

# 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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## COMMISSION ANNOUNCEMENT

**SEC ORDER CITES INVESTMENT RESEARCH.** The SEC has ordered administrative proceedings on an application filed by Centaur Securities, Ltd., for registration as a broker-dealer under the Securities Exchange Act of 1934 and an application of Investment Research Corp. for registration as an investment adviser under the Investment Advisers Act of 1940. Also named as a respondent is William L. Allen, president and a director of Centaur Securities and secretary-treasurer and a director of Investment Research, both of Salt Lake City, Utah.

The proceedings are based upon allegations of the Commission's staff that from October 1, 1968, to date, Allen offered and sold common stock of International Chemical Development Corporation in violation of the registration and anti-fraud provisions of the Federal securities laws. A hearing will be scheduled by further order to take evidence on the staff allegations and afford the respondents an opportunity to defend against the charges, for the purpose of determining whether the allegations are true and, if so, whether the registration applications should be denied. The Commission also called for the initial submission of affidavits on the question whether to postpone the effective dates of the applications pending decision on the question of denial.

## NEW RULE AND RULE PROPOSALS

**INDUSTRIAL REVENUE BOND RULES CLARIFIED.** The SEC today announced the adoption of an amendment of its Rule 131 under the Securities Act (Release 5055) and 3b-5 under the Securities Exchange Act (Release 8850). Each rule relates to "industrial revenue bonds" and was designed to define those circumstances wherein bonds issued by a municipality or other governmental unit would be deemed to involve the issuance of a separate security by an industrial or commercial enterprise under a lease, sale or loan arrangement. Questions have arisen concerning the impact of the rules upon the issuance of bonds by municipal and other governmental units to finance airport improvements for leasing to airlines serving their areas; and particular concern has been expressed that the exception to the Rule 131 registration requirement provided by subdivision (b) thereof, as presently written, might be construed as being applicable only if, for example, a particular airport facility, such as a hanger or a commissary, were to be operated and controlled by or on behalf of a governmental unit. The amendment makes it clear that it is not the purpose of Rule 131(b) to require as a condition to its applicability that each separate facility constituting a part of a public project be operated and controlled by a governmental unit if the public project as a whole is owned by and under the general control of a governmental unit or an instrumentality thereof. A similar clarifying amendment has been made to Rule 3b-5.

## DECISION IN ADMINISTRATIVE PROCEEDINGS

**I F DAILY JR. BARRED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-8847) in which it ordered that Irwin F. Daily, Jr., of Houston, Tex., be barred from association with any broker-dealer or investment adviser by reason of "securities violations." Daily waived a hearing and, in a settlement offer which the Commission accepted, consented to the Commission's findings and to the bar order, without admitting or denying the violations, provided that he may apply after one year for permission to become so associated.

According to the Commission's decision, during the period September 1965 to August 1967, Daily aided and abetted violations of the anti-fraud provisions of the Federal securities laws by an employee of a registered broker-dealer. The activities of such employee involved among other things the opening and maintenance of checking accounts in the names of customers and former customers as an integral part of a check kiting scheme, the withdrawal of funds and securities from customer accounts for the purpose of engaging in personal transactions and the placing and execution of orders for customer accounts, without their knowledge or consent, and the authorization of disbursement of funds from customer accounts when such accounts did not contain sufficient funds, securities or margin to justify such authorizations. Daily (who entered into a joint commodity trading arrangement with the employee after the latter had been prohibited from engaging in commodity trading) failed to notify his superior when a bank official informed him of suspected check-kiting activities of the employee, failed to initial all transactions in commodity accounts of the employee's customers as instructed by his superior, and failed to discuss with a customer of the employee the trading activity in her account as directed by his superior. (For prior actions, see Release 34-8487 and SEC News Digest of 1/3/69).

OVER

COURT ENFORCEMENT ACTIONS

**SCHMITT, BERRY CO. ENJOINED.** The SEC Port Worth Regional Office announced March 25 (LR-4568) that the Federal court in Houston had enjoined violations of the net capital, record-keeping and anti-fraud provisions of the Securities Exchange Act by Schmitt, Berry & Co., Inc., and Ronald E. Gold. Donald A. Williams was enjoined from aiding and abetting violations by the Schmitt firm of the net capital and record-keeping rules. The defendants consented to the injunctions without admitting the violations.

**NATHAN COHEN ENJOINED.** The SEC Washington Regional Office announced March 26 (LR-4569) that the Federal court in Baltimore had permanently enjoined Nathan Cohen of Baltimore from violating the registration and anti-fraud provisions of the Federal securities laws in connection with the offer and sale of securities of Creative Financing, Inc. and Private Placements, Inc. The defendant consented to the court order without admitting or denying the violations. Previously, court orders were issued against Joel S. Nadel, Barry Chajet, Daniel D. Glassman, Michael Miller and Jack Lippman, enjoining their violation of the Securities Act registration requirement, and against Creative Financing, Inc., Daniel Cohen and Ronald B. Hirsch, enjoining their violation of the registration and anti-fraud provisions of the securities laws; these defendants consented to the court orders without admitting or denying the violations.

**CORRECTION RE CENTURION SECURITIES.** The SEC News Digest of Mar. 20 in reporting that Centurion Securities, Inc., of New York, and Kenneth Behr, its president, had consented to a court order of injunction against securities violations, incorrectly stated that David Kolasky, vice president, also was enjoined. Although named as a defendant, Kolasky did not consent to an injunction and was not enjoined.

HOLDING COMPANY ACT RELEASES

**GENERAL PUBLIC UTILITIES SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16666) giving interested persons until April 20 to request a hearing upon a proposal of General Public Utilities Corporation ("GPU"), New York holding company, to offer up to 1,405,000 shares of common stock for subscription by holders of its outstanding common stock, at the rate of one additional share for each 20 shares held. Unsubscribed shares will be offered at competitive bidding. GPU will use the net proceeds of its stock sale for additional investments in its subsidiaries and/or to pay then outstanding promissory notes the proceeds of which were used for such investments.

**ARKANSAS P&L SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16667) giving interested persons until April 23 to request a hearing upon an application of Arkansas Power & Light Company, subsidiary of Middle South Utilities, Inc., New York, to issue and sell \$25,000,000 of first mortgage bonds, due 2000, at competitive bidding. The company will use the net proceeds of its bond sale for its current construction program (estimated at \$74,400,000 for 1970) and for other corporate purposes, including repayment of short-term bank loans and commercial paper indebtedness approximating \$17,000,000. Arkansas P&L also proposes to transfer \$9,000,000 of its \$25,867,640 of retained earnings and credit such amount to its common stock capital account. Concurrently, it proposes to issue to its parent 720,000 shares of common stock aggregating \$9,000,000 in par value. The issuance of such common stock will permit the company to convert into capital a portion of its earned surplus which has been permanently invested in betterments and improvements of its physical properties.

SECURITIES ACT REGISTRATIONS

**GRATTEN MARINE RESEARCH TO SELL STOCK.** Gratten Marine Research Corp., 475 Tuckahoe Rd., Yonkers, N. Y. 10710, filed a registration statement (File 2-36684) with the SEC on March 23 seeking registration of 125,000 shares of common stock, to be offered for public sale at \$8 per share. The offering is to be made on a "best efforts" basis through Scott, Gorman, O'Donnell and Co., Inc., 52 Broadway, New York, which will receive an 80¢ per share selling commission plus \$25,000 for expenses. The company has agreed to sell the underwriter, for \$125, seven-year warrants to purchase 12,500 shares, exercisable (after two years) at from \$8 to \$10 per share.

Organized in April 1967, the company is engaged primarily in the research and design of marine blocks for the control and containment of water and ocean forces, including flood control, erosion prevention and shore protection. Of the net proceeds of its stock sale, \$150,000 will be applied to miniature and full scale testing of its products, including the hiring of independent engineering and consulting firms, \$200,000 to the development of a marketing program (principally salaries and promotional expenses), \$200,000 to the manufacture of forms or molds for the company's marine blocks and \$250,000 to the development of new products; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 450,000 common shares (with a 25¢ per share net tangible book value), of which Raymond J. O'Neill, president owns 36.1% and management officials as a group 70.3%. Purchasers of the shares being registered will acquire a 21.7% stock interest in the company for their investment of \$1,000,000; present shareholders will then own 78.3%, for which the company received \$168,745, or 37¢ per share.

**NUVEEN FUND OFFERING FILED.** John Nuveen & Co. (Inc.), 209 S. LaSalle St., Chicago, Ill. 60604, filed a registration statement (File 2-36685) with the SEC on March 23 seeking registration of \$5,000,000 of units of the Nuveen Tax-Exempt Bond Fund, Series 26. The Fund is one of a series of investment companies created by the sponsor and underwriter, John Nuveen & Co. (Inc.), a wholly-owned subsidiary of Investors Syndicate of America, Inc. It consists of a diversified portfolio of interest-bearing obligations issued by or on behalf of states, counties, municipalities and territories of the United States and authorities and political subdivisions thereof, the interest from which, in the opinion of counsel for the sponsor, is exempt from all Federal income taxes under existing law.

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**DATA PATHING SHARES IN REGISTRATION.** Data Pathing Incorporated, 370 San Aleso Ave., Sunnyvale, Calif. 94086, filed a registration statement (File 2-36686) with the SEC on March 23 seeking registration of 10,000 shares of common stock. These shares are to be offered pursuant to an Employee Stock Purchase Plan to certain employees of the company and its subsidiary, DPI Systems, Inc.

**SIGNAL COMPANIES FILES FOR SECONDARY.** The Signal Companies, Inc., 1010 Wilshire Blvd., Los Angeles, Calif. 90017, filed a registration statement (File 2-36687) with the SEC on March 23 seeking registration of 50,000 outstanding shares of common stock. These shares may be offered for sale from time to time by the present holder thereof at prices current at the time of sale (\$25 per share maximum\*). Signal has outstanding 18,854,995 common shares. Donald C. McHone may sell the 50,000 shares being registered, which he acquired in connection with the acquisition of Shattuck & McHone Enterprises by Signal Landmark, Inc., a wholly-owned subsidiary of Signal.

**TOUSLEY DEVELOPMENT FILES FOR OFFERING AND SECONDARY.** Tousley Development Corporation, White Bear Lake, Minn. 55110, filed a registration statement (File 2-36688) with the SEC on March 23 seeking registration of 130,000 shares of common stock, of which 100,000 are to be offered for public sale by the company and 30,000 (being outstanding shares) by the present holder thereof. The offering is to be made through underwriters headed by Western Funding, Inc., 224 Endicott Bldg., St. Paul, Minn.; the offering price (\$6 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company was organized in May 1969 to acquire and develop real estate. Net proceeds of its sale of additional stock will be added to the company's general funds and used for general corporate purposes. In addition to indebtedness, the company has outstanding 157,546 common shares (with an 86¢ per share book value), of which Herbert W. Tousley, Jr., president, owns 92%. He proposes to sell 30,000 of 145,546 shares held. Purchasers of the shares being registered will acquire a 50.5% stock interest in the company for their investment of \$810,000\*; present stockholders will then own 49.5%, for which they will have paid cash and transferred assets aggregating \$143,090.

**DALLAS SPEEDWAY PROPOSES OFFERING.** Dallas International Motor Speedway, Inc., Lewisville, Tex., filed a registration statement (File 2-36692) with the SEC on March 23 seeking registration of \$2,500,000 of 8% subordinated debentures, due 1985, 250,000 shares of common stock and warrants to purchase 500,000 shares, to be offered for public sale in 25,000 units, each consisting of a \$100 debenture, 10 shares and 20 warrants. The offering is to be made through underwriters headed by Eppler, Guerin & Turner, Inc., 3900 First National Bank Bldg., Dallas, Tex. 75202; the offering price (\$140 per unit maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to sell the Eppler firm, for \$250, five-year warrants to purchase 25,000 shares.

Organized in March 1969, the company is engaged in developing a full service automobile racing center 20 miles north of downtown Dallas. Of the net proceeds of its financing, \$2,155,000 will be used to pay short term bank debt, \$185,000 for the balance of the cost of a road course, \$60,000 for construction of a bridge, and \$400,000 for construction of an oval track, including spectator seating; the balance will be added to the company's working capital. In addition to indebtedness, the company has outstanding 1,081,825 common shares, of which B. C. Benedict, board chairman, owns 28%, Ben Parks, president, 19%, and management officials as a group own 95%.

**NORTHERN STATES POWER TO SELL DEBENTURES.** Northern States Power Company, 414 Nicollet Mall, Minneapolis, Minn. 55401, filed a registration statement (File 2-36693) with the SEC on March 23 seeking registration of \$45,000,000 of debentures, due 1974, to be offered for public sale at competitive bidding. A public utility, the company will add the net proceeds of the debenture sale to its general funds, to be used to prepay some of its outstanding short-term borrowings (estimated at \$50 million at the date of issuance of the debentures). Such borrowings have been or will be incurred in connection with the company's construction program. Construction expenditures are estimated at \$169 million in 1970 and \$663 million in the four-year period 1971-1974.

**INVESTORS FIDELITY PROPOSES EXCHANGE OFFER.** Investors Fidelity Corporation, 3107 Montgomery Highway, Birmingham, Ala. 35209, filed a registration statement (File 2-36694) with the SEC on March 23 seeking registration of 166,840 shares of common stock. It is proposed to offer these shares in exchange for the common stock of Registered Funds, Inc. ("RFI"), at the rate of two shares for each RFI share. Effectiveness of the exchange offer is conditioned upon acceptance by holders of at least 80% of the outstanding common stock of RFI. The company has agreed to pay a finder's fee equivalent to \$32,000 to George T. DeHueck and Associates (\$16,000 cash and 1,600 common shares).

Investors Fidelity is a holding company operating primarily in the fields of life insurance, real estate and sale of mutual fund shares. RFI is a registered broker-dealer engaged in the sale of mutual fund shares and life insurance. Edward J. Hugensmith is board chairman and Gordon S. Sorrell, Jr., president.

**BACHE-GOODBODY-WALSTON FUND PROPOSES OFFERING.** Municipal Investment Trust Fund, Series V, filed a registration statement (File 2-36695) with the SEC on March 23 seeking registration of \$11,025,000 of units, to be offered for public sale in 10,500 units (including 3,500 units registered for purposes of resale by the depositors of units tendered to the trustee for redemption). The Fund is one of a series of similar investment companies created by a trust agreement under which Bache & Co. Incorporated, Goodbody & Co. and Walston & Co., Inc., act as sponsors, United States Trust Company of New York as trustee and Standards &

Poor's Corporation as evaluator. The Fund consists of the diversified tax exempt bond portfolio of interest-bearing obligations issued by or on behalf of states, counties, territories or municipalities of the United States and authorities and political subdivisions thereof, the interest on which, in the opinion of counsel, is exempt from all Federal income tax under existing law.

**DOW CHEMICAL SHARES IN REGISTRATION.** The Dow Chemical Company, Midland, Mich. 48640, filed a registration statement (File 2-36696) with the SEC on March 23 seeking registration of 250,000 shares of common stock, to be offered to employees of the company and certain of its subsidiaries pursuant to its 1970-71 Employees' Stock Purchase Plan.

**REPUBLIC GEAR INDUSTRIES TO SELL STOCK.** Republic Gear Industries, Inc., 20200 E. Nine Mile Rd., St. Clair Shores, Mich., filed a registration statement (File 2-36697) with the SEC on March 23 seeking registration of 100,000 shares of common stock, to be offered for public sale through underwriters headed by Sterling, Grace Securities Corporation, 69-71 Forest Ave., Locust Valley, N. Y. 11560. The offering price (\$6.25 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in distributing automotive repair and replacement parts. Net proceeds of its stock sale will be added to the company's working capital and may be used for expansion of its business (including the acquisition of additional warehouse distributors) and to retire debt. In addition to indebtedness, the company has outstanding 325,286 common shares, of which Trusts for the benefit of members of the Leventritt and Berner families (including Edgar R. Berner, a director) own 58.3% and management officials as a group 8.9%. Steven S. Gordon is president.

**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:

Joy Manufacturing Company, Pittsburgh, Pa. 15222 (File 2-36683) - 228,510 shares

Caterpillar Tractor Co., Peoria, Ill. (File 2-36689) - 450,000 shares; (File 2-36690) - 20,000 shares;  
and (File 2-36691) - 400,625 shares

Kinney National Service, Inc., New York 10020 (File 2-36699) - 500,000 shares

#### MISCELLANEOUS

**INDIVIDUALS' SAVING REPORTED.** The SEC today announced that individuals' saving in 1969 amounted to \$57.9 billion, about equal to the average of the four preceding years. Saving in the fourth quarter of 1969 was \$18.1 billion, approximately the same as recorded in the fourth quarter of 1968. For further details, see Stat. Release No. 2430.

**Notice:** About 15 months ago these saving statistics were made consistent with those published by the Federal Reserve Board. Since that time the Federal Reserve staff has been producing these saving statistics as part of their flow-of-funds statistical program. The Commission will no longer publish this release; but the Federal Reserve Board will continue the publication of the data, including seasonally adjusted as well as unadjusted data. Persons on the SEC mailing list will be sent the Federal Reserve Board publication.

**SECURITIES ACT REGISTRATIONS. Eff. Mar. 30:** Capital Investors Corp. 2-31152; Clark Equipment Co., 2-36619; Fanfare Film Productions, Inc., 2-32280 (90 days); House of Ronnie, Inc., 2-36300 (90 days); The Lehigh Press, Inc., 2-36491; Lone Star Gas Co., 2-36678; Necky's Inc., 2-34032 (90 days); Ricoh Co. Ltd., 2-36522; Unicare Health Services, Inc., 2-35483 (May 10).  
**Withdrawn March 27:** Bailey Selburn Oil & Gas Ltd., 2-33991; First American Corp., 2-36286; Victor B. Handal & Bro. Inc., 2-34822.

**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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