

# 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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SEC

(Issue No. 68-138)

FOR RELEASE July 16, 1968

**L D SHERMAN CO. SUSPENDED.** On June 17, at the hearing on charges of violating the Commission's record-keeping and financial reporting rules, L. D. Sherman & Co., Inc., New York broker-dealer firm, submitted an offer of settlement related to one of the issues involved, namely, whether the firm's registration should be suspended pending final determination of the other issues presented. In its offer, which has been accepted by the Commission, the firm agrees to suspend all securities operations, including the purchase or sale, or commitments therefor, of any security as principal, agent, underwriter or otherwise, except the following transactions with or through registered broker-dealers: (a) purchases to close out existing short positions, (b) sales from registrant's proprietary accounts to eliminate existing long positions, (c) purchases, sales or other transactions necessary or appropriate to close out existing commitments in fail accounts.

The Sherman firm also has undertaken to do whatever is necessary to make its books and records current, and to file with the New York Regional Office of the Commission a certified financial statement as of a date subsequent thereto. It will attempt to close its books and records on some date between July 31 and August 31, 1968, to make such books and records current as of a date within that period, and soon thereafter to file with the Commission's New York Regional Office a financial statement in form required by Rule 17a-5, and a certified corporate balance sheet. Moreover, the firm agrees to make no changes in its present corporate or capital structure without prior notice to counsel for the Division of Trading and Markets of the Commission and to make no distributions to individual respondents, stockholders or subordinated lenders, including proceeds received from sales of securities in long positions over amounts needed to cover short positions, except normal salaries and expenses, drawings against salaries, and commissions.

**GENERAL PUBLIC UTILITIES RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16116) authorizing General Public Utilities Corporation, New York, to issue and sell additional common shares pursuant to a rights offering. GPU proposes to offer up to 1,275,000 common shares for subscription by common stockholders at the rate of one new share for each twenty shares held of record July 16, 1968. The subscription price is to be supplied by amendment. The company intends to use the net proceeds of its sale of additional stock to reduce some \$50,000,000 of outstanding promissory notes and to make additional permanent investments in its subsidiary companies to enable them to carry out their construction programs.

**DANIELSON & DINNEEN CITED.** The SEC Denver Regional Office announced July 12 (LR-4061) the filing of an application in the U. S. District Court in Denver, for an order directing James C. Danielson of Denver and Stephen J. Dinneen of Key Biscayne, Fla., to show cause why they should not be punished for criminal contempt for alleged violation of a prior court order enjoining the further offer and sale of stock of Woodward Oil, Inc., in violation of the Securities Act registration and anti-fraud provisions.

**SUIT NAMES ALLIED SECURITIES.** The SEC New York Regional Office announced July 12 (LR-4062) the filing of a complaint in the U. S. District Court (ED NY) seeking to enjoin Allied Securities Co. and Sol Abramowitz, of Lawrence, N. Y., from violating the Commission's record-keeping and financial reporting rules. Both consented to a court order of permanent injunction; the order suspends the firm's operations until their books and records are currently posted.

**WM. CAMPBELL JR. ENJOINED.** The SEC Seattle Regional Office announced July 12 (LR-4063) the entry of a Federal court order (ED Wash.) permanently enjoining William L. Campbell, Jr., of Spokane from violating the Securities Act registration provisions in the sale of stock of Globe Hill Mining Co., Silver Shield Corp., and Spokane National Mines, Inc. Campbell consented to entry of the court order.

**UNLISTED TRADING SOUGHT.** The SEC has issued orders (Release 34-8356) giving interested persons until July 30 to request a hearing upon applications of the Detroit and Pittsburgh Stock Exchanges for unlisted trading privileges in the common stock of International Telephone & Telegraph Corporation, and upon an application of the Pittsburgh Stock Exchange for such privileges in the common stock of Merck & Company, Inc.

**RIGHTS  
ILLUSTRATED WORLD ENCYCLOPEDIA PROPOSES/OFFERING.** Illustrated World Encyclopedia, Inc., 26 The Place, Glen Cove, Long Island, New York, filed a registration statement (File 2-29584) with the SEC on July 11 seeking registration of 100,000 shares of common stock with warrants attached to purchase an additional 100,000 common shares. These securities are to be offered for subscription by common stockholders in units, each consisting of one common share with an attached warrant to purchase one additional share. The offering is to be made through Gregory & Sons, 40 Wall St., New York 10005; the offering price (\$16.50 per unit maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to issue the Gregory firm 3-year warrants to purchase 25,000 common shares; of these warrants the underwriter will transfer 5,000 to Robert Hendrickson as a finder's fee. This statement also relates to 48,750 common shares reserved for issuance upon exercise of outstanding stock options issued under the company's Qualified Stock Option Plan.

OVER

The company (formerly Cove Pharmaceutical Laboratories, Inc.,) is principally engaged in the publication, sale and distribution of the Illustrated World Encyclopedia and other educational and reference works, and in the general printing business for the book publishing industry; in addition, it recently commenced the mail order sale of a general line of merchandise. Of the net proceeds of its stock sale, the company will use \$179,000 to liquidate short-term bank indebtedness initially incurred for working capital purposes, \$540,000 to defray promotional and advertising expenses in connection with the expanded sales program of Illustrated World Encyclopedia in additional retail outlets throughout the United States, and \$150,000 to \$200,000 to expand the number of titles offered by the Bobley Family Library of home reference books (which presently include the book-of-the-year, science annual, dictionaries, bibles, home medical books and world histories); the balance will be added to working capital and will be available for general corporate purposes. In addition to indebtedness the company has outstanding 380,426 common shares (with a \$4.30 per share book value), of which Harry W. Bobley, board chairman and principal executive officer, and Edward Bobley, president, own 15.6% each.

**SILTRONICS PROPOSES DEBENTURES OFFERING.** Siltronics, Inc., 140 Pennsylvania Ave., Oakmont, Pa., filed a registration statement (File 2-29591) with the SEC on July 12 seeking registration of \$750,000 of 6½% convertible subordinated debentures, due 1978, to be offered for public sale at 100% of principal amount. The offering is to be made on a "best efforts" basis through Dewey, Johnson, and George, Inc., 120 Wall St., New York 10005, which will receive a 10% selling commission, plus \$25,000 for expenses; and it also issued a five-year option to the underwriter for the purchase of 17,000 shares. The company also has agreed to pay Ronald D. Turner a finder's fee of \$20,000 and has issued to him five-year options to purchase 25,200 common shares at \$2 per share. In connection with a private placement of \$150,000 of debentures, due 1977, the company had previously granted the Dewey, Johnson firm five-year options to purchase 3,000 common shares at \$5.50 per share and Turner five-year options to purchase 10,800 shares.

The company manufactures communication and electronic equipment for military use, as well as electrical discharge machine tools. In addition, it is in the process of manufacturing and marketing sailboats. The company will use the net proceeds of its debenture sale to finance accounts receivable, payroll, manufacturing, development and marketing costs incurred in connection with the production of newer-model electrical discharge machines. The company anticipates that some of the funds will also be required, if it proves feasible, to produce and market the Medical Systems products being developed in conjunction with Carnegie-Mellon University. In addition to indebtedness and preferred stock, the company has outstanding 400,840 common shares, of which Joel Silverman, president, owns 41.3% and Sara Silverman, secretary, 10.3%.

**DIVERSIFIED DATA SERVICES PROPOSES OFFERING.** Diversified Data Services and Sciences Inc., 660 Madison Ave., New York 10021, filed a registration statement (File 2-29593) with the SEC on July 12 seeking registration of 500,000 shares of common stock, to be offered for public sale at \$15 per share. The offering is to be made through underwriters headed by Weis, Voisin, Cannon, Inc., 111 Broadway, New York 10006, which will receive a \$1.20 per share commission plus up to \$60,000 for expenses. The company has agreed to sell the Weis, Voisin firm, for \$500, six-year warrants to purchase 50,000 common shares at \$18 per share. As part of the founding group, Stuart J. Voisin and Herbert S. Cannon, the board chairman and president, respectively, of the Weis, Voisin firm, and a partnership in which Voisin and Cannon are limited partners, acquired an aggregate of 125,000 Class B common shares at 10¢ per share.

Organized under New York law in 1968, the company proposes to furnish a variety of services relating to the computer industry, including leasing electronic data processing equipment and peripheral support equipment; systems analysis, programming and related services; service bureau services; educational services; and personnel placement services. The company will use the net proceeds of its stock sale to finance the purchase of computer equipment to be leased to others and for related service and other activities. In addition to indebtedness, it has outstanding 536,000 Class B common shares (with a 10¢ per share book value), of which Anthony J. Stoeckert, board chairman and president, and Donald W. Spreen, executive vice president, own 28% each and management officials as a group 69%; Stuart J. Voisin, Herbert S. Cannon and VCL Associates together own 23%. Upon completion of this offering, the present holders of the Class B stock will own 52% of the outstanding capital stock, for which they paid \$53,600, and the public investors will own 48%, for which they will have paid \$7,500,000.

**EFFICIENT LEASING TO SELL DEBENTURES.** Efficient Leasing Corp., 2460 Lemoine Ave., Fort Lee, N. J. 07024, filed a registration statement (File 2-29595) with the SEC on July 12 seeking registration of \$5,000,000 of convertible subordinated debentures, due 1988, to be offered for public sale at 100% of principal amount. The offering is to be made through underwriters headed by Orvis Brothers & Co., 30 Broad St., and Coggeshall & Hicks, 1 Liberty St., both of New York, which will receive a 5% commission plus up to \$5,000 for expenses.

The company leases electronic and electro-mechanical business machines, data processing and related equipment, and various other types of equipment. It will add the net proceeds of its debenture sale to working capital, to enable the company to purchase additional equipment for leasing operations from its own funds. In addition to indebtedness, the company has outstanding 445,000 common shares, of which Jerome Kleinfeld, president, owns 29.3% and management officials as a group 40.2%.

**BELCO PETROLEUM FILES FINANCING PROPOSAL.** Belco Petroleum Corporation, 630 Third Ave., New York 10017, filed a registration statement (File 2-29596) with the SEC on July 12 seeking registration of \$25,000,000 of convertible subordinated debentures, due 1988, and 66,515 shares of common stock. The debentures are to be offered for public sale through underwriters headed by White, Weld & Co., 20 Broad St., and Goldman, Sachs & Co., 55 Broad St., both of New York; the interest rate, offering price and underwriting terms are to be supplied by amendment. Of the common shares, 40,000 are outstanding shares and 26,515 are to be issued to certain persons in connection with the company's acquisition of the remaining 60% of the outstanding stock of

Andex Oil Co., Ltd. and Amisk Oil Co., Ltd. and of certain accounts receivable; upon completion of the debenture offering, these shares are to be offered for public sale from time to time at prices current at the time of sale (\$51-5/8 per share maximum\*). The statement also relates to 200,000 common shares issuable to eligible employees of the company and its subsidiaries pursuant to options granted under its Employees' Qualified Stock Option Plan.

The company and its subsidiaries are engaged in the acquisition, exploration, development and operation of oil and natural gas properties, both in the United States and abroad. Of the net proceeds of its debenture sale, the company will use \$14,381,275 for repayment of short-term obligations (of which \$3,500,000 was used to augment working capital and the balance used for the exploration, development and acquisition of oil and natural gas properties), and \$3,125,000 for the payment of installments due in 1968 on long-term notes payable to banks; the balance, together with internally generated funds, will be used for exploration and development of existing properties, including recently acquired coal properties, and for the acquisition, exploration and development of new properties. In addition to indebtedness, the company has outstanding 6,435,129 common shares, of which Arthur B. Belfer, board chairman and principal executive officer, owns 16.56%, Robert A. Belfer, president, 11.95%, Jack Saltz, vice president, 11.89% and Lawrence Ruben, a director, 10.93%. Of the 66,515 shares being registered, White, Weld & Co. proposes to sell 23,026 shares, J. P. Owen 15,000, Erving Wolf and Raymond Chorney 11,444 shares each and eight others the balance.

CENTRAL DATA SYSTEMS PROPOSES OFFERING. Central Data Systems, Inc., 2800 Superior Ave., Cleveland, Ohio 44114, filed a registration statement (File 2-29597) with the SEC on July 15 seeking registration of 100,000 shares of common stock, to be offered for public sale through Ball, Burge & Kraus, 1414 Union Commerce Bldg., Cleveland, Ohio 44115. The offering price (\$7 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to sell the underwriter, for \$200, five-year warrants to purchase 20,000 common shares.

Organized under Ohio law in June 1965, the company is engaged in the business of providing both computing and software services in Northeastern Ohio. Of the net proceeds of its stock sale, the company will use \$50,000 to expand its Cleveland facilities and to establish a data processing center in Akron, \$50,000 to develop a Management Services Division, and \$100,000 to develop marketing programs in several specific industries; the balance, together with any unexpended portions of the funds now expected to be spent for the specific purposes mentioned may be used for the purchase of computing and peripheral equipment, the addition of professional personnel, possible acquisitions and for other working capital. The company has outstanding 300,000 common shares (with a 28c per share book value), of which Marvin L. Lader, president, owns 61%, and Louis S. Rosen and Melvin D. Sacks, vice presidents, 15% each. Upon completion of this offering, the present shareholders will own 75% of the outstanding common stock, for which they paid \$2,886, and the purchasers of the shares being registered will own 25%, for which they will have paid \$700,000\*.

COLWELL FILES FOR SECONDARY. The Colwell Company, 3223 W. Sixth St., Los Angeles, Calif. 90005, filed a registration statement (File 2-29598) with the SEC on July 15 seeking registration of 15,000 outstanding shares of common stock. These shares are to be offered for public sale from time to time by Bundy Colwell, president and board chairman of the company, at prices current at the time of sale (\$18 per share maximum\*).

The company is engaged primarily in the business of originating and servicing loans secured by first trust deeds (mortgages) on real property. In addition to indebtedness, it has outstanding 663,580 common shares, of which Colwell owns 28.3%, Curtis McFadden, vice president, 11.6% and management officials as a group 47.6%. Bundy proposes to sell 15,000 of 187,272 shares held.

ZAPATA OFF-SHORE FILES EXCHANGE PLAN. Zapata Off-Shore Company, 2000 Southwest Tower, Houston, Texas 77002, filed a registration statement (File 2-29599) with the SEC on July 15 seeking registration of \$35,000,000 of Series C 4-3/4% convertible subordinated debentures, due 1988. According to the prospectus, the company in May 1968 entered into an agreement with holders of about 50.5% of the outstanding shares of Norness Shipping Company Limited, providing for the sale of such shares to the company in exchange for \$5 principal amount of the Series C debentures, or, in certain instances, \$5 in cash per share. Erling D. Naess, board chairman of Norness, and his family and corporations controlled by him own about 3,000,000 of the 9,513,097 outstanding shares of Norness. Members of the Naess group will receive cash and have the right to purchase debentures at face value from the company during the 30-day period immediately following the sale of their shares to the company. The company proposes to offer its Series C debentures in exchange for the remaining shares of Norness stock held by U.S. citizens, at the rate of \$5 of debentures for each share of Norness stock. The debentures the subject of such exchange offer are covered by the registration statement, as are debentures acquired by certain former major stockholders of Norness who may offer the debentures for sale from time to time. Also included in the statement are 9,405 common shares issued to Hannah International Marine Corporation in exchange for the Motor Vessel Gregory K. Hannah.

The company's principal activities are offshore drilling of oil and gas wells; marine dredging and construction, furnishing of cargo boat and towboat services for offshore contracts, and manufacturing of fish meal and oil. Norness is the parent company of a group of corporations which controls a fleet of 45 ocean-going bulk carriers and tankers totaling over 2,000,000 D.W.T., half of which are owned and half chartered from outside owners. In addition to indebtedness and preferred stock, the company has outstanding 3,334,205 common shares, of which management officials as a group own 6.5%. D. Doyle Mize is board chairman and William H. Flynn president.

TRADING BANS CONTINUED. The SEC has issued orders under the Securities Exchange Act suspending over-the-counter trading in the common stocks of National Sweepstakes Corporation and Paramount General Corporation for the further ten-day period July 17-26, 1968, inclusive.

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 captions of the several items of the form was included in the July 3 News Digest.

American Land Co April May & June 68 (2,3,6,12)	0-323-2	Sargent-Welch Scientific Co June 68 (13)	1-4711-2
Congoleum-Nairn Inc June 68 (13)	1-1073-2	House of Fabrics Inc May 68 (11,13)	1-5093-2
Revlon Inc June 68 (12)	1-4020-2	American Snacks Inc June 68(7)	2-27795-2
Brandywine Raceway Assoc Inc June 68 (11)	1-4510-2	White Shield Corp Feb 66 (8,11,13)	0-3080-2
Public Service Co of Indiana Inc June 68 (7)	1-3543-2	Mar 66 (1,2,7,13)	0-3080-2
Southland Racing Corporation June 68 (11,13)	0-64-2	Jun, Aug, Nov, Dec 66 (7)	0-3080-2
Anaconda Co June 68 (7,13)	1-2280-2	Jan 67 (13)	0-3080-2
Certified Pharnacal Corp May 68 (2,7,13)	0-2900-2	Feb 67 (2,7)	0-3080-2
Commonwealth United Corp June 68 (11,13)	1-4563-2	Apr 67 (11,13)	0-3080-2
First Lincoln Financial Corp June 68 (11)	0-198-2	Sept 67 (13)	0-3080-2
Potomac Electric Power Co June 68 (4,13)	1-1072-2	Oct 67 (2,7)	0-3080-2
The Sherwin-Williams Co June 68 (8)	1-4851-2	Nov 67 (2)	0-3080-2
American Bakeries Co June 68 (12)	1-74-2	Apr 68 (11,13)	0-3080-2
Pennsylvania Industrial Chemical Corp June 68 (11)	0-2574-2	May 68 (2,13)	0-3080-2
Potomac Edison Co June 68 (11)	1-3376-2	Interstate Motor Freight System June 68 (7)	1-4758-2
Avien Inc Mar 68 (3)	1-4190-2	Western Casualty & Surety Co May 68 (11,13)	2-10624-2
Apr 68 (3)	1-4190-2	United Shoe Machinery Corp May 68 (3,12)	1-1599-2
May 68 (3)	1-4190-2	Dean Foods Co May 68 (11,12,13)	0-1118-2
First Real Estate Invmt Tr May 68 (7,11)	2-27018-2	American Metal Climax Inc May 68 (8,11,12,13)	1-229-2
Phoenix Steel Corp June 68 (7,12,13)	1-2908-2	Eversharp Inc June 68 (11,13)	1-1140-2
American Cement Corp June 68 (7)	1-4716-2	Heywood-Wakefield Co June 68 (6)	0-1331-2
Flintkote Co Amd #1 to 8K for Apr 68 (3)	1-2560-2	Pan American Supermarkets Inc (Formerly) Dilberts Quality Supermarkets Inc June 68 (12,13)	0-2050-2
Citizens Life Ins Co of N Y Amd #1 to 8K for July 67 (1)	2-14342-2	Providence Washington Ins Co May 68 (11)	2-7215-2
		Keystone Custodian Funds Inc May 68 (9)	0-282-2
		Red Rope Inds Inc (Formerly) Red Rope Stationery Inds Inc May 68 (7,11,13)	1-5547-2
		Woods Corp June 68(7,11,13)	1-5338-2

**SECURITIES ACT REGISTRATIONS. Effective July 15:** Advance Computer Utilities Corp., 2-28149 (90 days); Automobile Club Insurance Co., 2-28527 (90 days); Commonwealth Edison Co., 2-29382; Gilbert Associates, Inc., 2-28495 (90 days); Planning Research Corp., 2-29225 (40 days); Southeastern Michigan Gas Co., 2-29121 (90 days); Strategic Datacenters, Inc., 2-28394 (90 days); Sunnyside Telephone Co., 2-28652 (40 days); Sunriver Properties, Inc. and Sunriver Lodge Inc., 2-29218 (90 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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