

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 ANNOUNCEMENTS

MAJOR REALTY REPORTS QUESTIONED. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving Major Realty Corporation, of Orlando, Fla., particularly with respect to the accuracy and adequacy of financial statements contained in its Form 10-K annual reports for the fiscal years ended May 31, 1968 and 1969. A hearing thereon is scheduled for October 13, 1970.

In its 1968 report, Major Realty included an income statement which reflected "Sales of Property" in the amount of \$4,723,862 and "Net Income" of \$3,116,350. In its balance sheet, "Mortgage Notes Receivable" were carried in the amount of \$5,518,055 (after allowance for a loss of \$150,000 in 1968 and \$915,000 in 1967); and the balance sheet further showed a deficit in "Retained Earnings" in the amount of \$3,763,958. In a footnote discussion of Mortgage Notes Receivable, it was indicated that they included a note for \$3,475,000 arising from the sale of land from which the company recognized \$3,152,170 in income during the year. However, it was further indicated that the company "may rescind the sale if the buyer fails to commence construction for a regional shopping mall on or before June 1, 1969," the buyer (Florida Mall Corp., subsidiary of Edward J. DeBartolo Corp.), having a right of extension for one year upon furnishing evidence of a lease or letter of intent to lease from at least one major department store. The Commission's staff urges that the company's treatment of land sale which gave rise to the \$3,475,000 mortgage note receivable as a reportable sale, when Major Realty received a down payment representing less than one percent of the purchase price and retained the right to rescind the sale, the buyer had assets of a nominal amount, and the note given by the buyer was a non-recourse note on which no interest or principal payments were to be made until after Major Realty's right of rescission had lapsed, resulted in an overstatement of sales and an over-statement of net income for the period.

For similar reasons, the staff asserts that the \$3,901,628 deficit in "Retained Earnings" shown in the company's 1969 annual report also was understated. That report was filed on September 29, 1969; and in a footnote discussion of "Mortgage Notes Receivable" reference was made to the \$3,475,000 land sale in 1968 which purportedly resulted in income of \$3,152,170 that year; and it was stated that the company "may rescind the sale if the buyer fails to commence construction for a regional shopping mall on or before June 1, 1970. As of the date of this report, no construction has started." The staff asserts with respect to the foregoing that there was a failure to disclose (1) that the buyer had failed to furnish evidence by June 1, 1969 that construction had commenced or of a lease or letter of intent to lease from one major department store and that no such extension was granted, and (2) that on or about June 30, 1969, the buyer sought a twelve-month extension of the terms of the contract relating to the start of construction, that Major Realty gave notice of its willingness to grant an extension until October 1, 1969, which included a statement that it had elected to exercise its rights of rescission under the contract unless the buyer agreed in writing by August 15, 1969, to accept the extension, and that no such written agreement was given by the buyer.

CORPORATE WORKING CAPITAL REPORTED. The SEC today reported that the net working capital of U. S. corporations increased \$700 million in the second quarter of 1970. Working capital, which represents business investment in current assets in excess of current liabilities, totaled \$215 billion at the end of June. The second quarter rise in working capital compares with an increase of \$200 million in the January-March quarter. The \$900 million increase in working capital in the first half of 1970 followed a decline of \$2.2 billion in the last six months of 1969 and compares with a gain of \$4.0 billion in the first half of last year. For further details, see Stat. Release 2470.

HOLDING COMPANY ACT RELEASE

MICHIGAN WISCONSIN PIPE LINE SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16834) giving interested persons until October 14 to request a hearing upon an application of Michigan Wisconsin Pipe Line Company, subsidiary of American Natural Gas Company, of New York, to issue and sell \$40,000,000 of first mortgage pipe line bonds, due 1990, at competitive bidding. Michigan Wisconsin also proposes to increase its authorized shares of common stock (\$100 par) (all of which are owned by American Natural Gas) from 1,465,000 to 1,495,000 shares and to sell the parent 30,000 additional shares at \$100 per share. Michigan Wisconsin will apply the net proceeds of this financing to the retirement of some \$30,000,000 of notes payable to banks and to pay in part its 1970 construction program, estimated at \$95,000,000.

OVER

INVESTMENT COMPANY ACT RELEASE

UNITED CONTINENTAL ACCUMULATIVE FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6190) giving interested persons until October 9 to request a hearing upon an application of United Continental Accumulative Fund, Inc., Kansas City, Mo. mutual fund, for an order declaring that it has ceased to be an investment company. The Fund states that it has no shareholders and that no public offering or sale of securities has been or is to be made.

COURT ENFORCEMENT ACTION

SPOKANE NATIONAL MINES ENJOINED. The SEC Seattle Regional Office announced September 14 (LR-4757) that Spokane National Mines, Inc., a Nevada corporation, had consented to the entry by the Federal court in Spokane of an order permanently enjoining violations of the registration and antifraud provisions of the Federal securities laws in connection with the offer and sale of Spokane National stock, and to the appointment of a receiver.

SECURITIES ACT REGISTRATIONS

ALBRIGHT BOND MORTGAGES PROPOSES OFFERING. Albright Bond Mortgages (the "Trust"), 100 North Main St., Newkirk, Okla. 74647, filed a registration statement (File 2-38376) with the SEC on September 15 seeking registration of \$1,000,000 of Albright Trust Certificates and \$3,000,000 of Albright Savings Trust Certificates. They are to be offered on a "best efforts" basis by Albright Title & Trust Company.

The Trust is engaged in investing in first mortgages on real estate. Albright Title & Trust Company is Trustee and manager of the Trust. Maurine J. Johnson is board chairman and William F. Johnson president of the Trustee.

MADISON FUND SHARES IN REGISTRATION. Madison Fund, Inc., 660 Madison Ave., New York, N. Y. 10021, filed a registration statement (File 2-38377) with the SEC on September 15 seeking registration of 1,981,534 shares of common stock. It is proposed (1) to issue part of these shares from time to time in payment of dividends and distributions payable in cash or stock at the option of the common stockholder, (2) to make some of the shares available for the convenience of stockholders who are self-employed individuals or partnerships, as a medium of investment under retirement plans which qualify under the Self-Employed Individuals Tax Retirement Act of 1962 and (3) to issue some of such shares in acquisition of assets or capital stock of other investment companies or other holders of investment securities with a view to supplementing the present business of the corporation as a closed-end investment company. Edward A. Merkle is president.

INTERNATIONAL FARM SYSTEMS TO SELL STOCK. International Farm Systems, Inc., 415 W. 120th St., New York, N. Y. 10027, filed a registration statement (File 2-38383) with the SEC on September 16 seeking registration of 70,000 shares of common stock, to be offered for public sale at \$5 per share. No underwriting is involved.

The company was organized in August 1969 for the purpose of developing, producing, distributing and operating an integrated system for the mass raising of swine. Of the net proceeds of its stock sale, \$120,000 will be used to expand the existing partial prototype structure now under construction into a prototype of the complete structure and \$180,000 for operating expenses of the prototype system, corporate administration, business planning and various contingencies and \$50,000 to purchase breeding stock for the complete system. The company has outstanding 758,000 common shares (with a 12¢ per share book value), of which Roger H. Stevens, president, owns 64.64%. Purchasers of the shares being registered will acquire an 8.45% stock interest in the company for their investment of \$350,000 (they will sustain an immediate dilution of \$4.23 in per share book value from the offering price); present shareholders will then own 91.55% for which they paid \$285,500.

LOUISIANA POWER PROPOSES OFFERING. Louisiana Power & Light Company, 142 Delaronde St., New Orleans, La. 70114, filed a registration statement (File 2-38378) with the SEC on September 16 seeking registration of \$20,000,000 of first mortgage bonds, due 2000, and 70,000 shares of cumulative preferred stock (\$100 par), to be offered for public sale at competitive bidding. An electric utility subsidiary of Middle South Utilities, Inc., the company will use the net proceeds of this financing, supplemented by funds on hand and to be generated internally, for the payment of short-term borrowings expected not to exceed \$18,000,000, for the construction of new facilities, for the extension and improvement of present facilities, and for other corporate purposes. Construction expenditures are estimated at \$75,700,000 for 1970.

TEMPLE INDUSTRIES PROPOSES EXCHANGE OFFER. Temple Industries, Inc., Diboll, Tex. 75941, filed a registration statement (File 2-38379) with the SEC on September 16 seeking registration of 67,958 shares of common stock. It is proposed to offer these shares in exchange for shares of common stock of Lumbermen's Investment Corporation ("LIC"), at the rate of .6 share of Temple stock (plus a contingent nontransferable right to receive additional stock) for each LIC common share. Temple now owns 147,277 (or 62%) of LIC's outstanding common stock and the exchange offer is contingent upon acceptance by holders of approximately 89.3% of LIC's outstanding common stock not presently owned by Temple.

The company is a fully integrated forest products company. LIC was organized by a group of retail lumber dealers primarily located in small towns in Texas to provide a source of FHA insured mortgage loans to finance residential construction in their respective localities. It is engaged in mortgage banking, land development and operation of rental properties. In addition to indebtedness, Temple has outstanding 5,643,740 common shares. W. Temple Webber is board chairman and Arthur Temple president.

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EQUITABLE LIFE REALTY PROPOSES OFFERING. The Equitable Life Mortgage and Realty Investors (the "Trust"), 75 Federal St., Boston, Mass. 02110, filed a registration statement (File 2-38380) with the SEC on September 16 seeking registration of 2,000,000 shares of beneficial interest and \$50,000,000 of convertible subordinated debentures, due 1990, to be offered for public sale in units, each consisting of four shares and a \$100 debenture, and at \$200 per unit. The offering is to be made through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York, N. Y.; the underwriting terms are to be supplied by amendment.

Recently organized, the Trust will initially invest primarily in long-term mortgage loans, construction and other loans of relatively short maturities and real estate equity investments. The Trust intends to qualify as a real estate investment trust under the provisions of the Internal Revenue Code. The Equitable Life Assurance Society of the United States will serve as investment adviser. Thomas F. Murray is chairman and Donald R. Waugh, Jr., president.

NECKY'S PROPOSES OFFERING. Necky's Inc., The Benjamin Fox Pavilion, Jenkintown, Pa. 19046, filed a registration statement (File 2-38381) with the SEC on September 16 seeking registration of 280,000 shares of common stock and 280,000 common stock purchase warrants, to be offered for public sale in units, each consisting of one share and one warrant, and at \$2.50 per unit. No underwriting is involved; participating NASD members will receive a 15% selling commission.

Organized in April 1969 as Necky's Bakery Franchise, Inc., the company intends to operate a national chain of franchised bakeries. Of the net proceeds of its stock sale, \$250,000 will be used to lease and equip a central bakery and the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 507,650 common shares, of which Martin Rosen, president, and Howard E. Katz own 22.4% each and Industrial Beverage Center, Inc. 43.3%. Purchasers of the shares being registered will acquire a 35.5% stock interest in the company for their investment of \$697,200 (they will sustain an immediate dilution of \$1.78 in per share book value from the offering price); present shareholders will then own 64.5%, for which they paid \$62,717 or 12¢ per share.

OFFERING PROPOSED TO HAMILTON INTERNATIONAL HOLDERS. International Investors Marketing Corporation, 70 Park St., Montclair, N. J. 07042, filed a registration statement (File 2-38382) with the SEC on September 16 seeking registration of 400,000 shares of Class A common stock. It is proposed to offer these shares for subscription by holders of common stock of Hamilton International Corporation (owner of 20% of the outstanding Class A common stock and all of the outstanding preferred stock of International Investors), at \$5 per share. The offering is to be underwritten by Hamilton Financial Corporation, a wholly-owned subsidiary of Hamilton International Corporation, which will receive a 50¢ per share selling commission. The subscription rate is to be supplied by amendment.

The company was organized in December 1969 pursuant to an agreement between Hamilton International Corporation, Alexander Hamilton Life Insurance Company of America and William F. Good, president of the company, to engage in marketing financial services. Of the net proceeds of its stock sale, \$500,000 will be used as general working capital, \$175,000 to establish and capitalize a life insurance company as a subsidiary, and the balance to acquire independent general agencies. In addition to preferred stock, the company has outstanding 250,000 Class A common and 200,000 Class B (convertible) common shares. William F. Good, president and board chairman, owns 80% of the A shares and all of the B shares and Hamilton International owns 20% of the A shares. Purchasers of the shares being registered will acquire a 61.9% stock interest (both A & B classes) in the company for their investment of \$2,000,000 (they will sustain an immediate dilution of \$2.25 in per share book value from the offering price); Good and Hamilton International will then own 38.1%, for which they paid \$52,000.

WISCONSIN GAS TO SELL DEBENTURES. Wisconsin Gas Company, 626 East Wisconsin Ave., Milwaukee, Wis. 53201, filed a registration statement (File 2-38384) with the SEC on September 16 seeking registration of \$15,000,000 of debentures, due 1990, to be offered for public sale at competitive bidding. A subsidiary of American Natural Gas Company, the company will use the net proceeds of its debenture sale, together with \$5,000,000 to be received from the sale of common stock to the parent, to retire \$3,720,000 of 3-3/8% sinking fund debentures, due November 1, 1970, and to retire \$14,000,000 of short-term bank loans expected to be outstanding when the debentures are sold; the balance will be used to pay a portion of 1970 construction costs, estimated at \$20,800,000.

CLARK EQUIPMENT CREDIT TO SELL DEBENTURES. Clark Equipment Credit Corporation, 128 East Front St., Buchanan, Mich., filed a registration statement (File 2-38385) with the SEC on September 16 seeking registration of \$50,000,000 of debentures, Series C, due 1976, to be offered for public sale through underwriters headed by Blyth & Co., Inc., 14 Wall St., New York, N. Y. 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

A wholly-owned subsidiary of Clark Equipment Company ("Clark"), the company is engaged in financing of retail time sales of new Clark products, financing at wholesale of these products and financing of new Clark products used in the Clark Rental System. Net proceeds of the company's debenture sale will be applied to the reduction of commercial paper borrowings incurred in connection with financing operations. In addition to indebtedness, the company has outstanding 500,000 common shares. W. E. Schirmer is board chairman and John R. Wood, Jr., president.

ROHO INDUSTRIES TO SELL STOCK. Roho Industries, Inc., Main St., Jeffersonville, N. Y., filed a registration statement (File 2-38386) with the SEC on September 16 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$6 per share. The offering is to be made on a "best efforts, 50% or none" basis by Morgan-Townsend Company, Inc., 205 W. 34th St., New York, N. Y., which will receive a 60¢ per share selling commission plus up to \$15,000 for expenses. The company has agreed to sell the underwriter, for \$10, five-year warrants to purchase 10,000 shares, exercisable after one year at \$6.60 per share.

Organized in February, the company proposes to engage in diversified businesses, including the financing of premiums on life, casualty and other types of insurance policies and operation of residential and commercial parking garages and lots. Of the net proceeds of its stock sale, \$350,000 will be used to expand and increase funds available for insurance premium financing and the balance will be added to the company's general funds and used for general corporate purposes. The company has outstanding 150,000 common shares (with a 63¢ per share net tangible book value), of which Frederick H. Rosenberg, president and board chairman, owns 36.2% and management officials as a group 87.5%. Purchasers of the shares being registered will acquire a 40% stock interest in the company for their investment of \$600,000 (they will sustain an immediate dilution of \$3.80 in per share book value from the offering price); present shareholders will then own 60%, for which they will have paid \$62,600, or 42¢ per share.

MORGAN ADHESIVES TO SELL STOCK. Morgan Adhesives Company, 4560 Darrow Road, Stow, Ohio 44224, filed a registration statement (File 2-38387) with the SEC on September 16 seeking registration of 375,000 shares of common stock, to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York, N. Y. The offering price (\$16 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged principally in the development and manufacture of a wide variety of self-adhesive base materials, including papers, plastic films and foils. Part of the net proceeds of its stock sale will be applied toward repayment of borrowings (totalling \$4,780,500 on August 31), which have been made from time to time on a demand basis from Bemis Company, Inc. (parent of Morgan Adhesives), and the balance will be added to the company's general funds and used for general corporate purposes. The company has outstanding 2,250,000 common shares, of which Bemis owns 80% and Burton D. Morgan, president, 20%.

SEAFOOD FARMS PROPOSES OFFERING. Seafood Farms, 69 West Washington St., Chicago, Ill. 60602, filed a registration statement (File 2-38388) with the SEC on September 17 seeking registration of 1,600 units of limited partnership interests (\$4,000,000), to be offered for public sale at \$2,500 per unit. The offering is to be made on a best efforts basis by Chartered New England Corporation, 90 Broad St., New York, N. Y., which will receive a 10% selling commission on units sold by or through it and a 5% selling commission on units sold by officials of the General Partner (Seafood Farms, Inc.). The partnerships are to be formed to engage in oyster farming and related activities. Richard D. Smith is president of the general partner.

SECURITIES ACT REGISTRATIONS. Effective September 17: Capital Corporation of America, 2-36820; The Columbia Gas System, Inc., 2-38139; Consolidated Edison Company of New York, Inc., 2-38155; Drug Fair-Community Drug Co., Inc., 2-37430 (Oct. 27); Lincoln First Banks Inc., 2-38183; Monogram Industries, Inc., 2-37443 (Oct. 27); Phoenix Fund, Inc., 2-36275; The Sperry and Hutchinson Company, 2-38170 (40 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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