

# 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. 70-37)

FOR RELEASE February 24, 1970

**BUTTERFIELD INC. CENSURED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-8824) in which it censured James C. Butterfield, Inc., Jackson, Mich., broker-dealer firm, and its president and sole stockholder, James C. Butterfield, for violations during 1968 and through August 12, 1969, of the Commission's record-keeping requirements and failure of the firm to file a certified report of financial condition for 1968 containing the information required by Form X-17a-5. In a settlement offer proposed by the respondents, they consented to the findings of violations and to the censure without admitting or denying the violations. In support of such offer, they represented that the firm's books and records are now and will continue to be fully posted and maintained; and they also undertook to file monthly financial reports for each of the next 12 months and to cease soliciting business immediately when at any time the firm is not materially in compliance with the terms of its settlement offer.

**SEC ORDER CITES HOUSTON SECURITIES.** The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of Houston Securities Corporation ("Houston"), of Houston, Texas. Also named as a respondent is George K. Waki, president and principal stockholder of the firm.

The proceedings are based upon allegations of the Commission's staff that Houston and Waki offered and sold common shares of Ultra Jet Industries, Inc. (Florida), Continental Investment Corporation (Arizona) and Pan American Industries, Inc. (Arizona), in violation of the Securities Act registration provisions; that they bid for and purchased common shares of said companies during the offering and distribution thereof in violation of Rule 10b-6 under the Securities Exchange Act; and that they made false and misleading representations of material fact and omitted to disclose material facts in the offer and sale of such securities.

A hearing will be scheduled by future order to take evidence on the staff allegations and afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the allegations are true and, if so, whether remedial action should be ordered by the Commission.

**UNIVERSAL COVERAGE, OTHERS ENJOINED.** The SEC San Francisco Regional Office announced February 18 (LR-4546) that the Federal court in Los Angeles had permanently enjoined violations of the Securities Act registration requirements in the offer and sale of stock of Rietz Industries, Inc., by Universal Coverage Corporation and the following: Associated Busby Corporations, Frank Rosenthal, Erwin Cheldin, Jack Cheldin, Milton Cohn and Ozzie Curtis, all of Los Angeles, Calif., John T. Rietz, Robert M. Bryson, Harry Coloduros, Ronald E. General, Peter D. Polland, Jerry M. Wolff, all of Los Angeles, Calif., and Charles Parr, of Sarasota, Fla., Rietz Industries, Inc., Genson Corporation, Trans Nevada Development Authority, Inc., and Leo Haggai, of Los Angeles, Calif.

**NORTH LAKE CORP. SEEKS ORDER.** North Lake Corporation (formerly Delaware Valley Financial Corp.), of Lake Success, New York, has applied to the SEC for temporary exemption from the Investment Company Act pending Commission decision upon its application for an order declaring that it is primarily engaged in business other than that of an investment company; and the Commission has issued an order (Release IC-5984) giving interested persons until March 13 to request a hearing thereon.

**GREEN MOUNTAIN POWER SEEKS ORDER.** Green Mountain Power Corporation, Burlington, Vt., has applied to the SEC under the Holding Company Act for authorization to acquire stock of Vermont Electric Power Company, Inc.; and the Commission has issued an order (Release 35-16611) giving interested persons until March 10 to request a hearing thereon.

Vermont Electric transmits power to Green Mountain Power and other electric utility companies in Vermont; of its outstanding stock, 9% is owned by Green Mountain Power and 86.5% by Central Vermont Public Service Corp. Vermont Electric has begun construction of substantial additional facilities in order to provide for the transmission of power which will be available upon completion of the nuclear generating plant of Vermont Yankee Nuclear Power Company. It has recently issued and sold 10,000 shares of a newly-created Class B common stock to Central Vermont at its \$100 per share par value. Green Mountain Power proposes to acquire 3,636 shares from Central Vermont at its cost, or \$363,600. Upon such acquisition, Green Mountain Power will own about 22% of the voting stock of Vermont Electric.

**MICRODATA FILES FOR OFFERING AND SECONDARY.** Microdata Corporation, 644 East Young St., Santa Ana, Calif. 92705, filed a registration statement (File 2-36330) with the SEC on February 19 seeking registration of 400,000 shares of common stock, to be offered for public sale through underwriters headed by Glore Forgan Staats Inc., 833 Wilshire Blvd., Los Angeles, Calif. 90017. The offering price (\$13.50 per share maximum\*) and underwriting terms are to be supplied by amendment. Also included in this statement are 129,832 outstanding shares which may be offered for sale from time to time by the present holders thereof at prices current at the time of sale.

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Organized as System Design Associates in July 1967, the company is engaged in the design, development, production and marketing of small digital computers and related equipment through a wholly-owned subsidiary. Of the net proceeds of its sale of additional stock, \$1,100,000 will be used for research and development, \$1,450,000 to sustain and expand the company's marketing activities (including establishment of sales offices in major metropolitan areas), and \$800,000 to expand and improve its manufacturing facilities and to purchase additional laboratory, test and production equipment; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 1,779,660 common shares (with a \$1.01 net tangible book value), of which Kenneth D. Allen, president, owns 15.1%, Fred B. Cox, Jr., board chairman, 14% and management officials as a group 39.2%.

**NORTH STAR PETROLEUM PROPOSES OFFERING.** North Star Petroleum Program I, 224 Pentagon Park Tower, 4940 Viking Drive, Minneapolis, Minn. 55435, filed a registration statement (File 2-36331) with the SEC on February 19 seeking registration of 200 program units, to be offered for public sale at \$5,000 per unit. The offering is to be made on a best efforts basis through NASD members; North Star Petroleum Co., the general partner, will receive 7% of the proceeds, it will pay dealers \$350 per unit sold. Net proceeds will be used by the general partner in oil and gas exploration and related activities. Bill L. Tucker is president of the general partner.

**ZENITH CAPITAL TO SELL STOCK.** Zenith Capital Corp., 50 Broadway, New York 10004, filed a registration statement (File 2-36332) with the SEC on February 19 seeking registration of 150,000 shares of common stock, to be offered for public sale through underwriters headed by Barody & Co., 4040 Galt Ocean Drive, Fort Lauderdale, Fla. The offering price (\$12 per share maximum\*) and underwriting terms are to be supplied by amendment. The Barody firm will receive \$15,000 for expenses; and it also will be entitled to purchase 15,000 common stock purchase warrants (on terms to be supplied by amendment).

The company was organized in January to acquire and operate business enterprises; the net proceeds of its stock sale will be used in the conduct of such activities. The company now has outstanding 386,000 common shares, of which Steven Telsey, president and board chairman, owns 66%. Book value and dilution figures are to be supplied by amendment.

**DUQUESNE LIGHT FILES FINANCING PROPOSAL.** Duquesne Light Company, 435 Sixth Ave., Pittsburgh, Pa. 15219, filed a registration statement (File 2-36333) with the SEC on February 19 seeking registration of \$30,000,000 of first mortgage bonds, due 1000. In a separate statement (File 2-36334), the company proposes the public offering of 701,382 shares of common stock (at \$24-5/8 per share maximum\*). The offerings are to be made through The First Boston Corp., 20 Exchange Pl., New York. The interest rate, offering prices and underwriting terms are to be supplied by amendment. Net proceeds of the company's bond sale will be used to finance construction expenditures, including the payment of short-term notes issued and to be issued for such purposes. Construction expenditures are estimated at \$186 million during 1970-73.

**PATH COMPUTER EQUIPMENT TO SELL STOCK.** Path Computer Equipment, Inc., 20 Beckley Ave., Stamford, Conn. 06901, filed a registration statement (File 2-36335) with the SEC on February 19 seeking registration of 400,000 shares of common stock, to be offered for public sale through underwriters headed by Philips, Appel & Walden, Inc., 111 Broadway, New York. The offering price (\$7.50 per share maximum\*) and underwriting terms are to be supplied by amendment. The Philips firm will receive \$20,000 for expenses; it has acquired 40,000 additional shares at 1c per share, or an aggregate of \$400, which may not be resold for 18 months.

Organized in October 1968, the company's objective is to engage in the design, development, manufacture and marketing of computer peripheral and communications related devices; it is developing for use in the computer and communications fields a medium to high speed non-impact printer called the "Path 1200" (said to be in "pilot production"), which is designed to print at the rate of 1,200 lines per minute on ordinary paper. Of the net proceeds of its stock sale, the company will apply \$450,000 to the repayment of interim financing for which it is now negotiating, the proceeds of which will be used to purchase certain assembly and test equipment and furniture and fixtures and for working capital. An additional \$550,000 will be applied to the purchase of electronic subassemblies, machined parts and raw materials for use in the manufacture of the Path 1200, \$550,000 for other product development, \$400,000 to the purchase of tooling and other capital items, \$300,000 for expansion of the company's marketing staffs and promotion, and the balance for working capital. The company has outstanding 1,120,924 common shares (with a 10c per share book value), of which Joseph M. Klockenbrink, president, owns 24.9% and management officials as a group 70.9%. Purchasers of the shares being registered will acquire a 26.3% stock interest in the company for their investment of \$3,300,000\*; present stockholders will then own 73.7%, for which they paid \$678,613.

**HONEYCOMB SYSTEMS PROPOSES OFFERING.** Honeycomb Systems, Inc., 900 Northeast 13th St., Ft. Lauderdale, Fla. 33304, filed a registration statement (File 2-36336) with the SEC on February 19 seeking registration of 510,000 shares of common stock. The company proposes to offer these shares for subscription by shareholders at \$1 per share, and at the rate of one new share for each three shares held. The offering is to be underwritten by Atlantic Securities, Inc., 944 Bank of Georgia Bldg., Atlanta, Ga. The underwriter will receive a stand-by fee of \$5,100 (1c per share) and an additional \$4,900 for expenses. It will purchase unsubscribed shares for resale to the public; the underwriting discount is to be supplied by amendment. The underwriter also will be entitled to purchase, at 2c each, five-year warrants equal to 10% of the total number of shares it purchases from the company, exercisable after 13 months at \$1.07 per share.

The company was organized in 1967 by Panelfab, Inc., which in 1968 distributed 440,185 shares of its common stock to Panelfab shareholders. It is engaged in the development of a prototype machine to manufacture honeycomb cores for various construction uses. Recently, it took steps to develop and produce

for sale sheets of rigid polyvinyl chloride ("PVC"), a thin outer cover material that provides a decorative surface for finished products such as doors, cabinets and certain furniture; and it also engages in the manufacture of vacuum-forming machines which mold PVC sheets to provide custom three-dimensional finishes to products for use in the construction industry. The net proceeds of the stock sale will be used for various working capital purposes. The company has outstanding 1,527,500 common shares (with an 8c per share net tangible book value per share), of which Panelfab owns 123,275 and management officials 49,600.

**RELIANCE OIL FILES OFFERING PROPOSAL.** Reliance Oil Corporation, 2120 Angus Rd., Charlottesville, Va., filed a registration statement (File 2-36337) with the SEC on February 19 seeking registration of 200 units in the Reliance 1970 Oil and Gas Program, Number 1, to be offered for public sale at \$2,500 per unit. The offering will be made by Reliance Sales Corporation, a subsidiary of Reliance Oil, which will receive a commission of \$187.50 per unit. The funds will be used in oil and gas exploration and related activities. Reliance Oil will serve as general partner and manager. James E. Carson is principal operational manager and controlling shareholder.

**AMERICAN PHOTOCOPY EQUIPMENT FILES FOR OFFERING.** American Photocopy Equipment Company, 2100 Dempster St., Evanston, Ill. 60204, filed a registration statement (File 2-36338) with the SEC on February 19 seeking registration of 800,000 shares of common stock, to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York. The offering price (\$12.75 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is primarily engaged in marketing photocopy machines, paper and supplies. The net proceeds of its stock sale will be used primarily to prepay in July the principal amount of indebtedness (\$7,500,000) which the company incurred for the purpose of acquiring substantially all of the net assets of Newport Homes, Inc.; the balance will be used for working capital purposes. In addition to indebtedness, the company has outstanding 8,400,705 common shares, of which management officials and family members own about 24.1%. Samuel G. Rautbord is board chairman and Clayton L. Rautbord is president.

**CONTROL DATA SHARES IN REGISTRATION.** Control Data Corporation, 8100 34th Ave., South, Minneapolis, Minn. 55440, filed a registration statement (File 2-36339) with the SEC on February 19 seeking registration of 16,890 outstanding shares of common stock. These shares may be offered for sale from time to time by the present holders thereof. Marshall Industries of San Marino, Calif., is included among the list of more than two dozen selling stockholders. The company has outstanding 14,239,631 common shares.

**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:

Teledyne, Inc., Los Angeles, Calif. 90067 (File 2-36329) - 618,000 shares	
Recognition Equipment Incorporated, Dallas, Tex. 75235 (File 2-36340) - 70,000 shares	
Clark Cable Corporation, Cleveland, Ohio 44109 (File 2-36341) - 30,000 shares	
RB Industries, Inc., Gardena, Calif. 90249 (File 2-36344) - 25,000 shares and (File 2-36345) - 25,000 shares	

**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 February 5 News Digest.

8K for Jan. 1970

Pacific Lighting Corp (7)	1-40-2	Investors Funding Corp of N.Y. ( 2,7,12,13) (Sept. 1969)	1-4600-2
Tidewater Tel. Co (7,13)	0-726-2	Oct. 1969(2,7,13)	1-4600-2
General American Transportation Corp (7)	1-2328-2	Natl. Car Rental System, Inc (7,8)	0-3473-2
Giffen Ind., Inc (11)	0-4177-2	Natl. Equities Inc ( 7,13)	1-2140-2
Golden Nugget, Inc ( 11,12,13)	0-1413-2	Great Lakes Dredge & Dock Co (12,13)	1-1303-2
Goody's Food System, Inc ( 2,7,13)	2-28571-2	Interfinancial Inc (12)	0-3901-2
Intl. Multi Foods Corp (11,13)	0-31-2	Intertech Research Services, Inc (1)	1-6093-2
Natl. Patent Devel. Corp (12)	0-2743-2	Liberty Equities Corp (3,12)	0-2258-2
The Tl Corp (12,13)	1-6182-2	Mayflower Invstrs., Inc ( 2,12,13)	0-2622-2
Ideal Toy Corp (7)	1-5952-2	Multitech, Inc (2,13)	0-4039-2
		Natl. Computer Services Corp ( 7,9,13)	2-27530-2

8K for Jan 1970 (Con't)

Mickey Mantle's Country Cookin' Inc (Nov. 1969)(1)	2-31975-2	Northern Indiana Public Service, Inc (1)	1-4125-2
Missouri Fidelity Union Tr. Life Insur. Co (11)	2-18951-2	Old Town Corp (1,9)	1-3601-2
Public Service Co of Indiana ( 3,7)	1-3543-2		
		General Devel. Corp (,7)	1-4080-2
W. R. Grace & Co ( 7)	1-3720-2	Geriatrics, Inc ( 11,12,13)	2-32437-2
Intl. Harvester Credit Corp ( 12,13)	1-4146-2	Heuristic Concepts, Inc (9)	2-31021-2
Keebler Co (12)	1-236-2	Hy Gain Electronics Corp (11)	0-4261-2
Loew's Theatres Inc (11)	1-4204-2	Inland Steel Co ( 4,11,13)	1-2430-2
		Kennecott Copper Corp ( 3,7,13)	1-1369-2
General Health Services, Inc ( 11,13)	0-4242-2	Marion Corp (12)	0-1417-2
Gulf Resources, Inc ( 2,7,13)	0-2294-2	Mid-Continent Intl. Corp (11,13)	0-2790-2
Hamburger Dens, Inc ( 2,13)	2-32552-2	Technomic Research Assoc. Inc ( 2,12,13)	1-6073-2
Intl. Business Machines Corp ( 12,13)	1-2360-2	Vetco Offshore Ind., Inc ( 12,13)	1-5889-2
Iowa Southern Utilities Co (13)	0-849-2		
John's Bargain Stores Corp ( 12,13)	1-4733-2	Gamble Skogmo, Inc ( 7,9,12,13)	1-3478-2
Kansas Power & Light Co ( 7,13)	1-3523-2	General Cable Corp ( 1,2,7,12, 13)	1-1094-2
Lehigh Valley Ind., Inc ( 12,13)	1-155-2	General Magnaplate Corp ( 7,9 13)	0-2977-2
Lenox Inc (7)	1-4856-2	Heinicke Instruments Co ( 2,13)	1-4604-2
Ruddick Corp (11,13)	0-3422-2	Heritage Rembrandt Corp (2)	0-4199-2
		Howmet Corp ( 7)	1-4122-2
Gibraltar Financial Corp of Calif. (12,13)	1-4575-2	Jerivs Corp ( 7,13)	1-5073-2
Golden United Invst. Co (7)	2-29642-2	Walter Kidde & Co Inc ( 7,13)	1-5694-2
Handleman Co (7)	1-4808-2	Kodiak Inc (2,12)	0-716-2
Intl. Textbook Co (12)	0-800-2		
Johnson Stephens & Shinkle Shoe Co ( 2,12,13)	1-406-2		

SECURITIES ACT REGISTRATIONS. Effective February 20: BG&O Co. Management Co., 2-34990 (90 days); Brenner Industries, Inc., 2-35512 (May 22); Brian-Lloyd Co., Inc., 2-34902 (90 days); Broward Bancshares, Inc., 2-35503 (90 days); Design Fund, Inc., 2-33519; Directors Capital Fund, Inc., 2-34968; The Harvey Group Inc., 2-34179 (Apr 1); Kansas Gas and Electric Co., 2-36170; Payco American Corp., 2-34767 (90 days).

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

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

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