

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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B. J. SECURITIES SUSPENDED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8691) in which it ordered the 30-day suspension of B. J. Securities, Inc., broker-dealer firm of Spokane, Wash., beginning at the opening of business September 8. The said firm and Mervin O. Bjurstrom, its secretary-treasurer, were suspended from the Spokane Stock Exchange, and Bjurstrom and Wade Teeter, the firm's president, were suspended from association with any broker-dealer, for the same period.

Without admitting or denying the violations alleged by the Commission's staff, B. J. Securities and the two individual respondents submitted an offer of settlement in which they made certain undertakings and representations and agreed that the Commission may make certain findings and impose specified sanctions. Upon the basis thereof, the Commission found that during January-February 1968, the respondents offered and sold stock of Globe Hill Mining Co., acquired in substantial part from its president and controlling stockholder, in violation of the Securities Act registration requirement; that the firm, aided and abetted by the two individuals, engaged in the conduct of a securities business in April-July 1968 with a net capital deficiency (which on June 28 amounted to about \$184,600) and in violation of the Commission's net capital rule; that the firm, aided and abetted by Bjurstrom and Teeter, also violated the Commission's record-keeping rules and the provisions of Regulation T promulgated by the Federal Reserve System; and that Bjurstrom and Teeter failed reasonably to supervise the persons under their supervision with the view to preventing the aforesaid violations.

In their offer of settlement, the respondents gave assurances that the company's books and records are fully posted and that procedures have been established to safeguard against a repetition of the violations referred to.

EXAMINER PROPOSES MANNEY & COMPANY SUSPENSION. In an initial decision filed on September 3, SEC Hearing Examiner Sidney Gross ordered that the broker-dealer registration of Manney & Company, Inc. of Dallas, Texas be suspended pending final determination of the issues raised in administrative proceedings under the Securities Exchange Act involving that firm and Irving Manney, its president and principal stockholder. However, if Manney & Company files a petition for Commission review within three days after receipt of the initial decision, the examiner's order will not take effect pending such review.

The examiner found that Manney & Company was a "one-man shop" operated by Manney, that Manney & Company had purchased for its own account unregistered securities consisting of 82,500 shares of Computronic Industries Corporation, 633,000 shares of United Australian Oil and 9,300 shares of Continental American Royalty, and that it sold such securities under circumstances requiring registration thereof. According to the decision, 46,000 shares of Computronic were purchased from the issuer during an intra-state offering to its Texas stockholders and sold to persons in other states, 36,500 shares of Computronic were purchased from a former president of that company, 9,300 shares of Continental were purchased from its president and 633,000 shares of United were purchased from persons who obtained them in a trade for mining properties. The examiner found, further, that Manney & Company bid for and purchased securities of said companies during its distribution thereof, contrary to the prohibitions of SEC Rule 10b-6.

DOCTOR DOLITTLE ANIMAL FAIRS OFFERING SUSPENDED. The SEC has ordered administrative proceedings under the Securities Act of 1933 which question the adequacy and accuracy of disclosures contained in a registration statement filed by Doctor Dolittle Animal Fairs, Inc., 180 North Main St., New City, N. Y. A hearing has been scheduled for September 18, 1969, to determine whether the company failed in material respects to comply with the Securities Act disclosure requirements and, if not, whether a stop order should be issued suspending the statement.

The company was organized in February to franchise a chain of "Doctor Dolittle Animal Fair" pet stores. It has outstanding 550,000 common shares, issued to management officials and others at 10c per share. The company sought registration of an additional 300,000 shares, to be offered for public sale at \$2 per share. In its prospectus, which named Arnold Filner as president, the company described the business experience of Filner in the operation of pet stores and franchising, including his purported service as assistant to the president of Puppy Land, Inc., of Detroit from August 1962 through September 1966; and it further stated that the company's initial success "will depend largely upon the efforts of its officers and marketing staff only one of whom has had franchise experience."

The Commission's staff challenges such representations, asserting that during the 1962-66 period Filner was employed primarily as a salesman in various fields in no way connected with the pet store business or franchising; also, that such representations were misleading in view of the failure to disclose that Filner served six months in prison during such period following his conviction on a charge of possessing marijuana.

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the further suspension of over-the-counter trading in the securities of Liberty Equities Corporation for the ten-day period September 6-15, in the securities of Pacific Fidelity Corporation and Federal Oil Company for the period September 7-16, and in the securities of Commercial Finance Corporation of New Jersey for the period September 8-17, 1969 (all dates inclusive).

OVER

USM CORP. SHARES IN REGISTRATION. USM Corporation, 140 Federal St., Boston, Mass., filed a registration statement (File 2-34483) with the SEC on August 29 seeking registration of 432,203 shares of common stock, issuable upon exercise of warrants to purchase shares at \$39 per share from October 1, 1969 through July 24, 1982. On and after July 31, 1972, a holder of the warrants may tender shares of 9% guaranteed loan stock due 1982 of USMC International Limited, a wholly-owned United Kingdom subsidiary of USM, in or toward satisfaction of the purchase price on the basis of £25 nominal amount of loan for each 1.5385 shares of USM common stock. Such warrants were issued in connection with the company's acquisition of approximately 20% of the ordinary shares of The British United Shoe Machinery Company, Limited ("BUSM"). The acquisition of these shares was made through USMC International Limited which issued £4,046,250 (currently \$34,000,000) of its 9% guaranteed loan stock due 1982 with detachable warrants to purchase 432,203 shares of USM common stock in exchange for such ordinary shares of BUSM.

NATIONAL PUBLISHING TO SELL STOCK. National Publishing Corporation, 200 Sutton St., North Andover, Mass. filed a registration statement (File 2-34484) with the SEC on August 29 seeking registration of 250,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on a "best efforts" basis through Daniel Breslin and Associates, which will receive a 42¢ per share selling commission plus \$30,000 for expenses. The company has agreed to sell the Breslin firm, for \$250, five-year warrants to purchase 25,000 shares, exercisable after one year at \$5 per share.

Organized in April, the company proposes to engage in the business of publishing coloring books, three children's newspapers, comic books, a "midweek shopper" and regional newspaper. Of the net proceeds of its stock sale, \$300,000 will be used for advertising, \$100,000 for creative art for its basic publications, \$100,000 for rights to titles, endorsements and authentications of printed materials and \$100,000 to purchase newsprint and ink; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 750,000 common shares (with a \$.035 per share net tangible book value), of which Edward J. Roy, president, owns 23% and management officials as a group 87%. Purchasers of the shares being registered will acquire a 25% stock interest in the company for their investment of \$1,250,000 (they will sustain an immediate dilution of \$3.90 in per share book value from the offering price); the present shareholders will then own 75%, for which they paid \$26,500.

LEROY CORP. FILES FOR OFFERING AND SECONDARY. Leroy Corporation, 900 West Bonaza Road, Las Vegas, Nev., filed a registration statement (File 2-34485) with the SEC on August 29 seeking registration of 230,000 shares of common stock, of which 174,000 are to be offered for public sale by the company and 56,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Union Western Securities Corporation, 8648 Wilshire Blvd., Beverly Hills, Calif. 90211; the offering price (\$9 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to sell to Union Western Securities, for \$1,000 a five-year warrant to purchase 10,000 shares, exercisable after one year at prices ranging from 107% to 128% of the offering price.

The company is engaged in the business of owning and operating apartment houses and commercial property, the construction and sale of apartment houses and rehabilitation and sale of single family dwellings. In addition, it owns undeveloped land on which it intends to build apartments and homes for resale. Of the net proceeds of its sale of additional stock, \$563,029 will be used to repay bank loans and \$261,000 to repay a loan to Southwest Gas Company; the balance will be added to the company's general funds and used for general corporate purposes, including the construction of homes, for resale, in Clark County, Nevada. In addition, to indebtedness, the company has outstanding 1,111,008 common shares, of which Leo R. Frey, president, owns 65.6% and Karl Frey 21.9%. Leo Frey proposes to sell 56,000 shares of 729,000 shares held.

NORTH CENTRAL AIRLINES PROPOSES OFFERING. North Central Airlines, Inc., 6201 34th Ave., South, Minneapolis, Minn. 55450, filed a registration statement (File 2-34486) with the SEC on August 29 seeking registration of 1,600,000 shares of common stock with warrants to purchase an additional 800,000 common shares, to be offered for public sale in units, each consisting of two shares and one warrant. The offering is to be made through underwriters headed by F. Eberstadt & Co., 65 Broadway, New York, N.Y. 10006; the offering price (\$18 per unit maximum*) and underwriting terms are to be supplied by amendment.

The company provides scheduled airline service to 88 cities in 12 states and in Ontario, Canada. Of the net proceeds of its stock sale, \$4,500,000 will be used for payment of certain indebtedness incurred in 1969 principally to provide working capital; the balance will be added to the company's general funds for working capital purposes. In addition to indebtedness, the company has outstanding 8,777,762 common shares. H.N. Carr is board chairman and chief executive officer and Bernard Sweet is president.

SAM WALLACE CO. FILES FOR OFFERING AND SECONDARY. Sam P. Wallace Company, Inc., 2102 Proctor St., Dallas, Texas 75235, filed a registration statement (File 2-34487) with the SEC on August 29 seeking registration of 725,000 shares of common stock, of which 270,000 are to be offered for public sale by the company and 455,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, Incorporated, 70 Pine Street, New York, N.Y. 10005, and Dallas Rupe & Son, Inc., 1400 Republic Bank Tower, Dallas, Texas 75201; the offering price (\$15 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the mechanical contracting business, both domestic and foreign. It installs, normally under subcontract, the plumbing, heating, ventilating and air conditioning systems in connection with the construction or renovation of commercial buildings and industrial projects. Net proceeds of its sale of additional stock will be used to repay short-term bank loans, for working capital and general corporate purposes. In addition to indebtedness, the company has outstanding 1,819,525 common and 1,080,000 Class B common shares. Carl P. Wallace, board chairman and Robert R. Wallace, vice chairman own 872,123 shares each and each proposes to sell 200,000 shares; 10 others will sell the remaining shares being registered.

MAINSTREAM COMPUTING PROPOSES OFFERING. Mainstream Computing International, Inc., 1100 Wilson Blvd. Arlington, Va. 22209, filed a registration statement (File 2-34488) with the SEC on August 29 seeking registration of 300,000 shares of common stock, and 300,000 common stock purchase warrants, to be offered for public sale in units, each consisting of one share and one warrant, and at \$3 per unit. The offering is to be made through Charles Plohn & Co., 200 Park Avenue, New York, N.Y., which will receive a 30¢ per unit commission plus \$16,500 for expenses. The company has agreed to sell 30,000 shares to the underwriter at 10¢ per share, not to be resold for two years.

The company was organized in September 1968 to engage in the design, implementation and operation of electronic data processing systems and the providing of professional services in the field of systems analysis, programming and keyboarding, generally known as software. Of the net proceeds of its stock sale, \$275,000 will be used to repay short-term bank borrowing and \$200,000 to finance promotional activities; the balance will be added to the company's general funds and used for general corporate and working capital purposes. The company has outstanding 270,000 common shares (with a 47¢ per share book deficit), of which Francis Kennedy Coss, president, owns 23% and management officials as a group 81.8%. Aaron R. Fodiman is board chairman. Purchasers of the shares being registered will acquire a 50% stock interest in the company for their investment of \$900,000 (they will sustain an immediate dilution of \$1.96 from the offering price); the present stockholders will then own 45% for which they paid \$39,250 or an average of \$.1454 per share (which shares have a current book value deficit of nearly \$135,000).

TRANSCONTINENTAL GAS PIPE LINE TO SELL BONDS. Transcontinental Gas Pipe Line Corporation, 3100 Travis St., Box 1396, Houston, Texas 77001, filed a registration statement (File 2-34489) with the SEC on August 29 seeking registration of \$50,000,000 of first mortgage pipe line bonds, due 1990, to be offered for public sale through underwriters headed by White, Weld & Co., 20 Broad Street, New York, N.Y., and Stone & Webster Securities Corporation, 90 Broad Street, New York, N.Y. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company owns and operates an interstate pipeline system for the purchase, sale and transportation of natural gas. Net proceeds of its bond sale will be applied to prepay revolving credit agreement notes, of which there were \$108,000,000 outstanding on July 31. Proceeds of such notes and from the sale of additional debt or equity securities may be applied to the company's construction program. Construction expenditures are estimated at \$160,000,000 for 1969 and \$115,000,000 for 1970. In addition to indebtedness, the company has outstanding 22,211,009 common shares, of which Stone & Webster Incorporated, owns 11% James B. Henderson is president and E. Clyde McGraw board chairman.

DON SOPHISTICATES FILES FOR SECONDARY. Don Sophisticates, Inc., 1400 Broadway, New York, N.Y. 10018, filed a registration statement (File 2-34490) with the SEC on August 29 seeking registration of 200,000 outstanding shares of common stock; to be offered for public sale by the present holders thereof through underwriters headed by Francis I. duPont, A.C. Allyn, Inc., One Wall Street, New York, N.Y. 10005. The offering price (\$12 per share maximum*) and underwriting terms are to be supplied by amendment.

Organized in 1963, the company is engaged in the design, manufacture and sale of popular to medium priced "junior-miss" dresses and costumes. It has outstanding 600,000 common shares, of which Murray Levy, president owns 59%, his wife 25.6% and management officials as a group 74.4%. Levy proposes to sell 100,000 shares of 354,097 shares held, his wife 52,500 of 153,442 and two others the remaining shares being registered.

SMART-PAK INDUSTRIES FILES OFFERING PROPOSAL. Smart-Pak Industries, Inc. 4000 East 10th Court, Hialeah, Fla. 33013, filed a registration statement (File 2-34491) with the SEC on August 29 seeking registration of 150,000 shares of common stock, to be offered for public sale at \$4 per share. The offering is to be made on a best efforts basis by Volante, Behar, 5 Beekman Street, New York, N.Y., which will receive a selling commission of \$.533 per share (including \$20,000 for expenses). The said underwriter will be entitled to purchase, at \$.001 each, 15,000 common stock purchase warrants for the purchase of 15,000 common shares, exercisable after one year at \$4.80 per share.

The company (formerly Smith-Co Products, Inc.) is engaged in the manufacturing of protective coverings and display packaging materials, such as printed and plain polyethylene bags; it also distributes specialty plastic items not manufactured by it. Of the net proceeds of its stock sale, \$200,000 will be expended for the purchase of machinery and equipment for the extrusion of plastic film, \$100,000 for the purchase of equipment, and the balance for other purposes, including working capital. The company now has outstanding 240,000 common shares (with a 33¢ per share book value), of which Michael A. Jurist, president, and two other officers own 33-1/3% each. Purchasers of the shares being registered will acquire a 38.5% stock interest in the company for their investment of \$600,000 (they will sustain an immediate dilution of \$2.46 in per share book value); present stockholders will then own 61.5% (with a current book value of about \$78,670).

BARCLAY INDUSTRIES FILES OFFERING PROPOSAL. Barclay Industries, Inc., 65 Industrial Road, Lodi, N.J. 07644, filed a registration statement (File 2-34492) with the SEC on August 29 seeking registration of 100,000 shares of common stock, to be offered for public sale through underwriters headed by Weis, Voisin, Cannon, Inc. of 111 Broadway, New York. The offering price (\$10.50/share maximum*) and underwriting terms are to be supplied by amendment. The Weis firm will receive \$20,000 for expenses; and it will be entitled to purchase for \$100, five-year warrants for the purchase of 10,000 shares.

The company is engaged in the manufacture and sale of plastic finished hardboard panels used principally for decorative wall coverings, reinforced fiberglass panels used for outdoor dividers and roofs, and some accessories for use in connection with its panels; it also markets other panel accessories and decorative building materials manufactured by others. Of the net proceeds of its stock sale, \$200,000 will be used for the improvement of existing equipment and the purchase of additional automated equipment for the company's hardboard panel production line; \$225,000 will be used to prepay two subordinate notes held by Harry Feder, board chairman; and the balance will be used for working capital. In addition to indebtedness, the company has outstanding 300,000 common shares (with a \$2.73 per share book value), of which Jay Feder, president, owns 68.32% and Harry Feder 16.67%.

SPACE SYSTEMS LAB. FILES FOR OFFERING AND SECONDARY. Space Systems Laboratory, Inc., 1111 Sheridan Road, Melbourne, Fla. 32901, filed a registration statement (File 2-34493) with the SEC on August 29 seeking registration of 150,000 shares of common stock, of which 100,000 are to be offered for public sale by the company and 50,000 (being outstanding shares) by the present holders thereof. The shares are to be offered at \$10 per share; the offering is to be made on an agency, all or none basis by Benjamin Werner Co. 19 Record St., New York, N.Y., which will receive a \$1 per share selling commission plus \$15,000 for expenses. The underwriter also will be entitled to purchase, for \$150, five-year warrants for the purchase of 15,000 shares, exercisable after one year at \$11 per share.

The company is engaged in the production of various items of hardware of an optional nature pursuant to prime contracts with the U.S. Government and sub-contracts with prime contractors. Of the net proceeds of its sale of additional shares, \$250,000 will be applied to the liquidation of the remaining balance due and payable to Southeastern Capital Corporation, \$200,000 will be allocated to the discharge of accounts payable, \$60,000 will be applied to the payment of accrued taxes, \$50,000 to the payment of debentures and the balance for general corporate purposes. In addition to indebtedness, the company has outstanding 441,135 common shares (with a book value of less than 1¢ per share), of which Alfred K. Schiefner, president, and William J. Pettigrew, a director, own 12% each. The selling stockholders number nine; Donald Nohr will sell the largest block, 18,750 of 30,000 shares held. Purchasers of the shares being registered will acquire a 28% stock interest in the company for their investment of \$1,500,000* (they will sustain a dilution of \$8.50 in per share book value from the offering price); present stockholders will then own 72% (with a current book value of about \$4,400).

UNLISTED TRADING GRANTED. The SEC has issued orders under the Securities Exchange Act (Release 34-8693) granting applications of the following exchanges for unlisted trading privileges in the common stocks or other securities of the named companies: Midwest Stock Exchange - Air Reduction Company, American-South African Investment Co., Ltd., Bobbie Brooks, Inc., City Investing Co., Coastal States Gas Producing Co., Crown Zellerbach Corp., Diamond Shamrock Corporation, E. G. & G., Inc., Electric & Musical Industries Limited American Shares (ADRs), Florida Power & Light Co., Freeport Sulphur Company, Helene Curtis Industries, Inc., High Voltage Engineering Corp., INA Corporation, Monogram Industries, Inc., Ogden Corporation, Public Service Electric & Gas Co., Smith, Kline and French Laboratories, The Travelers Corp., U. S. Plywood-Champion Papers, Inc., Virginia Electric & Power Co., White Consolidated Industries, Inc. Philadelphia-Baltimore-Washington Stock Exchange - Alaska Airlines, Inc., Cosmodyne Corporation, Microdot, Incorporated, North Canadian Oils, Ltd., Reading & Bates Offshore Drilling Co., Resorts International, Inc. Skyline Corporation, Vornado, Incorporated, Rapid-American Corporation (Common Stock Purchase Warrants (1994)).

SECURITIES ACT REGISTRATIONS. Effective September 3: Allegheny Airlines, Inc., 2-34384 (40 days). Earth Resources Co., 2-33094. Withdrawn September 3: Physical Medicine Services Inc., 2-31951. Effective September 4: Allegheny Airlines, Inc., 2-34538; Alpha-Tech Inc., 2-32187 (90 days); Corporation S, 2-33910 (40 days); Ferguson Oil Co., Inc.-1969 Drilling Venture, 2-32941; First Florida Bancorporation, 2-32671 (90 days); Food Host U.S.A., Inc., 2-33446 (90 days); Great Atlantic & Pacific Tea Co., Inc., 2-34311; Marks Polarized Corp., 2-29987 (40 days); Long Island Lighting Co., 2-34309; Oceanography Mariculture Industries, Inc., 2-33826 (90 days); Resources Research Co. 1969 Program, 2-32507 (Dec 1); R. J. Reynolds Tobacco Co., 2-34381; Seafferro, Inc., 2-32974 (90 days); Society Corp., 2-34252; Taco King, Inc., 2-32904 (90 days); United Bancshares of Florida, Inc., 2-34004 (40 days); Vintage Enterprises, Inc., 2-33528 (90 days); Viviane Woodard Corp., 2-34270 (40 days); Ward Cut-Rate Drug Co., 2-33032 (Dec 3); Weyerhaeuser Co., 2-34321; Wheeling-Pittsburgh Steel Corp., 2-33728 (40 days); Wisconsin Natural Gas Co., 2-34303 (40 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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