

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

brief summary of financial proposals filed with and actions by the S.E.C.



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**PHILADELPHIA BRONZE CONSENTS TO STOP ORDER.** The SEC has issued a decision under the Securities Act (Release 33-5000) suspending a registration statement filed in March 1968 by Philadelphia Bronze Corporation ("PBC"), of Edgeley, Pa., which proposed the public offering of 870,000 common shares at \$1 per share. Without admitting allegations of the Commission's staff that its registration statement was materially misleading, PBC waived a hearing and consented to issuance of the stop order.

In its decision, the Commission ruled that the PBC registration statement and prospectus failed to disclose certain material facts with respect to the interest of management in certain transactions. The statement included a balance sheet as of April 30, 1968, which showed total liabilities of \$52,454.49. However, there was a failure to disclose that PBC was a surety on a personal promissory note of its president in the amount of \$365,000. The note, dated March 15, 1968, was given by the president in partial payment of the purchase price of all the outstanding stock of the Robinson Steel Company.

**ALLEGHENY LUDLUM LOSES PLEA.** The SEC today reported the denial of an application of Allegheny Ludlum Steel Corporation, of Pittsburgh, made in connection with its Form 10-K annual reports for 1966 and 1967 under the Securities Exchange Act of 1934, for confidential treatment of the financial statements for those years of Titanium Metals Corporation of America ("Timet"), a 50%-owned subsidiary of Allegheny. The order denying the confidential treatment application was contained in an initial decision issued by Hearing Examiner Irving Schiller. No appeal of the Examiner's decision was taken to or ordered by the Commission, and the decision and order have been made final.

Timet was organized in 1950 by Allegheny and National Lead Company as a joint venture; it is engaged principally in the manufacture and sale of titanium mill products made from titanium ingots. According to the Examiner's decision, for the year 1966 Timet's assets and sales were 18.2% and 16.7%, respectively, of Allegheny's total assets and sales; for the year 1967 they were 22.6% and 15.3%, respectively. Allegheny's original \$25,000 investment in Timet has substantially increased. Timet's balance sheet as at December 31, 1966, reflects assets of \$48,502,164 and its statement of earnings showed sales and revenues of \$63,862,000; for 1967 its net sales and other income exceeded \$63,792,000, and at the year end its assets had increased to \$74,940,306.

Allegheny had contended that public disclosure of the financial statements of Timet was not necessary to the informed evaluation by public investors of the outstanding stock of Allegheny; and it further urged that such disclosure would place Timet in a competitive disadvantage with certain competitors (including Reactive Metals, Inc., a company jointly owned by United States Steel Corporation and National Distillers & Chemical Company), Harvey Aluminum, Armco Steel Corporation and Oregon Metallurgical Corporation. The Examiner concluded that Timet was a significant subsidiary of Allegheny, that the evidence failed to establish that competitors could with any degree of certainty ascertain from such financial information the unit cost of each of Timet's mill products, and that there was no basis for drawing an inference of harm from disclosure of the financial statements. After weighing the desirability of requiring Allegheny to disclose Timet's financial statements against the asserted fears of possible harm, the Examiner determined that in light of established precedents favoring the disclosure of such information is essential to informed investment analysis, the confidential treatment request should be denied.

**DIGITATOR 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 a proposed public stock offering by Digitator, Inc., of Dundalk, Md. 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 for public offerings of securities not exceeding \$300,000 in amount. In a notification filed in November 1968, Digitator proposed the public offering of 150,000 common shares at \$2 per share. Net proceeds were to be used largely for the promotion of the company's hand exercisers to be used at home for physical therapy. The Commission asserts in its suspension order that it has reasonable cause to believe that the company's notification and offering circular contain false and misleading information, particularly with respect to promoters and controlling persons of the company (there is an alleged failure to disclose that Nathan H. Cohen was a promoter and/or controlling person); certain sales of unregistered securities of Digitator; the number of shares owned by certain of its officers, directors, promoters and controlling persons; and the participation of a promoter and/or controlling person in certain legal fees to be paid by Digitator from the proceeds of the proposed stock offering.

**SEC COMPLAINT NAMES ACTO, OTHERS.** The SEC Denver Regional Office announced August 20 (LR-4402) the filing of a complaint in Federal court in Denver, seeking to enjoin violations of the registration and anti-fraud provisions of the Federal securities laws in the sale of securities of American Commercial Trade Organization (also known as ACTO S.A. de C.V., a Honduran corporation) by the said Organization, Fawad Salomon Rishmawy and Ione Rishmawy of Tegucigalpa, Honduras, and Arthur R. Wolter, Jr., of Silver Spring, Md.

OVER

**TRAVELERS EQUITIES FUND SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5791) giving interested persons until September 10 to request a hearing upon an application of The Travelers Equities Fund, Inc. ("Fund") and Travelers Equities Sales, Inc., the principal underwriter of Fund shares ("Distributor"), Hartford, Conn., for exemption from provisions of Section 22(d) of the Act which prohibit the sale of mutual fund shares at other than the current offering price. The offering price of the Fund's shares is currently the net asset value plus a sales charge. It is proposed that the Fund sell its shares at net asset value without sales charge to (1) permanent employees and all company officials, present and retired, of the Travelers companies, (2) contract sales representatives, (3) full-time employees of such representatives, (4) any trust, pension, profit-sharing, deferred compensation, stock purchase and savings or any other benefit plan for such persons and (5) The Travelers Corporation, its subsidiaries and affiliates.

**FIFTH AVENUE COACH SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5792) giving interested persons until September 8 to request a hearing upon an application of Fifth Avenue Coach Lines, Inc., New York closed-end, non-diversified management investment company, for an exemption order under the Act with respect to the proposed foreclosure and purchase by Fifth of 26,280 shares of common stock of Gateway National Bank pledged to Fifth by Gray Line Corporation, and the proposed foreclosure and purchase by Fifth of 181,102 shares of common stock of Fifth pledged to Fifth by Gray Line. In August 1968, a judgment of the U. S. District Court for the Southern District of New York appointed a Trustee-Receiver of Fifth and ordered the trustee to register Fifth as an investment company. In March 1969, the court authorized the trustee to take such steps as are necessary to establish Fifth's ownership of 26,280 common shares of Gateway sold to Gray Line by Fifth and to effect foreclosure by Fifth on 181,102 shares of its own common stock pledged by Gray Line as collateral for advances made by Fifth to Gray Line. The trustee has determined to foreclose and purchase at private sale all of the Fifth shares and Gateway shares Fifth holds as security for loans and advances to Gray Line. Because of the intercompany affiliation, the Act prohibits the transaction unless the requested exemption order is issued by the Commission.

**WISCONSIN MICHIGAN POWER TO SELL BONDS.** Wisconsin Michigan Power Company, 231 West Michigan St., Milwaukee, Wis. 53201, filed a registration statement (File 2-34365) with the SEC on August 21 seeking registration of \$14,000,000 of first mortgage bonds, due 1999, to be offered for public sale at competitive bidding. A subsidiary of Wisconsin Electric Power Company, the company will use the net proceeds of its bond sale to retire some \$11,000,000 of short-term borrowings evidenced by bank loans and commercial paper (and made for general corporate purposes), to reimburse its treasury for capital expenditures previously made and to finance in part continuing additions and improvements to its utility property. Construction expenditures are estimated at \$29,000,000 for 1969.

**SENTINEL RESOURCES PROPOSES EXCHANGE OFFER.** Sentinel Resources Corporation, 600 Madison Ave., New York, filed a registration statement (File 2-34366) with the SEC on August 21 seeking registration of 621,100 shares of common stock and 45,000 common stock purchase warrants. It is proposed to offer the common stock in exchange for outstanding interests consisting of limited partnership units in two oil and gas exploration funds, 1967 Sentinel Development Fund, and Sentinel Development Fund--1968, and for common stock of Sentinel Development Corporation, the general partner and manager of the funds; and to exchange the warrants for limited partnership units in Sentinel Development 1967 Year End Fund. Effectiveness of the exchange offer is contingent upon acceptance by holders of interests entitling them to receive an aggregate of not fewer than 196,000 common shares.

The company was organized in October 1968 under the sponsorship of the stockholders of the general partner as a vehicle for consolidating the ownership of the Sentinel Funds, thereby simplifying management while providing a market for values represented by the limited partnership units. After consummation of the exchange offer, the company intends to operate as an oil and gas company engaging in the prospecting, drilling and production of oil, gas and other minerals, and the acquisition of additional oil, gas and other mineral properties, as well as acting as general partner for future Sentinel Funds. The company has outstanding 49,000 common shares, of which Edward M. Bigler, board chairman, owns 3,000. Eddie J. Hudson is president.

**PANHANDLE EASTERN PIPE LINE PROPOSES OFFERING.** Panhandle Eastern Pipe Line Company, 3000 Bissonnet, Houston, Tex., filed a registration statement (File 2-34367) with the SEC on August 21 seeking registration of \$40,000,000 of debentures, due 1989, and 200,000 shares of cumulative preferred stock (\$100 par), to be offered for public sale through underwriters headed by Kidder, Peabody & Co. Inc., 20 Exchange Pl., and Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine St., both of New York 10005. The interest rate on the debentures, offering prices (\$101 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged principally in the transmission and sale of natural gas. Net proceeds of the financing will be used to reimburse its treasury in part for past construction expenditures. Out of treasury funds so reimbursed, the company will, to the extent of such net proceeds, pay outstanding short-term bank loans (expected to aggregate \$62,000,000 at the time of issuance of the securities). The proceeds of the bank loans were used to finance a portion of such past construction expenditures.

**SUNMADE ELECTRIC FILES FOR OFFERING AND SECONDARY.** Sunmade Electric Corp., 10 East 40th St., New York 10016, filed a registration statement (File 2-34368) with the SEC on August 21 seeking registration of 210,000 shares of common stock, of which 60,000 are to be offered for public sale by the company and 150,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Halle & Stieglitz, 52 Wall St., New York 10005; the offering price (\$10 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to sell the Halle firm, for \$200, five-year warrants to purchase 20,000 shares, exercisable after one year at \$10 per share.

Organized in July 1965, the company markets small household appliances, powered by electric motors, consisting of can openers, electric knives, hand model food mixers and vacuum cleaners. Of the net proceeds of its sale of additional stock, \$200,000 will be used to finance prospective production increases and inventories; the balance will be added to the company's general funds and used for general corporate purposes. The company has outstanding 480,000 common shares (with a 73¢ per share book value), of which Harold Weiss, president, owns 45% and management officials as a group 100%. Purchasers of the shares being registered will acquire a 39% stock interest in the company for their investment of \$2,100,000\*; the present stockholders will then own 61%, for which they paid 4¢ per share.

**HOSPITALITY INTERNATIONAL TO SELL STOCK.** Hospitality International, Inc., 100 Inman St., Cambridge, Mass., filed a registration statement (File 2-34369) with the SEC on August 21 seeking registration of 310,000 shares of common stock, to be offered for public sale through underwriters headed by Security Planners Associates, Inc., 33 Broad St., New York. The offering price (\$10 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to pay Security Planners \$35,000 for expenses and to sell the firm, for \$110, six-year warrants to purchase 11,000 shares, exercisable after 13 months at \$10 per share; the company has sold 20,000 shares to Security Planners for \$2,000.

Organized in April, the company proposes to engage in the business of owning and operating Ramada Inns in the United States, Israel, Mexico and Puerto Rico. Of the net proceeds of its stock sale, \$78,000 will be used to pay short-term indebtedness, \$245,000 to purchase land in Windsor Locks, Conn. and \$450,000 (exclusive of mortgage financing) to construct a Ramada Inn at Danvers, Mass.; the balance will be added to the company's general funds and used to purchase additional land and to finance the construction and operation of additional Ramada Inns. The company has outstanding 579,000 common shares, of which Salvatore Conigliaro, a director, and family members own 21.1%, Carl Baren, president, and Barnett B. Berliner, board chairman, 14.5% each and management officials as a group 89.6%. Purchasers of the shares being registered will acquire a 34.9% stock interest in the company for their investment of \$3,100,000; company officials, promoters and affiliates will then own 60.6%, for which they paid \$301,200 or 56¢ per share.

**ALZA SHARES IN REGISTRATION.** ALZA Corporation, 525 University Ave., Palo Alto, Calif. 94301, filed a registration statement (File 2-34370) with the SEC on August 21 seeking registration of 575,000 outstanding shares of common stock (which were purchased by Syntex Corporation for \$325,000, the assignment of certain paid-up, non-exclusive license rights to ALZA and the release to ALZA of certain Syntex employees). The shares are to be distributed to Syntex stockholders, at a rate to be supplied by amendment.

ALZA was organized in June 1968 for the primary purpose of conducting basic research activities in the fields of drug-delivery systems and biochemically pure diets and in the hope that its research program will lead to the development of commercial products. ALZA has outstanding 1,510,000 common shares, of which Dr. Alejandro Zaffaroni, president, owns 58%.

**MANAGED ENDOWMENT FUND PROPOSES OFFERING.** The Managed Endowment Fund, San Francisco, Calif. 94119, filed a registration statement (File 2-34371) with the SEC on August 21 seeking registration of 1,500,000 shares of common stock, to be offered for sale to institutional investors exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, at \$10 per share, with no sales charge. A diversified mutual fund, the Fund is specifically intended to meet the securities investment needs of charitable institutions. Its policy is to invest primarily in common stocks or senior securities with equity provisions of well-established companies of above average quality which appear to offer favorable prospects for long-term growth of both investment capital and income. American Express Investment Management Company, a wholly-owned subsidiary of American Express Company, will act as investment manager and principal underwriter. Reid W. Dennis is president and Fred H. Merrill board chairman of the Fund.

**SIERRA SILVER MINING FILES FOR SECONDARY.** Sierra Silver Mining Company, 101 West Clarendon Ave., Phoenix, Ariz., 85013, filed a registration statement (File 2-34373) with the SEC on August 21 seeking registration of 123,750 outstanding shares of common stock. Of these shares, 60,000 were issued in exchange for the Silver Empire property and 18,750 in exchange for 18,750 shares of Cadgie Taylor Co. All or part of these shares may be offered for sale from time to time by the present holders thereof at prices current at the time of sale (\$6 per share maximum\*).

The company is engaged in the exploration of the Silver Reef and Silver Empire properties and the occasional examination of outside silver properties. It has outstanding 1,317,750 common shares. Silver Empire Mines, Ltd. (organized by the company in May 1968) proposes to sell 60,000 shares, and six others the remaining shares being registered.

**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:

Kentucky Finance Co., Inc., Lexington, Ky. 40507 (File 2-34372) - 100,000 shares  
Corporation S, Dallas, Tex. 75207 (File 2-34378) - 60,000 shares

**TRADING SUSPENSION CONTINUED.** The SEC has ordered the suspension of exchange and/or over-the-counter trading in the securities of Federated Purchaser, Inc., for the further ten-day period August 26 to September 4, 1969, 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 "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 August 6 News Digest.

Davton-Hudson Corp June 69 (2,7,12)	1-6049-2	Resalab, Inc June 69 (7,12,13)	0-31583-2
Far-Mar Co, Inc June 69 (7,8,11, 13)	2-22230-2	Liberty Equities Corp May 69 (2,7,13)	0-2258-2
The Polly Bergen Company June 69 (1,7,12,13)	2-30041-2	July 69 (2,7,13)	0-2258-2
Suave Shoe Corporation June 69 (2,13)	2-31202-2	Lyceum Companies, Inc June 69 (12)	0-3407-2
Century Papers, Inc July 69 (7,12,13)	2-29117-2	Public Service Co of Indiana, Inc May 69 (7)	1-3543-2
Oxford Finance Companies, Inc July 69 (1,4,8,12,13)	0-2436-2	Puritan-Bennett Corporation April 69 (11)	0-3717-2
Portland Transit Company April 69 (11)	0-2212-2	Libya Mercury Petroleum Corp June 69 (2,7,8,9,13)	8-1-69
Investment Life and Trust Company May 69 (11)	2-12644-2	The Music Makers Group, Inc April 69 (2,7,13)	2-30128-2
Orrtronic, Inc June 69 (11, 13)	0-2533-2	Philips Industries, Philips N.V. & U.S. Philips Trust (6K for June 69)	2-20193-2
Lincoln Associates Jan 69 (2,13)	2-12755-2	Intercontinental Systems, Inc May 69 (11)	0-3739-2
Pacific Asbestos Corporation Aug 67 (6)	0-1144-2	Preway, Inc July 69 (13)	0-948-2
Oct 67 (6)	0-1144-2	Silver Ledge, Inc June 69 (7, 12)	1-5701-2
Jan 68 (6)	0-1144-2	American District Telegraph Company June 69 (12,13)	0-771-2
Mar 68 (6)	0-1144-2	Eurofima (6K for 12-31-68)	1-5370-2
Apr 68 (6)	0-1144-2	American Alloys Corp July 69 (6)	0-2038-2
July 68 (6)	0-1144-2	Granite Management Services, Inc June 69 (11,12,13)	1-5421-2
Aug 68 (6)	0-1144-2	Scheffres Industries Inc June 69 (11,13)	2-29740-2
Oct 68 (6)	0-1144-2	May 69 (12)	0-3809-2
Dec 68 (1)	0-1144-2	Blue Chip Stamps June 69 (3)	0-3810-2
Jan 69 (6)	0-1144-2	Transitron Electronic Corp May 69 (13)	1-4261-2
Pacific Industries, Inc July 69 (8)	1-1360-2	Allied Foods, Inc March 69 (7)	2-3083f-2
Performance Systems, Inc July 69 (1,7,13)	0-3571-2		
Servisico June 69 (11)	1-4794-2		
Cinecom Corporation March 69 (11)	1-5656-2		
April 69 (7,11,13)	1-5656-2		
May 69 (2,7,9,13)	1-5656-2		
I.C.H. Corporation July 69 (7)	0-2685-2		
Republic Investors Life Insurance Co July 69 (3,11,12,13)	0-2012-2		

SECURITIES ACT REGISTRATIONS. Effective August 22: Basin Petroleum Corp., 2-32816;  
The Colwell Co., 2-34315; North American Philips Corp., 2-34195.

\*As estimated for purposes of computing the registration fee.

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