

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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CROW BROURMAN CHATKIN FIRM REVOKED. The SEC today announced a decision under the Securities Exchange Act revoking the broker-dealer registration of Crow, Brouman & Chatkin, Inc., Carlton House Hotel, Pittsburgh, Pa. (formerly 30 Broad Street, New York), for engaging in a "scheme to defraud investors" in violation of the anti-fraud provisions of the Federal securities laws. Thomas Seberry Crow, president and principal stockholder, Saul Brouman, executive vice president, William J. Abbott, John G. O'Neill and Fred Riley, sales managers in the firm's Pittsburgh, Miami and Fort Lauderdale offices, respectively, together with two traders and 12 salesmen, were each found to be a cause of the revocation. Only two respondents appealed from an adverse ruling of the Hearing Examiner.

The Commission ruled that the Crow-Brouman firm defrauded investors in 1963 in the offer and sale of securities of Champion Industries, Inc., Safticraft Corporation, and P.C.S. Data Processing, Inc. with "boiler-room" techniques being used in the sale of Champion and Safticraft stock. Investors were induced to purchase such securities by false and misleading representations with respect to the issuers' assets, earnings and prospects and the future market prices of the securities. It also found that the firm took "excessive mark-ups" in transactions with customers in securities of Champion Industries, P.C.S. Data Processing, Youngwood Electronic Metals, Inc., and Bundy Electronics, Inc.

Respondents Crow and Brouman were held by the Commission to have participated in or aided and abetted all violations by the firm. Those found to have participated in or aided and abetted the violations involving transactions in Champion Industries were O'Neill, Riley, Abbott, William J. Price, Tony Rawe, David Daye, Edward S. Griffiths, Ray S. Sugden, Jr., Conrad C. Compton II, Robert Oscar Bihler, Donald R. Devall, Jack Grover, and Gordon E. Whiteman. Those similarly implicated in the violations involving Safticraft stock were O'Neill, Riley, Grover, Dorman E. Sisk and Michael Shaub; in transactions involving P.C.S. Data Processing stock were Rawe, Price, Compton and Bihler; and in excessive mark-up transactions the traders Joseph S. Lenchner and Norman C. Eisenstadt. Whiteman and Sisk took exceptions to the recommended decision of the Hearing Examiner. As to Sisk, the Commission stated that its findings will not bar his employment by another firm "upon an appropriate showing that he will be adequately supervised." The Hearing Examiner had recommended that Whiteman be permitted to seek such employment after four months; and the Commission indicated that its action is not a permanent bar to such employment and that if he should seek to become associated with a broker-dealer in a supervised capacity at some future time, the examiner's recommendation and "all other pertinent factors" will then be considered by the Commission. (Release 34-7839)

MCCULLOCH OIL MANAGEMENT PROPOSES OFFERING. McCulloch Oil Management Company of California, Incorporated, 1270 Hartford Bldg., Dallas, Tex., filed a registration statement (File 2-24640) with the SEC on March 15 seeking registration of \$2,500,000 of commitments to the 1966 McCulloch Oil Exploration Program (together with \$50,000 of maximum assessments for overexpenditures and \$1,450,000 of additional interests by reason of development activities). Interests in the program are to be offered to selected persons in minimum commitments of \$10,000. The offering is to be made through company officials and employees.

The company's primary function is to act as agent and nominee of participants under previous oil and gas exploration programs. Its 1966 exploration program is to be conducted by McCulloch Oil Corporation of California, as general operating agent. Management officials of the company own 4.6% of the outstanding stock of the agent, and McCulloch Corp. (which is controlled by Robert P. McCulloch, president of the company) owns an additional 34%.

THRIFT DRUG OF PA. FILES FOR SECONDARY. Thrift Drug Company of Pennsylvania, Sixteenth and Mary Sts., Pittsburgh, Pa. 15215, filed a registration statement (File 2-24645) with the SEC on March 14 seeking registration of 122,000 outstanding shares of common stock. The present holders thereof propose to offer such stock for public sale through underwriters headed by Singer, Deane & Scribner, 1045 Union Trust Bldg., Pittsburgh, Pa. The public offering price (\$35 per share maximum*) and underwriting terms are to be supplied by amendment.

The company operates a chain of retail drug stores. In addition to indebtedness, it has outstanding 620,848 common shares, of which management officials own 40.3%. The prospectus lists eight selling stockholders, including Reuben Helfant (president), offering 50,000 of 112,043 shares held; Charles Lefkowitz (director), 30,000 of 45,477; and Philip Hoffman (board chairman), 20,000 of 112,073. The remaining sellers are offering shares ranging in amounts from 1,000 to 10,000.

CROUSE-HINDS FILES FOR SECONDARY. Crouse-Hinds Company, Wolf and Seventh North Sts., Syracuse, N. Y. 13201, filed a registration statement (File 2-24646) with the SEC on March 15 seeking registration of 250,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The offering is to be made through Hornblower & Weeks-Hemphill, Noyes, 8 Hanover St., New York 10004. The public offering price (\$28 per share maximum*) and underwriting terms are to be supplied by amendment.

The company manufactures conduit fittings, specialized outdoor lighting and traffic control systems. It has outstanding 2,021,600 common shares, of which management officials own 3.6%. The prospectus lists six selling stockholders, including the First Trust & Deposit Co., as trustee for Dorothy Crouse Witherill, u/1/w of Huntington B. Crouse, deceased, offering 72,200 of 272,200 shares held; and as trustee for Florence B. Crouse, u/1/w of Huntington B. Crouse, deceased, 72,200 of 272,200. The remaining sellers are offering stock ranging in amounts from 7,442 to 42,158 shares. Upon completion of the proposed sale, holdings of First Trust & Deposit Co. will be reduced from 38.8% to 29.6%. Chris J. Witting is president and John R. Tuttle is board chairman of the company.

CONSOLIDATED LEASING FILES STOCK PLAN. Consolidated Leasing Corporation of America, 100 S. Wacker Dr., Chicago, Ill. 60606, filed a registration statement (File 2-24648) with the SEC on March 16 seeking registration of 50,000 shares of common stock, to be offered pursuant to the company's Restricted Stock Option Agreements.

GENERAL MOTORS FILES STOCK PLANS. General Motors Corporation, 1775 Broadway, New York 10019, filed a registration statement (File 2-24649) with the SEC on March 16 seeking registration of 1,018,459 shares of common stock, to be offered pursuant to the company's Stock Option Plan. The company also filed a registration statement (File 2-24650) seeking registration of \$76,700,000 of interests in the company's Savings-Stock Purchase Program for Salaried Employees in the United States (\$57,500,000 under the Savings Fund Plan and \$19,200,000 under the Retirement Thrift Plan), together with 1,600,000 shares of common stock which may be acquired pursuant thereto.

GRANITEVILLE CO. FILES STOCK PLAN. Graniteville Company, Graniteville, S. C., filed a registration statement (File 2-24653) with the SEC on March 14 seeking registration of 150,000 shares of common stock, to be offered under its 1966 Employee Stock Purchase Plan.

VTR TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of VTR, Inc., for a further ten-day period, March 18-27, 1966, inclusive.

ADVISERS REPORTING RULE PROPOSED. The SEC today announced a revised proposal under the Investment Advisers Act (Release IA-197) to require investment advisers to maintain records containing specified information concerning securities transactions in which they or any advisory representatives have a beneficial interest. Interested persons are invited to submit their views and comments not later than April 11, 1966. The proposal represents a revision of an earlier reporting proposal of October 16, 1961. It would require the maintenance of a record of every securities transaction in which the adviser or any advisory representative has any direct or indirect beneficial interest, except (i) transactions effected in any account over which neither the investment adviser nor any advisory representative of the investment adviser has any direct or indirect influence or control; and (ii) transactions in securities which are direct obligations of the United States.

The Advisers Act provides for record-keeping by registered advisers; prohibits fraudulent, deceptive and manipulative activities by advisers; and authorizes the Commission to adopt rules to implement these provisions. As a fiduciary, an adviser owes his clients "undivided loyalty," and should not engage in any activity "in conflict with the interest of any client." Thus, an adviser must not only refrain from effecting, on his own behalf, securities transactions which are inconsistent with his fiduciary obligations; he should also be reasonably certain that persons associated with him are not improperly utilizing the information which they obtain in the conduct of the investment advisory business in such manner as to adversely affect the interest of clients or limit the adviser's ability to fulfill his fiduciary obligations. The Commission is advised that many advisers now require their key personnel to submit reports of their securities transactions to them.

In SEC v. Capital Gains Research Bureau, Inc., the Supreme Court held that "scalping" by an investment adviser violates the Advisers Act unless appropriate disclosures are made. The Commission has considered whether to adopt a rule designed to prevent scalping by prohibiting specified transactions by advisers and their associates in securities recommended by the adviser; and it is expected that the administration and enforcement of the record-keeping rule now proposed will assist the Commission in determining whether a further rule to prohibit scalping is necessary.

PARADISE FRUIT PROPOSES OFFERING. Paradise Fruit Company, Inc., 1200 W. Haines St., Plant City, Fla., filed a registration statement (File 2-24642) with the SEC on March 15 seeking registration of \$1,500,000 of 7% convertible subordinated debentures, to be offered for public sale at 100% of the principal amount. The offering is to be made through underwriters headed by S. D. Fuller & Co., 26 Broadway, New York 10004, which will receive a 10% commission. The company has agreed to sell to Fuller & Co., upon the sale of the debentures, 25,000 five-year common stock purchase warrants at a price of \$.01 per warrant.

Organized under Florida law in 1961, the company succeeded to the business of producing glace fruit. Of the net proceeds of its debenture sale, \$1,090,388 will be used to repay certain bank loans; \$50,000 will be used to complete payment for approximately 100,000 square feet of new plant and equipment; and the balance will be added to general funds. In addition to indebtedness, the company has outstanding 427,333 common shares, of which management officials own 71.64% (including 50.64% owned by Frank A. Wesner, president and board chairman).

EQUITY FUNDING PROPOSES OFFERING. Equity Funding Corporation of America, 9601 Wilshire Blvd., Beverly Hills, Calif. 90210, filed a registration statement (File 2-24647) with the SEC on March 15 seeking registration of \$16,000,000 of programs for the acquisition of mutual fund shares and individual life insurance. The programs offered by this prospectus contemplate that a participant will pay the premiums on insurance policies with the proceeds of loans from the company secured by the pledge of mutual fund shares purchased by the participant for cash. At this time, programs are offered to fund premiums on individual life insurance policies, and a specific supplement for that type of program now is available. Additional supplements are expected to be available in the near future for programs involving other forms of insurance such as group life insurance, individual accident and sickness insurance, group accident and sickness and fire and casualty insurance. An objective of the programs is to enable the participant to utilize the appreciation, if any, in value of the mutual fund shares and any dividends or capital gain distributions thereon to aid in offsetting the principal and accumulated interest on the loans and the related charges and fees. The mutual fund shares and insurance policies offered in the programs are sold at the same prices, and are subject to the same sales charges and commission, as if they were purchased independently. Because the programs involve insurance premium financing and certain administrative services, participants also will incur interest charges and custodian fees, in addition to the usual charges and commissions involved in the separate purchase of mutual funds and insurance. The maximum sales charge on the purchase of mutual funds in a program is 8½% of the offering. The programs being registered contemplate that "by financing insurance premiums, participants will be able to devote substantially all of such outlay to the purchase of mutual fund shares."

The company is chiefly engaged in the sale (separately or in programs) of life insurance and mutual fund shares. Management officials own 330,354 shares (38%) of its outstanding stock. Stanley Goldblum is president.

XEROX FILES FOR SECONDARY. Xerox Corporation, 700 Midtown Tower, Rochester, N. Y. 14604, filed a registration statement (File 2-24656) with the SEC on March 16 seeking registration of 207,729 outstanding shares of common stock. The present holders thereof may offer such stock for public sale through transactions on the New York Stock Exchange at prices prevailing at the time of sale (\$213 per share maximum*).

The company is engaged principally in the manufacture and marketing of products for xerographic reproduction. In addition to indebtedness, it has outstanding 21,137,376 common shares, of which management officials own 2.7%. The prospectus lists six selling stockholders, including Wesleyan University which is offering 200,000 of 300,000 shares held. Sol M. Linowitz is board chairman of the company and Joseph C. Wilson is president.

COLUMBIA GAS SEEKS ORDER. The Columbia Gas System, Inc., New York, and its gas-utility subsidiary, Columbia Gas of Pennsylvania, Inc., have applied to the SEC for an order under the Holding Company Act authorizing the subsidiary to acquire all of the assets of Central Pennsylvania Gas Company, a non-associate gas-utility company; and the Commission has issued an order (Release 35-15425) giving interested persons until April 7 to request a hearing thereon. The application states that the subsidiary will acquire the assets and assume the liabilities of Central Pennsylvania in exchange for 26,000 shares of common stock of Columbia Gas (plus such additional number of shares of Columbia Gas as shall equal the redemption price of Central Pennsylvania's preferred stock plus accumulated dividends thereon to the date of closing). To enable the subsidiary to make the proposed acquisition, Columbia Gas will deliver the requisite number of shares of its common stock to the subsidiary and will receive therefor common stock of the subsidiary in an aggregate par amount equal to the book value of the net assets of Central Pennsylvania.

POTOMAC ELECTRIC PROPOSES BOND OFFERING. Potomac Electric Power Company, 929 E St., N. W., Washington, D. C. 20004, filed a registration statement (File 2-24655) with the SEC on March 16 seeking registration of \$15,000,000 of first mortgage bonds (due 2001), to be offered for public sale at competitive bidding. Net proceeds of this financing (together with funds from a proposed sale of preferred stock, for which another statement will be filed later) will be used to prepay \$10,200,000 of outstanding bank loans and to provide a portion of its anticipated construction expenditures (estimated at \$55,000,000 for 1966).

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's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the caption of the several items of the form was included in the March 1 News Digest.

Canteen Corp, Feb 66, (11,13)	1-3343-2	Texas Instruments, Inc, Feb 66,	
Carrier Corp, Feb 66, (3,4,7,		(13)	1-3761-2
13)	1-3220-2	United Fruit Co, Feb 66,	
Compudyne Corp, Feb 66, (11)	1-4245-2	(12,13)	1-1550-2
Dial Finance Co, Feb 66,		Arwood Corp, Feb 66, (2)	1-5024-2
(12,13)	0-714-2	Atlantic Coast Line RR Co,	
Harvey Aluminum, Inc, Feb 66,		Feb 66, (12,13)	1-1577-2
(4,11,13)	1-4507-2	Kaiser Cement & Gypsum Corp,	
Pioneer Plastics Corp, Feb 66,		Feb 66, (7)	1-4598-2
(12)	1-4487-2	United Artists Corp, Feb 66,	
Spiegel, Inc, Nov 65, (1,2,7,		(8)	1-4067-2
11,12,13)	1-5195-2		

American Sugar Co, Feb 66, (12)	1-4741-2	Ludlow Corp, Feb 66, (4,7,13)	1-5006-2
Astrex, Inc, Feb 66, (11,13)	1-4530-2	The Macke Co, Feb 66, (7,11)	1-4341-2
Chicago & North Western Ry, Co, Feb 66, (7,13)	1-3211-2	Rockwell-Standard Corp (Del) Feb 66, (7,8,11,13)	1-4944-2
Cudahy Company, Feb 66, (11, 13)	1-529-2	Union Tank Car Co, Feb 66, (7)	1-1207-2
International Salt Co, Feb 66, (3)	1-643-2	Hooker Chemical Corp, Feb 66, (4,7,13)	1-3449-2
Noramco, Inc, Feb 66, (2,4,7, 13)	1-4062-2	Jones & Laughlin Steel Corp, Feb 66, (7,13)	1-463-2
Interstate Securities Co, Feb 66, (7,12,13)	0-185-2	Pocket Books, Inc, Feb 66, (12,13)	0-389-2
Ogden Corp, Feb 66, (7)	1-3122-2	Cerro Corp, Feb 66, (7,13)	1-1518-2
United Elastic Corp, Jan 66, (7,13)	1-4865-2	Dayco Corp, Feb 66, (7,11,13)	1-1089-2
Ansul Co, Feb 66, (7)	1-4606-2	South Georgia Natural Gas Co, Feb 66, (7,13)	0-957-2
Eltra Corp, Feb 66, (2,13)	1-1842-2	Armstrong Rubber Co Feb 66 (12,13)	1-3558-2
Guerdon Industries, Inc, Feb 66, (6,12,13)	1-4317-2	Atlantic City Elec Co, Feb 66, (7,13)	1-3559-2
Middle South Utilities, Inc, Feb 66, (7,11,13)	1-3517-2	Calif. Water Service Co, Feb 66, (8)	0-464-2
Allied Chemical Corp, Feb 66 (7)	1-1269-2	Dover Corp, Feb 66, (3)	1-4018-2
Andrea Radio Corp, Feb 66 (1)	1-4324-2	General Portland Cement Co, Feb 66, (13)	1-3438-2
Dixilyn Corp, Feb 66, (13)	1-4417-2	Walter E. Heller & Co, Feb 66, (7,12,13)	1-2291-2
Kansas City Pwr & Lgt Co, Feb 66, (13)	1-707-2	Signode Corp, Feb 66, (7)	1-1282-2
Witco Chem Co, Feb 66, (2,7,11, 13)	1-4654-2	APL Corp, Feb 66, (4,7,9,13)	1-4285-2
Genl Dev Corp, Feb 66, (8)	1-4080-2	Cook Elec Co, Feb 66, (4,8)	1-5116-2
Southern Pac Co, Feb 66 (13)	1-3441-2	Emerson Radio & Phonograph Corp, Feb 66, (12)	1-3238-2
Amer Broadcasting Companies, Inc, Feb 66, (12,13)	1-3534-2	Esquire, Inc, Dec 65, (2,13)	1-2983-2
Eastern Air Lines, Inc, Feb 66, (7,8)	1-3049-2	I-T-E Circuit Breaker Co, Feb 66, (3)	1-3784-2
Florida Pwr & Lgt Co Feb 66 (12)	1-3545-2	Portland General Elec Co, Feb 66, (13)	0-986-2
Iowa Public Service Co, Feb 66, (3,8)	1-5131-2	Girtown, Inc Amd #1 - 8K Sept 65, (11,13)	0-1895-2
Proctor-Silex Corp, Feb 66(8)	1-2946-2	Pacific Petroleum Ltd Amd #1 - 8K Apr 62, (13)	1-3577-2
Scott Paper Co, Feb 66, (13)	1-2300-2	Aero-Flow Dynamics, Inc. Amd #1 - 8K Dec 65, (2)	1-690-2
Shamrock Oil & Gas Corp, Feb 66, (3)	1-2258-2		
Smith Kline & French Labs, Feb 66, (13)	1-4077-2		
Apollo Indus Inc, Feb 66, (2,7,8,13)	1-1677-2		
Buckingham Corp, Feb 66 (13)	1-4687-2		
Internl Harvester Co, Feb 66, (12,13)	1-101-2		

SECURITIES ACT REGISTRATIONS. Effective March 16: Arkansas Valley Industries, Inc., 2-24105 (40 days); Beeline Fashions, Inc., 2-24521 (Apr 25); Government of New Zealand, 2-24499 (40 days); Northwest Natural Gas Co., 2-24514 (Apr 25); Neuhoff Bros. Packers, Inc., 2-24445 (90 days). Effective March 17: Kentucky Fried Chicken Corp., 2-24518 (June 15); U. S. Reduction Co., 2-24498 (June 16). Withdrawn March 16: Louisiana-Delta OffShore Corp., 2-24464.

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.