

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

Brief summary of financial proposals filed with and actions by the S.E.C.



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FOR RELEASE May 18, 1970

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

GRAY LINE DENIED EXEMPTION. The SEC today announced a decision under the Investment Company Act (Release IC-6052) denying an application of Gray Line Corporation, of Chicago, for exemption from the registration requirements of that Act. The company owns 212,803 shares (24%) of the outstanding stock of Fifth Avenue Coach Lines, Inc., 26,080 shares (66%) of the outstanding stock of Gateway National Bank, and has a small amount of cash. Pursuant to court order, the Trustee-Receiver of Fifth Avenue has registered it as an investment company. Of the 212,803 shares of Fifth Avenue stock owned by Gray Line, 181,102 shares are pledged with Fifth Avenue as security for an indebtedness of Gray Line to Fifth Avenue in the amount of \$1,792,341. The Gateway stock was purchased in 1967 from Fifth Avenue at a price of \$27.50 per share; and it also is pledged with Fifth Avenue as security for payment of the \$650,000 principal amount still due on the purchase price. Upon the basis of valuation figures related in the testimony of Gray Line's president, Gray Line's holdings in the two companies would have a value of about \$2,900,000, of which Fifth Avenue shares would represent about 88% and the Gateway stock 12%. Gray Line's sole income in its last fiscal year was from dividends on Gateway stock, amounting to less than \$16,000 for the first nine months of 1969. In view of Gray Line's substantial holdings of Fifth Avenue, which itself is an investment company, and the absence of any evidence of management activities related to the operation of Gateway, the Commission concluded that Gray Line was in the business of owning and holding securities and had not sustained the burden of proving that it was engaged in activities other than that of an investment company.

SANCTIONS IMPOSED UPON THREE FIRMS, OTHERS. The SEC today announced a decision under the Securities Exchange Act (Release 34-8884) in which it ordered the suspension of the over-the-counter activities (subject to limited exceptions) of Birkenmayer & Company, Inc., of Denver, and of Katzenberg, Sour & Company, of New York, and of the Denver office of Francis I. duPont & Co., of New York. As to the Birkenmayer firm, the suspension is for 30 calendar days, commencing June 17; and Wilson C. Birkenmayer and Arnold L. Greenberg, respectively president and vice-president, were suspended from association with any broker or dealer for 30 calendar days, commencing on May 18 as to Birkenmayer and June 17 as to Greenberg. The suspension as to the Katzenberg firm is for 15 business days, commencing June 8; and Leonard C. Kline and Lee J. Spiegelberg were suspended for periods of 15 and 5 business days, respectively, commencing June 8 as to Kline and June 1 as to Spiegelberg. The suspension as to the Denver office of duPont is for 10 business days, commencing June 1; and Jerry P. Oakley, former manager of duPont's Denver office, was suspended for 5 business days, also effective June 1. The action was an outgrowth of private proceedings which are continuing as to certain other respondents.

The sanctions were based upon offers of settlement submitted by the named respondents in which they waived a hearing and, without admitting the allegations in the order for proceedings, consented to certain findings and to the imposition of the indicated sanctions. The Commission found, on the basis of such allegations and the settlement offers, (1) that Birkenmayer Co., Birkenmayer, Greenberg, Katzenberg Co., Kline and duPont offered and sold stock of Worldwide Energy Company, Ltd., at various times during 1967 and 1968 in violation of the Securities Act registration provisions; (2) that Birkenmayer Co., Birkenmayer, Greenberg, Katzenberg Co. and Kline bid for and purchased Worldwide stock while participating in its distribution, in violation of the anti-manipulative prohibitions of Rule 10b-6; (3) that Birkenmayer Co., Birkenmayer and Greenberg violated Rule 10b-5 by entering into an arrangement with another broker-dealer under which there were ostensible purchases by the latter of Worldwide stock from Birkenmayer Co., which was acting as agent for its customers, at prices below the then prevailing market, and subsequent repurchases of such securities by Birkenmayer Co., which failed to disclose to its customers the existence of such arrangement and its surrounding circumstances or the profits that were derived therefrom. (Birkenmayer Co. agreed to refund \$6,937 of profits realized in these transactions) and (4) that Katzenberg Co., Spiegelberg, duPont and Oakley failed reasonably to supervise persons under their supervision with a view to preventing such violations.

HOLDING COMPANY ACT RELEASES

AMERICAN NATURAL GAS RECEIVES ORDER. The SEC has issued an order under its Holding Company Act (Release 35-16727) authorizing American Natural Gas Company, New York holding company, to issue and sell from time to time through 1972 up to \$40,000,000 of notes to the Institutional Investment Division of First National City Bank, New York, which administers, as trustee, pension and other funds of many corporations. American Natural Gas proposes to lend the funds to its subsidiaries in the following maximum amounts: Michigan Wisconsin Pipe Line Company, \$30,000,000; Michigan Consolidated Gas Company, \$15,000,000 and Wisconsin Gas Company, \$10,000,000, although not more than \$40,000,000 would be outstanding at any one time.

OVER

NEW ENGLAND POWER SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16728) giving interested persons until June 12 to request a hearing upon an application of New England Power Company ("NEPCO"), Westboro, Mass. subsidiary of New England Electric System ("NEES"), to issue and sell from time to time through 1971, up to \$75,000,000 of short-term promissory notes to a bank, NEES and/or to dealers in commercial paper (but not to exceed \$35,000,000 outstanding at any one time). NEPCO will use the proceeds of its note sale to meet anticipated cash requirements for capitalizable expenditures pending permanent financing, and for temporary investment in subordinated indebtedness of Vermont Yankee Nuclear Power Corporation and Maine Yankee Atomic Power Company. Capital expenditures for NEPCO are estimated at \$63,400,000 for 1970 and \$44,600,000 for 1971.

SECURITIES ACT REGISTRATIONS

WASHINGTON NATURAL GAS TO SELL BONDS. Washington Natural Gas Company, 815 Mercer St., Seattle, Wash. 98111, filed a registration statement (File 2-37382) with the SEC on May 14 seeking registration of \$15,000,000 of first mortgage bonds, due 1995, to be offered for public sale through underwriters headed by Dean Witter & Co. Incorporated, 14 Wall St., New York, N. Y. 10005, and Kirkpatrick, Pettis, Smith, Polian Inc., 540 Omaha National Bank Bldg., Omaha, Neb. 68102. The interest rate, offering price and underwriting terms are to be supplied by amendment. The company is engaged in the distribution of natural gas at retail in the Puget Sound area of the State of Washington. Net proceeds of its bond sale will be used to partially repay outstanding short-term borrowings incurred for construction purposes (expected to aggregate \$17,500,000 at the date of the issuance of the bonds). Construction expenditures are estimated at \$7,000,000 during the last six months of 1970 and \$14,000,000 during 1971.

ELECTRONIC CONCEPTS PROPOSES OFFERING. Electronic Concepts, Inc., 26 Industrial Way West, Eatontown, N.J. filed a registration statement (File 2-37384) with the SEC on May 14 seeking registration of 80,000 shares of capital stock and 80,000 capital stock purchase warrants, to be offered for public sale in units, each consisting of one share and one warrant, and at \$5 per unit. The offering is to be made on a partial all or none basis through Robbins-Eitman-Joffe Co. Inc., 303 Bond St., Asbury Park, N. J., which will receive a 50¢ per unit selling commission plus \$10,000 for expenses. The company has sold 7,000 shares at 20¢ per share to three principals of the underwriter, who have resold 1,000 shares to a consultant of the underwriter.

The company was organized in May 1969 to engage in the development, manufacture and sale of capacitors (elements generally used in electronic circuits to filter current flowing through such circuits). It is still in the developmental stage. Net proceeds of its stock sale will be added to the company's working capital and used for general corporate purposes. The company has outstanding 288,000 capital shares (with a 6¢ per share net tangible book deficit), of which Bernard Lavene, president, owns 54%. Purchasers of the shares being registered will acquire a 22% stock interest in the company for their investment of \$400,000 (they will sustain an immediate dilution of \$4.22 in per share book value from the offering price); present shareholders will then own 78%, for which they will have paid \$54,010, or an average of 19¢ per share.

STANDARD SECURITY LIFE INSURANCE TO SELL STOCK. Standard Security Life Insurance Company of New York, 111 Fifth Ave., New York, N. Y. 10003, filed a registration statement (File 2-37386) with the SEC on May 14 seeking registration of 216,000 shares of common stock, to be offered for public sale through underwriters headed by Bache & Co., 36 Wall St., New York, N. Y. 10005. The offering price (\$22 per share maximum*) and underwriting terms are to be supplied by amendment. Also included in this statement are 44,000 shares which may be or have been acquired upon exercise of options granted or to be granted to employees of the company pursuant to its Stock Option Plan.

The company offers a large variety of individual and group life insurance, annuities and accident and health policies. Net proceeds of its stock sale will be added to the company's general funds and initially invested in income producing securities as authorized by the New York Insurance Law and, thereafter, will be used to finance the company's operations, to set up appropriate reserves for business to be written, to expand its agency operations and to enable the company to otherwise increase its business. The company has outstanding 692,199 common and 150,000 Class A shares. Of the Class A shares, Michael H. Levy, president, owns 15.54%, Leonard I. Shankman, a director, 16.37% and management officials as a group 56.24%; of the common shares, Shankman owns 8.81% and management officials as a group 19.36%.

CIC INDUSTRIES TO SELL DEBENTURES. CIC Industries, Inc., P. O. Box 1087, Colorado Springs, Colo. 80901, filed a registration statement (File 2-37390) with the SEC on May 14 seeking registration of \$25,000,000 of sinking fund debentures, due 1990, to be offered for public sale through underwriters headed by Dillon, Read & Co. Inc., 46 William St., and Eastman, Dillon, Union Securities & Co., One Chase Manhattan Plaza, both of New York, N. Y. 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company holds the stock of subsidiaries of Colorado Interstate Corporation (of which it is a wholly-owned subsidiary) which are engaged in activities other than the transmission of natural gas. Its principal subsidiaries are engaged in oil and gas exploration and development, in the refining and marketing of gasoline and other refined products, the manufacture of valves, instruments and cold forged steel products, and in the production and marketing of nitrogen chemical products, primarily for agricultural purposes. The net proceeds of its debentures sale will be used to repay \$12,000,000 of borrowings from the parent and \$12,000,000 of short-term borrowings from banks; the balance will be added to the company's general corporate funds and used for general corporate purposes. The proceeds of such borrowings were used primarily for the acquisition, exploration and development of petroleum leases and for the expansion and improvement of refining, marketing, manufacturing and chemical facilities. In addition to indebtedness and preferred stock, the company has outstanding 50,000 common shares. W. E. Mueller is board chairman and Peter J. King, Jr., president.

UNIVERSAL MEDICAL SERVICES PROPOSES OFFERING. Universal Medical Services, Inc., 781 Third Ave., King of Prussia Industrial Park, King of Prussia, Pa. 19406, filed a registration statement (File 2-37394) with the SEC on May 14 seeking registration of 360,000 shares of Class A common stock and warrants to purchase 180,000 Class A shares, to be offered for public sale in units, each consisting of two shares and one warrant, and at \$16 per unit. The offering is to be made through underwriters headed by First Devonshire Corporation, 67 Broad St., New York, N. Y. 10004, which will receive a \$1.36 per unit commission. The company has agreed to pay First Devonshire \$20,000 for expenses and to sell (at \$1 per share) 29,800 Class A shares to officers of First Devonshire and 6,200 shares to two registered representatives of that firm for their services as finders.

The company was organized in March 1970 for the purpose of providing medical laboratory services and also to furnish a variety of computer services to hospitals, nursing homes and other medical users. Of the net proceeds of its stock sale, \$200,000 will be used to repay short-term bank loans incurred for working capital purposes, a portion to repay other loans for similar use anticipated to be made prior to the effective date of the prospectus, \$500,000 for payment of one-year rentals on computer equipment, \$200,000 to pay rentals on laboratory equipment, \$250,000 for the development of computer programs and \$200,000 for leasehold improvements to the company's facilities; the balance will be added to the company's working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 1,140,000 Class B common shares (with an 18¢ per share net tangible book deficit), of which Larry M. Wurman, president, owns 11.62%, Stanley A. Hoffman, M.D., executive vice president, 10.96% and management officials as a group 62.37%.

NEW JERSEY BELL TO SELL DEBENTURES. New Jersey Bell Telephone Company, 540 Broad St., Newark, N. J. 07101, filed a registration statement (File 2-37395) with the SEC on May 15 seeking registration of \$100,000,000 of debentures, due 2010, to be offered for public sale at competitive bidding. A subsidiary of AT&T, the company will apply the net proceeds of its debenture sale toward repayment of advances from the parent and notes payable (bank loans and commercial paper) which are expected to approximate \$49,000,000 and \$115,000,000, respectively, at the time the proceeds are received. The advances are obtained and notes are issued to obtain interim financing for general corporate purposes, including extensions, additions and improvements to the company's plant. Construction expenditures are estimated at \$258,000,000 for 1970.

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:

Western Union Corporation, New York 10013 (File 2-37379) - 191,675 shares
 Torin Corporation, Torrington, Conn. 06790 (File 2-37381) - 41,696 shares
 Mathematical Applications Group, Inc., White Plains, N. Y. (File 2-37383) - 130,496 shares
 Petrolite Corporation, St. Louis, Mo. 63102 (File 2-37385) - 38,750 shares
 Pennsylvania Life Company, Cleveland, Ohio 44114 (File 2-37387) - 528,550 shares
 Johnson Service Company, Milwaukee, Wis. 53202 (File 2-37388) - 100,000 shares
 The Foxboro Company, Foxboro, Mass. 02035 (File 2-37389) - 50,000 shares
 Analog Devices, Inc., Cambridge, Mass. 02142 (File 2-37391) - 141,750 shares
 Colorado Interstate Corporation, Colorado Springs, Colo. 80901 (File 2-37392) - 137,931 shares
 The Coca-Cola Bottling Company of New York, Inc., New York 10016 (File 2-37393) - 130,250 shares
 Speed-O-Print Business Machines Corporation, Chicago, Ill. 60613 (File 2-37397) - 30,000 shares

MISCELLANEOUS

UNLISTED TRADING GRANTED. The SEC has issued an order under the Securities Exchange Act (Release 34-8882) granting an application of the American Stock Exchange to strike from listing and registration the 6 $\frac{1}{2}$ % convertible subordinated debentures (due 1977) of Bloomfield Building Industries, Inc., effective at the opening of business on May 18, 1970. The aggregate market value (\$252,000) of the principal amount of the debentures publicly held exclusive of management and concentrated holdings is less than the Exchange's minimum requirement of \$400,000.

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 (please give News Digest "Issue No." in ordering). 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 May 6 News Digest.

8K Reports for Mar. 1970

Pacific Tel & Tel Co. (11)	1-1414-2	U.S. Time-Sharing Inc.(11,13)	0-4389-2
Chas. Pfizer & Co. (3)	1-3619-2	Uniservices Inc. Feb. 70 (6)	
Pioneer Plastics Corp.(7,8)	1-4487-2	Mar. 70 (4,6,11,13)	0-77-2
Plantation Pipe Line Co. (8)	1-3585-2	Wickes Corp. (7)	1-3447-2
The Stern Metals Corp. (7)	1-5147-2		
		Lower Computer Systems Inc.	
Park City Consolidated Mines Co.		(2,11,13)	0-2311-2
(7)	1-1566-2	Richardson Co. (11,13)	1-5669-2
Futman Management Co. Inc.(3)	2-20664-2	Servo Corp. of America	
Research-Cottrell Inc.(7,11,13)	1-5425-2	(3,7,8)	1-3925-2
Sherwood Leasing Corp. (7)	0-3815-2		
Southwestern Electric Service		EKL Companies Inc.(12)	1-4997-2
Co. (7)	0-22-2		

8K Reports for March '70 (Con't)

Pacific Lighting Services Co. (11)	2-17024-2	Pall Corp. (4,7)	1-4311-2
Peabody Galion Corp. (12)	1-3593-2	Southern Pacific Transportation Co. (7)	1-6146-2
Twin Americas Agric. & Ind. (7)	2-28197-2	Stanadyne Inc. (11)	0-3963-2
Western Massachusetts Electric Co. (11,13)	2-11114-2	Struthers Wells Corp. (3,13)	1-4454-2
		San Jose Water Works (11,13)	1-6216-2
		United Liberty Life Insurance Co. (9,13)	2-31169-2
Pacific Lumber Co. (2,7,11,13)	0-633-2	Weingarten Markets Realty Co. (11)	2-14373-2
Pan American World Airways Inc. (2,7,8,13)	1-3532-2	Williamette Ind. Inc. (12,13)	0-3730-2
Ramo Inc. (12)	0-2284-2		
Reeves Telecom Corp. (4,12,13)	1-4361-2	John Roberts Inc (3,13)	0-3531-2
Safeco Corp. (10,11,12,13)	0-332-2	Ryder Systems Inc. (7,13)	1-4364-2
Sterling Communications Inc. (2,12)	0-3885-2	Southwest Gas Producing Co. Inc. (12)	0-651-2
Stylon Corp. (1,2,7,9)	1-4306-2	Trans-East Airlines Inc. (12,13)	0-3472-2
Systems Associates Inc. (2,7,9,13)	0-4169-2	United Research Homes Inc. (2,13)	2-33156-2
Trans-Sonics Inc. (11,12)	0-2618-2	Vitabath Inc. (7)	1-6288-2
TAB Products Inc. (3)	0-3996-2	West Texas Utilities Co. (11)	0-340-2
UAL Inc. (3)	1-6033-2	PEC Israel Economic Corp. (1)	0-1039-2
Wackenhut Corp. (7)	1-5450-2	RIC International Ind. Inc. (2,3,12)	1-4242-2
Pacific American Ind. Inc. (12)	0-3711-2	Sony Corp. 6K for Oct. 69	2-18035-2
Perfect Film & Chemical Corp. (3,12)	1-2991-2	Southern Securities Corp. (2,6,7,8)	0-1840-2
Preferred Risk Life Insurance Co. (11,13)	2-22520-2	Syracuse China Corp. (3)	0-473-2
Public Leasing Corp. (9)	0-3464-2		
Stratford Inc. (2,7,11,13)	2-34470-2		
Printogs LTD. (11)	0-4428-2		
H.H. Robertson Co. (3)	1-5697-2		
Southern Indiana Gas & Elec. Co. (4,11,13)	1-3553-2		
Texscan Corp. (2)	0-3337-2		
Volume Shoe Corp. (7,12)	0-1961-2		
Whale Inc. (2,13)	1-4517-2		

Amended 8K Reports

C. G. S. Scientific Corp
Amdt #1 for Oct 69(13)

Fabri-Tek Incorporated
Amdt #1 for Nov 69(13)

DMH Corp
Amdt #1 for Feb 70(12,13)

SECURITIES ACT REGISTRATIONS. Effective May 15: Broker Data, Inc., 2-35353 (90 days); Burndy Corp., 2-37137; Equity Funding Corp. of America, 2-37167; Walter E. Heller International Corp., 2-36956 (40 days); LSB Industries, Inc., 2-37341 (60 days); Memorex Corp., 2-37297; Pittway Corp., 2-37377; The Union Light, Heat & Power Co., 2-37093; The Warner & Swasey Companies, 2-37291; Westburne International Industries, Ltd., 2-34860 (90 days).

Withdrawn May 13: Caribbean Continental Corp., Ltd., 2-35558; Executone, Inc., 2-37005; San Francisco Fund, 2-29782.

Withdrawn May 14: Economics Laboratory, Inc., 2-37116; National Publishing Corp., 2-34484; Rapid Sandwich Systems, Inc., 2-34745.

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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