

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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PROVIDENT MGMT., PORTEOUS CO., OTHERS ACCEPT SANCTIONS. The SEC has issued an order under the Securities Exchange Act (Release 34-8790) providing for the imposition of sanctions (suspensions) on the following, for violations of the anti-fraud provisions of the Federal securities laws in connection with the execution of portfolio transactions for Provident Fund for Income, Inc., Philadelphia mutual fund: (A) Provident Management Corporation ("Management"), the Fund's principal underwriter and investment adviser, and Porteous and Company, Inc., a registered broker-dealer both of Philadelphia - suspension of their conduct of a securities business for 45 business days; (B) Porteous & Co. and Douglas K. Porteous, president and board chairman of the Fund and controlling person of Management and Porteous & Co. - suspended from engaging in business as an investment adviser for 45 business days; and (C), Douglas K. Porteous and Jack S. Lautsbaugh (an officer and director of the Fund, Management and Porteous & Co.) - suspended from association with any broker-dealer or investment adviser for 45 and 10 business days, respectively. Each of these respondents consented to the suspensions, without admitting or denying the violations; the suspensions are to commence January 6, 1970. The Commission's definitive findings and opinion will be issued later.

The violations related to the receipt of compensation by Porteous & Co. in the form of clearance commissions directed to Porteous & Co. by certain broker-dealers who were selected by the Porteous respondents to execute portfolio transactions for the Fund; the receipt of tender fees by Porteous & Co. in connection with the tender of Fund portfolio securities for which Porteous & Co. performed no services; the failure to disclose the receipt of such monies by Porteous & Co. in the Fund's prospectus, proxy material and other materials filed with the Commission; and the failure on the part of Porteous to reasonably supervise persons under his supervision with a view to preventing such violations.

In addition to the suspensions, Management, Porteous & Co. and Porteous have also agreed to pay to the Fund the sum of \$155,205 which represents all profits which Porteous & Co. realized from Fund brokerage transactions during the period August 1, 1966 through December 31, 1968 (including salaries paid to Porteous) and the sum of \$8,395 which represents estimated cash payments made during 1967 by certain other persons on behalf of Management, in return for Fund portfolio business. These monies are in addition to \$99,172 previously credited by Management against the Fund's 1968 management fee.

During the period of his suspension, Porteous will continue to serve as an officer and director of the Fund, Management and Porteous & Co. without fee or salary. Lautsbaugh agreed to a suspension from association with any broker or dealer, or investment adviser under the same terms and conditions for a period of 10 business days.

SEC RULES ON ILLINOIS POWER ACQUISITION PROPOSAL. The SEC today announced the issuance of a decision under the Holding Company Act (Release 35-16574) approving the proposed acquisition by Illinois Power Company of the outstanding common stock of Central Illinois Public Service Company and the continuation of its status as an exempt holding company following the acquisition subject, however, to the condition that appropriate provision be made for the divestment of the gas properties of both companies. The Commission also reserved jurisdiction to pass on the terms of the acquisition/divestment. Illinois Power and Central are combination electric and gas companies operating in contiguous and interlocking areas in Illinois. They are also holding companies as a result of their ownership of 20% each of the stock of Electric Energy, Inc., an electric company organized in Illinois to supply power for an Atomic Energy Commission project. As interstate companies, Illinois Power and Central have been exempt from the Act, aside from certain provisions relating to acquisitions, by filing annual exemption statements.

The Commission held that, absent the divestment condition, the proposed acquisition would be detrimental to carrying out the integration provisions of Section 11(b)(1) of the Act and, therefore, would be prohibited by Section 10(c)(1), and continuation of Illinois Power's exemption would be detrimental to the public interest or the interest of consumers. The Commission considered as controlling the statements by the Supreme Court in a 1968 decision in the New England Electric System case which stressed the Congressional objective to eliminate restraints on competition resulting from the control by one holding company system of both gas and electric properties. It also noted that the two companies were engaged as independent companies in combined gas and electric operations as a result of prior Commission action involving the breakup of registered interstate holding company systems to which they formerly belonged, and stated that "the present proposal to consolidate the operations of two such companies goes beyond what was contemplated when they left interstate systems and represents a step in the direction of re-creating conditions which the Act was designed to eliminate."

The Commission rejected the contention of certain holders of Central's voting preferred stock, which under Illinois Power's proposal would remain outstanding, that approval of the application should be conditioned on elimination of the preferred stock.

OVER

"TEFAHOT" ISRAEL MORTGAGE BANK FILES EXCHANGE OFFER. "Tefahot" Israel Mortgage Bank Limited, 9 Heleni Hamalka St., Jerusalem, Israel, filed a registration statement (File 2-35743) with the SEC on December 23 seeking registration of \$3,250,000 of 5% subordinated debentures, Series 30, due 1985. It is proposed to offer these debentures in exchange for registered ordinary shares of Realco (Real Estate Investment Co.) Ltd. ("Realco"), and ordinary shares of G.U.S. Taasiyot Ltd. ("G.U.S. Taasiyot"), held by every investor in the United States who has purchased such ordinary shares of G.U.S. Taasiyot and Realco from "Rassco" Rural and Suburban Settlement Company Limited ("Rassco") or its subsidiaries or agents. The Bank also offers to issue debentures to any investor who purchased such ordinary shares of Realco or G.U.S.-Rassco from Rassco or its subsidiaries or agents and who has sold any of such shares to any other person at a loss, in a principal amount equivalent to such loss. Pursuant to a permanent injunction of December 1968 in an action commenced by the SEC in which the SEC alleged violations by Rassco and the other defendants of the Securities Acts in connection with the sale of ordinary shares of G.U.S.-Rassco (now G.U.S. Taasiyot) Ltd. and Realco and other securities, the defendants submitted an Undertaking to the Court providing for the offering of the debentures. The Bank was not a party to the court proceedings. The Jewish Agency for Israel, a non-profit public body in Israel, engaged in aiding the resettlement and rehabilitation of immigrants in Israel, was the founder of Rassco in 1934 and is owner of over 90% of Rassco's outstanding Founders' shares, entitling it to control of that corporation. The Jewish Agency voluntarily agreed to place funds at the disposal of the Bank to pay principal and interest on the debentures, to indemnify the Bank against all losses incurred and to reimburse the Bank for all expenses. The Jewish Agency will receive the shares of G.U.S. Taasiyot and Realco accepted by the Bank pursuant to the offering. The Government of Israel has agreed to cover payment of principal and interest if the Jewish Agency should default.

REAL ESTATE PARTICIPATIONS IN ISRAEL PROPOSES EXCHANGE/RESCISSION OFFERING. Real Estate Participations in Israel Ltd., 18, Keren Hayesod St., Jerusalem, Israel, filed a registration statement (File 2-35744) with the SEC on December 23 seeking registration of \$13,500,000 of subordinated debentures (principal and interest of which is guaranteed by Tefahot Israel Mortgage Bank Ltd., Jerusalem) and an unspecified amount of participation interests in real estate property located in Israel. Holders of participation interests are offered (1) the opportunity to continue their participations and to have them registered in their names in the appropriate Land Registry Office in Israel and to receive distributions on their participation interests or (2) the opportunity to exchange their participation interests for the 6½% debentures being registered in a principal amount equivalent to the original purchase price or the amount paid to Rassco on original sale, whichever is less. A person who has sold a participation interest at a loss may present a claim for the amount of such loss, and the company will issue debentures in a principal amount equivalent to such loss. The offering is being made in furtherance of the undertaking incorporated in a consent decree, entered into by Rassco Rural and Suburban Settlement Company Ltd. (which initially sold the participation interests) with the SEC in settlement of an injunctive action by the Commission alleging that the participation interests were sold in violation of certain provisions of the Federal securities laws.

The company was organized by the Jewish Agency for Israel, which owns over 99% of its voting securities, to implement a program undertaken by "Rassco" Rural and Suburban Co., Ltd. ("Rassco"), in connection with a consent decree entered into with the SEC. Such decree and an "Undertaking" incorporated therein represent the settlement of the injunction proceeding instituted against "Rassco" and others by the Commission. An Israeli corporation, Rassco has been active in the purchase or leasing of land and the construction of residential housing and commercial and industrial structures of various types in cities and smaller communities throughout Israel. During the late 1950's and continuing until sometime in 1967, Rassco offered participation interests in many of these properties for sale to investors in the United States. Such properties in which participations were sold generally remained registered in the names of Rassco or its nominees, but no registration statement covering these participations was filed with the SEC.

SOUTHEASTERN EXPLORATION PROPOSES OFFERING. Southeastern Exploration Ltd. (1970) ("Partnership"), 430 Petroleum Bldg., Jackson, Miss., filed a registration statement (File 2-35758) with the SEC on December 24 seeking registration of \$5,000,000 of limited partnership interests, to be offered for public sale in multiples of \$5,000 and in minimum amounts of \$10,000. Participating NASD members will receive a 5% selling commission. Chambers & Kennedy and Southeastern Exploration Company (a wholly-owned subsidiary of Florida Gas Company) are general partners of the Partnership, which will engage in an oil and gas exploration program in and offshore in the states of Mississippi, Alabama and Florida. Chambers & Kennedy plans to transfer the major portion of its property interests to a newly formed corporation, C & K Petroleum, Inc. ("C & K"), of which C. Fred Chambers and W. D. Kennedy, the two partners of Chambers & Kennedy, will initially own 36.61%. C & K will ultimately be substituted for Chambers and Kennedy as general partner. Chambers will be president of C & K. W. J. Bowen is president of Southeastern and Florida Gas Company.

THERMO ELECTRON SHARES IN REGISTRATION. Thermo Electron Corporation, 101 First Ave., Waltham, Mass. 02154, filed a registration statement (File 2-35759) with the SEC on December 24 seeking registration of 70,000 shares of common stock, issuable in exchange for the 7% subordinated guaranteed debentures, due 1984, issued by Thermo Electron International N. V., a wholly-owned subsidiary of the company.

GENERAL EXPLORATION CO. FILES FOR OFFERING AND SECONDARY. General Exploration Company of California, 417 South Hill, Los Angeles, Calif. 90013, filed a registration statement (File 2-35760) with the SEC on December 24 seeking registration of 691,400 shares of common stock, of which 227,700 are to be offered for sale (including 177,100 to Hambro Bank, Ltd., or its nominees, Castle Britania Trust Ltd., and Scruggs & Company and 50,600 to Roger Mortimer & Co., Douglas McCormick, Jack Dole and William B. Ferguson) by the company and 463,700 (being outstanding shares) by the present holders thereof. The shares are to be offered at \$10 per share. No underwriting is involved.

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The company is engaged in the exploration for and development of oil and gas properties in the United States and foreign countries. Net proceeds of its sale of additional stock will be added to the company's working capital and used for general corporate purposes, including real estate development. In addition to indebtedness, it has outstanding 986,510 common shares, of which Santa Anita Consolidated, Inc. owns 38% and management officials as a group 6.8%. Santa Anita Consolidated proposes to sell all of its 320,000 shares and 19 others the remaining shares being registered. C. G. Willis is board chairman and J. W. MacDonald president.

EQUITY PROPERTIES PROPOSES OFFERING. Equity Properties Limited 1970 ("Partnership"), 9601 Wilshire Blvd., Beverly Hills, Calif. 90210, filed a registration statement (File 2-35761) with the SEC on December 24 seeking registration of \$6,000,000 of limited partnership interests, to be offered for public sale at \$2,000 per unit with a minimum purchase of two units. The offering is to be made on a best efforts basis through EFC Distributors Corporation ("distributor"), which will receive a 7% selling discount and pay participating NASD members a 6% selling commission. The Partnership was formed to engage in real estate investments. EFC Property Management, Inc., will serve as general partner. The general partner and distributor are wholly-owned subsidiaries of Equity Funding Corporation of America ("EFCA"). Stanley Goldblum is board chairman of the general partner and president of EFCA and Herbert Glaser is president of the general partner and executive vice president of EFCA.

KERR GLASS FILES FOR OFFERING AND SECONDARY. Kerr Glass Manufacturing Corporation, 611 S. Shatto Pl., Los Angeles, Calif. 90005, filed a registration statement (File 2-35762) with the SEC on December 24 seeking registration of 853,000 shares of common stock, of which 800,000 are to be offered for public sale by the company and 53,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Lehman Brothers, 1 William St., New York 10004; the offering price (\$20 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is primarily engaged in the manufacture and sale of packaging products consisting of glass and plastic containers, and a variety of caps, crowns and other container closures. Of the net proceeds of its sale of additional stock, \$13,250,000 will be used to retire a portion of its short-term bank notes issued in connection with the acquisition of the Packaging Products Division of Armstrong Cork Company; and the balance will be added to the company's working capital. In addition to indebtedness, the company has outstanding 1,727,820 common shares, of which management officials as a group own 23%, the Alexander H. Kerr Benevolent Association 47%, the John A. Kerr Estate 10.1% and Ruth Kerr Odell 9.9%. The John Kerr Estate proposes to sell 50,000 shares of 157,560 shares held and Ruth Kerr Odell 3,000 of 154,500. William A. Kerr is president.

DELMARVA POWER BOND SALE CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-16573) authorizing Delmarva Power & Light Company, Wilmington, to issue and sell, at competitive bidding, \$30,000,000 of first mortgage and collateral trust bonds, due 2000. Net proceeds of the bond sale will be applied toward the cost of the company's own construction program and that of its subsidiary companies, including the retirement of short term notes and commercial paper issued prior to such sale (they amounted to \$9,500,000 on November 21). System construction expenditures for the fourth quarter of 1969 and for the year 1970 are estimated at \$120,990,000.

INTERLADCO TO SELL STOCK. Interladco, Inc., 19855 Outer Drive, Dearborn, Mich., filed a registration statement (File 2-35775) with the SEC on December 24 seeking registration of 1,000,000 shares of Class A common stock, to be offered for public sale at \$10 per share. The offering is to be made on a best efforts basis through Interladco Funding, Inc., which will receive a 70¢ per share selling commission. The company has agreed to issue certain employees of the underwriter five-year options to purchase up to 25,000 Class A shares, exercisable after one year at the offering price plus either 7% for each year the option is held after the first year or 20% of the public offering price.

The company was organized in September for the principal purpose of acquiring real estate for development, sale and investment. Recently, it acquired a 60-acre parcel in Colorado to develop as a mobile home park and has entered agreements to purchase two other parcels of land in Colorado to develop as a residential subdivision and a residential community, respectively. Net proceeds of its stock sale will be applied to the purchase price of properties acquired or to be acquired in Colorado and to the costs of development on such properties of a 350 lot mobile home park, a 300 lot residential subdivision and a planned community, and used for working capital purposes. The company has outstanding 364,500 Class B common shares (with a 58¢ per share book value), of which Warren A. Stobbe, president, owns 31.3% and management officials as a group 91.8%. Purchasers of the shares being registered will acquire a 57.8% stock interest in the company for their investment of \$10,000,000 (they will sustain an immediate dilution of \$3.07 in per share book value from the offering price); present shareholders will then own 42.2%, for which they paid \$190,000 and exchanged property interests for which they paid \$42,000.

COHERENT RADIATION TO SELL STOCK. Coherent Radiation, 932 East Meadow Drive, Palo Alto, Calif. 94303, filed a registration statement (File 2-35776) with the SEC on December 24 seeking registration of 100,000 shares of common stock, to be offered for public sale through C. E. Unterberg, Towbin Co., 61 Broadway, New York 10006. The offering price (\$12 per share maximum*) and underwriting terms are to be supplied by amendment. On December 19, the company issued the underwriter 7,500 shares at \$3.66-2/3 per share pursuant to an understanding entered into in September.

Organized in May 1966, the company designs, manufactures and sells gas lasers and related equipment. Part of the net proceeds of its stock sale will be used to repay a short-term bank loan incurred to finance receivables and inventory and to pay taxes; the balance will be available for general corporate purposes, including additional loans estimated at \$50,000 to Coherent Optics, a corporation 45% of whose outstanding capital stock is owned by the company. The company has outstanding 1,156,530 common shares (with a 62¢ per share book value), of which James L. Hobart, president, owns 10.3%, management officials as a group 28.5% and Laurance S. Rockefeller 14.4%.

STEREO TAPE CLUB TO SELL STOCK. Stereo Tape Club of America, 1480 West 178th St., Gardena, Calif. 90247, filed a registration statement (File 2-35766) with the SEC on December 24 seeking registration of 200,000 shares of common stock, to be offered for public sale through Barry Comden (as the company's agent) and selected broker-dealers. The offering price (\$6 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to pay \$50,000 to Comden plus a 5% selling commission; participating broker-dealers may receive a 10% selling commission. It has also agreed to sell Comden, for \$200, five-year warrants to purchase 20,000 shares; and three company officials have agreed to sell Comden 10,000 shares at \$1.34 per share.

Organized in February 1968, the company is engaged in selling and distributing stereo tape cartridge players, prerecorded tape cartridges and certain related items principally by means of a membership plan. Of the net proceeds of its stock sale, \$95,000 will be used to repay short-term bank borrowings used to purchase inventory and \$100,000 to repay certain indebtedness of the company to a present director; the balance will be added to the company's general funds for working capital purposes. The company has outstanding 658,000 common shares, of which Andrew D. Berkey, II, a director, owns 13% and management officials as a group 49%. Richard M. Mock is board chairman and Joseph DeFranco president.

PEERLESS MFG. FILES FOR OFFERING AND SECONDARY. Peerless Mfg. Co., 2811 Walnut Hill Lane, Dallas, Tex. 75220, filed a registration statement (File 2-35767) with the SEC on December 24 seeking registration of 215,000 shares of common stock, of which 110,000 are to be offered for public sale by the company and 105,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Eppler, Guerin & Turner, Inc., 3900 First National Bank Bldg., Dallas, Tex.; the offering price (\$11.50 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to sell the Eppler firm, for \$100, five-year warrants to purchase 10,000 shares, exercisable initially (after one year) at 107% of the offering price.

The company is primarily engaged in the business of designing, engineering, manufacturing and selling highly specialized "pressure products," some of which, commonly called "separators" or "filters," are used for cleaning gases and air and the others of which, commonly called "pulsation dampeners," are used for eliminating or reducing vibrations commonly found in piping connected to reciprocating compressors. Of the net proceeds of its sale of additional stock, \$175,000 will be used to discharge short-term indebtedness incurred for working capital purposes and part will be used in connection with research and development involving a solid waste disposal system and involving heavy earth-moving vehicles being developed; the balance will be used for working capital. In addition to indebtedness, the company has outstanding 440,000 common shares, of which Donald A. Sillers, Jr., president, owns 25.17%, Mrs. Laura B. Sillers, a director, 28.87% and management officials as a group 60.61%. Donald Sillers, Jr., proposes to sell 8,111 shares of 109,270 shares held, Laura Sillers 27,011 of 127,011, R. Stephen Newberry 43,600 of 53,600 and four others the remaining shares being registered.

DUTCHIE TO SELL STOCK. Dutchie, Inc., 539 West Howard St., Hagerstown, Md. 21740, filed a registration statement (File 2-35768) with the SEC on December 24 seeking registration of 200,000 shares of common stock, to be offered for public sale through underwriters headed by Burton, Dana, Westerlund, Inc., 120 Broadway, New York, N. Y. 10005. The offering price (\$6 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the Burton firm \$20,000 for expenses and to sell to that firm and to Charles W. Snow, Martin J. Bambrick Jr., and John R. Hershey, Jr., who have acted as finders, for 1¢ per share, six-year options to purchase 13,334, 3334, 1666 and 1666 shares, respectively.

Organized in December (as successor to Snyder Soft Pretzel Corporation), the company manufactures frozen soft pretzels for sale to retail outlets, principally in Maryland, Pennsylvania, New Jersey and Ohio. It also manufactures soft pretzel baking ovens for use in connection with sales of one of its frozen pretzel products. Of the net proceeds of its stock sale, \$195,000 will be used for plant expansion and the purchase of manufacturing and related equipment, \$190,000 for the purchase of marketing and distribution vehicles, \$130,000 for the manufacture of additional Dutchie Quickie Ovens, \$100,000 to retire short term bank loans and conditional sale obligations, and \$80,000 for advertising and sales promotion; the balance will be available for the company's general corporate purposes. In addition to indebtedness, the company has outstanding 283,192 common shares (with a 47¢ per share net tangible book value), of which George E. Snyder, board chairman and president, owns 44.3% and management officials as a group 66.4%. Assuming conversion of the company's 8% debentures, the purchasers of the shares being registered will acquire a 33.3% stock interest in the company for their investment of \$1,200,000*; company officials will then own 44.3%, for which they paid \$126,968 (or 48¢ per share); and the other present stockholders will own 22.4%, for which they paid \$159,000 (or \$1.18 per share).

CORRECTION RE DATA PRODUCTS. Data Products Corporation (2-35601) has outstanding 6,268,128 common shares. The figure related in the SEC News Digest of December 11 represented the minority interest in a subsidiary.

SECURITIES ACT REGISTRATIONS. Effective January 2: The Connecticut Light & Power Co., 2-35393 (Feb 24); Diplomat Electronics Corp., 2-34543 (90 days); The International Nickel Co. of Canada, Ltd., 2-35254; Sigma Venture Shares, Inc., 2-34331; Tri-State Motor Transit Co., 2-35455.

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.