3524-2 |
| Jan 66 (9,12,13) | 0-1922-2 | Taylor Wine Co., Inc. | |
| Southern Electric Generating Co. | | Mar 66 (12,13) | 0-1822-2 |
| Mar 66 (3) | 2-14992-2 | United Western Life Inc. Co. | |
| Uncle John's Restaurants, Inc. | | Mar 66 (9,11) | 2-23316-2 |
| Mar 66 (7,13) | 2-22799-2 | Edison Brothers Stores Inc. | |
| Arkansas Louisiana Gas Co | | Mar 66 (13) | 1-1394-2 |
| Mar 66 (4,7,13) | 1-3751-2 | Hertz Corp. Mar 66 (13) | 1-1149-2 |
| Braniff Airways Inc. | | John's Bargain Stores Corp. | |
| Mar 66 (12,13) | 1-3195-2 | Mar 66 (11) | 1-4733-2 |
| Fidelity Bankers Life Ins. Co. | | Martin-Marietta Corp. | |
| Mar 66 (11,13) | 2-13950-2 | Mar 66 (8) | 1-4552-2 |
| Giannini Controls Corp. | | Westgate-Calif. Corp. | |
| Mar 66 (8) | 1-4291-2 | Oct & Nov 65 (2,7,13) | 0-678-2 |
| National Telefilm Associates Inc. | | American Bakeries Co. | |
| Sep 65 (7,12,13) | 0-57-2 | Mar 66 (12) | 1-74-2 |
| New Hampshire Ins. Co. | | Chromalloy American Corp. | |
| Mar 66 (11,13) | 2-8837-2 | Mar 66 (3,13) | 1-4073-2 |
| Red Owl Stores Inc., Mar 66 (7,13) | 1-4463-2 | Coastal Chemical Corp. | |
| Tractor Supply Co., Mar 66 | | Feb 66 (2,12,13) | 0-1938-2 |
| (11,13) | 1-4270-2 | Government Employees Corp. | |
| Wards Co., Inc. Mar 66 (7,13) | 2-23334-2 | Mar 66 (11) | 0-414-2 |
| Weil-McLain Co., Inc. | | | |
| Mar 66 (9) | 0-1213-2 | | |

| | | | |
|--|-----------|---|-----------|
| Government Employees Financial Corp. Mar 66 (11) | 0-412-2 | Cudahy Co. Mar 66 (6) | 1-529-2 |
| Jewel Tea Company, Inc. Mar 66 (12,13) | 1-385-2 | Emery Industries Inc. Mar 66 (7,13) | 0-1592-2 |
| The Londontown Mfg. Co. Mar 66 (4,11,13) | 0-1459-2 | Nopco Chemical Co. Mar 66 (12,13) | 1-2627-2 |
| Mississippi Chemical Corp. Feb 66 (2,12,13) | 0-1940-2 | Reynolds Metals Co. Mar 66(4,7) | 1-1430-2 |
| Overnite Transportation Co. Mar 66 (12,13) | 1-4747-2 | Ripley Industries Inc. Mar 66 (4,7,8,9,13) | 2-19233-2 |
| Skyline Homes, Inc. Mar 66 (12) | 1-4714-2 | Seaboard Air Line Railroad Co. Mar 66 (7,13) | 1-3359-2 |
| Dragor Shipping Corp., Mar 66 (6) | 0-191-2 | Deere & Co. Mar 66 (7,13) | 1-4121-2 |
| E & B Carpet Mills Inc. Mar 66 (4,7,13) | 2-24055-2 | Mobile Gas Service Corp. Mar 66 (7) | 0-234-2 |
| Geo. A. Hermel & Co. Mar 66 (7) | 1-2402-2 | Narragansett Elec. Co. Mar 66 (11) | 0-898-2 |
| Homestake Mining Co. Mar 66 (10) | 1-1235-2 | Rexall Drug & Chemical Co. Mar 66 (7) | 1-3894-2 |
| Cin. & Suburban Bell Tel Co. Mar 66 (11,13) | 1-1253-2 | Talon, Inc. Mar 66 (11,13) | 1-3637-2 |
| Communications Satellite Corp Mar 66 (3) | 1-4929-2 | Clark Equip. Overseas Finance Corp. Mar 66 (7,13) | 1-5220-2 |
| Pacific Delta Gas Inc. Mar 66 (7,13) | 0-2016-2 | Diversa, Inc. Mar 66 (2,7,13) | 0-996-2 |
| Standard Oil Co. (N. J.) Mar 66 (13) | 1-2256-2 | Liggett & Myers Tobacco Co. Mar 66 (8,12,13) | 1-535-2 |
| Baystate Corp. Mar 66 (11,13) | 0-959-2 | Penn. Power & Light Co. Mar 66 (3,12) | 1-905-2 |
| Continental Tel Corp. Mar 66 (8,11,13) | 1-4765-2 | Supermarkets Operating Co. Mar 66 (3,13) | 1-4495-2 |
| Carolina Tel & Tel Co. Mar 66 (7,11,13) | 1-4884-2 | Edgewater Steel Co. Mar 66 (3) | 0-890-2 |
| J. I. Case Co. Mar 66 (12) | 1-138-2 | First Republic Corp. of America Mar 66 (2,3,7,8,11,12,13) | 0-1437-2 |
| Charles Town Racing Assoc. Inc. Mar 66 (11,12) | 0-1433-2 | Houston Fearless Corp. Mar 66 (3,7,9) | 0-1347-2 |
| Clark Oil & Refining Corp. Mar 66 (7,11) | 0-902-2 | Producers Cotton Oil Co. Mar 66 (13) | 0-1833-2 |
| Intramerican Life Corp and Intramerican Life Ins Co. Mar 66 (12) | 2-23642-2 | Vornado, Inc. Mar 66 (11,13) | 1-5098-2 |
| Monsanto Co. Mar 66 (7,13) | 1-2516-2 | Wieboldt Stores, Inc. Mar 66 (3,7) | 1-2302-2 |
| Oneida Ltd. Mar 66 (12,13) | 0-1320-2 | Copymation Inc. Mar 66 (7,12) | 0-1969-2 |
| Ortronix, Inc. Mar 66 (12) | 0-1704-2 | Noxzema Chemical Co. Mar 66 (11,13) | 0-734-2 |
| Superior Industries Corp. | 2-18803-2 | | |
| United States Borax & Chemical Corp. Mar 66 (13) | 1-4052-2 | | |

SECURITIES ACT REGISTRATIONS. Effective April 16: The Mead Corp., 2-24543.

Effective April 18: Federal Chemical Co. and Texaco Inc., 2-24844; Hart Schaffner & Marx, 2-24742; Kaiser Cement & Gypsum Corp., 2-24689; Laclede Gas Co., 2-24748; The Tremco Manufacturing Co., 2-24658 (May 30); World Airways, Inc., 2-24574 (90 days).

Effective April 19: Anchor Hocking Glass Corp., 2-24777; Detecto Scales, Inc., 2-24630 (July 18); Fort Worth Steel and Machinery Co., 2-24684 (July 19); Stapling Machines Co., 2-24617 (July 19); Technitrol, Inc., 2-24669 (July 19).

Withdrawn April 18: Archean Corp., 2-24374; Associated Oil & Gas Explorations, 1966, Ltd., 2-24139.

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.