

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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FOR RELEASE April 27, 1966

S.F. MINING EXCHANGE REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7870) withdrawing the registration of the San Francisco Mining Exchange as a national securities exchange, effective at the close of business April 29, 1966. The SFME was found to have repeatedly failed over a period of years to enforce compliance with the Exchange Act by its members and by issuers of securities listed thereon, and its officials were found to have engaged in repeated violations of that Act and the Securities Act of 1933. The Commission also observed that the Exchange "does not perform any significant function as a trading market."

According to the decision, the SFME in 1962 had 13 regular members. Of these, only six were actively engaged in the securities business, and they represented three registered broker-dealer firms. In recent years, almost all of the active trading on the Exchange floor was conducted by George J. Flach, SFME president, representing R. L. Colburn Co.; Raymond A. Broy, treasurer, and Victor J. Herrman, representing the Broy Company; and Archie H. Chevriar, who resigned as vice president and member of the Governing Committee in March 1962 (Chevriar was expelled from SFME membership by SEC order of April 22, 1965, which order also revoked his broker-dealer registration). During 1961, an average of 42 stocks were listed for trading on the Exchange, and these had an average price per share of 14¢. Of the 42 companies, at least 15 had no revenues, and 8 others had revenues of less than \$1,000. Only four had net earnings, and three of these had trading markets through listings on other exchanges. Of the 42 companies, 16 did not have a book value of more than 1¢ per share, and nine of these had no book value at all. Of the remaining 26 companies, 24 had a book value of 20¢ or less per share. As of December 1962, 25 of the 42 companies were not actively engaged in operations.

The Commission affirmed the findings of its Hearing Examiner as to repeated violations and the necessity for remedial action, but it declined to afford the Exchange a further opportunity to effect a reorganization, as the Examiner had suggested. It observed that the Exchange had been given "an over-abundance of opportunities to organize itself and operate in a manner consistent with its responsibilities," including a 1957 specification of necessary changes in rules and procedures which were only partially carried out. The Commission concluded: "In view of this history of failure to prevent or punish violations, inadequate and careless procedures, inadequate standards and organization, and dormant and marginal listed companies, it is evident that there is really nothing of substance to salvage of the present Exchange. It is also evident that the Exchange's principal contribution in recent years has been to provide an exchange registration and listing to some issuers which had no other assets to speak of and thereby facilitate, through the Exchange mechanism, and in some instances with the knowledge or active participation of Exchange officials, illegal and fraudulent distributions of worthless or highly speculative securities to the public." The Commission further observed that it would not fulfill its duty to act for the protection of investors if it did not withdraw the registration of this Exchange which, as the Examiner found, "has a history of 'pervasive and abysmal abdication of responsibility' and which because of its 'aura of legitimacy' as a quasi-public institution has been used as 'an unsuspected tool for manipulative practices perpetrated by its members and principal officers for their own personal and unconscionable gain.'"

DELEGATION RULES AMENDED. The SEC has adopted an amendment to its rules providing for the delegation of authority to directors of divisions and offices. Under the revised rules, (1) the Director of the Division of Corporation Finance has been delegated, under the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations under these acts, authority to accelerate certain registration statements, reduce the prospectus delivery period, grant applications for confidential treatment of contract provisions and issue notices of applications for exemptions; (2) the Director of the Division of Corporate Regulation has been delegated, under the Investment Company Act of 1940, the Public Utility Holding Company Act of 1935 and the rules and regulations under these acts, authority to issue notices of certain applications, grant applications for revocation of previously granted exemptions under certain circumstances, permit the filing of preliminary registration statements, authorize the destruction of certain records, authorize the discontinuance of reporting information otherwise required and grant extensions of time for filing registration statements and reports; and (3) the Director of the Division of Trading and Markets has been delegated, under the Securities Exchange Act of 1934 and the rules and regulations thereunder, authority to grant requests for exemption from Rule 10b-6 and grant exemptions for brokers or dealers from Rule 15c3-1.

CORPORATE OFFERINGS UP. The SEC reports (for April 28 newspapers) that U. S. corporations offered \$5.0 billion of new securities for cash sale during the first three months of 1966, the second highest quarterly volume of record. Offerings during the period were one-fourth greater than the preceding quarter, largely reflecting the growth in demand for funds to finance plant and equipment outlays, and compare with \$3.0 billion in the same period a year ago. Previous high totals for new financing were \$5.0 billion in the second quarters of 1964 and 1965, and a record \$5.4 billion in the second quarter of 1961. For further details, see Statistical Release No. 2121.

OVER

LIFE STOCK EXCHANGE FUND SEEKS ORDER. Life Stock Exchange Fund, Inc., New York, open-end diversified management investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to the \$100,000 minimum net capital provisions of the Act; and the Commission has issued an order (Release IC-4578) giving interested persons until May 17 to request a hearing thereon. The applicant proposes to offer 1,250,000 shares of its common stock in exchange for securities of the character of those included in a list set forth in its prospectus.

NATIONAL FUEL GAS SEEKS ORDER. National Fuel Gas Co., New York holding company, and three of its gas-utility subsidiaries, Iroquois Gas Corp., Pennsylvania Gas Co., and United Natural Gas Co., have applied to the SEC for an order under the Holding Company Act authorizing certain financing transactions; and the Commission has issued an order (Release 35-15456) giving interested persons until May 20 to request a hearing thereon. The application states that during 1966 the parent company proposes to sell \$12,000,000 of its unsecured promissory notes to a bank, and the subsidiaries intend to sell their unsecured promissory notes to the parent company in amounts not to exceed \$8,400,000 for Iroquois, \$2,100,000 for Penn, and \$1,500,000 for United. Penn and United also propose to sell to banks during 1966 short-term notes not to exceed an aggregate amount of \$1,800,000 for Penn and \$3,700,000 for United. The subsidiaries will use the proceeds of the note sales, together with funds available from current operations, for additions to utility plant and for underground storage gas inventories. Construction expenditures for 1966 are estimated at \$9,675,000 for Iroquois, \$2,569,000 for Penn, and \$4,323,000 for United.

ABC CONSOLIDATED SHARES IN REGISTRATION. ABC Consolidated Corporation, 50-01 Northern Blvd., Long Island City, N. Y. 11101, filed a registration statement (File 2-24894) with the SEC on April 22 seeking registration of 250,000 shares of common stock. The stock is to be issued upon conversion of \$5,000,000 of the company's outstanding 4-3/4% convertible notes which are to be acquired by the underwriters from The Chase Manhattan Bank. The bank holds the notes as trustee under various pension trusts. The shares acquired upon the conversion are to be offered for public sale through an underwriting group headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, New York 10005. The public offering price (\$37 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in operating restaurants, cafeterias, snack bars, attended candy counters and refreshment stands at places of amusement and employment. In addition to indebtedness, it has outstanding 2,750,194 common shares, of which management officials own 17.7%. Benjamin Sherman is board chairman and Jacob Beresin is president.

MONTANA-DAKOTA UTILITIES PROPOSES BOND OFFERING. Montana-Dakota Utilities Co., 831 Second Ave. S., Minneapolis, Minn. 55402, filed a registration statement (File 2-24896) with the SEC on April 25 seeking registration of \$10,000,000 of first mortgage sinking fund bonds (due 1986). The bonds are to be offered for public sale at competitive bidding. A public utility, the company will use the net proceeds of the bond sale to pay \$2,951,000 of bonds, due 1965, and the balance will be used in connection with its construction program. Gross expenditures for the company's 1966 construction program are estimated at \$11,700,000.

TYCO LABS PROPOSES DEBENTURE OFFERING. Tyco Laboratories, Inc., 16 Hickory Dr., Waltham, Mass., filed a registration statement (File 2-24899) with the SEC on April 22 seeking registration of \$3,000,000 of convertible subordinated debentures (due 1986). The debentures are to be offered for public sale through underwriters headed by L. M. Rosenthal & Co., Inc., 5 Hanover Sq., New York 10004. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Organized in 1962, the company succeeded to the research and development activities of the Materials Research Laboratory, a division of Vestar, Inc., and it is presently engaged in the development and sale of technological products for industrial and government applications. Net proceeds of its debenture sale will be added to general funds of the company for use in financing the acquisition of new businesses, in the purchase of additional equipment, and as additional working capital. In addition to indebtedness, the company has outstanding 373,181 common shares, of which management officials own 28.2% and Vestar, Inc., owns 13.1%. Dr. Arthur J. Rosenberg is president of the company.

SUN CITY DAIRY FILES FOR OFFERING AND SECONDARY. Sun City Dairy Products, Inc., 763 W. 18th St., Hialeah, Fla., filed a registration statement (File 2-24901) with the SEC on April 26 seeking registration of 125,000 shares of common stock. Of this stock, 62,500 shares are to be offered for public sale by the company and 62,500 shares (being outstanding stock) by the present holders thereof. The offering is to be made through underwriters headed by Walston & Co., Inc., 74 Wall St., New York 10005. The public offering price (\$9 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in selling eggs, cheese, butter and similar products. Of the net proceeds of its sale of additional stock, \$160,000 will be used for working capital and expansion purposes of the company's newly-acquired plant in Deland, Fla.; \$39,000 will be used as working capital for a newly-organized plant in Puerto Rico and to acquire additional equipment for that plant; \$85,000 will be expended to acquire additional equipment for the plants in Keystone Heights and Hialeah, Fla.; \$102,000 will be used to pay for equipment installed in the Hialeah plant and to build up the inventory of frozen egg products; and \$35,000 will be used to repay certain indebtedness. In addition to indebtedness, the company has outstanding 201,500 common shares, as adjusted to reflect the recent issuance of 30,000 shares as a stock dividend and the issuance of 1,500 shares to Jack Toppell for his services in connection with this offering. The selling stockholders are Morton S. Neiman (president), offering 34,375 of 110,000 shares held, and Marvin S. Rosenberg (secretary), 28,125 of 90,000.

PROCTOR-SILEX SHARES IN REGISTRATION. The Proctor-Silex Corporation, 700 W. Tabor Rd., Philadelphia, Pa. 19120, filed a registration statement (File 2-24903) with the SEC on April 26 seeking registration of 26,338 shares of common stock. The shares are to be issued upon exercise, at a purchase price of \$4.40 per share, of the company's presently outstanding common stock purchase warrants. The holders of the stock so acquired may offer the shares for public sale from time to time at prices then prevailing (\$22.75 per share maximum*).

The company produces irons and ironing tables, pads and covers, and other housewares as well as industrial equipment. According to the prospectus, it may merge into SCM Corporation. Such merger is to be voted upon by the shareholders of both corporations at meetings to be held on June 28. If the merger becomes effective, each outstanding company share will be converted into one-third of a share of SCM common stock. In addition to indebtedness, the company has outstanding 2,620,042 common shares, of which management officials own 27.47%. Walter M. Schwartz, Jr., is president of the company.

CHARTER NEW YORK CORP. FILES EXCHANGE PROPOSAL. Charter New York Corporation, One Wall St., New York 10005, filed a registration statement (File 2-24907) with the SEC on April 26 seeking registration of 6,274,589 shares of common stock. The stock is to be offered in exchange for all of the outstanding capital stock of Irving Trust Company, New York, and for all or not less than 80% of the outstanding capital stock of The Merchants National Bank & Trust Company of Syracuse. The exchange ratios are as follows: 1 company share for each of the 5,858,300 outstanding shares of Irving Trust, and 1.5 company shares for each of the 277,526 outstanding shares of Merchants National.

Organized under New York law in March 1965, the company expects to function primarily as a bank holding company and as a service organization and coordinating body for the affiliating banks. According to the prospectus, the plan of acquisition for Irving Trust has been approved by the boards of directors of the company and of Irving Trust, and must also be approved by the holders of at least two-thirds of the outstanding stock of Irving Trust. The prospectus is to be used in connection with the solicitation of proxies for the special meeting of stockholders of Irving Trust which is being called to vote on the plan. George A. Murphy is board chairman and Oren Root is president of the company. Murphy is also board chairman of Irving Trust.

SIX 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:

Baxter Laboratories, 6301 Lincoln Ave., Morton Grove, Ill. (File 2-24888) (100,000 shares)
 The Hanna Mining Company, 100 Erieview Plaza, Cleveland, Ohio 44114 (File 2-24898) (148,500 shares)
 General Precision Equipment Corporation, 50 Prospect Ave., Tarrytown, N. Y. (File 2-24895)
 (12,337 preference shares and 165,609 common shares)
 Merck & Co., Inc., Rahway, N. J. 07065 (File 2-24904) (116,300 shares)
 F. W. Woolworth Co., 233 Broadway, New York 10007 (File 2-24905- 500,000 shares) (File 2-24906 - 700,000 shares)

ELKTON TRADING BAN CONTINUED. The SEC has issued an order suspending exchange and over-the-counter trading in securities of The Elkton Company for a further 10-day period April 28-May 7, 1966, inclusive.

BALDWIN SECURITIES SEEKS ORDER. Baldwin Securities Corporation, registered closed-end diversified investment company, and Brown Company, both of New York, have applied to the SEC for an exemption order under the Investment Company Act with respect to transactions incident to a proposed merger of KVP Sutherland Paper Co. into Brown; and the Commission has issued an order (Release IC-4580) giving interested persons until May 10 to request a hearing thereon. Under the proposal, the 2,530,021 outstanding common shares of Brown are to remain outstanding without alteration, and each share of outstanding KVP common stock (other than 1,108,930 shares, approximately 50%, held by Brown) is to be converted into one share of Series A convertible preferred stock of Brown. As reported in the April 26 News Digest Baldwin owns approximately 14% of Brown's common stock, and proposes to sell 180,000 shares at \$22.50 a share to Fasco Inc. Fasco is a wholly-owned subsidiary of Fasco A. G., a Liechtenstein corporation which beneficially owns about 22% of Brown's outstanding common stock. After the sale to Fasco of Brown common, Baldwin will own 164,417 shares of Brown's common stock. The application further states that Ira Guilden and his associates own approximately 40% of the outstanding voting securities of Baldwin and that Guilden as well as Philip A. Roth serves as an officer of Baldwin and Brown.

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.

Consumer's Cooperative Assoc. Mar 66 (7,8)	2-7250-2	Gains Guaranty Corp. Mar 66 (7,12)	0-938-2
El Paso Natl. Gas Co. Mar 66 (7,8,12,13)	1-2700-2	General Kinetics Inc Mar 66 (3,6,12,13)	0-1738-2
Northrop Corp. Mar 66 (13)	1-3229-2	Uarco Inc. Mar 66 (12,13)	1-5081-2
		United Artists Corp. Mar 66 (7)	1-4067-2
Atlantic Coast Line Co. Mar 66 (7,11,13)	1-1849-2	American Corp. Mar 66 (2,7,13)	1-4421-2
Boston Edison Co. Mar 66 (11,12,13)	1-2301-2	A. S. BeckShoe Corp. Mar 66 (6)	1-3267-2

Chicago & No. Western Ry. Co. Mar 66 (7,13)	1-3211-2	First Investors Corp. Mar66 (11)	0-580-2
Crossway Motor Hotels, Inc Mar 66 (2,8,13)	2-18641-2	Itex Corp. Mar 66 (1,2,4,7,11,13)	0-70-2
Granite City Steel Co. Mar 66 (2,7,13)	1-1975-2	Walter Kidde & Co., Inc. Mar 66 7,13)	1-3226-2
Home Tel and Tel of Virginia Mar 66 (11)	0-455-2	Texas Gulf Sulphur Co. Mar 66 (3)	1-1065-2
Management Assistance Inc. Mar 66 (7)	0-2017-2	West Texas Utilities Co. Mar 66 (11)	0-340-2
International Salt Co. Mar 66 (3)	1-643-2	Cook Coffee Co. Mar 66 (7)	1-4959-2
Muskegon Piston Ring Co. Mar 66 (3,11)	1-2710-2	U. S. Reduction Co. Mar 66 (7)	2-24498-2
George Washington Life Ins. Co. Mar 66 (11,13)	2-23192-2	American Commercial Lines, Inc. Mar 66 (2,13)	1-4209-2
Marine Bancorporation Mar 66 (11)	0-874-2	Leasco Data Processing Equipment Corp. Mar 66 (4,7,12,13)	2-23791-2
Maryland Shipbuilding and Drydock Co. Mar 66 (8)	0-344-2	Crane Co. Mar 66 (8)	1-1657-2
Reed Roller Bit Co. Mar 66 (1)	1-1974-2	Santa Fe Drilling Co. Mar 66 (4,7,13)	1-4827-2
Allied Chemical Corp. Mar 66 (7,13)	1-1269-2	Ethyl Corp. Mar 66 (4,7,13)	1-5112-2
The Lehigh Press Inc. Mar 66 (11)	1-4967-2	Central Louisiana Electric Co., Inc. Mar 66 (13)	0-1272-2
U. S. Fidelity & Guaranty Co. Mar 66 (11)	2-8225-2	Continental Vending Machine Corp. Mar 66 (3,13)	1-3421-2
Brunswick Corp. Mar 66 (7,8,13)	1-1043-2	Fawick Corp. Mar 66 (3)	1-257-2
Burrus Mills, Inc. Mar 66 (1)	0-1894-2	Metropolitan Edison Co. Mar 66 (3)	1-446-2
Coburn Credit Co., Inc. Mar 66 (4,7,13)	1-4730-2	National Petroleum Corp. Ltd. Mar 66 (11)	1-3630-2
Reserve Oil and Gas Co. Mar 66 (2,4,7,13)	1-3474-2	George Wash. Life Insurance Co. And #1 to 8K for Nov 65 (13)	2-23192-2
Struthers Scientific and Internatl. Corp. Mar 66 (9,13)	2-19179-2	And #1 to 8K for Dec 65 (13)	2-23192-2
		Reeves Broadcasting Corp. And #1 to 8K for Feb 66 (13)	1-4361-2
		Drexelbrook Associates And #1 to 8K for Mar 65 (1)	2-15150-2

SECURITIES ACT REGISTRATIONS. Effective April 26: Clinton Oil Co., 2-24691 (July 26);
Simplicity Pattern Co. Inc., 2-24628 (40 days).
Effective April 27: National Gypsum Co., 2-24853; The Sperry & Hutchinson Co., 2-24726 (90 days);
United States Plywood Corp., 2-24452; The Winter Park Telephone Co., 2-24627 (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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