

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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SEVEN RECEIVE SANCTIONS FOR ADVISORY SERVICE VIOLATION. The SEC today announced the issuance of an order suspending the activities of the Brooklyn, New York, office of Steiner, Rouse & Co., Inc. (of New York City) for a period of two months; suspending Edward G. Mirabella and Jacob Meyrowitz, vice presidents of Steiner Rouse, from association with a broker or dealer for four months and two months, respectively (the foregoing suspensions are effective October 27); suspending Indicator Digest, Inc., and Technical Stock Reports, Inc., both registered investment advisers of Palisades Park, N. J., from soliciting and accepting new subscriptions for 90 days and 150 days, respectively (effective November 15); and barring William Gordon from association with any broker, dealer, investment adviser or investment company (Release 34-8723). These respondents consented to the sanctions without admitting or denying violations with which they were charged.

The Commission found that William Gordon, while employed as a securities analyst and editor, prepared articles which appeared in publications of Indicator Digest and Technical Digest recommending the purchase of 16 different securities. After such articles were prepared and prior to their publication, Gordon through the Brooklyn Office of Steiner Rouse, purchased such securities for the accounts of certain persons, including members of his family and friends and then sold the securities shortly after the publication of the articles and the resulting rise in prices of such securities. The Commission found that Gordon, Steiner Rouse, Indicator Digest and Technical Stock Reports violated or aided and abetted violations of the anti-fraud provisions of the Securities Exchange Act and of the Investment Advisers Act. Mirabella, who was responsible for supervision of Steiner Rouse's branch offices, and Meyrowitz, who was manager of the Brooklyn office, were found to have failed reasonably to supervise persons subject to their supervision with a view to preventing such violations. Proceedings are still pending against Gerald Gordon, formerly a registered representative in the Steiner Rouse Brooklyn office.

In a separate action (Release 34-8722), the Commission suspended Indicator Digest and Technical Stock Reports from soliciting and accepting new subscribers for 60 days and 120 days, respectively (such suspensions also to begin on November 15). The Commission further ordered that Samson Coslow, former president and principal stockholder of both publications, shall not engage in the securities business or be associated with a broker-dealer or an investment adviser without the prior permission of the Commission. These respondents had also consented to such sanctions without admitting or denying any violations. The Commission found that they had wilfully violated or aided and abetted in violations of the anti-fraud provisions of the Investment Advisers Act. In connection with publication of investment advisory materials and otherwise furnishing investment advice concerning securities of six issuers, they had failed to make reasonable and diligent inquiry as to the financial and business activities and prospects of such companies, and in disregard of information concerning those companies made false and misleading statements relating, among other things, to the existence and value of ores, the existence and effect of a material contract, prospects for mergers and acquisitions, and prospective increases in the prices of the securities.

DOMALITE - OMEGA COMPUTER SUSPENSIONS PERMANENT. The SEC has issued orders under the Securities Act of 1933 making permanent prior orders temporarily suspending Regulation A exemptions from registration with respect to stock offering proposals of the following:

- (a) Domalite Corporation, Washington, D. C.
- (b) Omega Computer Corporation, Los Angeles, Calif.

The temporary suspension orders were based upon alleged non-compliance with certain terms and conditions of Regulation A. Neither company having requested a hearing on the question whether the respective suspension orders should be vacated, the Commission made the suspensions permanent.

In the case of Domalite, the suspension order was based upon the failure to disclose the background as a professional gambler of Joseph A. Nesline, president and principal stockholder and his convictions for criminal offenses; the present cost price advantage of the issuer over certain of its competitors, the loss of which might have an adverse effect on its gross profits; and the remuneration of management officials. Moreover, Domalite's financial statements were certified by an accountant who was not "independent".

The Omega Computer offering was suspended because its offering circular failed to disclose a plan or scheme, involving Charles A. Cordial, president and principal stockholder, Delta Corporation and its controlling persons, David E. Meeks, Leo Paul Murphy, Willis S. Johnson and James A. Westbrook, and Dollan & Co., Inc., and its president, Robert Goughnour, whereby Omega Computer would be acquired by Delta Corporation. There also was a failure to disclose that Omega Computer was in fact controlled by Delta Corporation, Meeks, Murphy and Johnson; that Delta Corporation, Data Management Systems and others were its affiliates; that unregistered securities were issued by Data Management during the past year; and the securities to be issued to stockholders of Omega Computer in connection with its acquisition by Delta Corporation.

COMPLAINT NAMES MODERN DIVERSIFIED INDUSTRIES. The SEC Atlanta Regional Office announced October 23 (LR-4451) the filing of a complaint in Federal court in Valdosta, Ga., seeking to enjoin violations of the Securities Act registration requirements by the following in the offer and sale of stock of Modern Diversified Industries, Inc. (formerly Modern Homes Construction Co.): Modern Diversified Industries, Inc., of Valdosta, and Melba M. DeLoach, Richard A. DeLoach, Robert G. DeLoach, J. W. Wells, Sr., Ruth A. Wells, Ernest H. Woods, R. Sclater Brown, Tine W. Davis.

OVER

INCOME PLANNING ENJOINED. The SEC Washington Regional Office announced October 23 (LR-4452) that the U. S. District Court in Philadelphia has issued an order permanently enjoining violations of the Commission's net capital rule by Income Planning Corporation, of Allentown, Pa. The defendant corporation consented to the court injunction without admitting or denying the allegations.

APPCA ENJOINED. The SEC Washington Regional Office announced October 23 (LR-4453) that the Federal court in Washington, D. C., had issued an order temporarily restraining violations of the Securities Act registration and anti-fraud provisions in the sale of securities of Appca, Inc., by the said corporation and two of its officers, James W. McCrocklin and William J. McCarthy. The Commission's motion for a preliminary injunction is scheduled for hearing on November 3.

SOUTHWESTERN ELECTRIC SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16502) giving interested persons until November 17 to request a hearing upon a proposal of Southwestern Electric Power Company, Shreveport, La., to issue and sell \$35,000,000 of first mortgage bonds, Series K, due 1999, at competitive bidding. Southwestern will use the net proceeds of its bond sale to finance its construction program and that of its subsidiaries (including repayment of about \$14,000,000 of short term loans incurred therefor). Construction expenditures for the fourth quarter of 1969 and for the calendar year 1970 are estimated at \$14,220,000 and \$38,160,000 respectively. Net proceeds may also be applied to the retirement of \$12,306,000 of first mortgage bonds, Series A, maturing on February 1, 1970.

COLUMBIA GAS RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16503) authorizing certain transactions among The Columbia Gas Systems, Inc., New York, and two of its wholly-owned nonutility subsidiaries, The Preston Oil Company ("Preston") and Columbia Petroleum Corporation ("Petroleum") of Columbus, Ohio. Preston is engaged in the business of producing, purchasing, storing, selling and dealing in oil in Kentucky, Ohio, Pennsylvania and West Virginia and in the business of producing, purchasing, transporting and selling natural gas at wholesale in Louisiana and Texas. It is proposed that all of Preston's assets, properties, franchises and business in Kentucky, Ohio, Pennsylvania and West Virginia used in connection with its oil business be transferred to Petroleum, a newly formed Delaware corporation.

TRADING SUSPENSION CONTINUED. The SEC has ordered the further suspension of over-the-counter trading in the securities of Liberty Equities Corporation for the ten-day period October 26 to November 4, inclusive, and in the securities of Pacific Fidelity Corporation for the period October 27 to November 5, 1969, inclusive.

CINERAMA FILES FOR SECONDARY. Cinerama, Inc., 1345 Avenue of the Americas, New York, N. Y. 10019, filed a registration statement (File 2-35068) with the SEC on October 20 seeking registration of 522,217 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The offering is to be made through underwriters headed by Allen & Company Inc., 30 Broad St., New York 10004; the offering price (\$10 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is principally engaged in motion picture production and distribution, the operation of a chain of hotels located in Honolulu, Hawaii, and the operation of a motion picture theatre circuit. In addition to indebtedness and preferred stock, it has outstanding 8,860,527 common shares, of which William R. Forman, board chairman and president, owns 39.6% and Pacific Theatres Corporation 39.2%. Nathan Blumenfeld proposes to sell all of 53,390 shares held, Jack Blumenfeld all of 53,382, Joseph Blumenfeld 46,455 of 96,455 shares held and Graham Stuart Corporation 100,000 of 140,000.

UNION ELECTRIC TO SELL PREFERRED. Union Electric Company, 1 Memorial Drive, St. Louis, Mo. 63166, filed a registration statement (File 2-35069) with the SEC on October 20 seeking registration of 350,000 shares of preferred stock, to be offered for public sale through underwriters headed by Lehman Brothers, 1 William St., New York, and three other firms. The dividend rate, offering price (\$100 per share maximum*) and underwriting terms are to be supplied by amendment. A public utility, the company will use the net proceeds of its stock sale to retire some \$60,000,000 of short term bank loans and commercial paper notes, incurred to meet construction expenditures during 1969, to finance the cost of continuing construction expenses and for other corporate purposes. Construction expenditures are estimated at \$167,000,000 for 1969 and \$167,000,000 for 1970.

AMERICAN HARDWARE SUPPLY TO SELL STOCK. American Hardware Supply Company, East Butler, Pa. 16001, filed a registration statement (File 2-35070) with the SEC on October 21 seeking registration of 3,600 shares of common stock, to be offered for public sale to retail hardware dealers in units of eight shares at \$100 per share. No underwriting is involved.

The company functions as a purchasing cooperative for its member shareholders who are retail hardware dealers. It buys such hardware merchandise from manufacturers or from other sources of supply and sells it to members at such charges above cost as are necessary to operate its business. The purpose of this offering is to obtain new members. Net proceeds of its stock sale will be used for working capital and general corporate purposes. In addition to preferred shares, the company has outstanding 9,456 common shares. William R. Ritter is president.

AMERICAN HOSPITAL SUPPLY FILES FOR OFFERING AND SECONDARY. American Hospital Supply Corporation, 1740 Ridge Ave., Evanston, Ill., filed a r s (File 2-35071) with the SEC on October 21 seeking registration of 1,400,000 shares of common stock, of which 1,000,000 shares are to be offered for public sale by the company and 400,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, New York, N. Y. 10005 and two other firms; the offering price (\$40 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is a leading manufacturer and distributor of a broad range of products used and consumed primarily in hospitals, clinical and medical research laboratories, rehabilitation centers, nursing homes, doctors' and dentists' offices and related institutions and facilities. Net proceeds of its sale of additional stock will be added to the company's general funds and will be available together with funds on hand for use in connection with the expansion of its physical facilities and for working capital purposes. Capital expenditures approximated \$32,400,000 for the year and nine months ended September 30, 1969, and are expected to approximate \$40,600,000 during the last quarter of 1969 and the year 1970. In addition to indebtedness, the company has outstanding 32,329,596 common shares, of which Foster G. McGaw, board chairman, owns 5.8%; he proposes to sell 400,000 shares of 1,866,998 shares held. Harry K. DeWitt is president.

BEE CEE MFG. TO SELL STOCK. Bee Cee Manufacturing Company, Industrial Park, Malden, Mo., filed a registration statement (File 2-35072) with the SEC on October 21 seeking registration of 100,000 shares of common stock, to be offered for public sale through underwriters headed by B. C. Christopher & Company, 4800 Main St., Kansas City, Mo. 64112. The offering price (\$6 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to issue the Christopher firm five-year warrants to purchase 10,000 shares, exercisable initially (after one year) at 107% of the offering price.

The company is principally engaged in the manufacture and sale of aluminum storm doors, aluminum windows and storm windows and aluminum sliding glass windows and patio doors. Of the net proceeds of its stock sale, \$150,000 will be used to increase the inventory of completed products; the balance will be added to the company's general funds and used for general corporate purposes, including working capital. In addition to indebtedness, the company has outstanding 100,492 common shares, of which John A. Baker, president, owns 69.30% and management officials as a group 100%.

BOSTON EDISON TO SELL BONDS. Boston Edison Company, 800 Boylston St., Boston, Mass. 02199, filed a registration statement (File 2-35073) with the SEC on October 21 seeking registration of \$50,000,000 of first mortgage bonds, Series L, due 1999, to be offered for public sale at competitive bidding. An electric utility, the company will apply the net proceeds of its bond sale to the reduction of some \$60,000,000 of short term notes expected to be outstanding at the time of the issuance of the bonds, incurred for construction purposes. Construction expenditures were \$65,000,000 in 1968 and are estimated at \$82,000,000 in 1969.

CONTINENTAL MATERIALS SHARES IN REGISTRATION. Continental Materials Corporation, 1510 North Kostner Ave., Chicago, Ill. 60651, filed a registration statement (File 2-35074) with the SEC on October 21 seeking registration of 5,000,000 shares of common stock. These shares are to be made available for exchange on a share-for-share basis for Class P shares of the company's wholly-owned subsidiary, United States National Mining Corporation ("Mineco"), whose shares the company proposes to sell to foreign investors only. Each foreign investor may at the end of six years surrender his stock and receive a full refund of his purchase price.

The company through subsidiaries is engaged in activities including mining, concrete and building materials gas furnaces, loose leaf binders and related school supplies and miscellaneous others. Mineco was organized by the company in 1968 for the purpose of prospecting, exploring, developing and mining mineral properties in the United States. Its capitalization consists of 50,000,000 Class C voting shares, all owned by the company, and 5,000,000 Class P voting shares which are to be offered to the foreign public. Of the net proceeds of the sale of Mineco stock, about 20% will be received by Mineco, about 5% will be used for sales commissions and discounts and the remaining 75% will be held for up to six years by the European bank through which the shares are sold. Such proceeds held by the bank are to be paid over to the company to the extent that the purchasers exchange Mineco stock for that of the company or do not exercise their right to obtain a refund. In addition to indebtedness, the company has outstanding 6,540,817 common shares, of which Gerald Gidwitz, board chairman and president, owns 5.49%, Joseph L. Gidwitz, vice chairman, 10.3% and management officials as a group 16.66%.

DEXTER CORP. TO SELL STOCK. The Dexter Corporation, One Elm St., Windsor Locks, Conn. 06096, filed a registration statement (File 2-35076) with the SEC on October 21 seeking registration of 420,000 shares of common stock, to be offered for public sale through underwriters headed by Hornblower & Weeks-Hemphill, Noyes, 8 Hanover St., New York, N. Y. 10004. The offering price (\$36 per share maximum*) and underwriting terms are to be supplied by amendment.

The company manufactures and sells a broad line of specialized chemical materials and long-fibre industrial web products. Part of the net proceeds of its stock sale will be used to repay short-term bank loans and the balance will be available for general corporate purposes. Of such loans, \$7,300,000 was used to purchase Shell Oil Company's structural adhesives business and \$1,400,000 was used for working capital purposes. In addition to indebtedness, the company has outstanding 3,608,662 common shares, of which David L. Coffin, president, owns 13.5% and management officials as a group 32.2%.

GRAPHIC SCIENCES TO SELL DEBENTURES. Graphic Sciences, Inc., Corporate Drive, Commerce Park, Danbury, Conn. 06810, filed a registration statement (File 2-35077) with the SEC on October 21 seeking registration of \$10,000,000 of convertible subordinated debentures, due 1985, to be offered for public sale at 100% of principal amount. The offering is to be made through underwriters headed by S. D. Fuller & Co. Incorporated, 26 Broadway, New York, N. Y. 10004, which will receive a 5% commission. Also included in this statement are 75,000 shares of common stock reserved for issuance under the company's Qualified Stock Option Plan.

Organized in March 1967, the company is engaged in the development, production and marketing of graphic communications systems and presently markets a line of graphic communications devices under the tradename "dex." Of the net proceeds of its debenture sale, \$8,000,000 will be used for continued production and marketing of the company's "dex" line of products and other graphic communications systems and \$1,000,000 for marketing in foreign countries of "dex" products; the balance will be used for general corporate and administrative expenses and other working capital purposes. In addition to indebtedness, the company has outstanding 1,747,426 common shares, of which Sullivan G. Campbell, board chairman, owns 11.4%, Robert K. Dombrowski, president, 13.3% and management officials as a group 40.7%.

DYNAVEST PROPOSES OFFERING. Dynavest, Inc., Jenkintown Plaza, Jenkintown, Pa., filed a registration statement (File 2-35078) with the SEC on October 21 seeking registration of \$4,000,000 of Programs for the Acquisition of Mutual Fund Shares and Life Insurance and \$1,000,000 of Programs for the Acquisition of Mutual Fund Shares and Accident and Health Insurance. The mutual fund shares are purchased through the company's wholly-owned subsidiary, Dynavest Securities, Inc., and independent mutual fund distributors who act as brokers only. The life insurance is sold through its wholly-owned subsidiary Dynavest Insurance Agency, Inc., as agent for the Globe Life Insurance Company and for other insurance companies and through independent insurance agencies. Robert A. Frisch is president.

AMERICAN AIRLINES FILES FOR TULSA AIRPORT OFFERING. American Airlines, Inc., 633 Third Ave., New York, filed a registration statement (File 2-35079) with the SEC on October 21 seeking registration of \$14,000,000 of sublease obligations of American relating to revenue bonds, Series 1969, of the Trustees of the Tulsa Municipal Airport Trust. These bonds are to be offered for public sale by the Trust through underwriters headed by Lazard Freres & Co., 44 Wall St., New York and Blyth & Co., Inc. The interest rate, offering price and underwriting terms are to be supplied by amendment.

Tulsa International Airport, located 6½ miles from downtown Tulsa has developed into a center of air transportation, maintenance, sales and service, training and aircraft production. The Series 1969 bonds are being issued for the purpose of financing the construction and installation of certain additional improvements and equipment at the Tulsa Airport, to be subleased to American. The bonds will be secured by the pledge and assignment of certain of the rentals and other payments payable by American under the sublease; the bonds will not constitute obligations of the City of Tulsa or the State of Oklahoma.

B. F. GOODRICH TO SELL DEBENTURES. The B. F. Goodrich Company, 277 Park Ave., New York 10017, filed a registration statement (File 2-35080) with the SEC on October 22 seeking registration of \$100,000,000 of sinking fund debentures, due 1994, to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York 10004. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company and its subsidiaries manufacture and sell a broadly diversified line of rubber, chemical and plastic materials and products. Net proceeds of its debenture sale will be added to the company's general funds and used to reduce borrowings under its revolving credit agreement, estimated at \$150,000,000 at September 30. Such borrowings were incurred as the result of increased working capital requirements and the company's 1966-1970 long range capital investment program for modernization, automation and new facilities, expected to involve a total expenditure of \$550,000,000. In addition to indebtedness, the company has outstanding 14,557,958 common shares. J. W. Keener is board chairman and H. B. Warner president.

SECURITIES ACT REGISTRATIONS. Effective October 23: ACS Industries, Inc., 2-34125 (90 days); American Motors Corp., 2-33084 (40 days); Adams-Russell Co., Inc., 2-34963; Colgate Management Corp., 2-33010 (90 days); Consolidated Natural Gas Co., 2-34948; Diversified Computer Services, Inc., 2-30703 (90 days); John Hancock Distributors, Inc., 2-31586; Hospital Affiliates, Inc., 2-33756 (90 days); Product Applications, Inc., 2-33810 (40 days); Rowan Computer and Equipment Leasing Corp., 2-29855 (90 days); Rowan Drilling Co., Inc., 2-34615 (40 days); Washington National Variable Annuity Fund B, 2-29162; Imperial Industries, Inc., 2-34629 (40 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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