

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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FOR RELEASE Monday, December 22, 1969

**INDIVIDUALS' SAVING REPORTED.** Individuals' Saving amounted to \$20.8 billion in the third quarter, somewhat higher than the same period last year. Third quarter individuals' saving was considerably larger than that of the April-June period this year; however, after allowance is made for seasonal influences that exist in saving, the third quarter total was only 12 percent larger. Individuals' saving includes that of households, private trust funds, nonprofit institutions, and farms and other noncorporate business; the saving data includes changes in financial assets and net investments in tangible assets less changes in debt of these groups. For further details, see Stat Rel 2409.

**TRADING SUSPENDED IN SEVEN STOCKS.** The SEC today ordered the suspension of over-the-counter trading in securities of the following companies, for the ten-day period December 22-31, inclusive (Release 34-8783) XI Productions, Inc. ("XI"), of Beverly Hills, Calif., Universal Coverage Corporation, of Beverly Hills, Calif., Rietz Industries, Inc., ("Rietz"), of Chatsworth, Calif., Consolidated Smelting and Refining Corp., ("Consolidated") and its successor, Michelle Enterprises Ltd. ("Michelle") of Long Beach, Calif., Trans-Pacific Enterprises ("Enterprises") and Trans-Pacific Development Corp. ("Development"), of San Francisco.

The suspensions were ordered because it appears that, by reason of the unavailability of adequate and accurate information and/or the dissemination of false and misleading information about the issuing companies their operations, financial condition and prospects, an informed and realistic analysis and evaluation of their securities cannot be made by public investors. None of their securities has been registered with the Commission under the Securities Act of 1933; the failure to register has deprived public investors of financial and other information essential to such an evaluation.

**RIETZ INDUSTRIES, OTHERS NAMED IN COURT ACTION.** The SEC also announced that it had filed a complaint in the U.S. District Court in Los Angeles (LR No. 4505) seeking to enjoin violations of the Securities Act registration requirements by the following in the offer and sale of stock of Rietz Industries, Inc. Rietz Industries, Inc., John T. Rietz, Universal Coverage Corporation, Frank Rosenthal, Associated Busby Corporations Robert M. Bryson, Erwin Cheldin, Jack Cheldin, Milton Cohn, Harry Coloduros, Ozzie Curtis, Ronald E. General, Genson Corporation, Leo Haggai, Peter D. Polland, Jerry M. Wolff (all of Los Angeles), Charles Parr (Sarasota, Florida), and Trans Nevada Development Authority, Inc. (Las Vegas, Nevada).

**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 December 23, 1969 through January 1, 1970.

**SEC COMPLAINT NAMES CONTINENTAL CONNECTOR, OTHERS.** The SEC announced December 18 (LR 4507) the filing of an action in the U.S. District Court in New York City seeking to enjoin violations of its proxy and other rules by Continental Connector Corporation and M & R Investment Company, d/b/a Dunes Hotel, in connection with the solicitation of proxies for shareholder approval of Continental's acquisition of M & R and Golden Nugget, Inc. The Commission's complaint also seeks a court order preventing Continental from consummating its merger with Golden Nugget until shareholders of both companies have been resolicited upon the basis of proper disclosure of financial and other information.

**MASSACHUSETTS ELECTRIC SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16562) giving interested persons until January 16 to request a hearing upon an application of Massachusetts Electric Company and New England Power Company ("NEPCO"), subsidiaries of New England Electric System ("NEES") Westboro, Mass. holding company, to issue and sell up to \$28,000,000 and \$37,000,000 of notes, respectively to banks, to NEES and to dealers in commercial paper. Massachusetts Electric and NEPCO will use the proceeds of this financing to meet anticipated cash requirements for capitalizable expenditures pending permanent financing or generation of funds from internal sources. Capital expenditures for the year 1970 are estimated at \$31,300,000 for Massachusetts Electric and at \$54,500,000 for NEPCO.

**NEWTON FUND RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5933) permitting Newton Fund, Inc., Milwaukee mutual fund, to issue its shares at other than the public offering price thereof in exchange for substantially all of the assets of O-P-R-A Corporation.

**CORRECTION RE NEW YORKER HOMES.** The December 3 News Digest report of the proposed offering of New Yorker Homes Corp. incorrectly stated that Donald E. Castello, president of the company, proposes to sell 182,000 of 186,000 common shares held. He proposes to sell 104,000 of 286,000 shares held.

**FUNDING CORP PROPOSES OFFERING.** Funding Corporation of America, Inc. 5400 Diplomat Circle, Orlando, Fla. 32810, filed a registration statement (File 2-35706) with the SEC on December 19 seeking registration of \$1,500,000 of Programs for the Acquisition of Mutual Fund Shares and Life Insurance. Mutual fund shares are purchased through Funded Securities, Inc., a wholly-owned subsidiary of the company, and independent mutual fund distributors who act as dealers only. Life insurance is sold through the company and through independent insurance agencies. Richard C. Hassberger, president, owns 42.6% and Thomas O. Ward, Sr., executive vice president, 35.5% of the 351,900 outstanding common shares of the company.

**WACHOVIA REALTY INVESTMENTS PROPOSES OFFERING.** Wachovia Realty Investments, Montgomery Bldg., Spartanburg, S. C. 29301, filed a registration statement (File 2-35693) with the SEC on December 18 seeking registration of 3,000,000 shares of beneficial interest, to be offered for public sale at \$20 per share. The offering is to be made through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York, N. Y. 10005; the underwriting terms are to be supplied by amendment. Also included in this statement are 100,000 shares which are to be offered to officers and employees of the Trust's investment adviser and its affiliates at the offering price less the underwriting discount.

The company intends to qualify as a real estate investment trust under the Internal Revenue Code. It intends to provide investors with an opportunity to invest in a professionally managed portfolio of real estate interests consisting primarily of construction and development first mortgage loans. Wachovia Mortgage Company will serve as investment adviser. James H. Styers is chairman of the Trust and Aubrey C. Doggett, Jr., is president of the Trust and the adviser.

**NATIONAL GYPSUM PROPOSES EXCHANGE OFFER.** National Gypsum Company, 325 Delaware Ave., Buffalo, N. Y. 14202, filed a registration statement (File 2-35696) with the SEC on December 18 seeking registration of 99,636 shares of common stock. It is proposed to offer these shares in exchange for 31,990 but not less than 30,000 of the outstanding common shares of Hamilton of Indiana, Inc., such shares to be acquired by Binswanger Glass Co. (wholly-owned subsidiary of National Gypsum) at the rate of 3.1146 National Gypsum shares for each Hamilton share. Binswanger owns 20,000 of Hamilton's 51,990 outstanding common shares.

National Gypsum through subsidiaries is engaged in manufacturing and selling a diversified line of related building materials, portland cements, glazed, unglazed and quarry tiles, and in the sale of glass, mirrors, shower stalls, roofing, cabinets, millwork and automobile glass. Hamilton is a fabricator of flat glass products. In addition to indebtedness and preferred stock, National Gypsum has outstanding 14,966,620 common shares. Colon Brown is board chairman and president of National Gypsum.

**MADONNA VILLAGE PROPOSES OFFERING.** Madonna Village, Inc., Jeffersonville, Vt. 05464, filed a registration statement (File 2-35695) with the SEC on December 18 seeking registration of securities related to \$3,104,750 of condominium units, to be offered for public sale in units of from \$14,950 to \$53,950 each. Organized in July 1967, the company proposes to construct 125 furnished vacation condominium apartments and studios (40 "Chimney Point" vacation apartments and 85 "The Snowbird" vacation studios) in Cambridge, Vt. The purchaser may enter into a Home Management Agreement under which the company will act as the purchaser's agent to inspect the apartment or studio and arrange for miscellaneous services such as cleaning and repairs or a Rental Management Agreement, under which the company will attempt to rent the condominium for the owner as a vacation or residential accommodation when he is not in residence. Justus C. Gilfillan is president of the company.

**SOUTH BAY CLUBS TO SELL STOCK.** South Bay Clubs, Inc., 11570 West Olympic Blvd., Los Angeles, Calif. 90064, filed a registration statement (File 2-35697) with the SEC on December 18 seeking registration of 360,000 shares of common stock, to be offered for public sale through underwriters headed by Shearson, Hamill & Co., Incorporated, 14 Wall St., New York, N. Y. 10005. The offering price (\$13.50 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized on December 15, the company is successor to a business which has engaged in development and management of apartment complexes and related activities since 1962. The company is engaged in the development, production and long-term management of a chain of recreation-oriented garden apartment complexes. Of the net proceeds of its stock sale, \$800,000 will be used for acquisition of a site in Sacramento, \$1,950,000 for acquisition of a site in Houston, Texas, \$1,200,000 for acquisition of a site in Seal Beach, California and \$100,000 for acquisition of a ground lease for a site in Coronado, California; the balance will be added to the company's working capital. The company has outstanding 2,390,000 common shares, of which Edward R. Broida, board chairman, Howard F. Ruby, president, and Robert J. Franks, senior vice president, own 33% each.

**YOUNG, SMITH & PEACOCK TO SELL STOCK.** Young, Smith & Peacock, Inc., 3443 North Central Ave., Phoenix, Ariz. 85012, filed a registration statement (File 2-35698) with the SEC on December 18 seeking registration of 120,000 shares of common stock, to be offered for public sale through underwriters headed by Chiles & Company, 412 Farm Credit Bldg., Omaha, Nebr. 68102. The offering price (\$9 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized in 1965, the company conducts a general securities business, buying and selling securities as a broker for clients and as a dealer for its own account. Net proceeds of its stock sale will be used to open, equip and staff new offices, to expand its market making activities by increasing the volume and size of transactions, to permit the company to enlarge underwriting commitments, to add research employees, to establish an insurance department, for development and installation of a more sophisticated electronic data processing system and for general corporate purposes. The company has outstanding 420,000 common shares (with a \$1.46 per share net tangible book value), of which Philip M. Young, president, and two other officers own 29.8% each.

**FOLIO ONE PRODUCTIONS TO SELL STOCK.** Folio One Productions Ltd., 240 East 46th St., New York, N. Y. 10017, filed a registration statement (File 2-35700) with the SEC on December 18 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$10 per share. The offering is to be made on a "best efforts, all or none basis" through underwriters headed by S.R.H. Securities Corp., 55 Broad St., New York, N. Y., which will receive a \$1 per share selling commission plus \$30,000 for expenses. The company has agreed to sell the underwriters or its designees, for \$200, five-year warrants to purchase 20,000 shares, exercisable after one year at \$11 per share.

The company was organized in July for the principal purpose of engaging in the acquisition, development and packaging of literary properties and their production as animated or live action full-length feature motion pictures intended primarily for theatrical exhibition. Of the net proceeds of its stock sale, \$1,000,000 will be used for the acquisition, development and packaging of literary properties and their production principally as motion pictures, \$200,000 for the establishment of an animation studio in London and the purchase of related equipment and materials and \$270,000 for repayment of 8½% subordinated notes, due 1973; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 401,000 common shares, of which Albert P. Brodax, president, owns 45.5% and Robert Frankel, board chairman 30.8%. Purchasers of the shares being registered will acquire a 33-1/3% stock interest in the company for their investment of \$2,000,000; present shareholders will then own 66-2/3% for which they will have paid \$35,700.

**HOUSEHOLD FINANCE FILES FOR SECONDARY.** Household Finance Corporation, Prudential Plaza, Chicago, Ill. 60601, filed a registration statement (File 2-35701) with the SEC on December 18 seeking registration of 835,622 outstanding shares of \$2.50 cumulative convertible voting preferred stock. Such shares were issued in connection with the merger of Von's Grocery Co. into a wholly-owned subsidiary of Household; they may be offered for sale from time to time by the present holders thereof at prices current at the time of sale (\$46.376 per share maximum\*).

The company is engaged in the consumer finance business, principally the making of cash loans directly to consumers. In addition to indebtedness and preferred stock, it has outstanding 21,095,773 common shares. W.R. Hayden and Marie Virginia Hayden may sell all of 285,606 shares held, Wilfred L. Von der Ahe all of 252,601 and five others the remaining shares being registered.

**AMERICAN FINANCIAL FILES FOR SECONDARY.** American Financial Corporation, The Provident Tower, One East Fourth St., Cincinnati, Ohio 45202, filed a registration statement (File 2-35702) with the SEC on December 18 seeking registration of 126,750 outstanding shares of Series B, \$7 nonvoting convertible cumulative preferred stock (\$1 par) and \$30,000,000 of outstanding 6-3/4% convertible subordinated debentures, due 1989.

The company is a diversified financial holding company with operating subsidiaries engaged in the fields of commercial banking, savings and loan, equipment leasing, life and accident insurance, residential and commercial construction and office building operations. In exchange for the debentures being registered and \$6,000,000 cash, the company acquired in August 600,000 common shares of INA Corporation and 200,000 common shares of The Chubb Corporation. The INA stock has been disposed of in connection with the acquisition of additional shares of Chubb. The company will receive \$12,750,000 in connection with the sale to Ohio Casualty Insurance Company of the preferred stock being registered, the funds will be used for general corporate purposes, including possible future acquisitions. In addition to indebtedness and preferred stock, the company has outstanding 3,831,922 common shares, of which Carl H. Lindner, board chairman and president, and Robert D. Lindner, vice president, own an aggregate of 35.74% and management officials as a group 46.94%. Ohio Casualty may sell the preferred shares being registered; ISI Trust Fund has no present intention of distributing the debentures, but reserves the right to sell them at some future time.

**PETRO FINANCIAL FUNDS PROPOSES OFFERING.** Petro Financial Funds, Inc. ("Petro Financial"), 309 Leader Bldg., Cleveland, Ohio 44114, filed a registration statement (File 2-35687) with the SEC on December 17 seeking registration of \$3,000,000 of limited partnership interests in Petro Financial Oil and Gas Fund: Series A, to be offered for public sale at \$5,000 per unit. The offering is to be made on a "best efforts" basis through Will S. Halle & Company, 1148 Euclid Ave., Cleveland, Ohio, which will receive a 7% selling commission; Halle may at its discretion allow concessions to participating NASD members. Petro Financial, a wholly-owned subsidiary of Petro Financial Corporation, will serve as general partner. The Fund will explore and develop proven and semi-proven oil and gas leases and producing and other oil properties. James S. Kaufman is president of the general partner.

**PERIPHERAL DATA MACHINES TO SELL STOCK.** Peripheral Data Machines, Inc., 1546 East Chestnut Ave., Santa Ana, Calif. 92701, filed a registration statement (File 2-35704) with the SEC on December 19 seeking registration of 250,000 shares of common stock, to be offered for public sale through underwriters headed by D.H. Blair Securities Corporation, 66 Beaver St., New York, N.Y. 10005. The offering price (\$20 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the Blair firm \$30,000 for expenses; in July, it sold that firm 15,000 shares for \$31,500 and L.C. Menkes, vice president of the Blair firm, 10,000 shares for \$21,000.

Organized in July 1968, the company plans to develop a mass production industrial capability using proprietary technology to supply computer hardware and computer programs to the data processing user. It seeks to develop and manufacture a complete line of equipment for use at the data processing input-output station of a computer. Of the net proceeds of its stock sale, up to \$100,000 will be used to expand the company's plant facilities, \$600,000 for continued development of computer equipment and computer programs, \$500,000 to acquire tools and production jigs for manufacturing its products, \$250,000 to supply training aides, installation and maintenance manuals and plant instruction for the service organizations that will install and service the company's products, \$750,000 to supply sales models and literature to distribution channels and \$2,000,000 for inventory and to carry accounts receivable; the balance will be added to the company's general funds and used for general corporate purposes. The company has outstanding 797,360 common shares (with a 9.7¢ per share book value) of which Errol G. Payne, president, owns 14%, Jay Gegenberg, secretary-treasurer 27% and management officials as a group 47%. Purchasers of the shares being registered will acquire a 23.7% stock interest in the company for their investment of \$5,700,000; present shareholders will then own 76.3%, for which they will have paid \$559,910, or 69½¢ per share.

**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:  
 U.S. Industries, Inc., New York, N.Y. 10017 (File 2-35699) - 724,000 shares  
 The Oil Shale Corporation, New York, N.Y. 10019 (File 2-35703) - 254,550 shares  
 Petrolite Corporation, St. Louis, Mo. 63102 (File 2-35705) - 12,000 shares and 550 Memberships  
 in the Stock Purchase Plan for employees.

**FIRST SECURITY GROWTH SEEKS ORDER.** First Security Growth Fund, Inc., Omaha mutual fund, has applied to the SEC for an exemption order under the Investment Company Act with respect to the offering price of its shares; and the Commission has issued an order (Release IC-5935) giving interested persons until December 31 to request a hearing thereon. According to the application, the Fund has obtained shareholder approval of a new schedule of volume discount levels and higher sales charges to be incorporated in the underwriting agreement with Fund Management, Inc., adviser and principal underwriter. The exemption application pertains to sales under the new schedule to 21 persons currently purchasing shares under so-called letters of intent.

**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 December 4 News Digest.

8K Reports for November 1969

Consumers Power Co.(3,7,13)	1-5611-2	Central Charge Service Inc.	
First National Investors Corp.		(4,7,13)	2-16813-2
Inc. (2,12,13)	0-3094-2	The Cobbs Co. Inc. Oct 69(1,13)	0-4078-2
First Republic Corp. of		Cowles Communications Inc.	
America (3,12,13)	0-1437-2	(12,13)	1-5221-2
Piper Aircraft Corp. (13)	1-3216-2	Peoples Gas Co.(12)	1-5540-2
Susquehanna Corp.(3,12,13)	1-5515-2	Peoples Gas Light & Coke	
		Co. (12)	2-26983-2
Bermec Corp.(10,11,12,13)	1-4739-2	Bond Stores Inc. (11,13)	1-2955-2
Capital Film Lab. Inc. (2,13)	0-4009-2	Capitol Ind. Inc.(7)	1-3981-2
Convalariums of America Inc.		Condec Corp. (11)	1-3899-2
Dec 69 (2,7,13)	0-3975-2	Consolidated-Tomoka Land	
Fansteel, Inc.(12,13)	1-2331-2	Co. (7,13)	2-34669-2
Floyd Enterprises Inc.(2,13)	2-32367-2	Federated Purchaser Inc.	
Pall Corp. (11,13)	1-4311-2	(12)	1-4310-2
RLI Corp. (2,13)	2-32225	Harvard Ind. Inc. (11,13)	1-1044-2
St. Louis Southwestern RR		Kenton Corp Sep 6, (7)	1-5909-2
Co. (8)	1-680-2	Unarco Ind. Inc. (13)	1-3296-2
Scientific-Atlanta Inc.		Watkins-Johnson Co. (12)	1-5631-2
(7,8,13)	1-5517-2		
Southern Pacific Trans-		Allied Aero Ind. Inc.	
portation Co. (1,7)	1-6146-2	(7,8,12,13)	0-360-2
U. S. Home & Development		Bradford Computer & Systems	
Corp. (7,13)	1-5899-2	Inc. (2,13)	2-32306-2
Chrysler Corp. (3)	1-686-2	Dunmont Corp. (3)	0-1567-2
Starr Broadcasting Group		International Textbook Co.	
Inc. (11)	2-31227-2	(12)	0-800-2
Storer Broadcasting Co.		Real Estate Invst Trust of	
(3,12)	1-3872-2	America (7)	1-4216-2
Woodall Ind. Inc. (11)	1-5813-2	Ashland Oil & Refining Co.	
Argus Inc. (11)	1-4544-2	(3,7,13)	1-2918-2
		Far-Mar Co. Inc. (7,8)	2-22230-2
		Federal's Inc. (11,13)	1-3337-2
		Mangurian's Inc. (12)	1-6087-2
		Standard Motor Products Inc.	
		(7)	1-4743-2

**SECURITIES ACT REGISTRATIONS.** Effective December 19: Associates Corporation of North America, 2-35578; Allied Artists Pictures Corporation, 2-35471; Friendly Ice Cream Corporation, 2-35461 (40 days); The Lange Co., 2-35334 (90 days); Mohawk Data Sciences Corp., 2-35297; Wallace-Murray Corporation, 2-32850 (40 days); United Companies Life Insurance Co., 2-34833 and United National Life Insurance Co., 2-35603 (90 days); United States & Foreign Securities Corporation, 2-35430.

**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.