

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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INSTITUTE FOR MED. MGM. REVOKED. The SEC today announced a decision under the Investment Advisers Act (Release IA-241) revoking the investment adviser registration of Institute for Medical Management, Inc., of New York City, and barring its president and principal stockholder, Edward M. Eglowsky, from further association with any investment adviser or broker-dealer. For the purpose of these administrative proceedings only, the two respondents admitted the charges against them and consented to the revocation and bar order.

According to the decision, the said Institute aided and abetted by Eglowsky, engaged in activities violative of the anti-fraud provisions of the Federal securities laws, in that they caused clients of Institute to deposit \$35,000 of funds with Eglowsky, which were diverted to his personal use and benefit, by falsely representing that he could obtain a substantial number of shares of a new stock issue and that the purchase price of such shares had to be on deposit with a named brokerage firm prior to the issue date. Moreover, Eglowsky placed orders for securities for which he could not make payment by falsely representing his personal earnings and his ability to pay for the securities, resulting in a sell-out of the securities at a loss to the brokers involved. In addition, the Institute, aided and abetted by Eglowsky, violated the Commission's record-keeping rules and falsified the Institute's adviser registration application.

WESTERN GUARANTY MGM. AND AFFILIATE REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8494) revoking the broker-dealer registrations of Western Guaranty Management Corp. ("Management") and Investors Associates, Inc. ("IAI"), both of Denver, and barring their president and controlling stockholder, Fred M. Frazier, from being associated without prior Commission approval with any broker-dealer, investment advisory firm, or investment company, for three years. The sanctions were based upon Commission findings that the said respondents engaged in activities violative of the anti-fraud and other provisions of the Federal securities laws. For purposes of resolving the issues in these proceedings, the three respondents consented to the Commission's findings and to the indicated sanctions. Management was principal underwriter and investment adviser for National Western Fund, Inc. ("Fund"), a mutual fund, and IAI was sponsor of National Western Investment Plans ("Plans"), a registered unit investment trust investing in Fund's shares.

In its decision the Commission ruled that the respondents violated the anti-fraud provisions by causing Fund, commencing in October 1965, to purchase highly speculative securities, including stock of Circle Corporation ("Circle") and of Southern Equitable Life Insurance Company ("Southern"), which were unsuitable as investment media for Fund and inconsistent with its stated investment policies. This included the purchase on July 6, 1966, of Circle shares when there was no market for them and in connection with which the respondents caused Fund to pay a higher price and to incur unnecessary brokerage fees by interposing certain broker-dealers between Fund and the seller of the shares. Moreover, they caused Fund in December 1965 and in January and February 1966 to purchase Southern shares without disclosing the relationship of Frazier to Southern or that a proposed merger would unite Southern with a company with which Frazier was also associated; caused certain of the foregoing transactions to be effected for the purpose of securing benefits for Frazier and persons other than Fund, Plans and their respective shareholders; and sold and caused sales of shares of Fund and interests in Plans through the use of prospectuses which were false and misleading in respect to the services rendered by Management for its advisory fee, Fund's investment policy, and the activities of respondents.

In addition, Management and Frazier caused Fund to purchase Southern shares when Frazier was an affiliated person of an affiliated person of Fund, without obtaining Commission authorization, as required; Management and Frazier permitted associated persons to engage in securities activities on their behalf who had not passed the qualifying examination and as to whom Forms SECO-2 had not been filed; and Management and IAA engaged in the conduct of a securities business in violation of the Commission's net capital rule.

J. E. GASKIN SENTENCED. The SEC Atlanta Regional Office announced January 14 (LR-4208) that J. Ernie Gaskin of Little Rock, Ark., received a three-year prison sentence following his conviction in May 1968 on charges of fraud in the sale of securities of United Security Life Insurance Company of Birmingham.

FIVE RECEIVE PRISON SENTENCES. The SEC Fort Worth Regional Office announced January 14 (LR-4209) that Louis E. McMahan, of Mt. Vernon, Ill., who was convicted in August of violating the registration and anti-fraud provisions of the Securities Act in the sale of stock of Southern United Life Insurance Company, received a four-year prison sentence and five years' probation, and was fined \$6,000. Four others, who had entered pleas of guilty, received sentences as follows: Vernon Mendenall, of Decatur, two years in prison and five-years' probation; Charles E. Barbre and Malcolm P. Rudolph, both of Carmi, Ill., 18 month each and five-years' probation; and Jack Mendenall of Mt. Vernon, a two-year suspended sentence.

IMADA, RELINC SECURITIES ENJOINED. The SEC Denver Regional Office announced January 15 (LR-4210) the entry of an order by the U. S. District Court in Denver permanently enjoining Henry Katsuki Imada (formerly of Denver, now of Honolulu), Relinc Securities Corporation, a Hawaii corporation, and Equity Capital Corporation, also a Hawaii corporation, from further violations of the Securities Act registration provisions in the sale of stock of Santa Fe International, Inc. The defendants consented to the injunction, but without admitting and, in fact, denying the violations; and Imada agreed to relinquish all control over Relinc Securities.

OVER

KINGSPORT POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16268) authorizing Kingsport Power Company, Roanoke subsidiary of American Electric Power Company, Inc., to issue and sell \$2,500,000 of short-term notes to two banks during 1969. Kingsport will use the proceeds of its financing to reimburse its treasury for past expenditures in connection with its construction program, to provide funds to finance, in part, its future construction program, and for other corporate purposes. Construction expenditures for 1969 are estimated at \$1,600,000.

WHEELING ELECTRIC RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16269) authorizing Wheeling Electric Company, Wheeling subsidiary of American Electric Power Company, Inc., to issue and sell \$4,000,000 of short-term notes to five banks during 1969. Wheeling will use proceeds of its financing to reimburse its treasury for past expenditures made in connection with its construction program, to provide funds to finance, in part, its future construction program, and for other corporate purposes. Construction expenditures for 1969 are estimated at \$1,900,000.

CONSOLIDATED NATURAL GAS SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16270) giving interested persons until February 19 to request a hearing upon a proposal of Consolidated Natural Gas Company ("Consolidated"), New York holding company, with respect to its acquisition of all the common stock of West Ohio Gas Company ("West Ohio"), a nonassociate public utility company. Pursuant to agreements between Consolidated, West Ohio and Ohio Natural Gas Company ("Ohio Natural"), Ohio Natural was created solely to facilitate the proposed acquisition and will become a wholly-owned subsidiary of Consolidated. It is proposed that Ohio Natural merge into West Ohio, with West Ohio surviving and emerging as a wholly-owned subsidiary of Consolidated. It is also proposed that all of the presently outstanding 997,683 common shares of West Ohio be converted, on the basis of .8 Consolidated share for each West Ohio share, into 798,146 Consolidated shares.

SCHRODERS SEEKS ORDER. Schroders Incorporated, of New York, has applied to the SEC for an exemption from Section 15 of the Investment Company Act; and the Commission has issued an order giving interested persons until January 30 to request a hearing thereon. Schroders proposes to acquire the investment advisory business of Naess & Thomas ("N&T"), which serves as an investment adviser to the following: Naess & Thomas Special Fund, Inc., American Insurance Investors Stock Fund, Inc., Mid-America Mutual Fund, Inc., Industry Fund of America, Inc., First Investors Fund for Growth, Inc. and First Investors Fund, Inc. ("Funds"). In the case of Naess & Thomas Special Fund, Inc., N&T's services are performed pursuant to an investment advisory contract with the Fund. In the case of each other Fund, such services are performed pursuant to an investment advisory contract with the manager of principal investment adviser to the Fund. The application seeks an exemption from provisions of Section 15 which would prevent Schroders from acting as investment adviser to any of the Funds until shareholder approval of the advisory contracts between Schroders and the Funds; meetings of shareholders are to be held between February-April to vote upon the new contracts.

UNLISTED TRADING REPORTED. The SEC has issued orders granting applications of the Philadelphia-Baltimore Washington Stock Exchange for unlisted trading privileges in the common stock of Gulton Industries, Inc., and in the Class AA Special Stock (convertible) of Ling-Temco-Vought, Inc. (Release 34-8495)

THREE TRADING BANS CONTINUED. The SEC has ordered the further suspension of over-the-counter trading in the securities of Omega Equities Corporation for the ten-day period January 19-28, 1969, inclusive, and in the securities of Dumont Corporation and Majestic Capital Corporation for the ten-day period January 20-29, 1969, inclusive.

INVESTMENT COMPANY ACT RULES REPRINTED. The SEC's General Rules and Regulation under the Investment Company Act of 1940, as in effect November 1, 1968, may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402, at 65¢ per copy. The rules pamphlet contains annotations showing the history of each rule and regulation, and amendments thereto.

LEASCO DATA PROCESSING SHARES IN REGISTRATION. Leasco Data Processing Equipment Corporation, One Linden Place, Great Neck, N. Y. 11021, filed a registration statement (File 2-31354) with the SEC on January 13 seeking registration of 196,079 shares of common stock. These shares are issuable upon conversion of the 5% convertible debentures, due 1988, of Leasco World Trade Company Ltd., a wholly-owned subsidiary of the company.

PLANT INDUSTRIES PROPOSES EXCHANGE OFFER. Plant Industries, Inc., Suite 1302, 720 Fifth Ave., New York 10019, filed a registration statement (File 2-31355) with the SEC on January 13 seeking registration of 135,191 shares of common stock. It is proposed to offer these shares in exchange for the publicly-held outstanding capital shares of National Containers Limited, at the rate of one Plant share for each two National shares. Plant now owns some 61.4% of the outstanding capital stock of National.

Plant was organized under Delaware law in July 1968 for the purpose of acquiring all of the assets and liabilities of a Florida corporation of the same name. It is engaged in the manufacture and distribution of pure fruit crystals which are produced by dehydration of pure citrus or other fruit juices and which, for consumption purposes, reconstitute promptly in cold water. In addition, it processes fruit into peel and juice products used in the production of marmalades, sauces and bakery products. National, a Quebec corporation, is engaged in the manufacture and reconditioning of heavy, medium and light gauge steel drums, the manufacture of steel pails, and the manufacture of fibre and plastic containers and plastic liners for steel drums, all of which are used for the bulk packaging of petroleum products, chemicals, foods, paints, adhesives and cleaning agents. Plant has outstanding 1,758,467 common shares, of which Hyman Myer Katz, president (and also president of National), owns 430,000 shares.

SANITARY CONTROLS TO SELL STOCK. Sanitary Controls, Inc., 225 Marcus Blvd., Deer Park, N. Y. 11729, filed a registration statement (File 2-31356) with the SEC on January 14 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$6 per share. The offering is to be made on a "best efforts, all or none" basis by H. E. Simpson Securities, Inc., 40 Exchange Pl., New York, which will receive a 60¢ per share selling commission plus \$16,000 for expenses. The company has agreed to sell the underwriter, for 1¢ each, five-year warrants to purchase 10,000 common shares, exercisable after one year at \$6.60 per share.

Organized under New York law in August 1966 as New York Sani-Can, Inc., the company is engaged in the design, manufacture and sale of multi-purpose steel containers used in connection with the removal of residential, commercial and industrial wastes. Of the net proceeds of its stock sale, \$150,000 will be used for the purchase of hi-speed automatic production equipment; and the balance for various other purposes, including working capital. The company has outstanding 275,000 common shares (with a 53¢ per share book value), of which Frank D. Palopoli, president, owns 98%. Upon completion of this offering, the public investors will have sustained an immediate dilution of \$4.27 in the per share book value from the public offering price.

ONTARIO TO SELL DEBENTURES. Province of Ontario, Canada, filed a registration statement (File 2-31357) with the SEC on January 14 seeking registration of \$75,000,000 of debentures, due 1999, to be offered for public sale through underwriters headed by Drexel Harriman Ripley, Inc., 60 Broad St., New York 10004, and eight others. The interest rate, public offering price and underwriting terms are to be supplied by amendment. Net proceeds of the debenture sale will be advanced to The Hydro-Electric Power Commission of Ontario, to be used, among other things, for capital expenditures in connection with its capital construction program. Construction expenditures for 1969 are estimated at \$413,000,000.

COMPUTERS UNLIMITED TO SELL STOCK. Computers Unlimited, Inc., 318 Executive Office Bldg., Rochester, N. Y. 14614, filed a registration statement (File 2-31358) with the SEC on January 14 seeking registration of 350,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on a "best efforts" basis by First Monroe Corp., 17 Clinton Ave. South, Rochester, N. Y. 14604, which will receive a 25¢ per share selling commission plus up to \$17,500 for expenses. The company has agreed to issue the underwriter, for 1¢ each, five-year warrants to purchase 35,000 common shares, exercisable after two years at \$5.50 per share.

Organized under New York law in June 1967, the company proposes to engage in computer services, including time-sharing, computer programming and management information systems. Of the net proceeds of its stock sale, \$46,500 will be used for computer site and office preparation, \$366,756 for establishment in Rochester, N. Y., of a computer time-sharing center, \$110,000 for marketing and sales promotion expenses, \$187,500 for the development of computer programs and management information systems for particular applications, hiring of technical personnel and related expenses and \$154,750 for general administrative expenses; the balance will be added to the company's general funds for use as working capital and for general corporate purposes. The company has outstanding 798,520 common shares (with a 12¢ per share book value), of which Virgil M. Ross, president, owns 53.3% and management officials as a group 80.3%. Upon completion of this offering, present shareholders will own 69.5% of the then outstanding common stock for their cash investment of \$218,290, and the purchasers of the shares being registered will own 30.5% for their investment of \$1,750,000.

FAIRFIELD-NOBLE FILES FOR OFFERING AND SECONDARY. Fairfield-Noble Corporation, 333 Smith St., Farmingdale, N. Y. 11735, filed a registration statement (File 2-31359) with the SEC on January 14 seeking registration of 350,000 shares of common stock, of which 250,000 are to be offered for public sale by the company and 100,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Bache & Co. Inc., 36 Wall St., and Halle & Stieglitz, 52 Wall St., both of New York 10005; the offering price (\$30 per share maximum*) and underwriting terms are to be supplied by amendment.

The company and its subsidiaries are engaged in the production of knitted sweater tops (shells) and other types of knitted and woven coordinated sportswear for girls and women, including stretch pants, shorts, skirts, jumpers, blouses and printed shift dresses. Of the net proceeds of its sale of additional stock, \$1,125,000 will be used for equipping the company's new plant in Farmingdale and expanding its production, shipping and warehouse facilities, \$4,895,000 to retire all indebtedness, and \$1,750,000 for the purchase of machinery and equipment for existing facilities, the purchase of machinery and equipment for a plant being constructed in Asheville, N.C. and the purchase of additional machinery for the manufacture of certain new product lines; the balance will be retained in the company's general funds for use in its business. In addition to indebtedness and preferred stock, the company has outstanding 1,757,137 common shares, of which Samuel Noble, board chairman, owns 13.8%, Joseph L. Braun, president, 13.9%, Jacob B. Noble, vice president, 13.5% and management officials as a group 45.9%. Samuel and Jacob Noble propose to sell 33,333 shares each of 241,749 and 237,482 shares held, respectively, and Braun 33,334 of 244,124.

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 January 2 News Digest.

Deansitors Corp Dec 68 (12)	1-5649-2	Allen Organ Co Dec 68 (2,12)	0-275-2
Hico Corp of America Dec 68 (7)	1-5449-2	John's Bargain Stores Corp Dec 68 (3,13)	1-4733-2
Fun Chemical Corp Dec 68 (7,11,13)	1-364-2		
Inson Co Dec 68 (7,10,11,13)	0-2472-2		

American Bakeries Co Dec 68 (12)	1-74-2
Commonwealth Natural Gas Corp Dec 68 (2,4,7,13)	0-266-2
New York Times Corp Dec 68 (1,12)	1-5837-2
Trailer Train Co Dec 68 (7)	2-20540-2
Carpenter Technology Corp Dec 68 (12,13)	1-5828-2
Growth International Inc Dec 68 (2,13)	0-3134-2
American Zinc Co Nov & Dec 68 (7)	1-59-2
Central Hudson Gas & Electric Corp Dec 68 (13)	1-3268-2
Decorator Industries Inc Dec 68 (7)	2-26440-2
Diamond Shamrock Corp Dec 68 (11,13)	1-3638-2
Esquire Inc Dec 68 (12,13)	1-2983-2
Greater Arizona Savings And Loan Assn Dec 68 (2,13)	0-2840-2
Mississippi Power Co Dec 68 (3)	0-393-2
National Beef Packing Co Dec 68 (11)	0-3350-2
T. R. Wood & Sons Inc Dec 68 (4,7,13)	2-29696-2

SANCTION IMPOSED ON BLYTH FIRM. The SEC today ordered the suspension of the government bond department of Blyth & Company, Inc., New York broker-dealer firm, for fifteen business days, from January 20 through February 7, 1969, for violations of anti-fraud provisions of the Securities Exchange Act of 1934 resulting from the misuse by certain traders in Blyth's government bond department of confidential information about up-coming offerings of certain government securities between January 1964 and September 1967. Loring T. Briggs, who was vice president and manager of Blyth's government bond department during the period in question, was suspended from association with a broker-dealer for five business days, January 20-24, inclusive, for his failure to take appropriate steps to prevent such violations (he was not charged with knowledge of the transactions). In offers of settlement, Blyth and Briggs, without admitting the violations, consented to findings by the Commission that Blyth violated the said provisions of the securities laws and Briggs failed to exercise reasonable supervision with a view to prevent such violations, as alleged; and they also consented to imposition of the indicated sanctions. The proceedings are continuing with respect to the two traders, George J. Wunsch, former vice-president of Blyth and manager of its government bond department, and John G. Beutel, former government securities trader and salesman at Blyth.

According to the Commission's decision (Release 34-8499), on certain days between January 1964 and September 1967 (so-called "release days"), the Treasury Department transmitted to Federal Reserve Banks on a confidential basis the terms of new government securities, to be offered by the Treasury subsequent to the release day to securities dealers and to the public, pursuant to an established procedure (since modified) whereby the confidentiality of the terms of the new financing would be maintained until a specific time on the release day fixed by the Treasury for public announcement and dissemination of such information. During the period, in question, the employee of the Federal Reserve Bank of Philadelphia who was the manager of its Bond and Custody Department had access to such confidential information on each respective release day at a time prior to the public announcement and dissemination thereof.

In advance of the time specified by Treasury for public announcement and dissemination of the terms of new financing on each respective release day, traders in Blyth's government bond department, one of whom was an officer of the firm and manager of the department during part of the period in question, received, directly and indirectly, from the Bank employee non-public information relating to the terms of the proposed financings, including the maturity dates and interest rates of the new securities to be offered. Thereafter, the traders effected on behalf of Blyth transactions in outstanding government securities prior to the public announcement and dissemination of the terms of such new financing. When the information was later made public it affected the market price of the government securities purchased and sold by Blyth. Under established legal principles, the Commission stated, "... it was the duty of Blyth when it obtained advance possession of such information to refrain from trading in government securities until the information had been duly made public" under the procedures established by the Treasury.

The Treasury and the Federal Reserve system have revised their announcement procedures and presently the terms of the new financings are revealed to the regional Federal Reserve Banks at the same time as announcement of the terms is made to the public.

SECURITIES ACT REGISTRATIONS. Effective January 16: Central Hudson Gas & Electric Corp., 2-30824; Certified Corp., 2-30354 (90 days) and 2-30361 (90 days); Dean Research Corp., 2-30275 (90 days); Development Corp. of America, 2-30270 (40 days); Jamesway Corp., 2-30497 (40 days); Management Data Corp., 2-31380 (40 days); New Idria Mining & Chemical Co., 2-31139; Oklahoma Gas & Electric Co., 2-31010; Outboard Marine Corp., 2-29086; Questor Corp., 2-31089 and 2-31276; Superior Foods, Inc., 2-30451 (90 days); Walter Kidde & Co., Inc., 2-30813.

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.