

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

FOR RELEASE May 2, 1967

(Issue No. 67-83)

SOUTHWESTERN RESEARCH RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4939) exempting Southwestern Research and General Investment Company, Phoenix, Ariz., closed-end, non-diversified management investment company, from certain transactions incident to a settlement of a claim against one of the applicant's directors.

According to the application, the board chairman, Y. C. Soda, realized profits aggregating \$45,039.34 in connection with short-swing transactions in the company's stock between December 16, 1963, and May 14, 1964, and between March 18, 1965, and August 5, 1965. Under provisions of the Act, any such profit shall inure to and be recoverable by the issuer. Soda has agreed to satisfy this indebtedness by depositing with the Valley National Bank of Arizona \$15,039.34 for the account of the company and by issuing a \$30,000 6% note payable in two equal installments (on January 5 of 1968 and 1969). The Wells Fargo Bank has agreed to purchase the note for the principal amount thereof. Thus, the company will receive the full amount of the indebtedness, or \$45,039.34.

ATLANTIC RICHFIELD INTERNATIONAL EXEMPTED. The SEC has issued an order under the Investment Company Act (Release No. IC-4941) granting an application of Atlantic Richfield International Finance Corporation of Philadelphia from all provisions of the Act.

NORTHERN INSTRUMENT TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending over-the-counter trading in securities of Northern Instrument Corporation, Babylon, N.Y., for the further ten-day period May 2-11, 1967, inclusive.

TRADING BAN IN SEVEN STOCKS CONTINUED. The SEC has issued orders temporarily suspending exchange and/or over-the-counter trading in securities of the following companies for the further ten-day period May 3-12, inclusive: Continental Vending Machine Corporation, Lincoln Printing Company, Pakco Companies, Inc., Pinal County Development Association, Sports Arenas, Inc., Underwater Storage, Inc., and Westec Corporation.

C & O TELEPHONE FILES FOR OFFERING. The Chesapeake and Potomac Telephone Company of Maryland, 320 St. Paul Place, Baltimore, Md. 21202, filed a registration statement (File 2-26446) with the SEC on April 28 seeking registration of \$60,000,000 of Thirty-seven year debentures due 2004, to be offered for public sale at competitive bidding. A telephone subsidiary of American Telephone and Telegraph Company, C & O Telephone will apply the proceeds of the debenture sale toward repayment of advances from A T & T, which are expected to approximate \$62,200,000 at the time the proceeds are received. Such advances are used for general corporate purposes, including property additions and improvements.

AMERICAN EQUITIES FUND. The SEC has issued an order under the Investment Company Act (Release IC-4940) giving interested persons until March 26 to request a hearing upon its proposal to declare that American Equities Fund, Inc., Milwaukee, Wisc., has ceased to be an investment company. The company's president has informed the Commission that all outstanding certificates of the Fund have been redeemed and that no assets remain to be distributed.

UNLISTED TRADING SOUGHT. The SEC has issued an order under the Securities Exchange Act (Release 34-8070) giving interested persons until May 15 to request a hearing upon an application of the Boston Stock Exchange for unlisted trading privileges in the common stock of American Sugar Company.

DELISTING APPROVED. The SEC has issued an order under the Securities Exchange Act (Release 34-8070) granting an application of the Midwest Stock Exchange to delist the common stock of Chicago South Shore and South Bend Railroad, effective at the opening of business May 1. Only 18,600 of the 315,889 outstanding shares remain in the hands of the public investors.

TEXAS AND PACIFIC RY. SEEKS ORDER. The Texas and Pacific Railway Company, 210 N. Thirteenth St., St. Louis, Mo. 63103, has applied to the SEC for exemption from the registration provisions of Section 12(g) of the Securities Exchange Act of 1934; and the Commission has issued an order giving interested persons until May 15, 1967, to request a hearing upon the said exemption application.

Generally speaking, the Section 12(g) registration requirement applies to any company whose shares are traded over-the-counter if its total assets exceed \$1,000,000 and if any class of its equity securities is held by more than 500 persons. The applicant company ("T & P") has assets in excess of \$1,000,000; and it has issued and outstanding 489,058 shares of common stock of which 466,790 shares were owned by Missouri Pacific Railroad Company as of April 4, 1967. As of December 31, 1966, the T & P minority stockholders numbered 506; but since then the number of holders of the 22,268 remaining shares has been reduced so that as of March 21, 1967, there were only 283 record holders of minority shares.

If the exemption from registration were to be granted by the Commission, T & P also would be exempt from the periodic requirements of the Act and the Commission's proxy rules; and its officers, directors and 10% owners would be exempt from the "insider" trading provisions of the Act.

OVER

SEC FILES INVESTMENT COMPANY LEGISLATIVE PROPOSAL. The SEC announced May 1 (Release IC-4942) that it had submitted to Congress legislative proposals to amend the Investment Company Act of 1940 and the Investment Advisers Act of 1940. As recommended in the Commission's Report on the Public Policy Implications of Investment Company Growth filed with Congress on December 2 and published as House Report No. 2337 (89th Cong.), the legislative proposals, among other things, (a) would expressly require that investment advisory or management fees be reasonable and make this standard enforceable in the courts; (b) place a 5% ceiling on charges for mutual fund sales, subject to power in the Commission to grant exceptions, where appropriate; (c) eliminate the front-end load feature in the sale of mutual fund shares under periodic payment plans; (d) impose more strict standards governing the eligibility of so-called independent directors and the sale of investment advisory or management contracts with investment companies; (e) amend the provisions governing injunctive actions against investment company managers for gross abuse of trust; and (f) prohibit the creation of new fund holding companies or the acquisition of additional securities of registered investment companies by existing fund holding companies. For further details, see Release IC-4942.

The legislative proposal was introduced in the Senate by Senator John J. Sparkman (S. 1659) and in the House of Representatives by Rep. John E. Moss (H.R. 9510). It is anticipated that hearings on S. 1659 before the Senate Banking & Currency Committee will be held during the week of June 19.

NATIONAL LEAD OVERSEAS CAPITAL GRANTED EXEMPTION. The SEC has issued an order under the Investment Company Act (Release IC-4943) exempting National Lead Overseas Capital Corporation, Wilmington, Del., subsidiary of National Lead Company, from all provisions of the Act. The subsidiary was organized to raise funds abroad for financing the expansion and development of the parent's foreign operations, while at the same time providing assistance in improving the balance of payments position of the United States in compliance with the voluntary cooperation program instituted by the President in February 1965. It intends to issue 60,000,000 Deutsche Marks (approximately \$15,000,000) of bonds guaranteed by the parent and to be sold through a group of underwriters for offering outside the United States. The funds are to be invested in stock or debt obligations of foreign subsidiaries and affiliates of the parent.

CAPITOL HILL ASSOCIATES PROPOSES OFFERING. Capitol Hill Associates, Inc., 107 C Street, S.E., Washington, D.C., filed a registration statement (File 2-26467) with the SEC on April 28 seeking registration of 57,000 shares of Class B common stock (nonvoting), to be offered for public sale at \$100 per share. No underwriting is involved.

The primary objectives of the company have been (1) to promote the creation and development of a club for Republicans from all parts of the country, (2) to acquire and lease to such club, once it became established, property and facilities for club use, and (3) to construct near the club an office building to house the Republican National Committee and affiliated organizations. The Company plans to construct its Capitol Hill Club Building (a three-floor structure, plus basement and sub-basement) on lots known as 103, 105 and 107 C Street, and 300 and 308 First Street, S.E., at an estimated cost (including renovation of existing building) of \$800,000; the Republican National Committee Building (three floors and a penthouse plus basements) would be constructed on lots known as 310, 312, 314 and 316 First Street, at an estimated cost of \$1,000,000 (architect's fees are estimated at \$50,000). The Company has operated at a deficit for the last three years and during that time has depended upon loans from officers and directors to meet its obligations. The initial portion of proceeds from the sale of Class B shares will be used for operating expenses pending completion of the building program, retirement of some \$338,700 of mortgage loans and notes, and building construction. If proceeds of the stock sale are not sufficient to pay for the full construction and renovation costs, the Company may obtain a mortgage loan to complete the financing of such costs. If and when sufficient funds are obtained from the offering to construct the two buildings, the Company plans to construct a third building adjacent to the Republican National Committee building to house the National Republican Congressional Committee and other Republican organizations. Senator Frank Carlson of Kansas is honorary board chairman, James C. Auchincloss is board chairman, and Oliver C. Carmichael, Jr., is president. Senator Thruston B. Morton (Ky.), Rep. James T. Broyhill (N.C.), Rep. Gerald R. Ford (Mich.) and Rep. Bob Wilson (Calif.) are included in the list of directors.

PUGET SOUND P & L PROPOSES OFFERING. Puget Sound Power & Light Company, Bellevue, Wash. 98004, filed a registration statement (File 2-26442) with the SEC on April 27 seeking registration of \$20,000,000 of First Mortgage Bonds, due 1997, to be offered for public sale at competitive bidding. An electric utility, the Company will apply the proceeds of the bond sale toward repayment of some \$23,500,000 of outstanding bank loans incurred for construction purposes. The Company estimates its 1967 construction program at about \$28,000,000.

MEDICENTERS OF AMERICA PROPOSES OFFERING. Medicenters of America, Inc., 1331 Union Ave., Memphis, Tenn. 38104, filed a registration statement (File 2-26443) with the SEC on April 27 seeking registration of 163,500 shares of common stock. The shares are to be offered for subscription by common stockholders (excluding the Company's board chairman and president and members of their families and companies controlled by them) on the basis of one new share for each share held. The record date, subscription price (\$27.50 per share) and underwriting terms are to be supplied by amendment. Equitable Securities Corporation, 322 Union Street, Nashville, Tenn. 37201, is listed as the principal underwriter.

The Company was organized in April 1965 to own and operate Medicenters and to license others to do so-- it is a private enterprise "designed to provide at competitive rates inpatient convalescent care for patients of all ages." No company-owned Medicenters are in operation but five company-owned Medicenters, with a total of 1,027 beds, were under construction; seven licensed Medicenters with a total of 660 beds are in operation. In addition to operating and licensing others to operated Medicenters, the Company intends to act as general contractor in constructing both company-owned and licensee-owned Medicenters and to furnish equipment and certain supplies to such Medicenters. Net proceeds of this financing will be used principally in the Company's construction program and to meet anticipated working capital requirements. In addition to indebtedness, the Company has outstanding 467,000 common shares. Wallace E. Johnson, board chairman, is listed as the record and beneficial owner of 55,398 shares and the beneficial owner of 35,872 shares; Alma E. Johnson, 3,020 and 32,261 shares, respectively; Wallace E. Johnson, Inc., as record owner of 36,104 shares; Kemmons Wilson, president, 94,262 and 53,458 shares, respectively; and Walkem Development Company, Inc., as record owner of 106,916 shares.

CONTINUED

AUTOMATIC DATA PROCESSING FILES FOR OFFERING AND SECONDARY. Automatic Data Processing, Inc., 1040 U.S. Highway 46, Clifton, N.J., filed a registration statement (File 2-26445) with the SEC on April 27 seeking registration of 230,000 shares of common stock. Of this stock, 100,000 shares are to be offered for public sale by the Company and 130,000 (being outstanding shares) by the present holders thereof. The public offering price (\$38 per share maximum*) and underwriting terms are to be supplied by amendment.

The Company and its subsidiaries are engaged primarily in the electronic data processing service business. Of the net proceeds of its sale of additional stock, \$450,000 will be used to retire bank loans and \$290,000 to pay the balance of the \$380,000 purchase price of undeveloped real estate in Clifton upon which the Company expects to erect its new corporate headquarters and computer center. The balance of the proceeds will be used for general corporate purposes, including working capital. In addition to indebtedness, the Company now has outstanding 1,317,696 common shares, of which management officials own some 58.2%. Henry Taub and Joseph Taub, president and secretary-treasurer, respectively, propose to sell 40,000 shares each of their holdings of 346,930 and 306,430 shares, respectively; and Frank Lautenberg, vice president, proposes to sell 35,000 of his holdings of 95,190 shares. Three others are selling the remaining 15,000 shares.

SATURN AIRWAYS PROPOSES OFFERING. Saturn Airways, Inc., P.O. Box 216, Miami International Airport, Miami, Florida 33148, filed a registration statement (File 2-26465) with the SEC on April 28 seeking registration of \$7,000,000 of convertible subordinated debentures due 1987 and 400,000 shares of common stock, to be offered for public sale through underwriters headed by Bache & Co. Incorporated, 36 Wall St., New York, N.Y. 10005. The interest rate on the debentures, public offering price (\$25.00 per common share maximum*) and underwriting terms are to be supplied by amendment.

The Company is a supplemental air carrier engaged in world-wide military charter operations and commercial charter flights throughout the continental United States and Europe. The net proceeds from the sale of the debentures and the stock will be used, along with cash generated by operations (deposits of approximately \$6,300,000 have already been made), to purchase and take delivery of, in October and November 1967, two Douglas DC-8-61F aircraft, including spare engines and spare parts costing approximately \$20,400,000. In addition to indebtedness, the Company has outstanding 2,145,300 common shares, of which Howard J. Korth, president, owns 90.5%.

MONTGOMERY WARD CREDIT PROPOSES OFFERING. Montgomery Ward Credit Corporation, 100 West Tenth St., Wilmington, Del., filed a registration statement (File 2-26468) with the SEC on May 1 seeking registration of \$50,000,000 of debentures due 1987, to be offered for public sale by underwriters headed by Lehman Brothers, One William St., New York, N.Y. 10004. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The Company is principally engaged in the financing of deferred payment accounts of Montgomery Ward & Co., Incorporated, its parent, which is engaged primarily in retail merchandising. The net proceeds to be received by the Company from the sale of debentures, will be used to purchase additional deferred payment accounts from the parent; pending the making of such purchase, some or all of the proceeds will be used to reduce the short-term indebtedness of the Company. In addition to debentures, the Company has issued and outstanding 250,000 shares of common stock, all owned by the parent. Andrew Lamb is president.

SHEFFIELD WATCH FILES FOR OFFERING AND SECONDARY. Sheffield Watch Corp., 417 Fifth Ave., New York, N.Y. 10036, filed a registration statement (File 2-26469) with the SEC on May 1 seeking registration of 335,000 shares of common stock, to be offered for public sale by underwriters headed by New York Securities Co., 52 Wall St., New York, N.Y., and McDonnell & Co., Incorporated, 120 Broadway, New York, N.Y. Of the stock being registered, 225,000 shares are to be offered by the Company and 100,000, being outstanding shares, by the present holder thereof, Henry A. Federman, president and board chairman. The offering price (\$7.50 per share maximum*) and underwriting terms are to be supplied by amendment.

The Company was organized under Delaware law in March for the purpose of acquiring all the interests of Federman in a group of companies engaged in the import, production and sale of Sheffield's products. It and its subsidiaries are engaged in the import and sale of watches, primarily in the fashion field. The major product line is composed of moderately priced ladies' fashion watches which are retailed nationally in department and jewelry stores under the Sheffield brand-name. The Company operates its own watch-movement assembly facilities in Switzerland and in the Virgin Islands. The net proceeds of its sale of additional stock will be available for reduction of short-term bank debt and to provide for other demands for working capital. In addition to indebtedness, the Company has outstanding 625,000 common shares, all owned by Federman.

THREE STOCK PLANS FILED. Form S-8 registration statements have been filed with the SEC proposing the offering of securities under employee savings, stock option and other plans, as follows:

- National Steel Corporation, Pittsburgh, Pa. 15219 (File 2-26449) - \$4,800,000 of participations in stock investment plan and 200,000 common shares
- Leaseway Transportation Corp., Cleveland, Ohio 44122 (File 2-26464) - 171,203 common shares
- Triangle Conduit & Cable Co. Inc., Newark, N.J. 07102 (File 2-26466) - 99,370 common shares

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. The captions of the items are as follows:

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Legal Proceedings.

- Item 4. Changes in Securities.
- Item 5. Changes in Security for Registered Securities.
- Item 6. Defaults upon Senior Securities.
- Item 7. Increase in Amount of Securities Outstanding.
- Item 8. Decrease in Amount of Securities Outstanding.
- Item 9. Options to Purchase Securities.
- Item 10. Revaluation of Assets or Restatement of Capital Share Account.
- Item 11. Submission of Matters to a Vote of Security Holders.
- Item 12. Other Materially Important Events.
- Item 13. Financial Statements and Exhibits.

Copies of the reports 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.

American Natural Gas Co. Jan67 (7,13) 1-4913-2	National Sugar Refining Co. Mar67 (11) 1-3248-2
Bell Electronic Corp. Mar67 (7,13) 1-4660-2	Oil Shale Corp. Mar67 (7,8,10,13) 0-877-2
Bell Tel Co. Of PA. Mar67 (11) 2-13836-2	Old Town Corp. Mar67 (6) 1-3601-2
Berkshire Hathaway Inc. Mar67 (2,13) 0-853-2	Olin Mathieson Chemical Corp. Mar67 (7,8) 1-1070-2
Bird & Son Inc. Mar67 (11,13) 0-828-2	Pakco Companies, Inc. Mar67 (12) 0-592-2
Bundy Corporation Mar67 (2,7,13) 1-5337-2	Pennsylvania Power Co. Mar67 (11,13) 1-3491-2
Caterpillar Tractor Co. Mar67 (7,13) 1-768-2	Pittsburgh Forgoings Co. Mar67 (4,11,13) 1-1662-2
Central Indians Gas Co. Jan67 (2) 0-563-2	Richard D. Irwin, Inc. Mar67 (7,11,13) 0-1510-2
Civil Service Employees Insurance Co. Mar67 (7,12,13) 1-5239-2	A.H. Robins Company, Inc. Mar67 (2,13) 1-5047-2
Conroy, Inc. Mar67 (2,13) 1-5326-2	Rosemount Engineering Co. Feb67 (11,13) 0-2388-2
Continental Insurance Co. Mar65 1-1920-2	Steep Rock Iron Mines Limited Mar67 (11) 2-5070-2
Continental Telephone Corp. Mar67 (2,7,13) 1-4765-2	Sun Chemical Corp. Mar67 (13) 1-804-2
DC International, Inc. Mar67 (1,13) 0-914-2	Technical Animations, Inc. Mar67 (11) 0-2394-2
Diamond State Telephone Co. Mar67 (11) 2-14897-2	Tenneco Corporation Mar67 (11) 2-23313-2
Exquisite Form Industries, Inc. Mar67 (2,13) 1-3973-2	The Deltona Corporation Mar67 (7) 1-4719-2
Fairchild Camera & Instrument Corp. Mar67 (13) 1-1214-2	The Perkin-Elmer Corporation Mar67 (12) 1-4389-2
Fall River Electric Light Company Mar67 (11) 2-3648-2	Tracor, Inc. Mar67 (7) 0-528-2
Florida Power & Light Co. Mar67 (12,13) 1-3545-2	Unexcelled, Inc. Mar67 (7) 1-5303-2
Fuller Industries, Inc. Mar67 (10) 2-12665-2	United Air Lines, Inc. Mar67 (13) 1-2637-2
General Corporation Of Ohio Mar67 (2,7,13) 0-264-2	United Gas Corporation Mar67 (12,13) 1-3257-2
General Telephone Co. Of Florida Mar67 (11,12,13) 1-3090-2	United Investors Corp. Mar67 (9,12) 0-1515-2
Investors Unlimited, Inc. Mar67 (12,13) 0-2202-2	U.S. Finance Co., Inc. Mar67 (2,13) 2-17252-2
Kalvar Corporation Mar67 (7,8,13) 0-2166-2	Varnitron Corp. Mar67 (7) 1-4909-2
Koehring Co. Mar67 (11,13) 1-4906-2	Wellington Management Co. Mar67 (1,2,4,7,8,12,13) 0-163-2
Malvern Mills Inc. Mar67 (2,12,13) 1-4674-2	
Missouri Public Service Co. Mar67 (7) 1-3562-2	
National Can Corp. Mar67 (4,11,13) 1-2915-2	
National Co., Inc. Mar67 (9,11,13) 1-4369-2	
National Equities, Inc. Mar67 (7,8,13) 0-2140-2	
National Screw & Manufacturing Co. Mar67 (11,13) 0-607-2	

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended April 27, 1967, 36 registration statements were filed, 57 became effective, 3 were withdrawn, and 479 were pending at the week-end.

SECURITIES ACT REGISTRATIONS. Effective April 28: Texas Gas Transmission Corp., 2-26184; Home Stake 1967 Program Operation Corp., 2-26245 (90 days); The Pittston Co., 2-26324; Equity Funding Corp. of America (2-26180); Spacerays, Inc., 2-26113 (40 days); Audio Devices, Inc., 2-26359; The Dow Chemical Co., 2-26333, 2-26407, 2-26408 and 2-26409; Itek Corp., 2-26293; Warner-Lambert Pharmaceutical Co., 2-26286; Scott Foresman and Co., 2-26303 (40 days); City News Printing Co., 2-26207 (July 31).

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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