

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. 70-233)

FOR RELEASE December 2, 1970

DECISION IN ADMINISTRATIVE PROCEEDING

DECISION ISSUED IN PROVIDENT MANAGEMENT, ET AL. The SEC today announced the issuance of its definitive "Findings and Opinion" in support of prior orders which (on the basis of consents of the respondents) imposed sanctions upon various individuals and firms for violations of the Federal securities laws in connection with transactions in portfolio securities of Provident Fund for Income, Inc., Philadelphia mutual fund, and had temporarily suspended the effectiveness of the Fund's registration statement.

The Commission's decision deals principally with arrangements under which Porteous & Co., a broker-dealer controlled by Douglas K. Porteous, the Fund's president and board chairman, "recaptured" part of the commissions derived from the Fund's portfolio transactions. The arrangements involved the allocation of portfolio transactions for execution on the New York and American Stock Exchanges to two unaffiliated broker-dealers (Harry C. Dackerman & Co., Inc., and Newburger & Co.) in return for the payment to the Porteous firm of "clearance commissions" on unrelated transactions executed on the Philadelphia-Baltimore-Washington Stock Exchange by those broker-dealers, as to which the Porteous firm performed no function. The Commission concluded that these arrangements were violative of the antifraud provisions of the securities laws and a provision of the Investment Company Act relating to the acceptance of compensation by investment company affiliates for the purchase or sale of property to or for the company. It found violations, (or aiding and abetting of such violations) by Porteous; the Porteous firm; Provident Management Corporation, the Fund's investment adviser and principal underwriter which is also controlled by Porteous; Jack S. Lautsbaugh, an officer and director of the Fund, Provident and Porteous & Co.; and the Dackerman and Newburger firms and their principals.

Additional violations found by the Commission (other than as to the Dackerman and Newburger respondents) involved the allocation of Fund portfolio transactions to a broker-dealer in return for the payment of certain expenses of the primary retail distributor of the Fund's shares which is also controlled by Porteous; the receipt and retention by Porteous & Co. of solicitation fees with respect to the tender of certain portfolio securities, although it performed no compensable services in connection with the tenders; and the filing and/or use of Fund prospectuses, proxy material and other documents which failed to make proper disclosure of the reciprocal arrangements and the receipt of payments by the Fund-affiliated broker-dealers. (Release 33-5115)

COMMISSION ANNOUNCEMENT

SEC JOINS BUBBLE UP PROCEEDING. The SEC has entered its appearance in Chapter X proceedings for the reorganization of Bubble Up Delaware, Inc., and its subsidiaries, pending in the Federal court in Los Angeles. The court named Irving Sulmeyer and Arnold Kupetz as co-trustees of the debtors. Bubble Up manufactures soft drinks and other food products, plastic bottles and furniture. The 3.8 million outstanding shares of Bubble Up common stock are held by approximately 1,000 people. An unaudited consolidated balance sheet annexed to the company's Chapter X petition shows, as of June 30, 1970, total assets of approximately \$7.7 million and total liabilities of approximately \$3.2 million. However, Bubble Up's Chapter X petition states that the company may have additional liabilities of as much as \$3 million.

HOLDING COMPANY ACT RELEASE

COLUMBIA GAS RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16919) authorizing The Columbia Gas System Service Corporation ("Service Corp."), Wilmington, Del., subsidiary of Columbia Gas System, Inc., to issue and sell to the parent up to 10,000 shares of common stock (\$100 par) for an aggregate of \$1,000,000 and time to time from 1970 through 1974 up to \$2,500,000 of unsecured, installment promissory notes. Service Corp. will apply the net proceeds of its financing toward the reduction of overhead clearing accounts in the amount of \$231,000, toward payment of construction requirements estimated at \$1,840,000 during 1970-1971, toward meeting current maturities on installment promissory notes of \$377,000 during 1970-1971, and for providing additional working capital for the years 1970-1974 in the amount of \$1,600,000.

INVESTMENT COMPANY ACT RELEASES

COMRESS RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6264) exempting Comress, Inc., Rockville, Md., from provisions of the Act until the Commission has acted upon its application for an order declaring that it is not an investment company.

FLORIDA BANCROWTH REGISTRATION TERMINATED. The SEC has issued an order under the Investment Company Act (Release IC-6266) declaring that Florida Bancgrowth, Inc., Boca Raton, Fla., formerly a Florida corporation registered under the Act as a management closed-end non-diversified investment company, has ceased to be an investment company.

OVER

SCHOLARSHIP BONDS (LA.) REGISTRATION TERMINATED. The SEC has issued an order under the Investment Company Act (Release IC-6267) declaring that Scholarship Bonds of Louisiana, Inc., Houma, La., a face-amount certificate investment company registered under the Act, as ceased to be an investment company.

INSTITUTIONAL MULTI-MANAGEMENT FUND REGISTRATION TERMINATED. The SEC has issued an order under the Investment Company Act (Release IC-6268) declaring that Institutional Multi-Management Fund, Los Angeles, Calif., has ceased to be an investment company.

MASSACHUSETTS INVESTORS GROWTH FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6269) authorizing Massachusetts Investors Growth Stock Fund, Inc., Boston, to issue its shares at net asset value in exchange for substantially all of the assets of JTS, Co.

SECURITIES ACT REGISTRATIONS

CAPSULE TRAINING TO SELL STOCK. Capsule Training Systems, Inc., 77 Seventh Ave., New York, N. Y. 10014, filed a registration statement (File 2-38920) with the SEC on November 27 seeking registration of 200,000 shares of common stock, to be offered for public sale on a "best efforts, all or none" basis by Provident Securities Inc., 95 Broad St., New York, N. Y. The offering price (\$2.50 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to sell to the Provident firm five-year warrants to purchase 20,000 shares, exercisable after one year at \$2.75 per share.

Capsule was organized in 1970 to provide a diversified range of intensive training courses and self-improvement programs on the adult level (a securities course, a "power reading" program and an electro-automotive training program). Of the net proceeds of the stock sale, \$125,000 will be used for marketing of existing programs, \$110,000 for management and clerical salaries and the balance for research and development of new programs, facilities and general corporate purposes. The company has outstanding 466,667 common shares (issued at prices ranging from 1¢ to 75¢ per share), of which John J. McGrath, president, owns 305,676 and management as a group owns 347,009.

HAYSTACK HOTEL PROPOSES OFFERING. Haystack Hotel Association, Inc., Wilmington, Vt. 05363, filed a registration statement (File 2-38919) with the SEC on November 27 seeking registration of investment contracts related to the sale of 220 condominium units, to be offered for public sale at prices ranging from \$13,300 to \$30,000 per unit. The Association has entered into a contract with Development Management Corporation for the planning and development of a proposed "condominium resort hotel" at the base of Haystack Mountain in Wilmington (as well as sale of the condominium units). It also has entered into an agreement with Haystack Corporation, the present owner of the property and the operator of the Haystack Mountain Ski Area, whereby Haystack Corporation will advance development expenses prior to construction and grant the Association an option to purchase the hotel site. The proposed hotel will consist of 220 rooms; and it also will contain facilities normally associated with a resort hotel, including lobby, lounges, recreation areas and restaurant, as well as swimming pool and tennis courts. The hotel will be operated under a lease arrangement with Hotel Management Corporation. A purchaser of a condominium unit will have no right to use his unit other than as a guest of the hotel on the same terms as the general public, but he will have certain preferential rights with respect to the recreational facilities of Haystack Corporation. The total estimated cost of the hotel, including construction, furnishings, initial working capital and development expenses is \$3,954,000. W. Thompson Cullen is president of the Association. He also is president of Hotel Management Corporation and Development Management Corporation.

WILLIAMS BROS. SECURITIES IN REGISTRATION. Williams Brothers Company, National Bank of Tulsa, Tulsa, Okla. 74103, filed a registration statement (File 2-38926) with the SEC on November 27 seeking registration of \$6,648,620 of ten year debentures (Series A and B) and 362,652 common stock purchase warrants (together with the underlying 1,983,368 common shares). The Series A and B debentures and warrants are being registered in connection with a proposed merger of Willbros, Inc., a subsidiary of Williams, into The Suburban Companies ("Suburban"). Upon completion of the merger, Williams will own all of the common shares of Suburban; and each share of Suburban common now outstanding will be changed into (i) \$11 principal amount of Series A debentures of Williams and (ii) 6/10 of one stock purchase warrant to purchase one share of Williams common, at a price of \$20 per share (\$1,346,268 of the debentures and 73,433 warrants are being registered for possible secondary offering by officials of Suburban who will receive such securities in exchange for their Suburban common shares). The conversion rights of Suburban's outstanding convertible preferred stock and convertible subordinated debentures will be changed to provide that (a) if conversion occurs on or before January 1, 1976, they will be convertible into (i) \$11 principal amount of Series A debentures and (ii) 6/10 of one Series A warrant, for each Suburban common share into which they could have been converted immediately prior to the merger; and (b) if conversion occurs after January 1, 1976, they will be convertible into (i) \$11 principal amount of Series B debentures and (ii) 6/10 of one stock purchase warrant to purchase one share of Williams common, at a price of \$20 per share, for each Suburban common share into which they could have been converted immediately prior to the merger (\$5,302,352 of the debentures and 289,219 warrants are being registered for delivery to the holders of Suburban's convertible securities). Also included in the statement are an additional 36,912 outstanding common and 14,000 outstanding preferred shares of Williams which may be offered by the holders thereof.

Williams is principally engaged in the business of owning and operating a common carrier petroleum products pipeline system, constructing pipelines and providing engineering support therefor; and it also is involved in the steel and liquified petroleum gas business. In addition to indebtedness and preferred stock, it has outstanding 6,461,670 common shares. Suburban is engaged in the sale and distribution of LP-gas and LP-gas appliances as well as the general merchandising of various products, including household appliances.

MEAD CORP. TO SELL DEBENTURES. The Mead Corporation, 118 West First St., Dayton, Ohio 45402, filed a registration statement (File 2-38924) with the SEC on November 27 seeking registration of \$60,000,000 of debentures, due 1995, to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., and Smith, Barney & Co. Incorporated, 20 Broad St., both of New York, N. Y. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and distribution of paper and related products, paperboard, educational products, metals and other products. Net proceeds of its sale of debentures will be added to the general funds of the corporation; \$25,000,000 will be used to reduce notes outstanding under a bank credit agreement (amounting to \$65,000,000 on November 15) and the balance will be available for general corporate purposes, including capital expenditures. In addition to indebtedness and preferred stock, the company has outstanding 16,407,387 common shares. J. W. McSwiney is president.

CRUISE-A-HOME TO SELL STOCK. Cruise-A-Home, Inc., 1028 Norton Ave., Everett, Wash. 98201, filed a registration statement (File 2-38929) with the SEC on November 27 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on a best efforts, all or none basis by R. A. Wolk & Co., Inc., 405 Lexington Ave., New York, N. Y. 10017, which will receive a selling commission of 50¢ per share plus \$25,000 for expenses. The company has agreed to sell the Wolk firm five-year warrants to purchase 10,000 shares, exercisable after one year at \$5.50 per share.

The company was organized in 1966; since 1968 it has been engaged in the business of engineering, designing and tooling fiberglass mobile houseboats and other surface craft. Of the net proceeds of the stock sale, \$90,000 will be used to increase inventory of completed boats, \$50,000 will be used to repay a bank loan, and other proceeds will be used to develop new models and for other purposes, including additional working capital. The company has outstanding 199,500 common shares, of which CCR Marine, Inc., of Seattle owns 12.15%, Thomas H. Macbride, secretary, 10.5% and management officials as a group 59.77%. Purchasers of the shares being registered will have purchased a 33% stock interest in the company for their investment of \$500,000, or \$5 per share; the original investors will then own 66-2/3% of the shares, for which they will have paid \$130,780, or 66¢ per share. Alfred W. White is chairman and Warren P. Jensen is president.

POWER COMPUTER SHARES IN REGISTRATION. Power Computer Systems, Inc., Rutherford, N. J., filed a registration statement (File 2-38925) with the SEC on November 27, seeking registration of 145,000 shares of outstanding Class A common stock. These shares may be offered for sale by the holders thereof from time to time at prevailing market prices (\$.625 per share maximum*). Of the total to be sold, Equity Progress Fund, Inc., Los Angeles, will sell 72,500 shares, Lester Entin, Passaic, 30,000 and numerous others the remaining shares being registered. The company also seeks registration of 96,212 additional shares reserved for issuance upon the exercise of outstanding warrants and options and 24,000 Class A common stock purchase warrants.

The company is engaged in the business of developing and marketing computer programs, primarily its TRIP (Total Replenishment Inventory Program) program. In addition to indebtedness, it has outstanding 771,774 common shares, of which management officials as a group own 27.9%. Edmund Entin is president.

NU VU CORP. PROPOSES OFFERING. NU VU Corporation, 2145 McCarter Highway, Newark, N. J., filed a registration statement (File 2-38927) with the SEC on November 27 seeking registration of \$1,000,000 of 10% convertible subordinated debentures and 20,000 shares of common stock, to be offered for public sale in units, each consisting of one \$250 principal amount of debenture and five shares, and at \$275 per unit. The offering is to be made on a best efforts basis by E. L. Aaron & Co., Incorporated, 15 William St., New York, N. Y. 10005, which will receive a \$7.50 per unit selling commission.

Organized in February 1970, the company succeeded by merger to another company of the same name. It is engaged in the business of manufacturing and distributing plastic containers. Of the net proceeds of this financing, \$300,000 will be used to purchase manufacturing and delivery equipment, \$370,000 to partially repay the company's outstanding bank loans (guaranteed in part by principal stockholders), \$100,000 to train salesmen and the remainder for other corporate purposes. In addition to indebtedness, the company has outstanding 600,000 common shares, of which Edward and Richard Epstein, officers of the company, own 19.625% each, Jacob Finck 12.75% and management officials as a group 59.25%. Donald L. Epstein is president. The 600,000 shares were purchased for a total of \$1,000. Assuming the sale of all shares being registered, and the immediate conversion of the debentures into 100,000 shares of common stock, purchasers thereof will own 120,000 shares for which they will have paid \$1,100,000 and there will be an immediate dilution to the purchaser of \$7.307 in per share book value.

REDCOR CORP. SHARES IN REGISTRATION. Redcor Corporation, 21200 Victory Blvd., Woodland Hills, Calif. 91364, filed a registration statement (File 2-38930) with the SEC on November 27 seeking registration of 1,200,000 shares of common stock. These shares are issuable upon conversion (at some future date or dates) of \$3,000,000 of outstanding 8% secured convertible notes of the company which were issued on September 30 in a private placement and are convertible at any time into common shares at the initial rate of \$2.50 per share. They may be offered for sale from time to time by the recipients thereof, at prices current at the time of sale (\$5 per share maximum*).

The company is primarily engaged in performing design, development and production tasks under subcontract from an electronics company engaged in computer manufacturing. Emil R. Borgers is board chairman and president. In addition to indebtedness and preferred stock, the company has outstanding 1,791,056 common shares, of which management officials as a group own 4%. The list of prospective selling stockholders includes The Island Company (which may sell 120,000 of 180,739 shares), Trusts under the Will of Carl M. Loeb (144,000 of 153,304) and Williams Brothers Company (all of 100,000).

MISCELLANEOUS

PULLMAN TRANSPORT LEASING RECEIVES ORDER. The SEC has issued an order under the Trust Indenture Act of 1939, granting an application of Pullman Transport Leasing Company, of Chicago, Ill., for a determination that no material conflict of interest would arise if First National City Bank, which now serves as trustee under Equipment Trust, Series 1 (pursuant to which \$28,250,000 of equipment trust certificates are outstanding and \$1,750,000 of such certificates are to be issued on January 6, 1971), also were to serve as trustee under a new Equipment Trust Agreement pursuant to which the company will issue some \$23,200,000 of certificates, Series 2.

DELISTING GRANTED. The SEC has issued orders under the Securities Exchange Act (Release 34-9036) granting applications of (a) the Salt Lake Stock Exchange to strike from listing and registration the capital stock of Grand Deposit Mining Co. and the common stock of Mountain States Development Company, effective at the opening of business on November 20, 1970, and of (b) the National Stock Exchange to strike from listing and registration the common stock of Document Systems, Inc., effective at the opening of business on November 23, 1970. According to the applications, neither Grand Deposit nor Mountain States meets the Exchange's requirements for continued listing. In the case of Document Systems, Inc., the financial and operating conditions of the company are such that it does not warrant continued listing. In addition, the company has failed to file its annual report for the period ending December 31, 1969 and its semi-annual report for the period ending June 30, 1970 as required by the Exchange.

UNLISTED TRADING GRANTED. The SEC has issued an order under the Securities Exchange Act (Release 34-9036) granting applications of the following exchanges for unlisted trading privileges in the common stocks or specified securities of the named exchanges: Cincinnati Stock Exchange - Abbott Laboratories, Bankers Trust New York Corp., The Bank of New York Company, Inc., Central Illinois Light Company, Central Illinois Public Service Company, Charter New York Corporation, Chemical New York Corp., C.N.A. Financial Corporation, Illinois Power Company, Indianapolis Power & Light Company, Kellogg Company, Louisville Gas and Electric Company, Manufacturers Hanover Corporation, Northern Illinois Gas Company, Northern Indiana Public Service Co., and Public Service Co. of Indiana. Midwest Stock Exchange - MGIC Investment Corp., Newmont Mining Corp., New York State Electric & Gas Corp., Northeast Utilities, Northgate Exploration Ltd., Oklahoma Gas & Electric Co., Pet, Inc., Philadelphia Electric Co., Philips Industries, Inc., Pitney-Bowes, Inc., Pittston Company, Plessey Co., Ltd. (ADR) Ordinary Shares, Potomac Electric Power Co., Ramada Inns, Inc., R. J. Reynolds Industries, Inc., Schlumberger, N.V., Seatrains Lines, Inc., Skyline Corp., Tampa Electric Co., Telex Corp., United Brands Company, University Computing Co., Zurn Industries, Inc. Pacific Coast Stock Exchange - Interlake, Inc. Philadelphia-Baltimore-Washington Stock Exchange - Austral Oil Company, Inc., Cablecom-General, Inc., Dome Petroleum, Ltd., Nortek, Incorporated, The Plessey Company Limited (ADRs), Rollins International, Inc., Sony Corporation (ADRs), Spencer Shoe Corporation (now Spencer Companies, Inc.), UAL, Inc. 40c cumulative preferred stock, Series A, Vernitron Corporation.

SECURITIES ACT REGISTRATIONS. Effective November 30: Hamilton Income Fund, Inc., 2-33043; Management Recruiters International, Inc., 2-36318.

Effective December 1: City Investing Co., 2-38651 (Jan 11); Colonial Penngroup Inc., 2-38717; Commerce Bancshares, Inc., 2-38527; Dixie National Corp., 2-36816 (90 days); First National Charter Corp., 2-38389 (Dec 28); Informatics Inc., 2-38737; Island Gem Enterprises Ltd. and Mullet Pond Development Venture Limited, 2-38401 (90 days); Margrove Productions, Inc. (The Tattered Tom Co.), 2-38743 (40 days); Mercantile Stores Co. Inc., 2-38749; Newport Controls Corp., 2-36832 (90 days); Panhandle Eastern Pipe Line Co., 2-38725; Philips Industries Inc., 2-38616; Pullman Transport Leasing Co., 2-38785 (Jan 10); Southwest Forest Industries Inc., 2-37791 (40 days); Valley Industries Inc., 2-38493; VSI Corp., 2-38700; Warner-Lambert Co., 2-38561.

Withdrawn November 30: IDC Holding Corp., 2-33964.

Withdrawn December 1: Dallas International Motor Speedway Inc., 2-36592; Pacer Corp., 2-35198; Renewal Guaranty Corp., 2-37710; Transcontinental Data Processing Corp., 2-35689; Zenith Capital Corp., 2-36332.

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.

---ooo0ooo---