

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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DECISION IN ADMINISTRATIVE PROCEEDING

PHILIP R. GOULD BARRED. The SEC today announced a decision under the Investment Advisers Act (Release IA-279) in which (among other things) it barred Philip R. Gould from association after December 31 with any investment advisory publication without prior Commission consent. Gould is president and sole stockholder of Gould's Position, Inc., a New York registered investment adviser which publishes "Gould's Position", an investment advisory letter. According to the Commission's decision, the advisory firm and Gould in July 1967 violated or aided and abetted violations of the registration and anti-fraud provisions of the Federal securities laws in connection with the offer and sale of stock of North American Research and Development Corp., as a result of the inclusion in the July 14, 1967, issue of "Gould's Position" of an article which was used in connection with the sale of North American stock and which contained misleading information concerning North American. The article stated that North American had acquired a process for converting bituminous coal into relatively clean-burning coke and was about to test it to determine its workability. No disclosure was made that the company lacked the funds for testing the process, that the process had only recently been acquired from a virtually bankrupt company, and that the pilot plant had been dormant since 1964.

In an offer of settlement, and without admitting or denying the violations, Gould and the advisory firm consented to findings of violation and to the imposition of specified sanctions. Under the settlement offer, approved by the Commission, Gould consented to the bar order. In addition, he must divest himself of all interest in the investment advisory letter ("Gould's Position") by December 31. Until such disposition, there may be no solicitation or acceptance of subscriptions to the publication and the receipt of any salary by Gould from the firm is prohibited. Both the firm and Gould also have agreed to consent to a court order of permanent injunction in a 1967 action against any registration or anti-fraud violations in the offer and sale of securities of North American or any other company (Lit Release No. 4851).

RULE AMENDMENT

CODE REVISION REALIGNS FUNCTIONS. The SEC today announced a revision of Title 17 of the Code of Federal Regulation, which relates to the assignment of functions as between the several Divisions and Offices of the Commission. The revision provides for assignment to the Director of the Commission's Division of Corporation Finance the functions heretofore performed by the Office of the General Counsel involving court actions to enjoin violations of the registration and reporting provisions of Sections 12, 13 and 15(d) of the Securities Exchange Act of 1934. The Commission also took occasion to re-emphasize "the necessity for timely compliance" by issuers and others with the periodic reporting requirements of the Act.

COMMISSION ANNOUNCEMENTS

SUN-MASTR SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Sun-Mastr Corporation, Inc., of Olathe, Kansas, and a related rescission offer. The order provides an opportunity for hearing, upon request, on the question whether the suspensions should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed on December 31, 1968, Sun-Mastr proposed a public offering of 60,000 common shares at \$5 per share. The offering was made pursuant to an offering circular dated March 20, 1969, all 60,000 shares being sold. On August 1, 1969, Sun-Mastr filed a further Regulation A notification in which it proposed to offer the purchasers the right of rescission, any shares so acquired in rescission to be reoffered for public sale. This filing was never cleared and the rescission offer was not made.

In its suspension order, the Commission asserts that it has "reason to believe" (1) that the March 20, 1969, offering circular contained financial statements which overstated in material amounts the total amount of the net sales, trade accounts receivable, and net earnings for the period ended October 31, 1968; and (2) that the offering circular covering the proposed rescission offer failed to disclose the existence of a contingent civil liability resulting from the sale of stock under the previous offering circular as well as the pendency of a civil suit against the company which alleged violations of the Securities Act of 1933 and the Securities Exchange Act of 1934.

ROADWAY MAINTENANCE SUSPENSION PERMANENT. The SEC had made permanent its order of August 11, 1970 temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a 1969 public offering of stock by Roadway Maintenance Corp. (now known as RMC Industries, Inc.), of Middle Village, N. Y.

OVER

In a Regulation A notification filed on April 23, 1969, Roadway Maintenance proposed the public offering of 200,000 common shares at \$1.50 per share. The offering, which commenced on August 12 and was completed on September 12, 1969, was made through Kevin Securities Corp., as underwriter. According to its offering circular, the company was to engage "in the business of providing emergency tire road service for trucks, and selling truck tires"; and the proceeds of the offering were to be utilized to purchase tire repair vehicles and truck washing vehicles and to hire personnel.

In its order making the suspension permanent, the Commission found that Roadway Maintenance misrepresented the intended use of the proceeds of its stock sale and that it omitted to state that the proceeds would be used in the acquisition of or consolidation with Aarden Security System, Inc., a security guard service, and that loans and advances totaling \$84,314 would be made to that company. After requesting a hearing on the temporary suspension order, Roadway Maintenance during the course of the hearing waived further hearings, and without admitting or denying the allegations of the temporary suspension order, consented to the entry of an order making the suspension permanent.

INVESTMENT COMPANY ACT RELEASES

CORNERSTONE FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6296) giving interested persons until January 7, 1971 to request a hearing upon an application by Cornerstone Fund, Inc., New York, for an order declaring that it has ceased to be an investment company. Cornerstone filed a registration statement on January 20, 1970 for a public offering of 2,500,000 shares of its capital stock. The application was subsequently withdrawn and applicant issued no securities and has no assets or shareholders.

COLONIAL FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6299) permitting the withdrawal of an application previously filed by Colonial Fund, Inc., of Boston, Mass. which sought an exemption with respect to the purchase of securities of Tenneco, Inc.

SECURITIES ACT REGISTRATIONS

GENERAL TELEPHONE (WIS.) TO SELL BONDS. General Telephone Company of Wisconsin, 18 South Thornton Ave., Madison, Wis. 53701, filed a registration statement (File 2-39040) with the SEC on December 17 seeking registration of \$15,000,000 of first mortgage bonds, due 2001, to be offered for public sale at competitive bidding. A subsidiary of General Telephone & Electronics Corporation, the company will apply the net proceeds of its bond sale, together with the proceeds of the proposed sale of 100,000 common shares to the parent at \$100 per share, toward payment of short-term loans owing to GT&E (estimated not to exceed \$36,150,000 at the time of such application) obtained for the purpose of financing its construction program.

AMERICAN GARDEN PRODUCTS TO SELL STOCK. American Garden Products, Inc., 28 State St., Boston, Mass. 02109, filed a registration statement (File 2-39041) with the SEC on December 17 seeking registration of 180,000 shares of common stock, to be offered for public sale through underwriters headed by Robert Fleming Incorporated, 100 Wall St., New York, N. Y. 10005. The offering price (\$12.50 per share maximum*) and underwriting terms are to be supplied by amendment.

The company was organized in May 1968 to acquire and develop businesses which grow or manufacture, distribute and market all types of products, supplies and tools for lawn and garden use. To date, it has acquired two businesses, one which is engaged in the mail order distribution of purchased or grown nursery products, bulbs, seeds and accessory items and a second which develops, grows and markets proprietary and common shade and ornamental trees and shrubs. Of the net proceeds of its stock sale, up to \$541,000 will be used to prepay 9% subordinated notes due 1974 and \$112,500 to prepay a portion of a loan made to a subsidiary; the balance will be added to the company's general funds and used for general corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 76,800 Class B common shares and 238,200 common shares (with a combined book value of \$1.10 per share), Private Equity Associates owns 26% and management officials 19.5% of the common and State Mutual Life Assurance Company owns all of the Class B stock. John R. Hesse is board chairman and chief executive officer and Jerry J. Burgdoerfer is president and chief operating officer.

OSCAR MAYER TO SELL DEBENTURES. Oscar Mayer & Co. Inc., 910 Mayer Ave., Madison, Wis. 53701, filed a registration statement (File 2-39043) with the SEC on December 17 seeking registration of \$40,000,000 of debentures, due 1996, to be offered for public sale through underwriters headed by Smith, Barney & Co. Incorporated, 1345 Avenue of the Americas, New York, N. Y. 10019. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is primarily engaged in the production and distribution of a wide variety of brand-identified processed meats. Of the net proceeds of its debenture sale, some \$25,000,000 will be used to repay bank borrowings incurred under a revolving credit agreement and the balance will be added to the company's general funds and used for capital expenditures, including the construction and equipping of a new processing plant in Nashville, Tennessee. Proceeds of the bank borrowings were used for capital expenditures, including expansion of its new processing plant in Philadelphia and the initial stages of construction of the Nashville processing plant. In addition to indebtedness, the company has outstanding 9,253,594 common shares, of which Oscar G. Mayer, Jr., board chairman, four other officers and their immediate families and certain trusts in which they serve as trustees own 60.76%. P. Goff Beach is president.

MAGNESS PETROLEUM PROPOSES OFFERING. Magness Petroleum Company (the general partner), Suite 300, 3535 Northwest 58th St., Oklahoma City, Okla. 73112, filed a registration statement (File 2-39045) with the SEC on December 18 seeking registration of \$5,000,000 of interests in limited partnerships, to be offered for public sale in minimum amounts of \$10,000. No underwriting is involved; participating NASD members will receive a 7% selling commission. Two partnerships are to be formed for the purpose of drilling for and producing oil and gas. A. J. Magness, president of the general partner, owns 22.05% of its outstanding common stock, his wife, 20% and Gary D. Magness and Sue Magness Looney 11.11% each.

SANITAS SERVICE SHARES IN REGISTRATION. Sanitas Service Corporation, 151 Walnut St., Hartford, Conn. 06120, filed a registration statement (File 2-39046) with the SEC on December 18 seeking registration of 180,000 shares of common stock, of which 90,000 are outstanding shares and 90,000 are issuable upon exercise of warrants. The holders or recipients of such shares may offer them for sale from time to time at prices current at the time of sale (\$7.75 per share maximum*).

The company is a service organization engaged in building maintenance, industrial laundering, solid waste control, pest elimination, security guard service and natural resource services. In addition to indebtedness, it has outstanding 5,811,785 common shares, of which management officials as a group own 43%. Charles Ginsberg, Jr., is board chairman and David Weintraub president and chief executive officer. Allan Lazaroff, a director, may sell 84,253 shares, his son William 5,747 shares and five others the shares issuable upon exercise of warrants.

SOUTHWEST FOREST INDUSTRIES SHARES IN REGISTRATION. Southwest Forest Industries, Inc., 3443 North Central Ave., Phoenix, Ariz. 35012, filed a registration statement (File 2-39047) with the SEC on December 18 seeking registration of 103,498 outstanding shares of common stock, which were issued by the company in connection with the acquisition of all the capital stock of seven corporations. These shares may be offered for sale from time to time by the holders thereof, at prices current at the time of sale (\$25 per share maximum*).

The company is engaged in the manufacture and sale of lumber and wood products, the manufacture and sale of paper and paper products and in land planning and development, distribution of building materials, manufacture and distribution of mobile homes, residential construction and distribution of heavy duty trucks. In addition to indebtedness and preferred stock, it has outstanding 3,521,105 common shares, of which The Hearst Corporation owns 11.46% and management officials as a group 14.85%. James B. Edens is board chairman and chief executive officer and Gene C. Brewer president. G. C. Paxton and E. Janis Paxton, joint tenants, may sell 21,895 of 87,583 shares held and eleven others the remaining shares being registered.

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 December 7 News Digest.

8-K Reports for October 1970

Rotron Incorporated Nov 1970 (11)	0-1816-2	Royal Castle System, Inc. (1,12,13)	0-2276-2
Tungsten Corporation of America (2)	0-5158-2	Showboat, Inc. (11,12)	0-3971-2
Chuck Barris Productions, Inc (11)	0-5135-2	Sterling Communications, Inc (2,12)	0-3885-2
		Stokely-Van Camp, Inc. (12)	1-2944-2
		Clark Equipment Credit Corp (7,13)	1-6502-2
Diners' Club Inc. (11,13)	0-5072-2	EDP Technology, Inc (3)	0-4165-2
Empire International, Inc. (7)	0-788-2	FPA Corporation (8,13)	0-5061-2
Flintkote Co (3)	1-2560-2	Fearn International, Inc. (2,11,13)	0-2470-2
Glen Glenn Sound Company (2)	0-4108-2	GRT Corporation (4,7,9,11,12,13)	0-4114-2
Marquette Cement Mfg. Co (12,13)	1-3780-2	Haweye Bancorporation (4,7,13)	1-6574-2
Metropolitan Development Corp (2)	0-1206-2	Irvin Industries Inc (11,13)	1-149-2
Parker-Hannifin Corporation (11,13)	1-4982-2	Marathon Oil Co (8)	1-451-2
Parvin-Dohrmann Co. (3,12)	1-2762-2	National Airlines Inc (7,13)	1-3227-2
Performance Systems, Inc. (2,3,12,13)	0-3571-2	Newell Industries, Inc (1)	0-3180-3
Rogers Brothers Co. Nov 1970 (11,13)	0-1920-2	Olson Laboratories Inc (2,9,13)	2-31374-2
		Pennsylvania Power & Light Co. (7,12)	1-905-2
		Petro-Lewis Corporation (12)	2-29701-2

Pratt-Read Corporation (11)	1-5383-2	E. I. Du Pont De Nemours & Co	
Sibany Manufacturing Corporation		(13)	1-815-2
(12)	0-3586-2	Fortune Corp (2,11,13)	0-1962-2
Whittaker Corporation (12)	1-5407-2	Goodway Copy Centers, Inc.	
		Sept 1970 (11)	0-5086-2
Books for Libraries, Inc.		Heublein, Inc (13)	1-4661-2
(7,10,12-13)	0-4834-2	Kleinert's Inc.	
C.I.T. Financial Corp.		May 1970 (11,13)	1-6454-2
(7,13)	1-1861-2	Metromedia Inc (8,13)	1-4649-2
General Medical Corp.		Public Service Co. of	
(2,7,13)	0-3197-2	Indiana, Inc. (3,7,10,12)	1-3543-2
Pacific South west Airlines			
(7,13)	1-5080-2	Bankers Trust New York Corp	
Peoples Drug Stores, Inc.		(11,13)	1-5920-2
(12,13)	1-174-2	Coaches of America, Inc	
		June 1970 (11)	0-4929-2
American Financial Corp.		Consumers Water Co	
(2,12)	0-839-2	(2,9,13)	0-493-2
Avco Corp. (12,13)	1-124-2	General Telephone Co. of Penn	
The Bali Company (12)	1-5378-2	(7,13)	1-3465-2
Broker Data, Inc. (11)	2-33553-2	General Telephone Company of	
Conrac Corp. (4,7,13)	1-4291-2	Upstate (4,8)	2-34622-2
Delta Air Lines, Inc. (7)	1-5424-2	W.R. Grace & Co. (11,13)	1-3720-2
Gates Learjet Corporation		Malone & Hyde Inc. (11)	0-1881-2
(12)	0-1693-2	Mississippi River Corp	
Greenfield Electronics, Inc.		(7,8,13)	1-3599-2
(2,3,4,7,8,12)	2-33133-2	Herbert Arthur Morris Advertising,	
Hazel Park Racing Association Inc		Inc. (2,7,9,12,13)	1-6195-2
Aug 1970 (2,13)	0-2759-2	RIC International Industries Inc	
Lomas & Nettleton Financial Corp		(3,13)	1-4242-2
(2,13)	0-1880-2	Royal Dutch Petroleum Company	
Marine Corporation (12,13)	0-990-2	(6K) Nov 70	1-3788-2
NVF Co. (8)	1-3290-2	Sundstrand Corp	
Pall Corporation (13)	1-4311-2	Dec 1969 (4,7,13)	1-5358-2
Pancoastal Inc.			
(4,11,13)	1-5506-2	Capitol Industries, Inc	
Selected Investment Corp		(11,13)	1-3981-2
(2,7,13)	0-4619-2	Cleveland Electric Illuminating Co	
Southern Pacific Co. (7)	1-3441-2	(12)	1-2323-2
Stanwick Corp (3)	1-6061-2	The Commodore Corp (11)	1-5892-2
Symar Incorporated (12,13)	0-1334-2	Computer Terminal Corporation	
		(7)	2-33561-2
American Raceways Inc.		General Instrument Corp	
Aug 1970 (6,13)	0-3333-2	(7,12,13)	1-5442-2
Denny's Restaurants, Inc.		Mississippi Valley Structural Steel	
(3,9,12,13)	1-5124-2	Co. (12,13)	0-3028-2

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Continental Vending Machine Corporation for the further ten-day period December 22-31, 1970, inclusive.

STOCK PLANS FILED. The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

Teradyne, Inc., Boston, Mass. 02111 (File 2-39042) - 593,800 shares
U. S. Industries, Inc., New York, N. Y. 10017 (File 2-39044) - 100,000 shares

SECURITIES ACT REGISTRATIONS. Effective December 17: The Income Fund of America, Inc., 2-33371; Municipal Investment Trust Fund, Series 1D, 2-38845; PNB Mortgage and Realty Investors, 2-38576 (90 days).
Effective December 18: Affiliated Capital Corp., 2-38326 (40 days); Alison Mortgage Investment Trust, 2-36549; Certified Corp., 2-38966; International Investors Life Insurance Co., Inc., 2-36661 (90 days); Nuveen Tax Exempt Bond Fund, Series 32, 2-38415; Optical Scanning Corp., 2-37817 (40 days); Planning Research Corp., 2-38596 (40 days); Savin Business Machines Corp., 2-38863.

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.