

# 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

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(Issue No. 70-224)

FOR RELEASE November 18, 1970

## DECISION IN ADMINISTRATIVE PROCEEDING

CONNAUGHTON AND WILLIAMS SUSPENSION ORDERED. The SEC today announced that the suspensions of Thomas A. Connaughton and Robert Williams from association with any securities firm for periods of 20 and 15 days, respectively, become effective at the opening of business on November 23, 1970. The two individuals were former salesmen for the firm of Daniel J. Breslin, doing business as Daniel Breslin & Associates, of Needham, Mass. The suspensions were ordered by a Commission Hearing Examiner, and neither of the said respondents petitioned the Commission for review of the Examiner's decision.

In his decision, the Examiner had ruled that the Breslin firm, Connaughton and Williams violated the registration and anti-fraud provisions in the 1969 offer and sale of stock of Design International Corporation, for which a Regulation A offering proposal had been filed but had not been cleared. False and misleading statements made by the respondents in connection therewith related to the financial condition of the issuer and the application of the proceeds of its proposed sale of securities. The Examiner also found that the firm violated the Commission's record-keeping rules. The Examiner imposed a 45-day suspension upon Breslin and his firm. Counsel for the Commission's Division of Trading and Markets petitioned the Commission for review of the decision as to Breslin and his firm, which was granted. The Division objected to certain conclusions made by the Examiner and urged that the 45-day suspension was inadequate.

## COMMISSION ANNOUNCEMENT

FOREIGN RESTRICTED LIST. The SEC has added Unitrust Limited, of Dublin, Ireland, to its Foreign Restricted List. The list is comprised of the names of foreign companies whose securities the Commission has reason to believe recently have been or currently are being offered for public sale in the United States in violation of the Securities Act registration requirement. Failure to register deprives investors of the financial and other information which would be provided through the registration process. Unitrust has offered securities representing interests in Ireland real estate properties through newspaper advertisements in the United States.

GLOBUS SUSPENSION CONTINUED. The SEC has ordered the further suspension of over-the-counter trading in securities of Globus International, Ltd., of Washington, D. C. for the further ten-day period, November 19-28, inclusive.

## INVESTMENT COMPANY ACT RELEASES

DUDLEY CATES RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6245) exempting Dudley F. Cates, a general partner of Loeb, Rhoades & Co., New York, from any restriction of Section 9(a)(2) of the Act which might otherwise preclude him from serving as an official of American General Bond Fund, Inc. (of which he is a director), by reason of the 1968 court order of injunction against the Loeb, Rhoades firm and its partners involving the sale of stock of Lynbar Mining Corporation.

INVESTORS DIVERSIFIED SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6246) giving interested persons until December 3 to request a hearing upon an application by Investors Diversified Services, Inc. ("IDS"), and Investors Accumulation Plan, Inc. ("IAP"), of Minneapolis, for an exemption from the provisions of Section 27(a)(3) of the Act which prohibits the issuance of periodic payment plan certificates by a registered investment company if the amounts deducted as sales load from all payments subsequent to the first 12 months are not proportionately alike. IAP proposes to serve as Sponsor for IDS Investment Program, which will offer periodic payment plan certificates for the accumulation of shares of IDS Growth Fund, Inc.; IDS will serve as underwriter for the Fund and for Program. It is proposed that the total charges on the minimum periodic payment would amount to 22% of each payment during the first year, 20% of each payment during the second and third years, and 7.6% of each payment thereafter.

## COURT ENFORCEMENT ACTION

THREE RECEIVE SENTENCES. The SEC Boston Regional Office announced November 12 (LR-4812) that the Federal court in Los Angeles had imposed 18 and 12-month prison sentences, respectively, upon Gordon M. Copp and Allan D'Honau, following their conviction of violating the anti-fraud and anti-manipulative provisions of the Securities Exchange Act in connection with their transactions in securities of Eastern Massachusetts Street Railway Co. All but 120 days and 60 days of the respective prison sentences were suspended; and each was placed on probation for 4 years. A third defendant, Vincent Carrano, who had entered a guilty plea, received a six-month suspended sentence and was placed on probation for three years.

OVER

SECURITIES ACT REGISTRATIONS

UNIVERSAL LAND TO SELL STOCK. Universal Land and Development Corporation, 601 Flagler Drive Court, West Palm Beach, Fla., filed a registration statement (File 2-38794) with the SEC on November 12 seeking registration of 1,000,000 shares of common stock, to be offered for public sale at \$1 per share. The offering is to be made on a best efforts, minimum 550,000 shares or none basis by Gary J. Grieco, 60 Washington St., Hartford, Conn., which will receive an 8c per share selling commission plus up to 2% for expenses.

The company was organized in April 1970 to engage principally in the business of acquiring and developing large tracts of unimproved land and reselling the land as unimproved, partially improved or improved property. Of the net proceeds of the company's stock sale, \$300,000 will be used to pay closing costs of the Palm D'Ora property near Palm Beach, \$155,000 to pay principal and interest on 180-day notes issued to shareholders and \$100,000 for engineering, planning and related professional fees in connection with the Palm D'Ora project; the balance will be added to the company's working capital and used primarily for preliminary investigation and down payment costs in connection with the acquisition of new sites for development and secondarily for additional working capital for the Palm D'Ora project. If current negotiations with the Mader Corporation of West Seneca, N. Y. for the joint development of the Palm D'Ora property are successful, the intended use of net proceeds of the offering will be modified. In addition to indebtedness, the company has outstanding 1,350,000 common shares (with a 12c per share net tangible book value), of which Joseph P. Fago, president, owns 40% and management officials as a group 81.9%. Purchasers of the shares being registered will sustain an immediate dilution of 56c in per share book value from the offering price.

FIDELITY AMERICAN BANKSHARES PROPOSES EXCHANGE OFFER. Fidelity American Bankshares, Inc. ("Bankshares"), 901 Main St., Lynchburg, Va. 24504, filed a registration statement (File 2-38795) with the SEC on November 12 seeking registration of 20,278 shares of common stock. It is proposed to offer these shares in exchange for all the outstanding common shares of The Buchanan National Bank, Buchanan, and The Bank of Natural Bridge, Natural Bridge Station, both of Virginia, at the rate of 3.675 shares for each of the 2,000 outstanding Buchanan Bank shares and 12.6 shares for each of the 1,026 Natural Bridge Bank shares. The exchange offer is contingent upon acceptance by holders of at least 80% of the outstanding common stock of each bank.

Bankshares was organized in September 1968 for the purpose of becoming a bank holding company and has three banking subsidiaries engaged in the general commercial banking business in Virginia. It has outstanding 1,379,131 common shares. A. C. Bartlett is chairman, J. Lyons Davidson vice chairman and E. R. Harris, Jr., president.

PETERSON, HOWELL & HEATHER FILES FOR SECONDARY. Peterson, Howell & Heather, Incorporated, 2701 North Charles St., Baltimore, Md. 21218, filed a registration statement (File 2-38796) with the SEC on November 12 seeking registration of 255,000 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering is to be made through underwriters headed by Alex. Brown & Sons, 135 E. Baltimore St., Baltimore, Md. 21202; the offering price (\$26.25 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is primarily engaged in providing specialized management services for corporate fleets of vehicles, mainly automobiles. In addition to indebtedness, it has outstanding 2,492,456 common shares, of which Richard M. Heather, board chairman, owns 8% and management officials as a group 26.6%. Heather proposes to sell 76,000 of 201,384 shares held, a Trust under the Will of D. L. Peterson 120,000 of 122,047 and three others the remaining shares being registered. John S. Lalley is president and chief executive officer.

NATIONAL DEVELOPERS TO SELL STOCK. National Developers Incorporated, 17000 Eight Mile Rd., Southfield Office Plaza, Southfield, Mich. 48075, filed a registration statement (File 2-38797) with the SEC on November 12 seeking registration of 240,000 shares of common stock, to be offered for public sale at \$1.50 per share. The offering is to be made on a "best efforts, 80,000 shares or none" basis by Whitney, Dijon & Co., Inc., which will receive a 15c selling commission plus \$10,000 for expenses. The company has agreed to sell the underwriter, for 1c each, five-year warrants to purchase 24,000 shares, exercisable after one year at \$1.65 per share.

Organized in July 1969, the company has engaged in placing small first mortgages on properties in Michigan and intends to be principally engaged in the construction and operation of mobile home parks and recreational vehicle parks, together with the sale of mobile homes. It also plans to construct and develop a garden-type apartment complex. Of the net proceeds of its stock sale, \$260,000 will be used for the purchase of land for recreation vehicle parks and development and the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 752,000 common shares, of which Lloyd Ramseyer, Sr., board chairman, owns 14%, Blair Ramseyer, president, 28% and management officials as a group 54%.

MCCRORY DEBENTURES IN REGISTRATION. McCrory Corporation, 360 Park Avenue South, New York, N. Y. 10010, filed a registration statement (File 2-38800) with the SEC on November 13 seeking registration of \$2,600,000 of outstanding 10½% sinking fund subordinated debentures, due 1985. These debentures may be offered for sale from time to time by the holders thereof, at prices current at the time of sale. They were issued in exchange for outstanding 5½% sinking fund subordinated debentures, due 1976.

The company is a diversified merchandizing company engaged in a number of different business activities. In addition to indebtedness and preferred stock, it has outstanding 4,448,388 common shares, of which Rapid-American Corporation owns 55.6%. Samuel Neaman is board chairman and Stanley H. Kunsberg president. Isidore A. Becker and Meshulam Riklis, jointly, may sell all of \$2,600,000 of debentures held.

**UNIVERSAL FOODS FILES FOR OFFERING AND SECONDARY.** Universal Foods Corporation, 433 East Michigan St., Milwaukee, Wisc. 53202, filed a registration statement (File 2-38799) with the SEC on November 13 seeking registration of 255,000 shares of common stock. Of these shares, 175,000 are to be offered for public sale by the company and 80,000 by the holders or recipients thereof. The offering is to be made through underwriters headed by Smith, Barney & Co. Inc., 1345 Avenue of the Americas, New York 10019, and Loewi & Co. Inc., 225 East Mason St., Milwaukee, Wisc. 53202; the offering price (\$26 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is a diversified food company engaged in both the manufacture and the distribution of specialty food products to food processors and to consumer and food service markets. Net proceeds of the company's sale of additional stock will be added to its general funds and used for general corporate purposes, including the reduction of short-term indebtedness incurred to finance increased inventories and accounts receivable required by increased sales and in connection with its cash acquisitions of businesses and other capital expenditures. In addition to indebtedness and preferred stock, the company has outstanding 1,039,890 common shares. Robert T. Foote is board chairman and president. Frank J. Hale proposes to sell 50,000 shares (issuable upon conversion of 10,000 Series A preferred shares; he will continue to own 10,000 preferred shares) and four others the remaining shares being registered.

**SFM FILES FOR OFFERING AND SECONDARY.** SFM Corporation, 900 North Avenue, Plainfield, N. J. 07062, filed a registration statement (File 2-38804) with the SEC on November 13 proposing the public offering of 50,000 shares of common stock. No underwriting is involved; the offering price (\$10.50 per share maximum\*) is to be supplied by amendment. Also included in this statement are 185,200 outstanding common stock purchase warrants and 10,000 outstanding shares of common stock, which may be offered for sale from time to time by the holders thereof, at prices current at the time of sale.

The company is engaged in the manufacture of machine tools and electric motors. Of the net proceeds of the company's sale of additional stock, up to \$300,000 will be used to pay an 8½% promissory note and the balance to pay down the 10% bank note of its subsidiary, Howell Products Inc., both guaranteed by the company. In addition to indebtedness, the company has outstanding 719,878 common shares, of which management officials as a group own 20.6%. Fleschner Becker Associates may sell all of 185,200 warrants and 10,000 shares being registered.

#### MISCELLANEOUS

**PULLMAN TRANSPORT LEASING SEEKS ORDER.** Pullman Transport Leasing Company, of Chicago, has filed an application with the SEC under the Trust Indenture Act of 1939 seeking a determination that the trusteeship of First National City Bank ("FNCB") under two certain equipment trust agreements is not so likely to involve a material conflict of interest as to disqualify the Bank from serving as trustee under both; and the Commission has issued an order giving interested persons until November 27 to request a hearing thereon.

FNCB now serves as trustee under Pullman Transport Leasing Company Equipment Trust, Series 1, under which \$28,250,000 of equipment trust certificates are outstanding and an additional \$1,750,000 will be issued on January 6, 1971. The company also wishes to appoint FNCB as trustee under a new Equipment Trust Agreement, Series 2, under which about \$23,200,000 of certificates are expected to be issued. According to the application, the Series 1 certificates are, and the Series 2 certificates will be, secured by a separate lot of identified railroad cars, so that should the trustee have occasion to proceed against the security under one of these trusts, such action would not affect the security, or the use of any security, under the other trust. Thus, the existence of the other trusteeship should in no way inhibit or discourage the trustee's actions.

**UNLISTED TRADING GRANTED.** The SEC has issued orders under the Securities Exchange Act (Release 34-9022) granting an application of the Midwest Stock Exchange for unlisted trading privileges in the common stocks or specified securities of the following companies: Federated Department Stores, Inc., First National City Corp., Florida Power Corporation, Halliburton Co., H. J. Heinz Co., Hilton Hotels Corp., International Industries, Inc., International Telephone & Telegraph Corp. - \$2.25 Convertible Preferred Stock, Series N, Johnson & Johnson, Kentucky Fried Chicken Corp., Walter Kidde & Co., Kinney National Service, Inc., Leasco Data Processing Equipment Corp. - \$2.20 Convertible Preferred Stock, Series B, (\$1 par), Eli Lilly & Co., Louisiana Land & Exploration Co., Lums, Inc., The May Department Stores Company, McGraw-Hill, Inc., Memorex Corp., Mohawk Data Sciences Corp., and J. P. Morgan & Co., Inc.

**UNLISTED TRADING GRANTED.** The SEC has issued an order under the Securities Exchange Act (Release 34-9022) granting applications of the following exchanges for unlisted trading privileges in the common stocks or specified securities of the named companies: Boston Stock Exchange - The Flying Tiger Corporation; Detroit Stock Exchange - The Flying Tiger Corporation, R. J. Reynolds Industries, Inc.; Midwest Stock Exchange - Allegheny Power Systems, Inc., American General Insurance Co., American Research & Development Corp., American Smelting & Refining Co., Armco Steel Corporation - \$2.10 Cumulative Convertible Preferred Stock, Armstrong Cork Company, Becton, Dickinson & Co., Belco Petroleum Corp., British Petroleum Co., Ltd. (American Shares) - Ordinary Par \$1, Carolina Power & Light Co., Carter-Wallace, Inc., Champion Spark Plug Co., Chase Manhattan Corp., The Coca-Cola Company, Combustion Engineering, Inc., Crown Cork & Seal Co., Inc., Walt Disney Productions, Duke Power Co., Engelhard Minerals & Chemicals Corp., Fedders Corp.; Pacific Coast Stock Exchange - R. J. Reynolds Industries, Inc.; Philadelphia-Baltimore-Washington Stock Exchange - Career Academy, Inc., The Flying Tiger Corporation, R. J. Reynolds Industries, Inc., Masonite Corporation, Talley Industries, Inc. - \$1 Cumulative Convertible Preferred Stock Series B (\$1 par), Transcontinental Investing Corporation, United Brands Company - Common Stock \$1.20 Cumulative Convertible Preference Stock, Series A Warrants (Expiring February 1979), United States Fidelity and Guaranty Company.

**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 (in ordering, please give month and year of report). 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 November 5 News Digest.

8K's for Sept 70

Cook Industries Inc Sept 70(11,  
13) 1-5936-2

Domestic Air Express Inc July 70  
(1) 0-3147-2

William Bond Inc Jul 70(12) 0-4367-2  
Aug 70(12) 0-4367-2

Benguet Consolidated Inc Sept 70  
(12,13) 1-3995-2

Bryn Mawr Group Inc Aug 70(2,7,  
8,9,12,13) 0-2655-2

Real Eight Co Inc Aug 70(12) 1-5504-2

Cayman Corp Aug 70(2,13) 2-32215-2

Canadian Javelin Ltd Jan 70(2,3,  
12,13) 1-4192-2

Cooper-Jarrett Inc Aug 70(13) 1-4611-2

Downtowner Corp Jan 70(11,13) 0-2026-2

A H C P of Michigan Inc Dec 69  
(1) 0-2183-2

Florida East Coast Railway Co  
Sept 70(12) 1-2100-2

Go Build Companies Inc Aug 70  
(11,13) 0-5096-2

Fairchild Camera & Instrument Corp  
Aug 70(13) 1-1214-2

Alabama Power Co Sept 70(12,13) 1-3164-2

Flying Tiger Line Inc Amdt #1 for  
Mar 69(11) 1-3673-2

Essex Systems Co Inc Amdt #1 for  
Jul 70( ) 0-3046-2

Andersen 2000 Inc Amdt #1 for Apr  
70(1,7,9,13) 2-32513-2

Capital General Corp Amdt #1 for  
Mar 70(2) 0-3109-2

Texas Clay Industries Inc(12) 2-32717-2

American Sugar Co(7) 1-5225-2

Israel Discount Bank Ltd(6K) 2-22195-2

Service Corporation International  
Aug 70(4,11,13) 0-5074-2

Titan Group Inc(12) 0-594-2

VSI Corp Aug 70(7) 1-5494-2

Canadian Pacific RY Co Aug 70(13)1-1342-2

Great Northern Management Co Inc  
Jan 70(2,13) 0-2717-2

Pacific Industries Inc Aug 70(7,  
13) 1-1360-2

Perkin-Elmer Corp(12) 1-4389-2

Telautograph Corp Aug 70(12) 1-632-2

Winner Boats Inc Jul 70(7) 0-3383-2  
Aug 70(7) 0-3383-2

Whittaker Corp(3,4,7,8,12,13) 1-5407-2

Scientific Resources Corp Aug 70  
(2,10,13) 1-4771-2

White Shield Exploration Corp  
(12,13) 0-4811-2

Consumer Acceptance and Loan Corp  
Aug 70(7,11,13) 0-3411-2

Sunnydale Farms Inc(2) 1-6045-2

Tal-Cap Inc Jul 70(11,13) 0-941-2

U S Home & Development Corp(12)1-5899-2

General Nursing Homes Corp Aug 70  
(3) 0-4044-2

Triangle Industries Inc(13) 1-4088-2

Udico Corp(2,8,12,13) 1-5839-2

IDB Bankholding Corp Ltd(6K) 2-34877-2

Philips Industries, Philips NV & US Philips  
Trust(6k) Aug 31 thru Sept 21  
1970 2-20193-2

Towle Mfg Co(3) 0-454-2

Universal Telephone Inc(2,4,7,8,  
13) 0-1522-2

First S & L Shares Inc Aug 70  
(12) 1-4572-2

GF Industries Inc Jul 70(1,2,3,  
6,12,13) 1-4273-2

Shaker Properties Aug 70(11,13)0-1753-2

**SECURITIES ACT REGISTRATIONS. Effective November 17:** Belden Corp., 2-38516 (40 days); Futures Fund, Inc., 2-37290 (90 days); General Telephone Co. of Indiana, Inc., 2-38529 (Dec 28); Genesco Inc., 2-38552; Houston Natural Gas Corp., 2-38643 (40 days); Brad Ragan, Inc., 2-38082 (90 days); Savannah Electric & Power Co., 2-38609 (Dec 28); Sierra Pacific Power Co., 2-38641 (Dec 28); Sun Oil Co., 2-38704; United Bancshares of Florida, Inc., 2-38436 (40 days); United Gas Pipe Line Co., 2-38718; Weyerhaeuser Co., 2-38702.

**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.