

# 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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**EASTERN GAS AND FUEL SEEKS ORDER.** Eastern Gas and Fuel Associates, Boston, Mass., an exempt public-utility holding company, has applied to the SEC for an exemption order under the Holding Company Act with respect to the acquisition by Eastern of shares of the outstanding common stock of Brockton Taunton Gas Co., a gas utility company. The Commission has scheduled the application for hearing on March 22 at 10:00 A.M. in its Washington office (Release 35-15406).

According to the application, Eastern is engaged (principally through subsidiaries) in various non-utility activities, including the mining and sale of coal, the operation of a barge line on the inland waterways and in the Gulf of Mexico, the operation of ocean-going and coastwise shipping and harbor tugs, the operation of coke plants, and related activities. It also owns all of the common stock of Boston Gas Co. and 37% of the outstanding stock of Algonquin Gas Transmission Co. Eastern's application states that it now holds (through a nonutility subsidiary) 18,766 shares (4.91%) of the outstanding common stock of Brockton Taunton and that it has obtained an option from Brockton Trust of Boston to purchase (at approximately \$36 per share) an additional 16,101 shares (4.2%) of Brockton Taunton stock. Eastern proposes to exercise such option; and it also proposes to acquire the remaining shares of Brockton Taunton through an offer to all other holders of such stock to purchase their shares for cash at a price to be determined by Eastern but not less than approximately \$36 per share. Eastern further states that ultimately it intends to acquire substantially all of the voting securities of Brockton Taunton by means of the acquisitions proposed, followed by an exchange of securities, a merger, or such other steps as may be appropriate to accomplish said result.

**JERSEY CENTRAL POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15409) authorizing Jersey Central Power & Light Company, Morristown, N. J., to increase its outstanding bank notes to \$26,600,000 for the period ending on December 31, 1966. According to the application, the company will use the proceeds of the borrowings for construction expenditures and/or to repay other short-term borrowings, the proceeds of which have been so applied. Its 1966 construction program is estimated to cost \$71,257,000.

**NEES RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15410) authorizing certain public-utility subsidiaries of the New England Electric System, Boston, Mass., to issue from time to time during 1966, unsecured promissory notes to banks and/or to NEES aggregating a maximum of \$72,430,000 to be outstanding at any one time. According to the application, the proceeds of the proposed borrowings are to be used by the subsidiaries to pay outstanding notes payable to banks and/or to NEES and in connection with their construction program. At January 1, 1966, such outstanding notes of the subsidiaries aggregated \$60,830,000. NEES also proposes to acquire, from time to time during 1966, unsecured promissory notes to be issued by another subsidiary, The Narragansett Electric Co., in a principal amount not exceeding an aggregate of \$6,200,000 at any one time outstanding. The total amount of loans by NEES to all of its subsidiaries to be outstanding at any one time will not exceed \$35,000,000.

**AMCAP INVESTMENTS DE-REGISTERED.** The SEC has issued an order under the Investment Company Act (Release IC-4520) declaring that AMCAP Investments, Inc., Chicago, Ill., has ceased to be an investment company. By letter dated July 1, 1963, Howard D. Baum, then president of AMCAP, informed the Commission that he had purchased all of the outstanding stock of that company. The Secretary of State of Illinois has advised the Commission that AMCAP was involuntarily dissolved in November 1965.

**AMERICAN BONDED MORTGAGE OFFICIALS INDICTED.** The SEC Atlanta Regional Office announced February 15 (LR-3433) that a Federal grand jury at Miami returned an indictment charging eight former principals of the now defunct American Bonded Mortgage Co., Inc., of Miami, with conspiring to violate and violations of the Securities Act anti-fraud provisions in the sale of securities of American Bonded Mortgage and its affiliates. The defendants are Mark H. Kroll, Cincinnati; William Cahn, a/k/a William Cohen, Miami; William Criswell, formerly of Miami; Jack Chernau, Miami; Sidney Pasternak, Miami; Fred H. Adler, Cincinnati; John S. Hunt, Point Pleasant, N. J.; Robert C. Brown, Rockville, Md.

**BROGDON ENJOINED.** The SEC Seattle Regional Office announced February 16 (LR-3434) the entry of a Federal court order (USDC, Portland, Ore.) preliminarily enjoining Ray S. Brogdon, doing business as Investors Service Co., a registered broker-dealer of Eugene, Ore., from further violations of the anti-fraud and registration provisions of the Securities Exchange Act. A temporary restraining order was issued on February 8 enjoining Brogdon from selling, assigning, pledging, transferring or otherwise disposing of any moneys, securities or other assets, and from effecting securities transactions by means of fraudulent acts and practices. The court reserved judgment on the Commission's request for the appointment of a receiver. The Seattle Regional Office also announced on the same date (LR-3435) that Brogdon was apprehended in San Antonio, Tex., on a warrant charging violations of the Securities Act anti-fraud provisions. Bail was set at \$25,000.

OVER

**GRANCO PRODUCTS, OTHERS ENJOINED.** The SEC New York Regional Office announced February 17 (LR-3436) the entry of a Federal court order enjoining Granco Products, Inc., H. P. B. Corp., Henry Fogel, Leonard Gold, and Robert Colucci (d/b/a Luccis & Co.) from further violations of the Securities Act registration provisions in the sale of common stock of Granco Products. The defendants consented to the injunction.

**U. S. INDUSTRIES FILES STOCK PLANS.** U. S. Industries, Inc., 250 Park Ave., New York 10017, filed a registration statement (File 2-24517) with the SEC on February 18 seeking registration of 179,050 shares of common stock, to be offered under the company's 1951 and 1958 Stock Option Plans.

**KENTUCKY FRIED CHICKEN FILES FOR SECONDARY.** Kentucky Fried Chicken Corporation, P. O. Box 9010, Nashville, Tenn. 37204, filed a registration statement (File 2-24518) with the SEC on February 18 seeking registration of 425,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. Goodbody & Co., 2 Broadway, New York 10004, is listed as the principal underwriter. The public offering price (\$15 per share maximum\*) and underwriting terms are to be supplied by amendment. The company is also registering 99,000 common shares, to be offered to qualified franchisees.

Organized in 1964, the company succeeded to the business of granting franchises to operators of take-home retail outlets and restaurants licensing them to prepare and sell "Colonel Sanders' Recipe Kentucky Fried Chicken," which it purchased from Colonel Harland Sanders for \$2,000,000. In addition to indebtedness, it has outstanding 994,600 common shares (after giving effect to a recent 2-for-1 split), of which management officials own 80.3%. The prospectus lists six selling stockholders, including Jack C. Massey (board chairman), offering 200,000 of 438,000 shares held, and John Y. Brown, Jr. (president), 165,800 of 240,000. The remaining sellers are offering shares ranging in amounts from 500 to 47,700.

**PIONEER TELEPHONE FILES EXCHANGE OFFER.** Pioneer Telephone Company, 540 E. First St., Waconia, Minn. 55387, filed a registration statement (File 2-24520) with the SEC on February 21 seeking registration of 66,000 shares of common stock. The stock is to be offered in exchange for the 12,000 outstanding common shares of St. James Telephone Co., at the rate of  $5\frac{1}{2}$  shares of Pioneer for each common share of St. James. The exchange<sup>offer</sup> is conditioned upon the acceptance thereof by holders of not less than 80% of the outstanding stock of St. James.

Pioneer is a holding company and conducts its operations through subsidiaries which are engaged in furnishing telephone services. St. James provides telephone services in St. James, Minn., and vicinity. In addition to indebtedness and preferred stock, Pioneer has outstanding 652,303 common shares, of which management officials own 17.4%. Harry B. Crandell is board chairman of Pioneer and Harold R. Bollinger is president.

**BEELINE FASHIONS FILES FOR SECONDARY.** Beeline Fashions, Inc., 375 Meyer Rd., Bensenville, Ill. 60106, filed a registration statement (File 2-24521) with the SEC on February 21 seeking registration of 22,000 outstanding shares of common stock, to be offered for public sale by the present holder thereof. A. G. Becker & Co. Inc., 120 S. LaSalle St., Chicago, Ill. 60603, is the underwriter. The public offering price (\$70 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is a merchandiser of wearing apparel via the "party-plan" method. In addition to indebtedness, it has outstanding 1,231,650 common shares, of which management officials own 76% (including 53.10% owned by H. Edison Birginal, president). Goco, Inc., is the selling stockholder and now owns 72,000 common shares.

**NEW ORLEANS PUBLIC SERVICE PROPOSES BOND OFFERING.** New Orleans Public Service Inc., 317 Baronne St., New Orleans, La. 70160, filed a registration statement (File 2-24523) with the SEC on February 21 seeking registration of \$23,250,000 of first mortgage bonds, due 1996. The bonds are to be offered for public sale at competitive bidding. A subsidiary of Middle South Utilities, Inc., the company will apply the net proceeds of its bond sale toward the financing of its construction program, expected to cost \$46,900,000 in 1966.

**CONTROL DATA FILES FOR SECONDARY.** Control Data Corporation, 8100 34th Ave. South, Minneapolis, Minn. 55420, filed a registration statement (File 2-24524) with the SEC on February 21 seeking registration of 52,628 outstanding shares of common stock. The present holders thereof may offer such stock for public sale from time to time on the New York Stock Exchange at the then current market price (\$31.50 per share maximum\*).

The company is primarily engaged in the development, design, manufacture and marketing of advanced high-speed digital computing systems and related component and peripheral equipment. In addition to indebtedness and preferred stock, it has outstanding 7,514,340 common shares, of which management officials own 7.6%. The prospectus lists 31 selling stockholders, each offering his entire common holdings. They include John H. Benetz, offering 12,428 shares; General Precision, 11,700; and Giuseppe Antonio Samarughi, 11,000. The remaining sellers are offering shares ranging in amounts from 2 to 6,227. William C. Norris is president and board chairman.

**FIDELITY AND DEPOSIT OF MD. FILES STOCK PLAN.** Fidelity and Deposit Company of Maryland, Charles & Lexington Sts., Baltimore, Md. 21203, filed a registration statement (File 2-24525) with the SEC on February 21 seeking registration of 100,000 shares of capital stock, to be offered pursuant to its Incentive Stock Option Plan.

**STATE STREET INVESTMENT SEEKS ORDER.** State Street Investment Corporation, Boston open-end diversified investment company, has applied to the SEC for an order under the Investment Company Act permitting it to issue its shares at net asset value for substantially all of the cash and securities of the Von Investment Corp.; and the Commission has issued an order (Release IC-4522) giving interested persons until March 9 to request a hearing thereon. According to the application, Von Investment is an Indiana Corporation all of whose securities are owned beneficially by less than 100 persons. On December 31, 1965, the net assets of applicant and Von Investments were approximately \$341,507,000 and \$8,692,000, respectively.

**LEE NATIONAL SEEKS ORDER.** Lee National Corporation, New York, has applied to the SEC for an order under the Investment Company Act declaring that it is primarily engaged in a business other than that of investing, reinvesting, owning, holding, or trading in securities or, in the alternative, an exemption (subject to certain terms and conditions) from certain provisions of the Act for a period of one year. The Commission has issued an order (Release IC-4521) giving interested persons until March 10 to request a hearing thereon. According to the application, Lee has disposed of the tire and rubber business in which it was engaged until recently under the name of Lee Rubber & Tire Co. As a result, its assets consist almost entirely of cash, certificates of deposit, and marketable securities, and it comes within Section 3(a)(3) definition of an "investment company," Lee represents that it is engaged in an active effort to acquire an operating business to take the place of its former business and that when it is able to carry out such acquisition program it will not come within such definition. According to its present estimates, a period of one year is needed to carry out the program. The company also represents that, while it is conducting its acquisition program, it will keep at least 60% of its assets in cash items, Government securities or certificates of deposit, and that it intends to keep nearly all of its remaining assets in readily marketable securities incidental to its acquisition program.

**WARNER-LAMBERT INTERNATIONAL RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4523) exempting Warner-Lambert International Capital Corp., Morris Plains, N. J., subsidiary of Warner-Lambert Pharmaceutical Co., from all provisions of the Act, subject to certain conditions. The subsidiary was recently organized to provide assistance in improving the balance of payments position of the United States, in compliance with the voluntary cooperation program instituted by President Johnson in February 1965, while at the same time continuing the expansion and development of the parent company's operations outside the United States.

**PEOPLE'S RADIO OFFERING SUSPENDED.** The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to an offering of debentures by People's Radio Association, 430 S. Newcomb, Denver, Colo. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification and offering circular filed on January 6, 1964, the company proposed the public offering of \$225,000 of 6% callable 14½-year debentures. The Commission asserts in its suspension order that it has reasonable cause to believe that the company failed to comply with certain terms and conditions of Regulation A and that its offering circular was false and misleading with respect to certain material facts. It is alleged that the company, among other things, failed to disclose that an underwriter would participate in the offering, that certain of the securities would be offered for a consideration other than cash, that a concurrent offering of notes was being made to residents of North Dakota, that certain of the debentures would be offered on a subscription basis, and that certain purchasers were promised redemption prior to the maturity date of the debentures.

**SECURITIES ACT REGISTRATIONS.** Effective February 21: Zimoco Petroleum Corp., 2-24176 (May 23)  
Effective February 23: North Star Petroleum Co., 2-24184 (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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