

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

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



Washington, D.C. 20549

(In ordering full text of Releases from SEC Publications Unit cite number)

(Issue No. 70-159)

FOR RELEASE August 17, 1970

DECISION IN ADMINISTRATIVE PROCEEDING

BAGELS USA SUSPENSION PERMANENT. The SEC today announced a decision under the Securities Act (Release 33-5079) making permanent its prior order temporarily suspending a Regulation A exemption from registration with respect to a public offering of stock by Bagels, U.S.A., Inc., of Miami, Fla. The earlier order provided an opportunity for a hearing, upon request within 30 days, on the question whether the suspension should be vacated or made permanent. The underwriter requested a hearing and thereafter withdrew its hearing request. No other request for a hearing having been filed, the Commission made the suspension permanent.

In its original suspension order, the Commission alleged, among other things, that Bagels' offering circular failed to disclose the identity of all persons who owned stock in Bagels' predecessor, and the correct name of counsel, all outstanding loans to Bagels, failed to disclose the true purposes for which the proceeds of the sale of Bagels stock would be used, and failed to describe all interests of company officials and promoters in material transactions of the company within the past two years; that in the distribution of Bagels stock the company and underwriter engaged in transactions which "operated as a fraud upon purchasers" and that a director and promoter failed to cooperate with the Commission's staff in connection with its investigation of the Bagels' stock offering.

SCHWEICKART & CO. CENSURED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8955) in which it "censured" Schweickart & Co., New York broker-dealer firm, for violations of the Commission's financial reporting requirements in 1967 and of its record-keeping rules in 1968-69. Also censured were Winfield Schweickart, the firm's managing partner, and Jean Golashesky, partner in charge of its back-office operations. In their offer of settlement, which the Commission accepted, the respondents consented to findings of violations by the firm and to their censure. In support of the settlement offer, it was represented that the Schweickart firm's books and records were fully posted as of June 1, 1970. It also was urged that its back-office problems in 1968 and 1969 resulted from the heavy volume of trading during that period, and that since that time problems with respect to net capital position, fails to receive and deliver and difference accounts have been brought under control and normalized through various measures, including the realignment of top management and back-office personnel, the hiring of experienced personnel and the installation of automated equipment. In addition, the firm undertook to file a monthly financial report with the Commission through May 1971 together with an affidavit of compliance with the record-keeping requirements; and it agreed that special measures might be invoked by the Commission if at any time the firm is not materially in compliance with the terms, conditions or undertakings of the offer of settlement.

COMMISSION ANNOUNCEMENTS

ORDER CITES SHORTLINE REPORTS. The SEC has ordered administrative proceedings under the Investment Advisers Act involving Shortline Reports, Inc., a registered investment adviser of New York City. Also named as a respondent is Walter Goldberg, its president.

The proceedings are based upon allegations of the Commission's staff that the respondents violated provisions of the Act and Commission rules thereunder, in that they distributed a report in May 1970 to clients and prospective clients which was false and misleading and that they published advertisements which were false and deceptive and were excessively dramatic and flamboyant in their tone, appearance and form.

A hearing will be scheduled by further order to take evidence on the staff allegations and to afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the allegations are true and, if so, whether any action of a remedial nature should be ordered by the Commission.

SEC CITES SIGMA SECURITIES. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of Sigma Securities Corp. of New York, N. Y. Also named as a respondent is John Wheeler Spargo, company president.

The proceedings are based upon allegations of the Commission's staff that since March 1, 1970, Sigma and Spargo violated the anti-fraud provisions (among others) of the Federal securities laws, in that they failed to make delivery to customers of monies and fully paid securities owed to them and converted customer's monies and fully paid securities to their own use and benefit without the consent of such customers.

A hearing will be scheduled by further order to take evidence on the staff allegations and afford respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the allegations are true, and if so, whether any action of a remedial nature should be ordered by the Commission.

SECURITIES ACT REGISTRATIONS

INTERNATIONAL HARVESTER TO SELL DEBENTURES. International Harvester Company, 401 North Michigan Ave., Chicago, Ill. 60611, filed a registration statement (File 2-38164) with the SEC on August 12 seeking registration of \$100,000,000 of sinking fund debentures, due 1995, to be offered for public sale through underwriters headed by Morgan Stanley & Co., 2 Wall St., New York, N. Y. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is engaged in manufacturing and selling self-propelled heavy machinery and vehicles, both rubber-tired and crawler types, for use on and off the highways. Net proceeds of the company's debenture sale will be applied to the reduction of short-term indebtedness, incurred for general corporate purposes, including capital expenditures and increased working capital requirements. At July 31 short-term indebtedness amounted to \$260 million. In addition to indebtedness, the company has outstanding 28,262,014 common shares. Harry O. Bercher is board chairman and Brooks McCormick president.

TECHNISCAN SYSTEMS TO SELL STOCK. Techniscan Systems Limited, 2827 Riverside Dr., Ottawa 8, Canada, filed a registration statement (File 2-38165) with the SEC on August 13 seeking registration of 125,000 shares of common stock, to be offered for public sale on a best efforts, all or none basis by G. L. Equities Corporation. The offering price (\$6 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to pay G. L. Equities \$4,000 for expenses and to sell it, for \$125, four-year warrants to purchase 12,500 shares. Of such warrants, warrants to purchase 2,000 shares will be sold, for \$20, to Risher, Muh & Co., a finder; in addition, the underwriter has agreed to pay that firm a finder's fee of \$4,000.

The company was organized in August 1969 to furnish an audio-visual service for the promotion of industrial development. Of the net proceeds of its stock sale, \$150,000 will be used for the purchase of audio-visual filmstrip projectors and \$150,000 for expenses of marketing the company's services; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 500,000 common shares (with a 17¢ per share net tangible book value), of which management officials as a group own 85.5% and Ermac Investments Limited 53%. Thomas E. McLaughlin is president.

JOHN DEERE CREDIT CO. TO SELL DEBENTURES. John Deere Credit Company, Suite 600, First National Bank Bldg., 1 East First St., Reno, Nev. 89501, filed a registration statement (File 2-38166) with the SEC on August 13 seeking registration of \$50,000,000 of debentures, Series D due 1975, to be offered for public sale through underwriters headed by Drexel Harriman Ripley, 60 Broad St., New York, N. Y. 10004. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the purchase of retail installment contracts and equipment leases ("Paper") from the fourteen farm equipment sales branches and three industrial equipment sales regions operated by Deere & Company and subsidiaries. Net proceeds of the company's debenture sale will be added to its general funds and will be available for the purchase of Paper. Initially, proceeds will be applied to the reduction of short-term borrowings from banks or from Deere & Company, incurred to finance the purchase of Paper. In addition to indebtedness, the company has outstanding 2,500 common shares, all owned by Deere & Co. William A. Hewitt is president.

FOUNDERS FINANCIAL FUNDING PROPOSES OFFERING. Founders Financial Funding Corporation, Founders Life Bldg., Morgan and Twiggs Sts., Tampa, Fla., filed a registration statement (File 2-38167) with the SEC on August 13 seeking registration of \$2,000,000 of programs for the acquisition of mutual fund shares and insurance. The company has formed two wholly-owned subsidiaries, Founders Financial Securities Corporation, through whom mutual fund shares will be sold, and Founders Financial Insurance Agency, Inc., through whom insurance policies will be sold. Founders Financial Corporation owns all the outstanding shares of the company. Robert J. Flowers is president.

PEOPLES GAS LIGHT TO SELL BONDS. The Peoples Gas Light and Coke Company, 122 South Michigan Ave., Chicago, Ill. 60603, filed a registration statement (File 2-38168) with the SEC on August 13 seeking registration of \$25,000,000 of first and refunding mortgage bonds, Series M, due 1995, to be offered for public sale at competitive bidding. A wholly-owned subsidiary of Peoples Gas Company, the company will use the net proceeds of its bond sale to repay interim loans from Peoples which are expected to approximate \$22,000,000 on the date of the sale of the bonds and for general corporate purposes, including construction requirements. Construction expenditures are estimated at \$41,000,000 for 1971.

SECURITIES ACT REGISTRATIONS. Effective August 14: Black and Decker Manufacturing Co., 2-37923; Calderone-Curran Ranches, Inc., 2-37036 (90 days); Dennison Manufacturing Co., 2-37960; Jackson-Atlantic, Inc., 2-37867; Piedmont Management Co., Inc., 2-32418 (90 days); Union Pacific Corp., 2-37966.

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.