

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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## DECISION IN ADMINISTRATIVE PROCEEDING

**EXAMINER'S DECISION ON OCEANOGRAPHIC VENTURES REPORTED.** SEC Hearing Examiner Warren E. Blair has issued an initial decision in proceedings involving a proposed public offering pursuant to a Regulation A exemption from Securities Act registration of 60,000 common shares at \$5 per share by Oceanographic Ventures, Inc., Miami, Fla., with Berne Securities Corp., New York, N. Y., named as underwriter. The Examiner ordered that the Commission's prior order temporarily suspending such exemption be made permanent for failure of the company to comply with the terms and conditions of the Regulation, particularly by reason of false and misleading representations in and the omission of material facts from the company's offering circular. Either the company or the underwriter may seek Commission review of the Examiner's decision within 15 days. In the event no such review petition is filed and the Commission does not call the decision up for review on its own motion within 30 days, the Examiner's decision will become final. The Examiner's findings involved primarily the company's failure to make proper disclosures concerning the company's business and operations and concerning certain transactions between the company and its promoters, including the consideration received for the issuance of 180,000 shares to William G. Miller, president and promoter, and 60,000 shares to William K. Chester, company counsel, secretary-treasurer and a promoter; the purported transfer of a non-existent patent application to the company by Miller; and the circumstances involved in the issuance and cancellation of two \$10,000 notes.

## COMMISSION ANNOUNCEMENT

**TWO REG. A OFFERINGS SUSPENDED.** The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public stock offerings by the following:

(1) **Continental Photocolor Corp., Braintree, Mass.**

In its Regulation A notification, filed March 19, 1969, Continental proposed the public offering of 80,000 common shares at \$3.75 per share. No underwriting is involved. Nearly 14,000 shares were sold; thereafter, because of its poor financial condition and continued losses, the company ceased operations and was ultimately liquidated. No funds were returned to investors.

(2) **Lacy Sales Institute, Inc., Newton Centre, Mass.**

Lacy Sales proposed the public offering of 150,000 common shares at \$2 per share in a notification filed April 28, 1969. The offering was made on a "best efforts all or none" basis by Albert Yanow & Company, Chestnut Hill, Mass.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In its suspension orders, the Commission asserts that it has "reasonable cause to believe" that Continental and Lacy Sales violated certain of the terms and conditions of Regulation A (including the alleged misrepresentation or omission of material facts in the offering of their respective shares), and that the offering and sale of shares of the respective companies were made in violation of the anti-fraud provisions of the Securities Act. The alleged misrepresentations and omissions by Continental related to the company's earnings and competitive position, the future market price of its stock, and the potential profit to purchasers of the stock; and those by Lacy Sales involves the alleged failure to disclose certain facts with respect to the offering, including the participation in the offering by Viscount Securities, Inc., of Boston, and its president, Joseph P. Abdella, of Boston, and the issuance of warrants and "investment securities" to them.

The Commission's orders provide an opportunity for hearing, upon request, to determine whether the respective suspension orders should be vacated or made permanent.

## HOLDING COMPANY ACT RELEASES

**POTOMAC EDISON RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16718) authorizing The Potomac Edison Company of Pennsylvania ("PE-Pa."), The Potomac Edison Company of Virginia ("PE-Va.") and The Potomac Edison Company of West Virginia ("PE-W.Va."), subsidiaries of The Potomac Edison Company ("Potomac Edison," a Hagerstown, Md. subsidiary of Allegheny Power System, Inc.), to issue and sell additional shares of capital stock to Potomac Edison for cash, as follows: PE-Pa., 278,000 shares for \$1,390,000; PE-Va., 17,050 shares for \$1,705,000; and PE-W. Va., 60,300 shares for \$6,030,000. The subsidiaries will use the net proceeds of their stock sales for property additions and improvements. Construction expenditures for the subsidiaries for 1970 are estimated at \$2,312,000, \$3,571,000 and \$7,890,000, respectively.

OVER

**GPU SEEKS ORDER.** General Public Utilities Corporation, New York holding company, has filed a proposal under the Holding Company Act for an increase in authorized capital contributions to subsidiaries; and the Commission has issued an order (Release 35-16719) giving interested persons until May 28 to request a hearing thereon. Under a proposal approved by the Commission on January 9, GPU was authorized to make cash contributions through June 30 in the amounts of \$20, \$60 and \$4 million, respectively, to Jersey Central Power & Light Company, Metropolitan Edison Company and New Jersey Power & Light Company; it is now proposed to increase the contributions to \$60, \$85 and \$15 million, respectively, to be made through December 31, 1970. The funds will be utilized by the subsidiaries for the purpose of financing their operations, including property additions and improvements.

#### INVESTMENT COMPANY ACT RELEASE

**CONTINENTAL ASSURANCE SEEKS ORDER.** Continental Assurance Company, Chicago, and the Continental Assurance Company Separate Account (B), have applied to the SEC for an exemption from provisions of Section 22(d) of the Act so as to provide that, when an annuitant shifts his investment in whole or in part from a fixed annuity to a variable annuity, no sales or other charge will be made thereon. The Commission has issued an order (Release IC-6048) giving interested persons until May 29 to request a hearing thereon.

#### COURT ENFORCEMENT ACTION

**JACK SAVAGE GUILTY.** The SEC Atlanta Regional Office announced April 30 (LR-4603) that a Federal court jury in New Orleans had found Jack W. Savage of Chicago guilty of fraud in the sale of securities while serving as president of Investors Trading Corporation, a now-defunct company.

#### SECURITIES ACT REGISTRATIONS

**LONE STAR GAS TO SELL DEBENTURES.** Lone Star Gas Company, 301 S. Harwood St., Dallas, Tex. 75201, filed a registration statement (File 2-37324) with the SEC on May 7 seeking registration of \$30,000,000 of sinking fund debentures, due 1995, to be offered for public sale at competitive bidding. The company is engaged in the exploration for and development of oil, gas and other minerals and in related activities. It will use the net proceeds of its debenture sale to prepay \$18,000,000 of bank notes issued from July through October 1969 and to reduce short-term indebtedness incurred subsequent to March 31, 1970 (estimated at \$13,000,000 at the time of the sale of the debentures). Such short-term indebtedness has been and will be incurred to finance and restore funds used to finance a portion of the company's construction program; the bank notes were incurred to reduce short-term indebtedness and to pay certain long-term debt. Construction expenditures for 1970 are estimated at \$50,100,000.

**CONSUMERS POWER PROPOSES OFFERINGS.** Consumers Power Company, 212 W. Michigan Ave., Jackson, Mich., filed a registration statement (File 2-37325) with the SEC on May 7 seeking registration of \$60,000,000 of first mortgage bonds, to be offered for public sale at competitive bidding. The interest rate, maturity date, offering price and underwriting terms are to be supplied by amendment.

In a separate registration statement (File 2-37326) also filed on May 7, the company seeks registration of 1,264,938 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each 18 shares held of record on June 10, 1970. The offering is to be made through Morgan Stanley & Co., 2 Wall St., New York; the subscription price (\$33.50 per share maximum\*) and underwriting terms are to be supplied by amendment.

A public utility, the company will use the net proceeds of these offerings to finance in part its construction program and to repay short-term bank borrowings and commercial paper issued and to be issued in connection with interim financing thereof. Construction expenditures are estimated at \$1,450,000,000 for the years 1970 through 1974.

**LONG ISLAND LIGHTING TO SELL STOCK.** Long Island Lighting Company, 250 Old Country Rd., Mineola, N. Y. 11501, filed a registration statement (File 2-37327) with the SEC on May 7 seeking registration of 1,830,000 shares of common stock, to be offered for subscription by common stockholders of record May 27, 1970, at the rate of one new share for each 10 shares held. The offering is to be made through underwriters headed by The First Boston Corp., 20 Exchange Pl., and Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine St., both of New York 10005; the subscription price (\$21 per share maximum\*) and underwriting terms are to be supplied by amendment. The company supplies electric and gas service in Nassau and Suffolk Counties and the Rockaway Peninsula in Queens County, all on Long Island, New York. It will apply the net proceeds of its stock sale to construction of utility plant or towards repayment of outstanding indebtedness incurred therefor. Construction expenditures are estimated at \$247,000,000 for the period from April 1, 1970 through 1971.

**WOODS CORP. FILES FOR SECONDARY.** Woods Corporation, 4900 N. Santa Fe, Oklahoma City, Okla., filed a registration statement (File 2-37333) with the SEC on May 7 seeking registration of 110,000 outstanding shares of common stock. According to the statement, these shares have been pledged by certain stockholders to secure separate loans made by them to Hayden, Stone Inc. in the amount of \$1,540,000 to provide capital credit for the business of such firm. The company through subsidiaries is engaged in transportation of new vehicles by motor carrier, the manufacture of pre-engineered building systems and of precision aircraft parts, and in oil and gas exploration and production. It has outstanding 2,674,235 common shares, of which Roy G. Woods (board chairman) and family members own 30%, W. B. Voss (vice chairman) and family members 19% and management officials as a group 60%. W. B. Voss had pledged 50,000 of 137,662 shares held, Roy G. Woods 10,000 of 222,711 and eight others the remaining shares being registered.

CONTINUED

**DEVELCO TO SELL STOCK.** Develco, Inc., 2 Main St., Woonsocket, R. I., filed a registration statement (File 2-37328) with the SEC on May 7 seeking registration of 110,000 shares of common stock, to be offered for public sale at \$3.50 per share. The offering is to be made on a best efforts 100,000 shares or none basis through A. J. White, Carlotti & Co., East Providence, R. I. 02914, which will receive a 35¢ per share selling commission plus up to \$16,500 for expenses. The company has agreed to sell the underwriter, at 1¢ per warrant, six-year warrants to purchase up to 11,000 shares, exercisable after two years at \$3.85 per share, and to pay the underwriter's president a fee of \$2,500 a year for three years for his services as financial consultant.

The company was organized in August 1969 to engage in all phases of the real estate business. Net proceeds of its stock sale will be added to the company's working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 285,715 common shares, of which William S. Dogan, president, and two other officers own 20% each. Purchasers of the shares being registered will sustain an immediate dilution of \$2.24 in per share book value from the offering price.

**INTERPUBLIC GROUP FILES FOR OFFERING AND SECONDARY.** The Interpublic Group of Companies, Inc., 1271 Avenue of the Americas, New York, N. Y. 10020, filed a registration statement (File 2-37338) with the SEC on May 8 seeking registration of 820,000 shares of common stock, of which 400,000 are to be offered for public sale by the company and 420,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Smith, Barney & Co. Incorporated, 1345 Avenue of the Americas, New York, N. Y. 10019; the offering price (\$25 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged throughout the world in advertising agency functions, market research, sales promotion, public relations, product development and other related services. Net proceeds of its sale of additional stock will be applied to repayment of \$2,500,000 outstanding under a revolving credit agreement with a domestic bank (which agreement will be terminated), and the balance will be applied to domestic working capital requirements. In addition to indebtedness and preferred stock, the company has outstanding 309,092 common shares and 927,273 Class B common shares; company officials own 33% of both the common and Class B common shares. Robert E. Healy is president and board chairman. The number of shares to be sold by selling stockholders (which include company officials) will be supplied by amendment.

**CHESAPEAKE RACEWAY PROPOSES OFFERING.** Chesapeake International Raceway Corporation, 219 North St., Elkton, Md. 21921, filed a registration statement (File 2-37339) with the SEC on May 8 seeking registration of \$1,200,000 of 8% convertible subordinated debentures, due 1982, and 300,000 shares of common stock, to be offered for public sale in units, each consisting of a \$1,000 debenture and 250,000 shares, and at \$2,250 per unit. The offering is to be made through underwriters headed by Spingarn, Heine & Associates, Inc., 111 Broadway, and Devon Securities, 60 East 56th St., both of New York, N. Y., which will receive a \$225 per unit commission. The company has agreed to pay the Spingarn, Heine and Devon Securities firms \$35,000 for expenses and to sell them 25,000 shares at 50¢ per share, nontransferable for two years.

The company was organized in June 1969 for the purpose of constructing and operating in Elkton a motor sports racing complex (the "raceway") with a road course and approximately three miles, to be used for sports, formula and stock car racing commencing with the 1971 season. Net proceeds of its financing will be used in connection with construction of the raceway and for working capital and other corporate purposes. In addition to indebtedness, the company has outstanding 317,500 common shares (with a \$1.07 per share net tangible book value), of which D. Richard Rothman, president, owns 28.74% and management officials as a group 65.35%. Purchasers of the shares being registered will acquire a 46% stock interest in the company for their investment of \$1,500,000 (they will sustain an immediate dilution of \$2.54 in per share book value from the offering price); present shareholders and the Spingarn, Heine and Devon Securities firms will then own 54%, for which they paid \$470,000 of \$1.32 per share.

**LSB INDUSTRIES SHARES IN REGISTRATION.** LSB Industries, Inc., 16 South Pennsylvania, Oklahoma City, Okla. 73101, filed a registration statement (File 2-37341) with the SEC on May 8 seeking registration of 200,000 shares of common stock. These are part of 437,139 shares owned by Jack E. Golsen, president and board chairman; the 200,000 shares are pledged by Golsen to secure a loan in the form of a demand note made by him to Hayden, Stone Incorporated in the initial minimum amount of \$720,000 to provide capital credit for the business of that firm. It is not intended that any sales of the shares will be made except under circumstances in which Hayden, Stone, because of its then capital requirements and financial condition, is permitted to liquidate the collateral for the loan. The company has outstanding (in addition to indebtedness) 945,967 common shares; it is a management and holding company with three principal operating subsidiaries, L & S Bearing Mfg. Co., Hart Industrial Machinery Co. and International Air Conditioning Corp.

**MODUMATIC INDUSTRIES TO SELL STOCK.** Modumatic Industries, Inc., 120 East 144th St., Bronx, N. Y. 10451, filed a registration statement (File 2-37342) with the SEC on May 8 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on a best efforts three-quarters or none basis by S. M. Securities Corp., 242 East Beech St., Long Beach, N. Y., which will receive a 50¢ per share selling commission plus \$15,000 for expenses. The underwriter also will be entitled to purchase, for \$10, six-year warrants for the purchase of 10,000 shares, exercisable after one year at \$5.50 per share.

The company was organized in December 1969 to engage primarily in the development, manufacture and marketing of medical and dental equipment. A subsidiary recently commenced sales of a product line of dental units (known as "Modumatic") which are designed "to provide a more efficient method for practicing dentistry." Of the net proceeds of its stock sale, the company will use \$125,000 for the purchase of components and parts and the production of inventory, \$50,000 for the reduction of a \$100,000 bank loan the proceeds of which were used for working capital, \$100,000 for sales promotion, advertising, labor and overhead expenses; and the balance

for working capital and general corporate purposes. The company has outstanding 450,000 common shares (with a 33¢ per share book value), of which The Valtronic Corp., of Bronx, owns 99.9%. Ronald W. Rubin, president, and James Rubin, a director, together with members of their families, own 65% of the outstanding stock of Valtronic, through whom the company's products are to be sold pursuant to agreement. Purchasers of the shares being registered will acquire an 18.2% stock interest in the company for their investment of \$500,000, or \$5 per share (they will sustain an immediate dilution of \$4.01 in per share book value); present stockholders will then own 81.8%, for which they paid \$150,000, or 33¢ per share.

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

Tesoro Petroleum Corporation, San Antonio, Tex. 78209 (File 2-37316) - 85,360 shares  
 Shulton, Inc., Clifton, N. J. 07015 (File 2-37329) - 25,000 shares  
 Central National Chicago Corporation, Chicago, Ill. 60603 (File 2-37330) - 66,000 shares  
 Jamesway Corporation, New York 10001 (File 2-37331) - 58,650 shares  
 Conrac Corporation, New York 10017 (File 2-37332) - 20,250 shares  
 The Ralph M. Parsons Company, Los Angeles, Calif. 90017 (File 2-37334) - 125,000 shares  
 Cooper Tire & Rubber Company, Findlay, Ohio 45840 (File 2-37335) - 30,959 shares  
 Washington National Corporation, Evanston, Ill. 60201 (File 2-37336) - 275,860 common and 28,445 preferred shares  
 The Times Mirror Company, Los Angeles, Calif. 90053 (File 2-37337) - 500,463 shares  
 ITEL Corp., San Francisco, Calif. 94104 (File 2-37340) - 688,362 shares

#### MISCELLANEOUS

**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 "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the May 6 News Digest.

#### BK's for Mar 70

Deltona Corp(7,12)	1-4719-2	Berns Air King Corp(7,12,13)	0-2772-2
Doyle Dane Bernbach Inc(12)	0-171-2	Bond Stores Inc(1,8)	1-2955-2
E L I Industries Inc(12,13)	0-3911-2	Castleton Industries Inc(2,12)	1-5464-2
Eastern Air Lines Inc(6)	1-3049-2	Corinthian Broadcasting Corp(11)	1-5454-2
Eberline Instrument Corp(7,13)	0-2964-2	Cullum Companies Inc(2,12,13)	0-3807-2
Equity National Industries Inc		Diagnostic Research Inc(1)	2-27785-2
(7)	0-3842-2	Dunkin Donuts Inc(4,12,13)	0-3456-2
Allegheny Beverage Corp(12)	0-3679-2	Edison Bros Stores Inc(2)	1-1394-2
Cavitron Corp Nov 69(7)	1-5575-2	Bernz O Matic Corp June 69(3)	0-1688-2
Commercial State Life Insur Co(1,		Brocton Edison Co(11)	2-7649-2
8)	2-22871-2	Creative Polymer Products Corp	
Cox Broadcasting Corp(12,13)	1-4933-2	(3,13)	2-33361-2
Diversified Financial Corp(2,3,		Data 100 Corp(2,13)	2-31853-2
7,11)	0-1710-2		

**SECURITIES ACT REGISTRATIONS. Effective May 8:** Adobe Investment Corp., 2-36061 (90 days); Alpha Industries, Inc., 2-36480; Aluminum Co. of America, 2-37147; American Medical Association, 2-37081 (40 days); Calvert Funds, Inc., 2-35549 (90 days); Clark Cable Corp., 2-36341; Cole National Corp., 2-37034; Eagle-Picher Industries, Inc., 2-36998; Electronic Memories & Magnetics Corp., 2-36710; Gino's Inc., 2-36719 (40 days); Hoerner Waldorf Corp., 2-36535; Imperial Corp. of America, 2-36918; McGraw Edison Co., 2-37263 (40 days); Vico Corp., 2-36651.

**Withdrawn April 27:** Automated Business Records Corp., 2-35683; Chemical Express Co., 2-35715.

**Withdrawn April 28:** Modular Cinemas of America, 2-35057; Deflecta Shield, Inc., 2-35366; Electronic Concepts, Inc., 2-34394; Cal-Maine Foods, Inc., 2-35129.

**Withdrawn May 4:** Mckee-Berger-Mansueto Inc., 2-32271; Microwave Systems Co., 2-34842; Carrols Development Corp., 2-35534; Seven Kings, Inc., 2-35230; Gibraltar Fabrics, Inc., 2-35835; Colorado Western Real Estate Investment Assoc., 2-36387.

**Withdrawn May 5:** Diversa, Inc., 2-31221; Ward Franchises, Inc., 2-35127.

**Withdrawn May 6:** Dunkin' Donuts Inc., 2-35953; Kinard Oil Co., 2-31972.

**Withdrawn May 7:** Herman Levine Ltd. Partnership to be formed Great Hope Corp., 2-36296; Tyco Laboratories, Inc., 2-30852.

**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.