

# 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 SEC Publications Unit cite number)

(Issue No. 69-141)

FOR RELEASE July 25, 1969

**AUGION-UNIPOLAR FILING QUESTIONED.** The SEC has ordered administrative proceedings under the Securities Act of 1933 to determine whether a registration statement filed by Augion - Unipolar Corporation ("Augion"), of Guilderland, N. Y., fails in material respects to comply with the disclosure requirements of that Act and, if not, whether it is in the public interest to issue a "stop order" suspending the statement. A hearing has been scheduled for August 7, 1969, to take evidence on SEC staff allegations that there was such a failure by Augion to make proper disclosures in its registration statement and prospectus.

According to its registration statement, Augion was organized in February 1969 to conduct research and development in the areas of "Exhaust Control, Industrial Stack, Medical and Therapeutic, Hot-Air Heating and Water Purification." It proposed the public offering of 1,000,000 common shares at \$10 per share to finance this venture. The Commission's staff <sup>contends</sup> among other things, (a) that the company's prospectus fails to give any "meaningful information" as to the actual use to be made of the proceeds of the stock offering; (b) that the discussion of the company's proposed business, its inventions, and the stage of their development is so vague, confusing, conjectural and devoid of meaningful and comprehensible information as to render it materially misleading; and (c) that company officials failed to cooperate in an examination and investigation by the Commission's staff which preceded the institution of these proceedings.

**SERVANCE OFFERING SUSPENDED.** The SEC has issued an order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of 29,000 common shares at \$10 per share by Servance Corporation, of Indianapolis, Ind., pursuant to a notification filed in March 1966. According to the Commission's order, the company has filed no reports of stock sales pursuant to the requirements of Regulation A, despite repeated notice given to the company, its attorney, its officers, directors and promoters.

**HARTWELL AND CAMPBELL FUND RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5750) exempting Hartwell and Campbell Fund, Inc., a mutual fund, and its underwriter, H & C Sales Co., Inc., from provisions of Section 22(d) of the Act so as to permit the sale of Fund shares at net asset value but without the usual sales charge to persons who were shareholders of the Fund on May 1, 1969, when its present schedule of sales charges was first imposed. From January 31, 1967, to April 30, 1968, shares of the Fund were sold at net asset value per share without any sales charge or commission. A sales charge of up to 8½% was put into effect on May 1, 1968, at which time the Fund had about 4,850 shareholders and net assets of \$41,363,258.

**TRANSAMERICA CAPITAL FUND RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5751) exempting Transamerica Capital Fund, Inc., a mutual fund, and Transamerica Fund Sales, Inc. ("Sales Company"), Los Angeles, from the provisions of Section 22(d) of the Act so as to permit the shares of any registered investment company which is managed by Transamerica Fund Management Company and which shares are distributed by Sales Company, to be sold without the usual sales charge to approximately 22,621 persons related to Transamerica Corporation or one of its subsidiaries, as an officer, director or full-time employee. Shares of the registered investment companies will ordinarily be offered to the general public at a public offering price which is the net asset value per share plus a maximum sales charge of 8%.

**FML GROWTH FUND RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5272) exempting FML Growth Fund, Inc., a mutual fund, and FML Funds Distribution Company, Philadelphia, distributor of the Fund's shares, from provisions of Section 22(d) of the Act to permit the sale of Fund shares for at least 90 days, without the usual sales charge, to officers, directors or full-time employees of The Fidelity Mutual Life Insurance Company, the parent of Distribution Company and FML Funds Advisory Corporation, investment adviser to the Fund. Shares of the Fund are customarily sold with a maximum sales charge of 7½% of the public offering price.

**GEORGIA POWER SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16435) giving interested persons until August 12 to request a hearing upon a proposal of Georgia Power Company, Atlanta subsidiary of The Southern Company, to sell, at competitive bidding, \$65,000,000 of first mortgage bonds and 150,000 shares of preferred stock. The company will use the net proceeds of its financing, together with excess cash on hand and proceeds of the sale of 305,000 shares of common stock to its parent already approved by the Commission (Release 35-16285), to finance its 1969 construction program (estimated at \$180,000,000), to pay outstanding short-term bank notes and commercial paper notes incurred for construction purposes and for other corporate purposes.

**TRADING SUSPENSION CONTINUED.** The SEC has ordered the suspension of over-the-counter trading in the securities of Rajac Industries, Inc., for the further ten-day period July 26 to August 4, 1969, inclusive.

OVER

CONNREX FILES FOR SECONDARY. The Connrex Corporation, P.O. Box 326, Plantsville, Connecticut 06479, filed a registration statement (File 2-34000) with the SEC on July 18 seeking registration of 302,153 shares of common stock. These shares are part of the 694,238 Connrex shares to be issued in August in exchange for all the outstanding capital shares of C. Graves, Inc. The recipients of the 302,153 shares may offer them for sale (or pledge them) from time to time at prices current at the time of sale (\$16.375 per share maximum\*).

Connrex is engaged in forging and galvanizing, chemical, screw machine products and secondary metals, and in the manufacture, processing and sale of products consisting of, or relating to, metals. Upon effectiveness of the merger with Graves, the company will have 1,396,324 outstanding common shares. Charles Rubenstein is president and Ralph C. Crispino board chairman. Charles S. Graves may sell 127,203 shares (the largest block) and seven others the remaining shares being registered.

BROADWAY-HALE STORES SHARES IN REGISTRATION. Broadway-Hale Stores, Inc., 600 South Spring, St., Los Angeles, Calif. 90014, filed a registration statement (File 2-34001) with the SEC on July 18 seeking registration of 52,150 outstanding shares of \$2 convertible preferred stock, Series A. These shares are to be offered for sale from time to time by the present holders thereof at prices current at the time of sale (\$50 per share maximum\*).

The company operates thirty general department stores in California, two in Arizona and two in Nevada which sell men's, women's and children's apparel and accessories and home furnishings. In addition to indebtedness and preferred stock, the company has outstanding 6,359,986 common shares. Prentis C. Hale is board chairman and Edward W. Carter president. Leonard P. Carlson proposes to sell 28,800 shares and five others the remaining shares being registered.

INTEL TO SELL STOCK. Intel Corporation, 365 Middlefield Road, Mountain View, Calif. 94040, filed a registration statement (File 2-34002) with the SEC on July 18 seeking registration of 360,000 shares of capital stock, to be offered for public sale through underwriters headed by Hayden, Stone Incorporated, 25 Broadway St., N.Y., N.Y. The offering price (\$17.50 per share maximum\*) and underwriting terms are to be supplied by amendment. On November 25, the company issued privately \$2,500,000 of 6% convertible subordinated debentures (convertible into capital stock at \$2.86 per share), of which \$100,000 were purchased by Hayden, Stone.

The company is engaged in the development of advanced semiconductor products for application in digital data processing systems. Of the net proceeds of its stock sale, \$800,000 will be used for acquisition of a site in Santa Clara County, California, upon which it will construct and equip a new production facility, \$1,500,000 for site development and construction costs, \$1,500,000 to purchase manufacturing and test equipment and \$750,000 for product development and production engineering; the balance will be added to the company's working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 886,376 capital shares (with an 18¢ per share book value), of which Robert N. Noyce, president and Gordon E. Moore, vice president, own 49% each.

ALODEX PROPOSES OFFERING. Alodex Corporation, One Office Park Plaza, Southaven, Mississippi 38761, filed a registration statement (File 2-34003) with the SEC on July 18 seeking registration of 560,000 shares of common stock and 560,000 common stock purchase warrants, to be offered for public sale in units, each consisting of one share and one warrant. The offering is to be made through underwriters headed by Equitable Securities, Morton & Co. Incorporated, Parkway Towers, James Robertson Parkway, Nashville, Tenn. 37201; the offering price (\$30 per share maximum\*) and underwriting terms are to be supplied by amendment. Part of the units will be reserved for sale to present stockholders.

The company is principally engaged in real estate development and construction, including single and multi-family housing with particular emphasis on government assisted programs, apartment and office building, school dormitories, extended care facilities, as well as the management of properties owned by it. Of the net proceeds of its stock sale, plus \$1 million of proceeds from the private sales of common stock and certain assets in April and May, \$11.6 million will be used in connection with the acquisition, construction and development of, and working capital for, certain land development projects, \$1.5 million for research and development in construction methods and materials, \$1.5 million for repayment of 6% subordinated debentures due August 1970 and \$2.3 million for repayment of a mortgage due May 1970. In addition to indebtedness, the company has outstanding 2,023,017 common shares, of which Wallace E. Johnson, board chairman, owns 16.3%, Kemmons Wilson, vice chairman 29.3%, management officials as a group 61.9% and Walkem Development Company, Inc. 30.3%. Lloyd E. Clarke is president.

UNITED BANCSHARES FILES FOR OFFERING AND SECONDARY. United Bancshares of Florida, Inc., 120 Andalusia Ave., Coral Gables, Fla. 33134, filed a registration statement (File 2-34004) with the SEC on July 18 seeking registration of 380,000 shares of common stock, of which 300,000 are to be offered for public sale by the company and 80,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, and Francis I. duPont, A.C. Allyn, Inc., One Wall Street, both of New York, N.Y. 10005; the offering price (\$24 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is a bank holding company. Of the net proceeds of its sale of additional stock, \$1,000,000 will be used to repay a portion of the debt incurred to purchase Coral Gables First National Bank and to furnish capital funds to United National Bank of Dadeland (which the company is organizing), \$2,000,000 will be added to the capital funds of the Coral Gables Bank and \$1,000,000 will be added to the capital funds of The Miami Beach First National Bank (a subsidiary); the balance will be added to the company's general funds and will be available for its general corporate purposes and to increase the resources of its subsidiary banks, if required. The company has outstanding 1,534,602 common shares, of which Frank Smathers, Jr., board chairman and president, owns 221,902 and The Gelatt Corporation 48,666; they propose to sell 75,000 and 5,000 shares, respectively.

**RETENTION COMMUNICATION TO SELL STOCK.** Retention Communication Systems, Inc., Two Penn Plaza, New York, N.Y. 10001, filed a registration statement (File 2-34009) with the SEC on July 18 seeking registration of 150,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made through J.M. Dryfoos & Co., c/o Bullard & Smyth, 26 Broadway, New York, N.Y., which will receive 40¢ per share commission plus \$10,000 for expenses. In July the company sold the underwriter 15,000 shares for \$150.

Organized in 1967, the company proposes to market an audio-visual system consisting of a projector resembling a 10-inch portable television set operated by a small cartridge containing both pictures and accompanying sound. Further development work remains to be done on the projector and cartridge, although working prototypes of both have been completed. Of the net proceeds of its stock sale, \$100,000 will be used for tools, dies, molds and production prototypes and to bring the company's proposed product to the production stage, and \$160,000 as a deposit against a minimum letter of credit for the first order of \$350,000 of projectors from the manufacturer; the balance will be used for general corporate expenses. The company has outstanding 583,333 common shares (with a 31¢ per share book value), of which Paul D. Catalano, board chairman, owns 62.38%. Nat C. Meyers, Jr., is president. Purchasers of the shares being registered will acquire a 20.5% stock interest in the company for their investment of \$750,000 (they will sustain an immediate dilution of \$3.83 in per share book value from the offering price); the present shareholders will then own 79.5%, for which they will have paid \$149,408.

**SCANLAN'S LITERARY HOUSE TO SELL STOCK.** Scanlan's Literary House, Inc., 36 Gramercy Park East, New York, New York 10003, filed a registration statement (File 2-34010) with the SEC on July 18 seeking registration of 250,000 shares of common stock, to be offered for public sale at \$3 per share. The offering is to be made through Charles Plohn & Co., 200 Park Avenue, New York, N.Y., which will receive a 30¢ per share commission plus \$5,000 for expenses. The company has agreed to sell 25,000 shares to the underwriter at 10¢ per share, non-transferable for two years.

Organized in January, the company proposes to publish a magazine entitled "Scanlan's Monthly" and to arrange for the publication of books. The magazine is intended as a journal of contemporary history. Of the net proceeds of its stock sale, \$450,000 will be applied to the initial expense of publishing the first six issues of the magazine; the balance will be applied to the company's book publishing activities and for general corporate purposes, including limited research and development work for a proposed literary review. The company has outstanding 192,500 common shares (with a 6¢ per share net tangible book value), of which Sidney Zion, president, and Warren Hinckle, III, vice president, own 34.6% each. Purchasers of the shares being registered will acquire a 53.5% stock interest in the company for their investment of \$750,000 (they will sustain an immediate dilution of \$1.64 in per share book value from the offering price); the promoters, initial investors and underwriter will then own 46.5%, for which the company received \$56,000, or an average of \$.257 per share.

**REX FUND PROPOSES OFFERING.** Rex Fund, 69-70, 1908 Roselawn Avenue, Monroe, La., filed a registration statement (File 2-34011) with the SEC on July 16 seeking registration of \$1,500,000 of participation units, to be offered for public sale in \$1,500 units (150 units). The offering is to be made through Rex Exploration Co., Inc., the general partner which will receive a 6% commission from which it will defray expenses of the Fund's first year of operation. The Fund was created to engage in the business of exploring for, producing, and marketing of oil, gas and other minerals, and of acquiring interests in producing mineral properties. Lon S. Heuer is president of the general partner.

**INTRAMERICAN DRILLING FUND PROPOSES OFFERING.** Intramerican Drilling Fund, 700 Benjamin Fox Pavilion, Jenkintown, Pa. 19046, filed a registration statement (File 2-34015) with the SEC on July 18 seeking registration of \$5,000,000 of units of participation, to be offered for public sale in \$5,000 units (1,000 units). The offering is to be made on a "best efforts" basis through Newburger Securities Corporation, which will receive a 7½% selling commission plus \$15,000 for expenses. Participating NASD members will receive a 6% selling commission, to be paid by Newburger Securities. The Fund is to be formed to invest in exploratory oil and gas drilling projects. Intramerican Management Corporation will serve as general partner. The general partner has outstanding 10,000 shares of stock, of which Albert J. Berkow, board chairman, and Newburger Securities own 25.03% each and Geodynamic Investors, Ltd. 49.94%. Milton A. Dauber is president of the general partner.

**PACIFIC LEISURE ENTERPRISES TO SELL STOCK.** Pacific Leisure Enterprises, Inc., 919 Bethel St., Honolulu, Hawaii, filed a registration statement (File 2-34016) with the SEC on July 18 seeking registration of 1,000,000 shares of common stock, to be offered for public sale at \$15 per share. The offering is to be made on a best efforts basis through Bovers, Davis & Jacobs, Inc., 116 John St., New York, N.Y., which will receive a \$1.45 per share selling commission. The company has agreed to sell the Bovers firm, at 1¢ each, five-year warrants to purchase up to 62,000 shares (the number to be based on the shares sold), exercisable after one year at \$18 per share.

Organized in March, the company is engaged, through a subsidiary, in the development of a condominium featuring leisure time facilities in the Carmel Valley of California. It proposes to engage in leisure time oriented activities in Hawaii and other areas bordered on or surrounded by the Pacific Ocean. Of the net proceeds of its stock sale, \$1,250,000 will be used in connection with the operations of its subsidiary, Carmel-Hawaii Investors, Inc.; the balance will be added to the company's working capital and used for general corporate expenses. The company has outstanding 1,415,585 common shares (with a \$1.13 per share book value), of which Willard M.P. Wong, board chairman and president, owns 37.1% and management officials as a group 80.4%. Purchasers of the shares being registered will acquire a 41.4% stock interest in the company for their investment of \$15,000,000 (they will sustain an immediate dilution of \$8.76 in per share book value from the offering price); the present shareholders will then own 58.6%, for which they will have paid \$1,459,346.

**CAROLINA TELEPHONE TO SELL DEBENTURES.** Carolina Telephone and Telegraph Company, 122 East St., James St., Tarboro, N.C. 27886, filed a registration statement (File 2-34018) with the SEC on July 22 seeking registration of \$45,000,000 of debentures, due 1999, to be offered for public sale through underwriters headed by Kidder, Peabody & Co., Incorporated, 20 Exchange Place, New York, N.Y. The interest rate, offering price and underwriting terms are to be supplied by amendment. Net proceeds of its debenture sale will be used by the company to repay some \$39,200,000 of short-term borrowings incurred for construction purposes, and for general corporate purposes. Construction expenditures are estimated at \$38,310,000 for 1969 and \$42,847,800 for 1970.

**MODULAR CONCEPTS TO SELL STOCK.** Modular Concepts, Inc., 17907 S. Figueroa St., Gardena, Calif. 90247, filed a registration statement (File 2-34019) with the SEC on July 22 seeking registration of 200,000 shares of common stock to be offered for public sale at \$10 per share. Purchasers will receive 1 warrant for each five shares purchased. The offering is to be made on a "best efforts, all or none" basis through Kluger, Ellis & Mann, 26 Broadway, New York, N.Y., which will receive an 80¢ per share selling commission plus \$15,000 for expenses. The company has agreed to issue the underwriter five-year options to purchase 15,000 shares, exercisable initially (after one year) at the offering price.

The company was organized in January to engage in the manufacture and sale of products and systems incorporating rigid polyurethane using recently acquired processes and equipment. Of the net proceeds of its stock sale, \$200,000 will be applied to payments to Franchise Leasing Corporation (FLC) pursuant to a license agreement, \$200,000 for product advertising, \$150,000 for promotion of franchise sale, \$220,000 for additional personnel and \$200,000 for rental of additional production facilities; the balance will be added to the company's working capital and used for general corporate purposes, including payment of advances by FLC. The company has outstanding 420,000 common shares (with a 41¢ per share book value), of which FLC owns 99.5%. Martin A. Samuelson is board chairman and John F. Zaccaro president. Purchasers of the shares being registered will sustain an immediate dilution of \$7.11 in per share book value from the offering price.

**STOCK PLANS FILED.** The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered under and pursuant to employee stock plans:

Head Ski Company, Inc., Timonium, Md. 21093 (File 2-33982) - 75,300 shares  
 Maryland National Corporation, Baltimore, Md. 21203 (File 2-34005) - 90,000 shares  
 Foster Wheeler Corporation, New York, N. Y. 10019 (File 2-34006) - 150,000 shares  
 Gamble-Skogmo, Inc., Minneapolis, Minn. 55416 (File 2-34007) - 150,000 shares and \$6,000,000 of participations in the Gamble Thrift and Profit Sharing Plan  
 Gamble-Skogmo, Inc., Minneapolis, Minn. 55416 (File 2-34008) - 796,750 shares  
 American Airlines, Inc., New York, N. Y. (File 2-34012) - 550,000 shares  
 Movielab, Inc., New York, N. Y. 10019 (File 2-34013) - 99,249 shares  
 Gould Inc., St. Paul, Minn. 55101 (File 2-34014) - 585,188 shares  
 Fabri-Tek Incorporated, Minneapolis, Minn. (File 2-34017) - 62,500 shares

**DELISTING GRANTED.** The SEC has issued an order under the Securities Exchange Act (Release 34-8656) granting an application of the Pacific Coast Stock Exchange to strike from listing and registration the common stock of Seaboard Finance Company, pursuant to a request of the company, effective at the opening of business July 23, 1969.

**COURT ENJOINS BROTHERS & CO.** The SEC Denver Regional Office announced July 22 (LR-4380) that the Federal court in Salt Lake City had issued an order preliminarily enjoining Brothers & Co., Inc., and Dorothy M. Brothers of Salt Lake City from violating the Commission's record-keeping and reporting rules. The defendants consented to entry of the court order.

**SECURITIES ACT REGISTRATIONS.** Effective July 24: Alpex Computer Corp., 2-32513 (90 days); Basin Petroleum Corp., 2-32322 (90 days); Brown Enterprises, Inc., 2-32998 (90 days); Chris-Craft Industries, Inc., 2-34025 (40 days); Giant Stores Corp., 2-33436 (90 days); Golden Flake, Inc., 2-33423; Gugol Clini-Tex, Inc. 2-32152 (90 days); Lomas & Nettleton Financial Corp., 2-31944 (Sep 3); Masco Corp., 2-33942; North American Watch Corp., 2-32753 (90 days); Kaiser Aluminum & Chemical Corp., 2-33590; Province of Nova Scotia, 2-33909; Automation Computer General Corp., 2-31901 (90 days); SMC Computer Services, Inc., 2-33412 (90 days); Southeast Bancorporation, 2-33638 & 2-33639; Swan Industries, Inc., 2-31930 (90 days); 1969 Trico Oil and Gas Exploration, 2-32033 (90 days); Ten-Da-Brand Frozen Foods, Inc., 2-32583 (90 days); Whitecraft Industries, Inc., 2-32134 (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.

---ooo0ooo---