

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

TRADING IN DREXEL INDUSTRIES, UNDERWRITERS INVESTMENT SUSPENDED. The SEC today ordered the suspension of over-the-counter trading in securities of Drexel Industries, Inc., and of Underwriters Investment Company, both of Dallas, for ten days, commencing March 17. The action was taken because of the lack of adequate and accurate information and the dissemination of false and misleading information about the two companies, their operations and financial condition. It appears that since the summer of 1969 the two companies, long dormant corporate shells, have been under the control of Arnold W. McKinney and Milton H. Peters, of Dallas. The number of shares outstanding, their assets and operations, if any, and the names of their officers and directors are unknown. Until recently, both companies were headquartered in a single office in Dallas; during the week of January 26, the office was padlocked for nonpayment of rent. McKinney and Peters purportedly sold control of the two companies sometime in January; and it is understood that Peters, McKinney and others have pledged large blocks of Underwriters' stock with more than 10 banks in Oklahoma, Colorado and Texas as collateral for loans, some of which are in default. On February 27, Underwriters stock was quoted \$9 bid, \$11 offer; and on February 16 Drexel stock was quoted \$2½ bid, \$3 offer. The Commission's investigation in this matter is continuing. For further details, see Release 34-8842.

TRADING IN TRANSCO (TRANSWESTERN OIL) SUSPENDED. The SEC has also suspended over-the-counter trading in securities of Transco Industries, Inc. ("Transco," formerly Transwestern Oil & Gas Corp.), for the ten-day period March 17-26. The action was taken by reason of the circulation of rumors about the company and so that the information related by the Commission (Release 34-8843) may be disseminated prior to any resumption of trading in Transco shares after March 26. It appears that the company has been virtually inactive for the past ten years (during 1966-68 its income approximated \$1,700 while its expenses amounted to \$3,500). The company's 1968 year-end balance sheet listed assets of \$650,000. They included \$403,000 of interests in "oil well equipment leasehold" and "investment in securities" carried at \$235,000. However, the \$403,000 figure is comprised largely of "capitalized drilling expense" with a salvage value of less than \$50,000, and the carrying value thereof would appear to be open to serious question in view of the limited income from the properties and the fact that expenses have exceeded income. The carrying value of investment securities also is open to serious question since the identity of the securities is not given and the method of their evaluation is not available.

In August 1969, the control group obtained shareholder approval of a one-for-four reverse split of outstanding shares, an increase in authorized shares, a change in corporate name to Transco, and a private placement of stock. Certain real estate acquisitions were suggested. The private placement of stock was not consummated and no real estate or other acquisitions were effected and none is currently in contemplation.

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

SNYKER-PEARSON FIRM SUSPENDED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8840) in which it ordered the 15-day suspension (commencing March 23) of the broker-dealer registration of Snyder, Pearson, Brown & Co., Inc., of St. Louis Park, Minn., for violations of provisions of the Federal securities laws and Commission rules thereunder. Donald Paul Brown, executive vice president, and Peter Isaacson, supervisor in charge of the firm's books and records, were suspended from association with any securities firm for the same period. The Snyder-Pearson firm and the two individual respondents, in an offer for settlement of these proceedings (which the Commission accepted), consented to the findings and sanctions, but without admitting or denying the violations; they also entered into certain undertakings.

According to the Commission's decision Snyder-Pearson was enjoined by Federal court order in August 1969 from making, in connection with offers, purchases and sales of securities, false and misleading statements concerning, among other things, the solvency or insolvency of the firm and its ability to meet its liabilities as they mature. The Commission ruled that during January and February 1969 they violated the anti-fraud provisions of the Exchange Act and Rule 10b-5 thereunder in that they employed devices to defraud and made untrue statements of material facts concerning the firm's insolvency. They as well as Isaacson also were found to have violated the Commission's hypothecation, net capital and record keeping rules. In their settlement offer, respondents represented that as of December 10, 1969, the firm was in compliance with the record-keeping provisions and gave assurances of future compliance of the bookkeeping and net capital rules.

HOLDING COMPANY ACT RELEASES

WHEELING ELECTRIC RECEIVES ORDER. The SEC has issued a supplemental order under the Holding Company Act (Release 35-16642) authorizing Wheeling Electric Company, Wheeling, W. Va. subsidiary of American Electric Power Company, Inc., to issue and sell up to \$4,200,000 of notes to nine banks during 1970 (instead of the five banks covered by the Commission's order of December 15, 1969).

OVER

COURT ENFORCEMENT ACTIONS

HALBERN INDUSTRIES ENJOINED. The SEC New York Regional Office announced March 11 (LR-4556) that the U. S. District Court in New York City had permanently enjoined violations of the registration and anti-fraud provisions of the Federal securities laws by the following in connection with the offer and sale of stock of Halbern Industries, Inc., and Falcon Speedways Corp.: the two issuer corporations, Harold C. Herman, Bernard B. Herman, Met Sports Centers, Inc., Charles Erwich and Morris Winter. The defendants consented to the injunction without admitting or denying the violations.

C. A. BENSON FOUND GUILTY; OTHERS ACQUITTED. The SEC Washington Regional Office announced March 12 (LR-4557) that Carl A. Benson of Pittsburgh was found guilty on one count of indictment charging violations of the anti-fraud provisions of the Securities Act in the offer and sale of stock of Home Makers Savings Corp. James H. Alm, Richard W. Cea, James C. Conklin, Kenneth E. Fisher, Robert E. Kness and Frank P. Wayhart were acquitted.

SECURITIES ACT REGISTRATIONS

INSTRUMENT SYSTEMS SHARES IN REGISTRATION. Instrument Systems Corporation, 600 Madison Ave., New York 10022, filed a registration statement (File 2-36571) with the SEC on March 11 seeking registration of 803,162 shares of common stock deliverable upon exercise, on or after May 29, 1970, of common stock purchase warrants expiring May 28, 1981. An additional 94,862 common stock purchase warrants may be offered for sale by the holders thereof. Also included in the statement are 80,000 outstanding common stock purchase warrants, of which 32,500 are owned by Shaskan & Co., Inc., and 47,500 by Jules D. Winer. The statement also covers 101,047 outstanding shares of common stock, which may be offered for public sale from time to time by the holders or recipients thereof, at prices current at the time of sale (\$12 per share maximum*).

The company and its subsidiaries manufacture and sell advanced electronic systems for the commercial and military aerospace industries, plastic and packaging products, home furnishings and industrial and automobile products. In addition to indebtedness, it has outstanding 5,863,583 common shares. Edward J. Garrett is board chairman and president. Shaskan & Co., Inc. proposes to sell all of 23,000 shares held, Hyman Klein 24,000 of 88,568 and eight others the remaining shares being registered.

WISCONSIN PUBLIC SERVICE TO SELL STOCK. Wisconsin Public Service Corporation, 1029 N. Marshall St., Milwaukee, Wis. 53201, filed a registration statement (File 2-36574) with the SEC on March 12 seeking registration of 600,000 shares of common stock, to be offered for public sale through underwriters headed by The First Boston Corp., 20 Exchange Pl., New York 10005, and two other firms. The offering price (\$16.375 per share maximum*) and underwriting terms are to be supplied by amendment. Net proceeds of its stock sale will be used to pay an equivalent amount of short term bank loans (estimated at \$10,600,000 at the time of the stock sale) incurred for interim financing of construction. Construction expenditures are estimated at \$43,000,000 for 1970 and \$35,000,000 for 1971.

SEABOARD FINANCE TO SELL DEBENTURES. Seaboard Finance Company, 818 W. 7th St., Los Angeles, Calif. 90017, filed a registration statement (File 2-36575) with the SEC on March 12 seeking registration of \$50,000,000 of sinking fund debentures, due 1990, to be offered for public sale through underwriters headed by Lehman Brothers, 1 William St., New York 10004. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is principally engaged in the small loan business. Net proceeds of its debenture sale will be added to the company's general funds and may initially be applied to the reduction of short-term borrowings. In addition to indebtedness and preferred stock, the company has outstanding 500,000 common shares, of which Avco Corporation owns 90%. A. E. Weidman is board chairman and H. Wallace Merryman president.

DIVERSIFIED INVESTMENT TECHNIQUES PROPOSES OFFERING. Diversified Investment Techniques, Inc., 14144 W. Santa Fe Drive, Lenexa, Kans. 66215, filed a registration statement (File 2-36576) with the SEC on March 12 seeking registration of 120,000 shares of common stock, to be offered for public sale at \$6.50 per share. The offering is to be made on a best efforts basis through Robert Cea & Co., Inc., 160 Broadway, New York, which will receive a 65¢ per share selling commission.

Organized in October 1968, the company is primarily engaged in the construction and roofing business. Of the net proceeds of its stock sale, \$450,000 will be used to expand its construction and roofing business and \$115,000 to retain a management consultant firm for three years; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 250,369 common shares (with an 84¢ per share net tangible book value), of which James I. Falkner, president, and two other officers own 24% each. Purchasers of the shares being registered will acquire a 32.41% stock interest in the company for their investment of \$780,000 (they will sustain an immediate dilution of \$4.141 in per share book value from the offering price); present shareholders will then own 67.59%, for which they paid \$189,314, or 76¢ per share.

REVELL TO SELL STOCK. Revell, Incorporated, 4223 Glencoe Ave., Venice, Calif. 90291, filed a registration statement (File 2-35677) with the SEC on March 12 seeking registration of 150,000 shares of common stock, to be offered for public sale through underwriters headed by J. Barth & Co., 404 Montgomery St., San Francisco, Calif. 94104. The offering price (\$10 per share maximum*) and underwriting terms are to be supplied by amendment.

CONTINUED

The company is a producer of a wide variety of plastic model hobby kits which are sold throughout the world under the "Revell" name. Net proceeds of its stock sale will be used to reduce outstanding short term bank borrowings which were made to provide working capital to finance increased inventories and receivables. In addition to indebtedness, the company has outstanding 321,474 common and 277,038 Class B common shares. Lewis H. Glaser, board chairman, owns 14.5% of the common and 100% of the Class B shares. Royle Glaser is president.

ULSTER EXPLORATION PROGRAM PROPOSES OFFERING. Ulster Exploration and Development Program--1970 (the "Partnership") 700 Sixth Ave. S. W. Calgary 1, Alberta, Can., filed a registration statement (File 2-36578) with the SEC on March 12 seeking registration of \$3,000,000 of limited partnership interests, to be offered for public sale at \$5,000 per interest. No underwriting is involved; participating broker-dealers will receive up to a 7½% selling commission. The Partnership was organized to engage in exploration, development and production of oil and gas, primarily in Western Canada. Ulster Petroleum Ltd. (a Canadian corporation) will serve as general partner. Hugh M. Considine is president of the general partner.

LEISURE RESOURCES TO SELL STOCK. Leisure Resources, Inc., 210 Howe St., Methuen, Mass. 01844, filed a registration statement (File 2-36579) with the SEC on March 12 proposing the public offering of 160,000 shares of Class A common stock. The offering price (\$7 per share maximum*) is to be supplied by amendment. No underwriting is involved.

Organized in August 1969, the company is principally engaged in leasing to a country club some 90 acres of land in Methuen, on which is situated an 18-hole, PGA-rated golf course. It intends to provide catering services for private, social and business functions in the club house located on the country club's premises. Of the net proceeds of its stock sale, \$360,000 will be used for renovation of a club house leased to the country club and the balance will be added to its general funds and used for general corporate purposes. In addition to indebtedness, the company has outstanding 92,000 Class A and 375,000 Class B common shares. Herbert L. Hyman, president, owns 83.2% of the B shares and two other officers 13% each of the A shares.

NUVEEN FUND PROPOSES OFFERING. John Nuveen & Co. (Inc.) ("Sponsor"), 209 S. LaSalle St., Chicago, Ill. 60604, filed a registration statement (File 2-36580) with the SEC on March 12 seeking registration of \$5,000,000 of units in Nuveen Tax-Exempt Bond Fund, Series 25, to be offered for public sale in 50,000 units. The Fund is one of a series of similar investment companies created pursuant to a trust agreement between the Sponsor and United States Trust Company of New York, as Trustee. The Fund 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.

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:

Scan-Optics, Inc., East Hartford, Conn. 06108 (File 2-36559) - 25,000 shares

LaBarge, Inc., St. Louis, Mo. 63111 (File 2-36566) - 250,000 shares

General Motors, Detroit, Mich. 48202 (File 2-36589) - 2,500,000 shares

AUTOMATIC SWITCH FILES FOR OFFERING AND SECONDARY. Automatic Switch Company, Florham Park, N. J. 07932, filed a registration statement (File 2-36581) with the SEC on March 12 seeking registration of 455,400 shares of common stock, of which 400,000 are to be offered for public sale by the company and 55,400 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Morgan Stanley & Co., 2 Wall St., New York, N. Y.; the offering price (\$35 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the development, manufacture and sale of electromagnetic control equipment consisting of solenoid operated valves and electrically operated switches. Of the net proceeds of its sale of additional stock, the company will apply \$3,000,000 to plant expansion, \$2,300,000 to the retirement of debt and \$600,000 to purchase new machinery and equipment; the balance will be used for general corporate purposes. In addition to indebtedness, the company has outstanding 1,600,000 common shares, of which David M. Darrin, senior vice president, owns 66.8% and management officials as a group 83.9%. Darrin proposes to sell 40,000 of 1,068,000 shares held and four others the balance of the shares being registered (including W. F. Hulbert, Jr., president, who proposes to sell 5,000 of 145,344 shares held).

CAPITAL MANAGEMENT FILES FOR OFFERING. Capital Management Corporation, 1700 Market St., Philadelphia, Pa. 19103, filed a registration statement (File 2-36582) with the SEC on March 12 seeking registration of 4,000 units of limited partnership participations in its Capital Petroleum Ventures Program, to be offered for public sale at \$5,000 per unit. No underwriting is involved; participating NASD members will be entitled to a commission of \$250 per each unit sold. Net proceeds will be invested in joint venture transactions with major and independent oil companies, and will be utilized, pursuant to such venture agreements, principally for developmental and exploratory oil drilling operations. The Program will be administered by the company whose president is O. DeG. Vanderbilt.

LIBERTY COMPUTING SERVICE TO SELL STOCK. Liberty Computing Service, Inc., 265 Executive Drive, Plainview, N.Y. 11083, filed a registration statement (File 2-36583) with the SEC on March 12 seeking registration of 100,000 shares of common stock, to be offered for public sale through L. Flomenhaft & Co., Inc., 76 Beaver St. New York, N. Y. The offering price (\$6 per share maximum*) and underwriting terms are to be supplied by amendment. In addition to an expense allowance, the underwriter will be entitled to purchase, for \$100, six-year warrants for the purchase of 10,000 shares, exercisable after 13 months.

Organized in December 1969, the company is engaged in the marketing and servicing of the Comp-U-Tick management information system, designed to furnish cash and inventory controls and other data to the dry cleaning and laundry industries. The net proceeds of its stock sale will be used for working capital and other purposes, including data processing costs and salaries. The company has outstanding 410,000 common shares, of which Leonard A. Jacobs, president, owns 16%. Arthur E. Weiss, board chairman, 16%, and Datatab, Inc., 37%. Purchasers of the shares being registered will acquire a 20% stock interest in the company for their investment of \$600,000*; present stockholders will then own 80%, for which they will have paid \$75,000 cash plus certain computer programs.

PRUDENTIAL FUNDS FILES OFFERING PROPOSAL. Prudential Funds, Inc., 90 Broad St., New York, N. Y. 10004, filed a registration statement (File 2-36584) with the SEC on March 13 seeking registration of 3,000 units of participating interests in its 1970 Mid-Year Drilling Fund - Series Twenty-Two, to be offered for public sale at \$10,000 per unit. The offering is for the purpose of financing the acquisition, testing, development and operation of oil and gas leaseholds in the United States and/or Canada. Participating NASD members will receive a 5% commission payable out of the 6% commission earned by the company as compensation for its services to the Program. The program will be administered by Prudential Funds, Inc.; Nathan M. Shippee is its board chairman, C. Hayden Atchison and Raymond J. Kerester, vice chairmen, and William J. Soter president.

DOMESTIC AIR EXPRESS TO SELL STOCK. Domestic Air Express, Inc., 147-17 176th St., Jamaica, N. Y. 11434, filed a registration statement (File 2-36585) with the SEC on March 13 seeking registration of 750,000 shares of common stock, to be offered for public sale through underwriters headed by L. M. Rosenthal & Company, Inc., 5 Hanover Square, New York, N. Y. 10004. The offering price (\$22 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged principally in the business of freight forwarding by air within the United States. In 1969, it expanded its business through acquisition into the transportation of household goods and military baggage and into international air and ocean freight forwarding and custom house brokerage. Net proceeds of the company's stock sale will be applied to the payment of all, or a portion, of the purchase price of 388,965 shares of capital stock of St. Johnsbury Trucking Company, Inc., at \$40 per share (an aggregate of \$15,558,600). These shares represent 64.8% of the outstanding stock of St. Johnsbury, and the purchase agreement requires the company to offer to the public shareholders cash, securities issued by the company, or a combination thereof, having a fair value at the time of the offer of at least \$40 per share for all of the remaining 211,035 outstanding shares. In addition to indebtedness, the company has outstanding 653,601 common shares, of which Barrett M. Fish, president and board chairman, owns 31.5% and management officials as a group 45%.

POTOMAC EDISON FILES FINANCING PROPOSAL. The Potomac Edison Company, Downsville Pike, Hagerstown, Md. 21740, filed a registration statement (File 2-36586) with the SEC on March 13 seeking registration of \$20,000,000 of first mortgage and collateral trust bonds, due 2000, and 50,000 shares of cumulative preferred stock, Series E (\$100 par), to be offered for public sale at competitive bidding. An electric utility, the company will use the net proceeds of its financing for the construction program of the company and its subsidiaries (including payment of \$20,500,000 of short-term bank loans incurred therefor). Construction expenditures are estimated at \$44,000,000 for 1970 and \$149,000,000 for the 3-year period 1970-1972.

MISCELLANEOUS

CONTINENTAL VENDING TRADING BAN CONTINUED. The SEC has ordered the further suspension of trading in securities of Continental Vending Machine Corporation for the period March 18-27, inclusive.

SECURITIES ACT REGISTRATIONS. Effective March 16: Iowa Public Service Co., 2-36274; Hoover Ball and Bearing Co., 2-36177; Viterbo Corp. of America, 2-36327 (90 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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