

# 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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**FOUR SUSPENSIONS MADE EFFECTIVE.** The SEC today announced that the Hearing Examiner's initial decision in administrative proceedings under the Securities Exchange Act of 1934 involving Strathmore Securities, Inc., of Pittsburgh, and ten individual respondents, has been appealed to the Commission by the firm and five individual respondents and has become final as to the other five respondents who did not seek Commission review of the decision.

Both the firm and the individual respondents were found by the Examiner to have engaged in securities violations in connection with the offer and sale of stock of L. F. Popell Co., Inc., of Miami, Fla., in 1960-62.

In his initial decision, the Examiner ordered a six-month suspension of Alan J. Davis and Hugh M. Casper from association with any broker-dealer firm and a twelve-month suspension from such association of Louis A. Moore and Ethel I. Weber, and imposed no sanction on John J. Bozinski. All five were associated with a firm other than Strathmore Securities. The suspensions become effective at the opening of business on September 8, 1966. The motion was granted by the Commission.

**ACTION DISMISSED AS TO BEN WOLF.** The SEC has issued an order dismissing Ben Wolf as a respondent in proceeding involving the broker-dealer firm of Nationwide Family Plans, Inc., of New York. The action involves the alleged failure of that firm to file a financial report for 1963. The Commission's staff filed a motion to dismiss the proceedings as to Wolf on the ground that information obtained subsequently showed that Wolf, who was named in the firm's registration application as a principal, had resigned as an officer and director of and disposed of his stock interest in the firm prior to the time the financial report was required to be filed.

**EXAMINER PROPOSES FIRM'S REVOCATION.** SEC Hearing Examiner Sidney Gross has filed an initial decision under the Securities Exchange Act providing for revocation of the broker-dealer registration of Century Securities Company, of Los Angeles, and its expulsion from NASD membership, for violations of the registration and anti-fraud provisions of the Federal securities laws. The Examiner's decision, which may be appealed to the Commission within fifteen days, also provides for sanctions against certain individuals, as follows: Fred Colton and David J. Fleischman, general partners - barred from further association with any broker-dealer firm, except that, after 12 months, they may apply to become associated with a registered firm in a non-supervisory capacity; Robert W. Nees, salesman for the firm, barred from any such association; Jay B. Cook and William Reigel, suspended from such association for six months; and Pierre Pambrun, censured.

According to the Examiner's decision, Century Securities, Colton and Fleischman violated the Securities Act registration requirement in their 1963-64 sales of stock of Jayark Films Corporation and Kramer-American Corp., and Reigel also violated such requirements in connection with the firm's sale of Jayark stock. The Examiner also ruled that, in the sale of stock of Jayark, Homestead Gold Exploration Corporation and Color-sound, Inc., the firm charged excessive prices in relation to the current market price of those securities; that in selling Jayark stock to customers "at the market" the firm failed to disclose that it dominated and controlled the market; that it bid for and purchased Jayark stock for its own account while engaged in a distribution of the stock; and that Jayark stock was sold by the firm and its salesmen by means of misrepresentations and omissions of material fact in violation of the anti-fraud provisions of the securities laws. As partners of the firm, Colton and Fleischman were held responsible for such violations.

**TWO TRADING BANS CONTINUED.** The SEC has issued orders under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of Great American Industries, Inc., for the ten-day period, September 6-15, 1966, inclusive, and over-the-counter trading in bonds of Pinal County Development Association for the same period.

**SEC ENTERS LE DUET AND SUNNYVALE LE DUET PROCEEDINGS.** The SEC has filed notice of appearance in Chapter X proceedings for the reorganization of Le Duet and Sunnyvale Le Duet, pending in Federal court in San Francisco. The debtors are engaged in the business of developing and promoting a dual projection system for the operation of movie theatres. Le Duet has a license for the process from the inventor, and Sunnyvale Le Duet is the lessee of a prototype movie theatre which utilizes the process.

Unaudited schedules in the petitions show, as at May 31, 1966, combined total assets of approximately \$390,000, exclusive of Le Duet's investments in Sunnyvale Le Duet, and total liabilities of approximately \$298,000. The principal assets of Sunnyvale Le Duet are the leasehold improvements, and the theatre furniture and equipment, of about \$285,000. Le Duet's principal asset in the amount of \$37,000 is the equipment for the dual projection system. The liabilities of Le Duet include notes payable of \$162,000 to 135 persons. Le Duet has outstanding 784 shares of capital stock which are held by about 60 persons. Sunnyvale Le Duet has outstanding 2,600 shares of capital stock which are held by about 36 stockholders, including Le Duet which holds 1,247 shares. In addition, 1,300 shares of promotional stock are held by Le Duet. Some persons have stock holdings in both companies.

OVER

**SEC ENTERS SPACE CITY PROCEEDINGS.** The SEC has filed notice of appearance in Chapter X proceedings for the reorganization of Space City USA, Inc., which is pending in the Federal court at Birmingham, Ala. The court named George Lewis Bailes, Jr., as trustee. The debtor was formed in 1963 to develop and operate an amusement park and to develop land contiguous to it for commercial purposes. According to a balance sheet filed with the petition, total assets approximating \$1.5 million include 243 acres of land to be developed for commercial purposes carried at \$315,000. According to the petition, the development land is estimated to have a market value of \$1.4 million. In addition, the debtor is the assignee under a 99-year lease of 200 acres to be used for the amusement park. Other assets include construction costs of \$770,000 and "general expenses and unrecovered promotional and development costs" in the amount of \$350,000. Liabilities aggregating \$800,000 include mortgages payable totaling \$277,000, notes payable to a bank of about \$275,000 and unsecured liabilities of \$250,000. The debtor has outstanding 487,165 shares of common stock which are held by about 1,800 persons.

**ELDER OIL ENJOINED.** The SEC Denver Regional Office announced August 30 (LR-3576) the entry of a Federal court order (USDC, Omaha) enjoining Elder Oil Company, Inc., and William F. Elder of Omaha, Nebr., from further violations of the Securities Act registration and anti-fraud provisions in the sale of interests in oil leases and in the stock of Elder Oil Co. The order was entered with the consent of the defendants.

**ENGINEERED ROYALTIES RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4693) authorizing Engineered Royalties, Inc., Newport Beach, Calif., registered closed-end non-diversified investment company, to acquire from Edmund C. Pratt, for \$100,000, one-half of his interest in a royalty related to a patented home fire alarm, and to pay Pratt \$5,000 for certain rights in other royalties. Section 17 of the Act makes it unlawful for Pratt, a promoter of applicant, to sell securities or other property to the applicant unless the Commission exempts the transaction from such prohibition.

**NATIONAL AVIATION RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4694) authorizing National Aviation Corporation, New York, closed-end non-diversified management investment company, to purchase up to \$2,000,000 principal amount of convertible subordinated debentures (due 1991) of Boeing Company, during the existence of an underwriting agreement with respect to a proposed public offering of \$130,057,600 of such debentures. The application states that Howard E. Buhse, a director of National Aviation, is a partner of Hornblower & Weeks-Hemphill, Noyes, one of the principal underwriters of the public offering. In view thereof, any purchase of the Boeing debentures by National Aviation is prohibited by the Act absent an exemption order of the Commission.

**HOME INSURANCE RECEIVES ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release IC-4695) authorizing The Home Insurance Company, New York, 8.9% of whose stock is owned by Insurance Securities Trust Fund (ISTF), to purchase from ISTF 50,000 shares (10%) of the capital stock of Seaboard Surety Co. at \$67 per share. As of June 10, 1966, Home Insurance owned approximately 26.4% of Seaboard's total outstanding capital stock. The exemption was sought because of prohibitions in the law against such a transaction by reason of the interaffiliation of the companies.

**COMPUFUND PROPOSES OFFERING.** Compufund Inc., 630 Fifth Ave., New York 10020, filed a registration statement (File 2-25469) with the SEC on August 31 seeking registration of 500,000 shares of common stock. The stock is to be offered for public sale at net asset value (\$10 per share maximum\*). Compufund Management Corp. is the distributor of the Fund's shares and is also its investment adviser.

Organized under Delaware law in May, 1966, the Fund is a no-load, open-end, nondiversified investment company whose primary objective is "to seek aggressively for its shareholders the maximum growth of their capital." Julius M. Goodstein and David B. Goodstein are board chairman and president, respectively, of the fund. David Goodstein is also president of the investment adviser and owns 89% of that firm's voting stock.

**IDAHO POWER PROPOSES BOND OFFERING.** Idaho Power Company, 1220 Idaho St., Boise, Idaho, filed a registration statement (File 2-25479) with the SEC on September 1 seeking registration of \$30,000,000 of first mortgage bonds (due 1996), to be offered for public sale at competitive bidding. An electric public utility, the company will use the net proceeds of its bond sale to repay short-term bank loans made for interim financing of new construction and the balance for its continuing construction program. Its construction budget for the last six months of 1966 and preliminary budget for 1967 aggregate \$58,685,000.

**SECURITIES ACT REGISTRATIONS.** Effective September 1: Consolidated Electronics Industries, Corp., 2-25248; Maremont Corp., 2-25382; Philips Electronics and Pharmaceutical Industries Corp., 2-25152; Xerox Corp., 2-25326, 25327, 25349 & 25350.

\*As estimated for purposes of computing the registration fee.