

# 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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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

**PLANNED ESTATES REGISTRATION REVOKED.** The SEC today announced a decision under the Investment Advisers Act revoking the investment adviser registrations of Planned Estates Associates, Inc. ("Associates"), of Whittier, Calif., and of William Gibbs Stanley, d/b/a Planned Estates Associates (Release IA-266). The Commission also denied an application for broker-dealer registration under the Securities Exchange Act filed by Associates (Release 34-8937). In addition, it barred Stanley, president and 50% owner of Associates, from further association with a broker-dealer or investment adviser, and suspended William Martin Waggoner, vice president and also 50% owner, from association with an investment adviser for 12 months. These actions were based upon Commission findings that Associates together with Stanley, and aided and abetted by Stanley and Waggoner, had violated provisions of the Securities Act, the Exchange Act and Advisers Act and Commission rules thereunder. In an offer of settlement submitted to and accepted by the Commission, the respondents waived a hearing and consented to Commission findings of securities violations and to imposition of the indicated sanctions.

It was charged in the order instituting these proceedings that beginning in May 1968 Associates, Stanley and Waggoner offered and sold stock of Harding Brothers Oil and Gas Company Class A common stock and fractional undivided interests in oil and gas leases, in violation of the Securities Act registration requirements. Also, that in the offer and sale of such securities, Associates and Stanley, aided and abetted by Waggoner, engaged in a course of conduct which would and did operate as a "fraud and deceit" upon purchasers and prospective purchasers thereof, by charging unreasonable commissions and markups over the prevailing market price for such securities or the contemporaneous costs thereof to the respondents; by failure to disclose the nature and extent of respondents' adverse interest to customers, whose trust and confidence they had induced; and by Stanley's delivery of fraudulent confirmations of purchases and sales of investment company shares on letterhead stationery of a securities firm with which he was associated, without that firm's consent.

It also was charged, among other things, that Associates and Stanley, aided and abetted by Waggoner, engaged in the conduct of a securities business without registration with the Commission as a broker-dealer; violated the Commission's confirmation, hypothecation and record-keeping rules; sold securities to their clients while acting as principal for their own accounts, without disclosing in writing the capacity in which they were acting and obtaining the clients' consent thereto; and failed to segregate clients' securities and commingled clients' funds with corporate funds and wrongfully hypothecated clients' fully-paid securities in violation of the Advisers Act. In addition, it was alleged that Associates, aided and abetted by Stanley and Waggoner, falsified its broker-dealer registration application by including a statement of financial condition as of June 16, 1969, which understated trust liabilities by about \$200,000.

**DOLLAN CO. REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-8941) in which it revoked the broker-dealer registration of Dollan & Company, Inc., of Seattle, Wash., for violations of the Commission's record-keeping and financial reporting requirements. Robert Patrick Groughnour, Dollan's president, was barred from further association with a securities firm. Both respondents, without admitting or denying the violations, consented to findings by the Commission that the said requirements had been violated and to imposition of the indicated sanctions. According to the Commission's decision, the firm's books and records were in such an incomplete and disorderly state between May 29 and July 2, 1969, that an accurate determination could not be made of its compliance with the SEC net capital rule. It failed to file a financial report for 1969.

**DREYFUS O/C DEPARTMENT SUSPENDED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-8943) in which it suspended the over-the-counter department of Dreyfus & Company, New York broker-dealer firm, for 25 days, and suspended Thomas B. Bligh, a Dreyfus partner, from association with any securities firm for 15 days, both effective at the opening of business on January 29. The sanctions were imposed by reason of the failure of Dreyfus and Bligh to supervise certain employees with a view to preventing alleged violations of the Securities Act anti-fraud provisions in connection with their 1967 transactions in stock of Interamerican Industries, Ltd. In an offer of settlement, which the Commission accepted, the respondents waived a hearing and, without admitting the allegations of the Commission's complaint, consented to the Commission's findings of failure to supervise, as alleged, and to imposition of the indicated sanctions. Under the terms of the settlement offer, Dreyfus may execute unsolicited over-the-counter transactions for existing customers during the period of the suspension (which does not apply to the sale of mutual fund shares), but may not retain any commissions thereon.

The Commission's action was taken in proceedings in which certain employees of Dreyfus were alleged to have offered and sold Interamerican Industries stock during the period January-May 1967, by means of false and misleading statements concerning control persons, products, financial condition, production facilities, sales, income, market for the stock, profit potential, earnings and future price of the stock, and that Dreyfus and Bligh failed reasonably to supervise those employees and others with a view to preventing such

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violations of the Securities Act anti-fraud provisions. (Note: Over-the-counter trading in Interamerican Industries shares was suspended by the Commission during the period May 19, 1967, through February 2, 1968). In connection with their settlement offer, Dreyfus and Bligh urged that they had no knowledge that statements being made by Dreyfus employees were false and misleading in the offer and sale of Interamerican Industries stock; and that as soon as the matter was brought to their attention, Dreyfus offered rescission to customers who had purchased such stock and repurchased shares which were tendered at a cost of over \$185,000. Also, that new and more rigorous supervisory procedures have been adopted by Dreyfus to prevent a recurrence of the misconduct involved. (Dreyfus has no connection with the management and operation of The Dreyfus Fund).

#### INVESTMENT COMPANY ACT RELEASES

MUTUAL LIFE AND MONY ACCOUNT A SEEK ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6134) giving interested persons until August 13 to request a hearing upon an application of The Mutual Life Insurance Company of New York ("MONY"), New York, and The MONY Variable Account A. The application requests an exemption from certain provisions of the Act so that the applicants may issue a proposed new type of contract, namely, individual single payment variable annuity contracts (a) at varying rather than uniform charges (when expressed in terms of a percentage of the offering price), (b) with the right to participate in the divisible surplus of MONY and with reduced sales charges where the contract is purchased by application of lump sum cash amounts payable by MONY under its life, endowment, or fixed annuity contracts. MONY established Account A in July 1968 for the purpose of providing an investment medium for certain variable annuity contracts to be issued by MONY and Account A, which are designed to provide variable retirement benefits pursuant to plans qualifying under Sections 401, 403(a) or 403(b) of the Internal Revenue Code and to individuals under contracts not issued under any such tax benefited plans.

STATE STREET INVESTMENT SEEKS ORDERS. The SEC has issued orders under the Investment Company Act giving interested persons until August 17 to request hearings upon applications of State Street Investment Corporation, Boston mutual fund, for exemption orders with respect to its proposed acquisition of substantially all of the assets of Washburn Investment Company, Inc. (Release IC-6135) and in exchange for substantially all of the assets of Securities Equity Company (Release IC-6136). State Street proposes to issue its shares at net asset value in exchange for Washburn's assets (which were valued at \$2,695,000 at April 30) and in exchange for all of Securities Equity's assets (which were valued at \$2,693,000 at April 30). The shares of State Street are to be distributed by Washburn and Securities Equity, upon their liquidation, to their respective stockholders.

DIFUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6137) exempting Difund, Inc., New York mutual fund from the \$100,000 minimum worth net provisions of the Act and from the transferability provisions of the Act so that shares may be transferred only to eligible persons. The Fund proposes to operate as an open-end diversified management investment company which is registered under the Act as an employees' securities company. Shares of its capital stock are to be offered at their net asset value to certain eligible persons, namely executives, officials, employees and consultants of Dresser Industries, Inc. and its subsidiary or controlled companies.

#### COURT ENFORCEMENT ACTIONS

SHEETS AND OSTERLOH SENTENCED. The SEC Denver Regional Office announced July 22 (LR-4691) that the Federal court in Lincoln, Nebr. had sentenced Harry Duane Sheets of Fremont to two years' imprisonment followed by three years' probation following his conviction of fraud in the sale of interests in oil wells and leases of Mid-Continent Oil Corporation. Defendant Donald L. Osterloh of Mead received two-years' probation.

NATIONAL ASSOCIATION EXCHANGE CITED. The SEC Chicago Regional Office announced July 21 (LR-4692) the filing of a complaint in Federal court in Chicago, seeking to enjoin violations of the registration and anti-fraud provisions of the Federal securities laws in the sale of securities of National Association of Exchange Corporation, of Chicago, by the said corporation and Samuel L. Day, Jr., its president.

SALE OF CAPITOL HOLDING STOCK ENJOINED. The SEC today announced (LR-4693) that the Federal court in Los Angeles on May 8 entered an order permanently enjoining violations of the registration and anti-fraud provisions of the Federal securities laws by Robert A. Eisenberg, of Los Angeles, in the offer and sale of stock of Capitol Holding Corp. Eisenberg consented to the court order without admitting the violations alleged. Previously, the court in this action had enjoined violations of the Securities Act registration provisions by Morris Cooper, American Investments Corporation, both of Montreal; Leslie I. Zacharias and R.F.S. Associates, Inc., of Miami; A. V. Catazaro (aka Tony Orlandi), of Scottsdale, Ariz.; and Charles Murano of Palm Springs, Calif.

#### SECURITIES ACT REGISTRATIONS

MID-ATLANTIC PREMIUM FINANCE PROPOSES OFFERING. Mid-Atlantic Premium Finance Corporation, 7338 Baltimore Ave., College Park, Md. 20740, filed a registration statement (File 2-38024) with the SEC on July 23 seeking registration of \$225,000 of 10% convertible subordinated debentures (due 1980) and 45,000 shares of common stock, to be offered for public sale in units, each consisting of a \$500 debenture and 100 shares, and at \$1,000 per unit. The offering is to be made through underwriters headed by Katz, Needleman & Co., Inc., 1776 K St., N.W., Washington, D. C., which will receive a \$100 per unit commission. In January, the company sold the underwriter 4,500 shares for \$450.

The company is engaged in providing financing of casualty and fire insurance premiums on insurance policies sold by insurance brokers and agents. Net proceeds of the company's offering will be used to reduce current short-term indebtedness incurred in the financing of fire and casualty insurance premiums. In addition to indebtedness, the company has outstanding 207,500 common shares (with a 42c per share net tangible book value), of which Edward Friedson, board chairman, owns 64% and Wilbur Friedson, president, 28%.

**HOUSEHOLD FINANCE TO SELL DEBENTURES.** Household Finance Corporation, Prudential Plaza, Chicago, Ill., filed a registration statement (File 2-38025) with the SEC on July 24 seeking registration of \$75,000,000 of debentures, Series 1C, due 1976, to be offered for public sale through underwriters headed by Dean Witter & Co. Inc., 14 Wall St., New York 10005 and two other firms. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is a consumer finance company. Net proceeds of its debenture sale will be used to reduce short-term debt incurred in connection with United States operations of the company and its subsidiaries.

**FASHION FABRICS FILES FOR OFFERING AND SECONDARY.** Fashion Fabrics, Inc., 267 S. Main, Salt Lake City, Utah 84111, filed a registration statement (File 2-38026) with the SEC on July 24 seeking registration of 225,000 shares of common stock, of which 200,000 are to be offered for public sale by the company and 25,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Bosworth, Sullivan & Co., Inc., 660 17th St., Denver, Colo. 80202; the offering price (\$10 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized in April 1969, the company through subsidiaries engages in the sale of fabrics, notions and patterns in eight western states. Of the net proceeds of its sale of additional stock, \$510,000 will be used to retire unsecured, short-term bank loans incurred to provide working capital and to meet other expansion costs and \$1,240,000 will be added to the company's general funds and used for working capital and to finance the opening of new stores. In addition to indebtedness, the company has outstanding 1,020,000 common shares (with a 93c per share book value), of which John W. Boud, president, owns 54.50% and management officials as a group 97.79%. Valdo D. Benson, vice president, proposes to sell 7,000 of 97,881 shares held, J. Murray Rawson, vice-president, 15,016 of 223,167 and three others the remaining shares being registered.

**BURLINGTON INDUSTRIES TO SELL DEBENTURES.** Burlington Industries, Inc., 301 N. Eugene St., Greensboro, N. C. 27402, filed a registration statement (File 2-38028) with the SEC on July 24 seeking registration of \$75,000,000 of sinking fund debentures, due 1995, to be offered for public sale through underwriters headed by Kidder, Peabody & Co. Inc., 20 Exchange Pl., New York. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is a diversified textile company and a producer of all major classes of textile mill products. In addition, it manufactures furniture. Net proceeds of the company's debenture sale will be applied to the reduction of domestic bank borrowings, including the revolving credit bank loans currently outstanding which were incurred to finance a portion of its capital expenditure program and to augment working capital. At present, domestic bank credit lines, including the \$75 million revolving credit, total \$173 million.

**VANDERBILT DRILLING PROGRAM PROPOSES OFFERING.** Vanderbilt Drilling Program--Seventy Series, 211 N. Ervay, Dallas, Tex. 75201, filed a registration statement (File 2-38029) with the SEC on July 24 seeking registration of \$10,000,000 of preformation limited partnership interests in a series of limited partnerships, to be offered for public sale at \$5,000 per unit. The offering is to be made by company officials of Hinckley Oil Corporation (the "Operator"), who will receive no commission, and by selected NASD members, who will receive a 7½% selling commission. The partnerships are to be organized for the purpose of oil and gas exploration. Vanderbilt Resources Corporation will serve as the general partner. J. W. Hinckley is president and board chairman of the general partner and president of the operator; he owns all of the outstanding stock of both.

MISCELLANEOUS

**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 (in ordering, please give month and year of report). 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 June 2 News Digest.

Amended 8K Reports

Irvington Ind., Inc Dec. 1969(9,13)	2-26035-2	EG & G Inc. Oct 68(7) Dec 67(7)	1-5075-2 1-5075-2
Diversified Realty Inc (March 1970(7)			
Natl. Western Life Insr. Co ( 7,12,13)	2-17039-2	Beefy King International, Inc. Jan 70(1)	2-31398-2
Beta Instrument Corp March 1970(12)	0-4838-2		
Eldon Ind., Inc March 1970 (11,13)	0-1374-2	Vail Associates, Inc. Feb 70(2,13)	0-2984-2
Acoustica Associates, Inc March 1970 (1)	0-1717-2	Western Nuclear Inc. May 69(7) July 69(7)	1-4360-2 1-4360-2

8K Reports for Apr 70

Center Laboratories, Inc.(11,12,13) 1-5754-2  
 Dravo Corp (11) 1-5642-2  
 Eastman Kodak Co. (3,11,13) 1-87-2  
 Grocery Store Products Co.  
 (11,12,13) 1-2773-2  
 Harvard Industries Inc.(3,13) 1-1044-2  
 NBO Industries (12) 1-4467-2  
 Omnitec Corporation (11) 0-4269-2  
 SFM Corp (7,13) 1-5654-2  
 Systems Capital Corporation (7) 0-3689-2  
 Tyco Laboratories, Inc. (3,13) 1-5482-2  
 Veeder Industries, Inc. (11) 1-5076-2  
 Vitramon, Inc. (11,13) 0-415-2

Blackstone Valley Electric Co.  
 (11) 0-2602-2  
 CF & I Steel Corp (8,13) 1-2743-2  
 Creative Merchandising, Inc.(12) 0-3754-2  
 Datatron, Inc. (12) 0-4151-2  
 Fimaco, Inc. (2,13) 2-30023-2  
 Hospital Corp. of America  
 (11,12,13) 0-3577-2  
 LTV Aerospace Corp Feb 70(3,13) 1-5219-2  
 Taylor Internatl Corp Mar 70  
 (2,7,13) 0-2126-2  
 Conductron Corp (13) 1-5043-2  
 Giddings & Lewis, Inc. (11,13) 1-5372-2  
 Godfrey Co. (13) 0-427-2  
 Stocker & Yale, Inc. (11) 1-5619-2  
 Western Land Corporation (13) 0-2979-2  
 Binney & Smith Inc. (12,13) 1-4745-2  
 Brockway Glass Co., Inc. Jan 70  
 (11) 1-6344-2  
 Coordinated Computer Concepts, Inc.  
 (2,13) 2-31488-2  
 General Refractories Co.  
 (7,11,13) 1-931-2  
 Walter E. Heller & Co. (11,12,13) 1-6157-2  
 Walter E. Heller International  
 Corp (11,12,13) 1-5919-2  
 Honda Giken Dogyo Kabushiki Kaisha  
 6K Mar & Apr 70 2-20888-2  
 K-T Oil Corp (11) 0-2144-2  
 New Jersey Power & Light Co.  
 (10,12,13) 1-3221-2  
 Sanitary Controls, Inc.  
 Mar 70(2,13) 2-31356-2

BKF Resources, Inc. (12) 0-4337-2  
 Beecham Inc. (3) 0-3798-2  
 Bio-Medical Sciences, Inc. (1,11) 2-32533-2  
 Nov 69(2) 2-32533-2  
 Mar 70(11,12) 2-32533-2  
 Chadbourn, Inc. (2,7,13) 1-9926-2  
 Chanco Medical & Electronics  
 Industries (11) 0-4456-2  
 H. B. Fuller Company (11,13) 0-3488-2  
 General Acceptance Corp (11) 1-5786-2

Amended 8K Reports

Sherwood Leasing Corp  
 Amdt #1 for Jan 70(7) 0-3815-2  
 Nationwide Corp  
 Amdt to Mar 70(7) 0-866-2  
 Bethlehem Steel Corp  
 Amdt to Apr 70(11) 1-1941-2  
 Interstate Brands Corp.  
 Amdt to Apr 70(7,12) 1-4969-2  
 Taylor Internatl Corp  
 Amdt #2 for Dec 69(2) 0-2126-2  
 Western Nuclear Inc.  
 Amdt #1 for Jan 70(7) 1-4360-2  
 Geri-Care Nursing Ctrs.  
 of America, Inc  
 Amdt. to 8K for Jan. 1969(13) 0-4323-2  
 Sherwood Leasing Corp  
 Amdt. to 8K for March  
 1970 0-3815-2  
 Arcs Ind., Inc  
 Amdt. #1 to 8K for Aug.  
 1968(1) 0-2725-2  
 Alaska Interstate Co  
 Amdt. #1 to 8K for  
 Feb 1970(2,13) 1-5744-2  
 Decitron Electronics Corp  
 Amdt. #1 to 8K for Dec. 1969  
 (7,12) 0-2833-2  
 Ferro Corp  
 Amdt. to 8K for March 1970  
 (13) 1-584-2

SECURITIES ACT REGISTRATIONS. Effective July 23: The Pacific Lumber Co., 2-37965.  
Effective July 24: Alpha Investors Fund, Inc., 2-35084; Cambridge Industries, Inc., 2-36107 (90 days);  
 The Columbine Fund, Inc., 2-34093; Convertible Leverage Fund, 2-34235; Essex Chemical Corp., 2-37472  
 (40 days); Great Northern Nekoosa Corp., 2-37551; Kapok Tree Inns Corp., 2-37997; Medical Testing Systems,  
 Inc., 2-35295 (90 days); 1970 Oil Resources Drilling Program - Oil Resources Inc., 2-36564 (90 days);  
 Piedmont Natural Gas Co., 2-37802.

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.