

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)
SEC

(Issue No. 68-169)

FOR RELEASE August 28, 1968

NORTHEAST UTILITIES SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16150) giving interested persons until September 13 to request a hearing upon an application filed by Northeast Utilities, Boston holding company, and its Hartford subsidiary, The Millstone Point Company. Previously, the Commission approved an operating agreement between Millstone on the one hand and three subsidiaries of Northeast on the other, pursuant to which Millstone was appointed as the subsidiaries' agent to act for them in all matters respecting the design, construction, procurement of fuel, operation, and maintenance of the nuclear electric generating unit (first unit) under construction by the three subsidiaries on a site in Waterford, Conn. The three subsidiaries (Connecticut Light and Power Company, Hartford Electric Light Company, and Western Massachusetts Electric Company) have scheduled construction of a second nuclear generating unit at the Waterford site and have entered into an operating agreement with Millstone with respect thereto.

METROPOLITAN EDISON RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16151) authorizing Metropolitan Edison Company, a Berks County, Pa., subsidiary of General Public Utilities Corporation, to issue and sell \$26,000,000 of first mortgage bonds, due 1998, at competitive bidding. Net proceeds of its bond sale will be used for construction purposes, including reimbursement of Metropolitan Edison's treasury for expenditures therefrom for such purposes and to pay some \$20,700,000 of outstanding bank loans. Construction expenditures for 1968 are estimated at \$48,500,000.

NUVEEN RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5479) exempting Nuveen Tax-Exempt Bond Fund, Series 19, another of a series of similar funds organized by John Nuveen & Co. (Inc.), Sponsor, from the \$100,000 net worth provisions of the Act. It is contemplated that the Sponsor will deposit with the trustee a minimum of \$11,000,000 of municipal bonds and will receive in exchange therefor certificates of undivided interest in the Fund, which will be offered for public sale pursuant to a Securities Act registration statement filed with the Commission on July 18.

PROTECTIVE SECURITY FILING DEEMED WITHDRAWN. The SEC has issued an order dismissing proceedings upon an application filed by Protective Security Company, of Palo Alto, Calif., for exemption from the registration and reporting provisions of the Securities Exchange Act of 1934.

Notice of the filing of such application was issued on September 14, 1967, and no requests for hearing thereon were received. By letter of July 3, 1968, counsel has advised that the said company is no longer in existence and no longer has any legal standing; and that its successor in interest (American Pacific Group, Inc.) does not desire to pursue this matter any further because the same is now moot; and that the company and its successor have no objection to the closing of this matter.

Under the circumstances, the Commission has ordered that the application be deemed withdrawn and that the proceedings thereon be dismissed.

REGISTRATION STATEMENT ABANDONED. A Securities Act registration statement filed on March 18, 1966, by Fair County Company (File 2-24673), of New York, has never become effective and is deemed to have been abandoned by the company and its management. Accordingly, the financial and other information contained therein should not be relied upon for purposes of investment decision or otherwise.

KALVAR WARRANTS IN REGISTRATION. Kalvar Corporation, 907 S. Broad St., New Orleans, La. 70125, filed a registration statement (File 2-29954) with the SEC on August 23 seeking registration of warrants to purchase 25,578 shares of capital stock. The company proposes to issue such "new warrants" to holders of outstanding stock purchase warrants "old warrants" expiring June 1, 1974 and covering an aggregate of 25,578 shares of the company's capital stock. The new warrants will be issued as Series A warrants expiring October 1, 1974 and as Series B warrants expiring October 1, 1969. Each holder of old warrants who, in connection with this offer, exercises old warrants by purchasing shares of the company's capital stock will receive for each two shares of capital stock so purchased a Series A warrant to purchase one share of capital stock plus a Series B warrant to purchase an additional share of capital stock, in each case at an exercise price (not exceeding \$210 per share maximum*). The statement also relates to 1,500 outstanding shares of capital stock issued by the company in May 1968 to Photo-Dek Corporation and to Alfred F. Daech in connection with the acquisition of certain patents and patent applications and the settlement of certain litigation relating thereto. The holders of these shares may offer them for sale from time to time at prices current at the time of sale.

The company's two major product lines are vesicular photographic films for use in various duplicating and printing applications and electrostatic papers for use in office copying machines. Of the net proceeds of its sale of additional stock, the company will use \$600,000 to design, build and install a new coating machine for use in the manufacture of its vesicular films and will apply \$250,000 to the purchase or construction of a building to house office and laboratory space which the company now rents; the balance will be available for general corporate purposes, including financing of inventories and accounts receivable,

OVER

as well as additional plant and equipment, if required. The company has outstanding 256,116 common shares. Charles G. Smither is board chairman and Harold C. Harsh president. English & Scottish Investors Ltd. proposes to sell all of its holdings of 300 shares, James J. Coleman all of 255 and eleven others all of their holdings ranging from 20 to 180 shares.

LANE WOOD FILES FOR OFFERING AND SECONDARY. Lane Wood, Inc., 2020 Davis Bldg., Dallas, Texas 75202, filed a registration statement (File 2-29958) with the SEC on August 26 seeking registration of 252,838 shares of common stock. Of this stock, 140,000 shares are to be offered for public sale by the company and 112,838 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by White, Weld & Co., 20 Broad St., New York 10005, and Schneider, Bernet & Hickman, Inc., 3200 First National Bank Bldg., Dallas, Tex. 75202; the offering price (\$19 per share maximum*) and underwriting terms are to be supplied by amendment.

The company through its subsidiaries is engaged in financing retail sales of mobile homes and dealers' inventories in respect thereto; automobile sales financing; writing of physical damage, credit life and accident and health insurance; and factoring and commercial financing. In addition, it operates mobile home sales dealerships and the sale of store fixtures. The company will add the net proceeds of its sale of additional stock to its general funds, for use as working capital and to provide funds for possible future acquisitions; such proceeds may temporarily be applied to the reduction of short-term borrowings of subsidiaries. In addition to indebtedness and preferred stock, the company has outstanding 761,594 common shares, of which Lynch, Aberg & Co. 36%. Lynch, Aberg proposes to sell 70,000 shares of 275,400 shares held and four others propose to sell the remaining shares being registered. R. Vincent Lynch is board chairman and Charles P. Aberg president.

DI-AN CONTROLS PROPOSES OFFERING. Di-An Controls, Inc., 944 Dorchester Ave., Boston, Mass. 02125, filed a registration statement (File 2-29967) with the SEC on August 26 seeking registration of 250,000 shares of common stock, to be offered for public sale at \$8 per share. The offering is to be made through Myron A. Lomasney & Co., 67 Broad St., New York 10004, which will receive an 80c per share commission. The company has agreed to pay the underwriter \$5,000 for expenses and to sell to it, for \$250, six-year warrants to purchase 25,000 common shares, exercisable initially at \$8.80 per share. The underwriter will, in turn, sell Benjamin Cohen 8,000 like warrants in consideration for his services as a finder.

The company develops and manufactures electronic and electro-mechanical data processing equipment for commercial use and for aerospace application. Of the net proceeds of its stock sale, the company will use \$850,000 to retire short and long term indebtedness, \$220,000 to reduce trade accounts payable and \$450,000 to complete design and tooling for a line of medium speed printer; the balance will be added to the company's general funds and used for working capital purposes. In addition to indebtedness, the company has outstanding 550,405 common shares (with a 72c per share book value), of which Robert D. Kodis, president, owns 55.7%, the Robert D. Kodis Family Trust 18.3%, Sadia Guterman 10.9% and Bessemer Securities Corp. 10%.

AUSTRAL OIL PROPOSES OFFERING. Austral Oil Company Incorporated, 2700 Humble Bldg., Houston, Texas 77002, filed a registration statement (File 2-29968) with the SEC on August 27 seeking registration of 500,000 shares of common stock, to be offered for public sale at \$10 per share. The offering is to be made through underwriters headed by Lehman Brothers, 1 William St., New York 10004; the underwriting terms are to be supplied by amendment. Concurrently with the issuance of the common shares being registered, the company will consummate its offer to exchange 2,510,000 common shares for \$25,100,000 of various Oil and Gas Interests, consisting primarily of producing property interests in 32 fields and Rulison Property Interests.

The company offers General Programs providing facilities for selected participants to acquire, explore and develop oil and gas prospects, properties and leases and has acted as operating agent for participants with respect to oil and gas properties acquired by them through the General Programs. The company will use the net proceeds of its stock sale to retire \$3,430,000 principal amount of bank indebtedness incurred for inventory and working capital purposes and \$468,530 principal amount of other bank indebtedness assumed in connection with its exchange offer; the balance will be used for working capital and general corporate purposes. The company has outstanding 200,000 common shares of which Winthrop Brothers owns 60%, and Robert Winthrop, a director, and Merchant-Sterling Corporation 20% each. C. W. Leisk is chairman and Robert A. Shepherd, Jr., president.

TELEVISION COMMUNICATIONS PROPOSES OFFERING. TeleVision Communications Corporation, 630 Fifth Ave., New York 10020, filed a registration statement (File 2-29969) with the SEC on August 27 seeking registration of 300,000 shares of capital stock, to be offered for public sale through underwriters headed by Carter, Berlind & Weill, Inc., 55 Broad St., New York; the offering price (\$14 per share maximum*) and underwriting terms are to be supplied by amendment. The company has or will sell 30,000 shares to certain officers of the Carter-Berlind firm for \$60,000.

The company, together with its subsidiaries, is primarily engaged in the community antenna television ("CATV") business, which involves the distribution of television signals and special information program services to the homes or places of business of subscribers by means of a closed coaxial cable network. It will use the net proceeds of its stock sale primarily for the acquisition of CATV systems, the construction of new systems, and the expansion and up-grading of systems owned by the company; the balance will be added to general funds and used for general corporate purposes. In addition to indebtedness, the company has outstanding 1,760,132 common shares (with a \$1.64 per share book value), of which Alfred R. Stern, board chairman and president, owns 41.4% and Winston L. Cox 11.3%; management officials as a group own 61.8%.

JACLYN FILES FOR SECONDARY. Jaclyn, Inc., 635 59th St., West New York, N. J. 07093, filed a registration statement (File 2-29970) with the SEC on August 27 seeking registration of 330,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The offering is to be made through underwriters headed by Francis I. duPont, A. C. Allyn, Inc., 1 Wall St., New York 10005; the offering price (\$15 per share maximum*) and underwriting terms are to be supplied by amendment.

CONTINUED

The company is engaged in the design, manufacture and sale of popular priced handbags sold principally under the name "Jaclyn." It has outstanding 1,100,000 common shares, of which Abe Ginsburg, board chairman, owns 26%, Martin Ginsburg, president, 29.2% and management officials as a group 69.3%. Abe and Martin Ginsburg propose to sell 88,000 and 165,000 shares, respectively, of 286,001 and 320,834 shares held, respectively, and three others the remaining shares being registered.

DISCON PROPOSES OFFERING. Discon Corporation, 4250 N. W. 10th Ave., Fort Lauderdale, Fla., filed a registration statement (File 2-29971) with the SEC on August 27 seeking registration of \$500,000 principal amount of 7% convertible subordinated debentures, due 1980, to be offered for public sale at 100% of principal amount. The offering is to be made through Charles Plohn & Co., 200 Park Ave., New York, which will receive a 10% commission. The company has agreed to pay the underwriter \$12,500 for expenses and to grant it a five-year option to purchase 20,000 common shares at \$4 per share.

The company is engaged in the business of developing and producing computer peripheral equipment, electronic and electro-mechanical systems and alphabetic and numeric display devices, having both military and commercial applications. Of the net proceeds of its debenture sale, the company will use an unspecified amount to repay short-term loans and the balance will be used as working capital for general corporate purposes, including \$100,000 for additional product development, tooling and merchandising the DiGiCator product line and to accumulate an inventory of these products. The company has outstanding 275,000 common shares (with a \$1.15 per share book value), of which James B.O'Maley, president, owns 36.6% and management officials as a group 48.43%.

FAIM INFORMATION PROPOSES OFFERING. Faim Information Services, Inc., 521 Fifth Ave., New York 10017, filed a registration statement (File 2-29974) with the SEC on August 27 seeking registration of 225,000 shares of common stock, to be offered for public sale at \$2 per share. The offering is to be made on a "best efforts," all or none basis through A. J. Carno Co., Inc., 42 Broadway, New York, which will receive a 20¢ per share selling commission. The company has agreed to pay the underwriter \$11,250 for expenses, to retain it as a financial consultant for four years at an annual fee of \$5,600, and to sell it, for \$215, five-year warrants to purchase 21,500 common shares, exercisable at \$2.40 per share; also, to sell to Edward Sumber, for \$35, like warrants to purchase 3,500 common shares.

Organized under New York law in December 1966 (under the name Faim, Ltd.), the company renders consulting services with respect to data communication systems and data processing applications and recruits managerial personnel; also analyzes and surveys organizational and salary structures of existing data processing organizations. Of the net proceeds of its stock sale, the company will use \$40,000 to open, staff, equip and maintain a branch office in an area to be located near a major eastern urban center, and \$200,000 for development or purchase of computer based systems and programs for use in the field of data communications; the balance will be used for working capital and other corporate purposes. The company has outstanding 583,330 common shares (with a 3¢ per share book value), of which Robert S. Snoyer, president, owns 90.9% and management officials as a group 100%. Upon completion of this offering, company officials will own 72% of the outstanding common stock, for which the company received \$1,000, while the public purchasers will own 28%, for which they will have paid \$450,000.

INDUSTRIAL REVENUE BOND RULE ADOPTED. The SEC today announced the adoption of a new Rule 131 under the Securities Act of 1933, relating to "industrial revenue bonds," as well as a related Rule 3b-5 under the Securities Exchange Act of 1934. The rules are effective January 1, 1969.

The typical industrial revenue bond financing plan represents a financing by a private company. Accordingly, as was pointed out in the Release announcing the proposed rules, the typical industrial revenue bond financing plan represents a financing by a private company. Accordingly, investors should be given information concerning the business, prior experience, fiscal responsibilities and earnings of the company that has leased the facility, as well as the terms and conditions of the lease arrangement, in order to assess the worth of such investment. The municipality or other governmental unit usually has no significant obligation under the bond, except to the extent of applying lease payments received from the private company to the payment of principal and interest. The investor cannot look to the municipality for interest payments or repayment of the principal; he can look only to the possibility of success or failure of the private company. The municipality serves as a conduit through which the amounts payable under the lease arrangement flow from the private company to the bondholder. In these circumstances, the investor is offered an interest in an obligation of the private company which is a "security" within the meaning of the securities acts and should have the benefit of the disclosures required by the Securities Act of 1933 and the Securities Exchange Act of 1934 when applicable. Rule 131 so defines the obligation of the lessee or obligor under the lease, sale or loan arrangement, thus requiring registration of such obligation under the Securities Act.

Rule 3b-5 makes it clear that securities identified under Rule 131 are also "securities" within the meaning of Section 3(a)(1) of the Exchange Act; and it informs brokers and dealers who deal in industrial revenue bonds, that consideration should be given to the existence of separate securities issued in connection with the issuance of industrial revenue bonds, in determining their obligations under the Securities Exchange Act, where any part of the obligation evidenced by any bond, note, debenture or other evidence of indebtedness is payable from industrial or commercial enterprises.

The rules are inapplicable to the financing of facilities, such as airports, wharves, recreational and sporting facilities, owned by a municipality and operated by it or by a public instrumentality. (Rel. 33-4921)

TWO TRADING BANS CONTINUED. The SEC has issued orders under the Securities Exchange Act suspending exchange and/or over-the-counter trading in the securities of Rover Shoe Company and Royston Coalition Mines, Ltd., for the further ten-day period August 29 to September 9, 1968, inclusive.

TRADING IN MOUNTAIN STATES DEVELOPMENT SUSPENDED. The SEC today announced the temporary suspension of over-the-counter and exchange trading in the securities of Mountain States Development Company of El Paso, Texas for the ten-day period August 28, 1968 through September 6, 1968, inclusive. The stock of Mountain States Development Company is traded on the Salt Lake Stock Exchange. Trading in the stock of Mountain States was suspended by the Salt Lake Stock Exchange on August 22, 1968.

On January 2, 1968 the bid and asked price of Mountain States stock on the Salt Lake Stock Exchange was \$.11 - \$.12 1/2. As of August 20, 1968 the bid and asked price had risen to \$2 and \$2 1/8. The Commission's action was based upon the need for clarification of certain financial information made public about the company. In addition, serious questions had arisen concerning the accuracy and adequacy of information disseminated by the company relating to its operations.

Accordingly, the Commission deemed it necessary and appropriate in the public interest, and for the protection of investors to suspend the trading in the securities of Mountain States Development Company pending clarification of these matters.

STOCK PLANS FILED. The following companies have filed Form S-8 registration statements with the SEC proposing the offer of stock under employee stock option and similar plans:

Petrie Stores Corporation, New York 10011 (File 2-29939) - 60,000 shares
 Allied Life Insurance Company, Birmingham, Ala. 35223 (File 2-29960) - \$50,000 of employee participations
 Raymond International Inc., New York 10001 (File 2-29963) - 191,475 shares
 National Distillers and Chemical Corporation, New York 10016 (File 2-29964) - 150,000 shares
 Baxter Laboratories, Inc., Morton Grove, Ill. (File 2-29965) - 500,000 shares
 Xerox Corporation, Rochester, N. Y. 14603 (File 2-29966) - 13,553 shares

DELISTING GRANTED. The SEC has issued an order under the Securities Exchange Act (Release 34-8387) granting an application of the Midwest Stock Exchange to strike the common and Series A 5% preferred stock of Chicago and North Western Railway Company from listing in registration, effective at the opening of business August 29, 1968. Pursuant to an exchange offer to holders of these securities, Northwest Industries, Inc., has acquired 2,273,845 of the 2,324,325 outstanding common shares (leaving only 50,480 shares in the hands of public investors), and 978,440 of the 1,015,169 outstanding 5% preferred shares (leaving only 36,729 shares in the hands of the public).

SECURITIES ACT REGISTRATIONS. Effective August 27: Aiken Industries, Inc., 2-29857; Airwick Industries, Inc., 2-29523 (Nov 25); American Heritage Life Insurance Co., 2-28941; Brown Shoe Co., Inc., 2-29588; Data Technology Corp., 2-29265 (Nov 25); Diebold Computer Leasing, Inc., 2-29365 (90 days); First National Equity Corp., 2-29124 (90 days); The General Fireproofing Co., 2-29574 (Oct 6); House of Fabrics, Inc., 2-29413 (40 days); Kenflo Corp., 2-29460 (90 days); Nuclear Data, Inc., 2-29399 (Oct 6).

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.

---oooOooo---