

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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STOCK INVESTORS REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8827) in which it revoked the broker-dealer registration of Stock Investors, Inc., of Kansas City, Mo., and barred its president, Walter Eugene Lumby, from further association with any securities firm. Based upon the allegations in the order instituting the proceedings and in view of the respondents' default (failure to answer the charges), the Commission held that during 1968-69 they offered and sold stock of Franchise Investors, Inc., and Spray Matic Equipment, Inc., in violation of the Securities Act registration provisions. In addition, the Commission ruled that in the offer and sale of shares of such companies and of Jake Edwards Southern Pit Systems, Inc., the respondents violated the anti-fraud provisions of the Federal securities laws by making untrue and misleading statements concerning, among other things, the approval of the offerings by the Commission; the intention to deliver prospectuses and certificates; the absence of an established market and the arbitrary nature of the prices for the securities; and predictions that the price of Spray Matic stock would be between \$10 and \$15 per share when offered publicly and that Jake Edwards stock would increase by 25% and a purchaser would double his money when that stock was publicly offered. In addition, respondents caused customers to deposit funds and thereafter diverted said funds to the personal use of Lumby and others. Moreover, they violated the Commission's record keeping and reporting rules under the Exchange Act.

ENTERPRISE FUND ACCEPTS COURT ORDER. The SEC announced February 27 (LR-4547) that the U. S. District Court in Los Angeles issued a final judgment of permanent injunction against Enterprise Fund, Inc., and an order approving an undertaking by Shareholders Management Co., both of Los Angeles, which, among other things, prohibits the further offer and sale of Fund shares without further order of the court. The defendants consented to the court action without admitting violations of the Commission's record-keeping rules.

IRI-COVALT ENJOINED. The SEC San Francisco Regional Office announced February 25 (LR-4551) that the Federal court in Los Angeles had entered a default judgment permanently enjoining IRI Inc., a California corporation, and Frederick A. Covalt, d/b/a International Research Institute, from violating the Securities Act registration provisions in the offer and sale of investment contracts related to the purchase of silver bullion.

FIRST BANCSHARES OF FLA. PROPOSES EXCHANGE OFFER. First Bancshares of Florida, Inc., 150 E. Palmetto Park Road, Boca Raton, Fla., filed a registration statement (File 2-36378) with the SEC on February 24 seeking registration of 540,615 shares of common stock. It is proposed to offer these shares in exchange for common stock of four banks as follows: one share for each share of First Bank & Trust Co. of Boca Raton, N.A.; one share for each share of University National Bank of Boca Raton; one share for each share of First National Bank & Trust Co. of Riviera Beach; and one share for each share of Citizens Bank of Palm Beach County. Effectiveness of each exchange offer is contingent upon acceptance by holders of 80% or more of the outstanding shares of each bank.

First Bancshare was organized in August 1969 for the purpose of becoming a bank holding company. Thomas F. Fleming, Jr. is board chairman of First Bancshares, of First Bank & Trust Co. of Boca Raton and University National Bank of Boca Raton, and Thomas E. Rossin is president of First Bancshares and of First National Bank and Trust Company of Riviera Beach.

AMERICAN UNITED LIFE FUND PROPOSES OFFERING. American United Life Pooled Equity Fund B, 30 West Fall Creek Parkway, Indianapolis, Ind. 46208, filed a registration statement (File 2-36379) with the SEC on February 24 seeking registration of \$20,000,000 of individual variable annuity contracts. Fund B is a segregated investment account established by American United Life Insurance Company. Its primary objective is to achieve long-term growth of capital and its secondary objective is the production of current income. The contracts may be purchased for an employee by means of employer payments under a 403(b) Program or by means of employer and employee payments, if any, under an Employee Benefit Plan or H. R. 10 Plan. American United Life is a legal reserve mutual life insurance company. Victor C. Seiter is board chairman of Fund B and Jack E. Reich is board chairman and president of American United Life.

URBAN INDUSTRIES TO SELL STOCK. Urban Industries Corporation, 4301 Wheeler Ave., Alexandria, Va. 22304, filed a registration statement (File 2-36381) with the SEC on February 24 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$10 per share. The offering is to be made on a "best efforts, minimum of 50,000 shares maximum of 100,000 shares" basis through Robert Cea & Company, Inc., 160 Broadway, New York, which will receive a \$1 per share selling commission plus up to \$20,000 for expenses. The company has agreed to sell the Cea firm 10,000 shares at \$.222 per share and to retain its services as financial consultant for three years at \$500 per month. It has also agreed to pay \$10,000 to K-Z Enterprises, Inc., as a finder's fee and to issue it four-year warrants to purchase 2,500 shares, exercisable at \$2.50 per share after 13 months.

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Organized in October 1968, the company engages in a diversity of interrelated activities, including urban planning and development, the provision of educational systems and manpower training services and the design, rehabilitation and construction of commercial, governmental and residential structures. Of the net proceeds of its stock sale, \$100,000 will be used to increase its inventory of advanced training equipment and software systems and \$500,000 to finance accounts receivable; the balance will be added to the company's working capital. The company has outstanding 172,000 common shares (with a \$.222 per share book value), of which David N. Muirhead, president, owns 60%. Purchasers of the shares being registered will acquire a 36% stock interest in the company for their investment of \$1,000,000 or \$10 per share (they will sustain an immediate dilution of \$6.95 in per share book value from the offering price); present stockholders will then own 64%, for which they will have paid \$.294 per share.

GUERNSEY OIL PROPOSES OFFERING. Guernsey Oil, Ltd. 1970 (the "Partnership"), 3737 Greenway Plaza Drive, Houston, Tex. 77027, filed a registration statement (File 2-36382) with the SEC on February 25 seeking registration of \$10,000,000 of limited partnership interests, to be offered for public sale in minimum amounts of \$10,000. No underwriting is involved; participating NASD members will receive a 5% selling commission. The Partnership proposes to engage in exploring for and producing oil and gas. Guernsey Exploration Corporation (subsidiary of Guernsey Petroleum Corporation) and David D. Pollan, vice chairman and chief executive officer of Guernsey Exploration, are general partners, and Ely Freedman, chairman of Guernsey Exploration, is a limited partner. Leonard B. Lipson is president.

WAGNER MINING EQUIPMENT FILES FOR OFFERING AND SECONDARY. Wagner Mining Equipment, Inc., 4424 N. E. 158th Ave., Portland, Oregon 97230, filed a registration statement (File 2-36383) with the SEC on February 25 seeking registration of 267,000 shares of common stock, of which 167,000 are to be offered for public sale by the company and 100,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by J. Barth & Co., 404 Montgomery St., San Francisco, Calif. 94104, and Herron Northwest, Inc., 1700 IBM Bldg., Seattle, Wash. 98101; the offering price (\$14 per share maximum*) and underwriting terms are to be supplied by amendment.

The company designs and manufactures heavy duty rubber tired vehicles for use in underground mines. Of the net proceeds of its sale of additional stock, \$1,350,000 will be used for expansion of existing manufacturing facilities or for repayment of interim short-term bank borrowings used to finance the expansion, and \$175,000 to repay indebtedness and interest incurred in connection with the purchase of its manufacturing plant in Portland; the balance will be used to reduce short-term bank indebtedness incurred to provide working capital. In addition to indebtedness, the company has outstanding 600,000 common shares, of which Eddie B. Wagner, board chairman and president, Richard T. Wagner, secretary, and Mary A. Wagner, a director, own 31.02% each. Each proposes to sell 31,525 shares and three others the remaining shares being registered.

PETRO-LEWIS FUNDS PROPOSES OFFERING. Petro-Lewis Funds, Inc. (the general partner), Denver Club Bldg., Denver, Colo. 80202, filed a registration statement (File 2-36384) with the SEC on February 25 seeking registration of \$20,000,000 of limited partnership interests in limited partnerships to be formed under the Petro-Lewis Drilling Program, to be offered for public sale in minimum amounts of \$5,000. The offering is to be made on a best efforts basis by Petro-Lewis Securities Corporation, a subsidiary of the general partner, through selected NASD members who will receive a 7% selling commission plus 2½% of amounts reinvested in later partnerships or other programs. In addition, warrants to purchase up to 20,000 common shares of Petro-Lewis Corporation, parent of the general partner, may be issued to such dealers as further compensation. The partnerships will be formed for the purpose of drilling for and producing oil and gas. Jerome A. Lewis is president of the general partner and all officers of the general partner hold the same positions with the parent. Lewis owns 11.5% and management officials as a group 29% of the outstanding voting stock of the parent.

PETRO-LEWIS FUNDS PROPOSES OFFERING. In a separate registration statement (File 2-36386), Petro-Lewis Funds, Inc. (general partner), seeks registration of \$20,000,000 of limited partnership interests in limited partnerships under Petro-Lewis Oil Income Program, to be offered for public sale in minimum amounts of \$5,000. The offering is to be made on a best efforts basis by Petro-Lewis Securities Corporation through selected NASD members who will receive a 7% selling commission plus 2½% of amounts reinvested in later partnerships or other programs. In addition, warrants to purchase up to 10,000 shares of Petro-Lewis Corporation, parent of the general partner, may be issued to such dealers as further compensation. The partnerships will be formed for the purpose of purchasing and operating producing oil and gas properties. The partnerships will not engage in exploratory or development drilling.

FIRST EQUITY FINANCIAL TO SELL STOCK. First Equity Financial Corporation, 610 N. Florida Ave., Tampa, Fla., filed a registration statement (File 2-36385) with the SEC on February 25 seeking registration of 120,000 shares of common stock, to be offered for public sale through Raymond, James & Associates, Inc., 6090 Central Ave., St. Petersburg, Fla.

Organized in July 1969, the company engages in business through subsidiaries as a broker-dealer, investment-adviser and investment banker. Net proceeds of its stock sale will be added to the company's working capital for expansion and growth of its brokerage business and to enable it to participate in underwritings and to make commitments in venture capital enterprises. In addition to indebtedness, the company has outstanding 385,500 common shares (with a 91c per share book value), of which Thomas P. Hollihan, board chairman and president, owns 13% and management officials as a group 72%. Purchasers of the shares being registered will acquire a 24% stock interest in the company for their investment of \$540,000;* present shareholders will then own 76%, for which they paid \$1 per share.

CONTINUED

AMERICAN REPUBLIC SEPARATE ACCOUNT B RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5987) exempting American Republic Assurance Company and American Republic Assurance Company Separate Account B, Des Moines, Iowa, from the provisions of Section 22(d) of the Act so as to permit a beneficiary of funds held in a deceased contract owner's account to elect a variable annuity contract without sales charge.

EQUITY LIFE SEPARATE ACCOUNT SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5988) giving interested persons until March 18 to request a hearing upon an application of The Equitable Life Assurance Society of the United States ("Equitable") and Separate Account C of Equitable ("Account C"), New York, for exemption from certain provisions of the Act. Equitable established Account C to afford a medium for equity investments for certain annuity contracts issued by Equitable.

MICHIGAN TAX EXEMPT BOND FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5989) giving interested persons until March 20 to request a hearing upon an application of Michigan Tax Exempt Bond Fund (Second and subsequent series) for exemption from the \$100,000 minimum net worth provisions of the Act. Each series of the Fund will be governed by a Trust Agreement under which Goodbody & Co. and First of Michigan Corporation will act as Sponsors and the United States Trust Company of New York as Trustee. Pursuant to each such Trust Agreement, the Sponsors will deposit with the Trustee between \$3,000,000 and \$6,000,000 principal amount of bonds for each Series and will receive in exchange therefor from the Trustee registered certificates for between 3,000 and 6,000 units which will in turn be offered for public sale by the Fund.

SENTINEL INCOME FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5990) giving interested persons until March 24 to request a hearing upon an application of Sentinel Income Fund, Inc., and Equity Services, Inc., distributor of Fund shares, Montpelier, Vt., for exemption from the provisions of Section 22(d) of the Act so as to permit the sale of Fund shares to National Life Insurance Company and its direct and indirect subsidiaries whose efforts are related to the insurance and financial operation of National, and to certain other affiliated persons. The Fund was organized by National. Its shares are sold to the general public at per share net asset value plus an 8% sales charge.

SENTINEL GROWTH FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5991) giving interested persons until March 24 to request a hearing upon an application of Sentinel Growth Fund, Inc., and Equity Services, Inc., distributor of Fund shares, Montpelier, Vt., for exemption from provisions of Section 22(d) of the Act so as to permit the sale of Fund shares without a sales charge to National Life Insurance Company ("National") and its direct and indirect subsidiaries whose efforts are related to the insurance and financial operation of National, and certain other affiliated persons. The Fund was organized by National. Its shares are offered to the general public at net asset value per share plus an 8% sales charge.

PILGRIM FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5992) exempting Pilgrim Fund, Inc., and Pilgrim Fund Distributors Inc., the sponsor-depositor of Pilgrim Investment Plans for the Accumulation of Shares of Pilgrim Fund, Inc. ("PIP"), a unit investment trust, from provisions of Section 22(d) of the Act to the extent necessary to permit the sale of Fund shares to a foreign trust at current net asset value, and to permit the foreign trust to sell periodic payment plans for the acquisition of Fund shares in Germany to non-United States citizens and residents with a front-end load that complies with German law while at the same time such plans are being sold in the United States by PIP with the higher front-end load permissible under American law.

BANK FIDUCIARY (EQUITY) FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5993) continuing an exemption from certain provisions of the Act after a completion of reorganization of Bank Fiduciary (Equity) Fund (formerly Bank Fiduciary Fund), New York. In accordance with New York law, the Fund had a balanced portfolio, partly in bonds and partly in listed stocks (up to 50%). New York law has recently been amended so that a mutual fund can now invest entirely in "legal" bonds or entirely in "legal" stocks. Fund is being reorganized so that up to 100% of its funds can be invested in common stocks or convertible securities which are "legal" in New York state. It is also transferring the market value of its investments in bonds and other fixed income securities, all of which have been liquidated, to a newly organized mutual trust investment company named Bank Fiduciary (Fixed Income) Fund in exchange for a number of shares equal to the number of Fund's outstanding shares of stock. Fixed Income Fund shares will be distributed pro rata to Fund shareholders.

BANK FIDUCIARY (FIXED INCOME) FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5994) exempting Bank Fiduciary (Fixed Income) Fund, New York mutual trust investment company, from certain provisions of the Act so that, among other things, shareholder approval of Fund's investment adviser and directors may be delayed until its first shareholder meeting scheduled for March 10, 1970. Fund was organized in December 1969 to provide an investment medium for smaller banks and trust companies whose trusts assets often are not of sufficient size to establish their own legal common trust fund.

WISCONSIN GAS RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16621) authorizing Wisconsin Gas Company, Milwaukee subsidiary of American Natural Gas Company, to acquire all the assets and properties of American Gas Company of Wisconsin, Inc. ("American Gas"), a nonassociate company, and to assume substantially all of its liabilities. Wisconsin Gas proposes to pay American Gas cash equal to the net book value of the assets as of the closing date, plus \$100,000 less \$250,000 to be withheld for six months thereafter to provide for potential adjustments. At September 30, 1969, American Gas had assets, less reserves for accumulated depreciation of \$5,779,875, long term debt of \$2,848,000 of which \$1,000,000 represents notes payable to a bank (to be paid by American Gas prior to sale) and stockholders' equity of \$1,865,945. Wisconsin Gas also proposes, simultaneously with the purchase, to issue \$1,848,000 (or such lesser amount equal to the principal amount of American Gas bonds then outstanding) of new bonds, 6 $\frac{1}{2}$ % Series, due 1986, and to exchange such bonds for equal principal amount of American Gas bonds held by the State of Wisconsin Investment Board.

MICHIGAN WISCONSIN PIPE LINE RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16622) authorizing Michigan Wisconsin Pipe Line Company ("Pipe Line"), wholly owned subsidiary of American Natural Gas Company, New York, to issue and sell \$40,000,000 of first mortgage pipe line bonds, due 1990, at competitive bidding, and to sell 210,000 additional common shares to its parent at \$100 per share, or for an aggregate of \$21,000,000. The company will apply the net proceeds of its financing to the retirement of \$71,000,000 of outstanding notes payable to banks.

COLUMBIA GAS SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16623) giving interested persons until March 23 to request a hearing upon an application of The Columbia Gas System, Inc., New York holding company, to issue and sell \$40,000,000 of debentures, due 1995, at competitive bidding. The company will use the net proceeds of its financing, together with funds then available and funds to be generated from operations, to finance, among other things, part of the cost of its subsidiaries' 1970 construction program, estimated at \$200,000,000.

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 Reports for Jan '70

Bristol Myers Co. (3)	1-1136-2
Wallace-Murray Corp. (3,7,13)	1-1095-2
Air Products & Chemicals Inc. (4,7,8,11,12,13)	1-4534-2
Astro-Space Corp. (12,13)	2-30866-2
Athlone Ind. Inc. (8)	1-5573-2
Career Academy Inc. (12)	1-5473-2
Credit Foncier De France (6K) for Jan. 70	1-4254-2
GAC Corp. (7,8,9,12,13)	1-3453-2
Washington Water Power Co. (7)	1-3701-2
Rohr Corp. (7,8,13)	1-6101-2

Amended 8K Reports

Investors Funding Corp of N. Y. Amdt #1 for Sept 69(2,7,13)	1-4600-2
Heritage Rembrandt Corp Amdt for Jan 70 (12,13)	0-4199-2
Amdt for Jan 70(3,11,12,13)	0-4199-2
Gelman Instrument Co. Amdt #1 for Sept 69(7)	0-2297-2
Katy Industries, Inc. Amdt for Dec 69(12,13)	1-5558-2

SECURITIES ACT REGISTRATIONS. Effective February 27: Dasa Corp., 2-35997 (90 days); Hyperion Fund, Inc., 2-33127; International Harvester Co., 2-36297; King Resources Co., 2-35991; Macrodyne-Chattillon Corp., 2-35764 (Apr 7); John Mecom Petroleum and Mineral Explorations, 1969, Ltd., 2-34199 (90 days); Minute Approved Credit Plan, Inc., 2-33466 (90 days); Princeton Time Sharing Services, Inc., 2-35780 (Apr 8).

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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