

# 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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**SEC COMPLAINT NAMES FIRST CITY NATIONAL, MERRILL LYNCH.** The SEC today announced the filing of a complaint in the U. S. District Court in New York City (LR-4534), against First National City Bank, Merrill Lynch, Pierce, Fenner and Smith, Inc. and Special Investment Advisory Service ("SIAS"). The complaint charges that the defendants violated the registration provisions of the Investment Company Act by operating an unregistered investment company, namely, SIAS, and that they offered and sold the latter's securities in violation of the Securities Act registration requirements. Pursuant to a Stipulation and Undertaking entered into by the parties, the court has entered an order approving the terms of the Stipulation and Undertaking and, in accordance therewith, dismissing the complaint, but retaining jurisdiction to ensure that all terms and conditions of the stipulation and undertaking are fulfilled. The undertakings include the immediate cessation of the offering of SIAS securities unless and until defendants have complied with the registration requirements of the Investment Company Act and the Securities Act.

**IVY FUND SEEKS ORDER.** Ivy Fund, Inc., Boston mutual fund, and Studley, Shupert & Co., Inc., of Boston, its investment adviser, have applied to the SEC for an exemption order under the Investment Company Act with respect to the Fund's proposed grant to the adviser of a license for the future use of the word "Ivy"; and the Commission has issued an order (Release IC-5971) scheduling the application for hearing on March 17. According to the application, Ivy Fund, with assets of about \$63,500,000, expects to terminate the offering of its shares some time this year when, in management's opinion, the Fund's size restricts investment flexibility and performance. It proposes to grant to its adviser permission to use the word "Ivy" in a new corporate name for the adviser, as well as the right to confer names similar to "Ivy Fund" on other investment companies for which the adviser now or hereafter may perform investment advisory services. As consideration therefor, the adviser would pay the Fund a total of \$2,000.

**PAULPIC MINES ADDED TO RESTRICTED LIST.** The SEC has added Paulpic Gold Mines Limited ("Paulpic"), an Ontario corporation with offices in Toronto, to its Foreign Restricted List. In December 1969 Paulpic made a public offering of its shares in Canada under an Ontario registration, at prices ranging from 18½ to 43½ cents per share. The Commission has reason to believe that a substantial amount of the shares issued in this offering were resold at substantially higher prices to residents of the United States; no shares of Paulpic stock have been registered with the Commission under the Securities Act of 1933. The Ontario Securities Commission by order of January 12, 1970, temporarily suspended trading in Paulpic shares on the grounds that "certain misleading information has been supplied to and published by a segment of the Press on Paulpic Gold Mines Limited."

The Commission's restricted list is comprised of the names of foreign companies whose securities the Commission has reason to believe recently have been, or currently are being, offered for public sale and distribution within the United States in violation of the Securities Act registration requirement. With the addition of Paulpic, the list now comprises the names of 42 Canadian and other companies.

**MARK IX INDUSTRIES, OTHERS ENJOINED.** The SEC announced January 6 (LR-4535) that the Federal court in Los Angeles entered an order permanently enjoining violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of stock of Mark IX Industries, of Los Angeles, John J. Dumont, its president and board chairman, and George T. Roth, executive vice president and secretary, in the offer and sale of stock of Mark IX Industries. The defendants consented to the injunction.

**CAPITAL FOR TECHNICAL INDUSTRIES SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5972) giving interested persons until February 27 to request a hearing upon an application of Capital for Technical Industries, Inc. ("Industries"), Santa Monica closed-end investment company, for an order declaring that it has ceased to be an investment company as defined in the Act. A reorganization plan providing for the transfer of all interests in the companies controlled by Industries to a newly formed operating company, Capital Technical, Inc., and for the dissolution of Industries, was consummated on September 30, 1967. The issued and outstanding capital stock of Capital Technical was distributed to all but 226 Industries shareholders who have not yet been located and who are entitled to 17,717 of the 857,600 outstanding shares of Capital Technical.

OVER

**REDSTONE SECURITIES TO SELL STOCK.** Redstone Securities Corp., 17 Battery Place, New York 10004, filed a registration statement (File 2-36178) with the SEC on January 30 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$4 per share. The offering is to be made on a "best efforts, all or none" basis through Paul Forchheimer, 132 Nassau St., New York, which will receive a 40c per share selling commission plus \$12,000 for expenses. The company has agreed to sell the underwriter 5,000 shares at 1c per share.

Organized in April 1969, the company acts as a broker and trader of securities, and engages in underwritings and conducts a general investing banking business. Of the net proceeds of its stock sale, \$100,000 will be used to enable the company to make a primary trading market in securities and trade securities for its own accounts and \$100,000 to enable it to engage in the venture capital business; the balance will be added to the company's general working capital. The company has outstanding 395,000 common shares (with a 13c per share book value), of which E. Richard Gould, president, owns 28.8% and Richard D. Reddock, board chairman, 27.8%. Purchasers of the shares being registered will sustain an immediate dilution of \$3.26 in per share book value from the offering price.

**VIRGINIA ELECTRIC PROPOSES OFFERING.** Virginia Electric and Power Company, 700 E. Franklin St., Richmond, Va. 23209, filed two registration statements with the SEC on January 30 seeking registration of 3,000,000 shares of common stock (File 2-36179) and \$85,000,000 of first and refunding mortgage bonds, Series Y, due 2000 (File 2-36180). The securities are to be offered for public sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, 70 Pine St., New York; the interest rate on the bonds, offering prices (\$25 per share maximum\*) and underwriting terms are to be supplied by amendment. An electric utility, the company will use the net proceeds of its financing to retire short-term indebtedness and to provide part of additional funds needed for its 1970 construction program. Construction expenditures are estimated at \$335.6 million during 1970 and at \$1.9 billion for the period 1970-1974.

**RABCO ENTERPRISES TO SELL STOCK.** Rabco Enterprises, Inc., 2103 Clark Bldg., Pittsburgh, Pa. 15222, filed a registration statement (File 2-36182) with the SEC on January 30 seeking registration of 100,000 shares of common stock, to be offered for public sale through underwriters headed by Kevin Securities Corp., 40 Exchange Pl., New York 10005. The offering price (\$9 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to issue Kevin Securities (at no cost) five-year warrants to purchase 9,270 shares.

The company was organized in January 1970 through the consolidation of three corporations (formed in 1965 and 1966) for the purpose of developing a system of company-owned and operated limited-menu restaurants known as "House O' Hi-Boy Restaurants" and a system of franchised limited-menu self-service restaurants operating under the name "Shake'n 'Dog" Shoppes. Of the net proceeds of its stock sale, \$225,000 will be used in connection with expansion of company-owned restaurants; \$100,000 will be used to facilitate equipment financing, and the balance will be added to the company's working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 264,500 common shares (with a 61c per share book value), of which Jeffrey S. Ratner, board chairman and president, owns 38.42% and management officials as a group 69.48%.

**INTERNATIONAL BASIC ECONOMY FILES FOR OFFERING AND SECONDARY.** International Basic Economy Corporation, 30 Rockefeller Plaza, New York 10020, filed a registration statement (File 2-36183) with the SEC on January 30 seeking registration of 700,000 shares of common stock, of which 400,000 are to be offered for public sale by the company and 300,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Kuhn, Loeb & Co., 40 Wall St., New York 10005, and two other firms; the offering price (\$16.875 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in varied activities in the United States, Puerto Rico and 32 foreign countries; its principal operations include industrial manufacturing, food processing and distribution, poultry breeding and genetic research, construction of housing and the organization and distribution of mutual funds outside the United States. Net proceeds of the company's sale of additional stock will be used to repay borrowings incurred primarily to finance capital expenditures and to provide working capital. In addition to indebtedness, the company has outstanding 428,960 Class 10 and 3,681,531 common shares. Of the Class 10 shares, Rodman C. Rockefeller (president) and minor children own 17.76% and management officials as a group 16%; of the common shares, management officials as a group own 15.59%. Donald E. Meads is board chairman. A trust for the benefit of Nelson A. Rockefeller proposes to sell 75,000 shares of 409,900 shares held and 10 others the remaining shares being registered.

**MORSE ELECTRO PRODUCTS FILES FOR OFFERING AND SECONDARY.** Morse Electro Products Corp., 9200 Atlantic Ave., Ozone Park, N. Y. 11416, filed a registration statement (File 2-36184) with the SEC on January 30 seeking registration of 321,000 shares of common stock, of which 300,000 are to be offered for public sale by the company and 21,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by W. C. Langley & Co., 115 Broadway, New York 10006; the offering price (\$16.25 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the design, engineering, assembly and sale at wholesale of several lines of moderately priced stereophonic record player and radio consoles and moderately priced "mocular compact" stereophonic record player and radio units. Of the net proceeds of its sale of additional stock, \$600,000 will be used for the establishment of additional plant facilities in the New York area and the balance will be used to pay bank loans and certain other loans incurred to finance carrying increased receivables. In addition to indebtedness, the company has outstanding 2,010,208 common shares, of which Philip S. Morse, board chairman and president, owns 44% and management officials as a group 50%. Robert M. Segall, president of the company's California Division, proposes to sell 20,000 shares of 65,374 shares held and J. Yale Sherman, vice president of the company, 1,000 of 4,028 shares held.

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**OPTISCOPE TO SELL STOCK.** Optiscope, Incorporated, 10700 Ventura Blvd., North Hollywood, Calif. 91604, filed a registration statement (File 2-36185) with the SEC on January 30 seeking registration of 165,000 shares of common stock, to be offered for public sale at \$3 per share. The offering is to be made on a "best efforts, all or none" basis through Robert Cea & Company, Inc., which will receive a 30c per share selling commission plus \$10,000 for expenses. The company has agreed to sell 15,000 shares to the underwriter at 10c per share, nontransferable for two years.

The company was organized in October 1969 to promote and market the Optiscope, an electro optical tracker designed to measure physical motion through a remote technique. Net proceeds of its stock sale will be added to the company's working capital and used for general corporate purposes. The company has outstanding 300,000 common shares (with a 6c per share net tangible book value), of which Paul K. Jensen, president, owns 50% and management officials as a group 77%. Purchasers of the shares being registered will acquire a 34% stock interest in the company for their investment of \$495,000; present shareholders will then own 66%, for which they will have paid \$18,815 or an average of 6c per share.

**SUMMIT GROUP PROPOSES OFFERING.** Summit Group, Inc., 808 Travis St., Houston, Tex. 77002, filed a registration statement (File 2-36186) with the SEC on January 30 seeking registration of 200,000 shares of Class A common stock and 100,000 common stock purchase warrants, to be offered for public sale in units, each consisting of 2 Class A shares and one warrant. The offering is to be made through Kordich, Victor & Neufeld, 40 Exchange Place, New York; the offering price (\$25 per unit maximum\*) and underwriting terms are to be supplied by amendment. The company has sold 20,000 Class A shares to the Kordich firm at 50c per share.

The company was organized on January 21 to provide a comprehensive organization capable of providing asset management services for the varied investment and financial requirements of different types of clients. Net proceeds of its stock sale will be used for general corporate purposes. The company has outstanding 200,000 Class A and 800,000 Class B common shares (with a combined net tangible book value of 50c per share). Of the A shares, Charles E. Hurwitz, board chairman and president, owns 21.12% and management officials as a group 53.38%; SMR Holding Corporation owns all the B shares. Purchasers of the shares being registered will acquire 50% of the outstanding A shares for their investment of \$2,500,000\*; present stockholders and the underwriter will then own 100% of the B shares and 50% of the A shares for an investment of \$500,000 or 50c per share.

**FINANCIAL FUNDING PROPOSES OFFERING.** Financial Funding Corporation of America, 100 Oaks Office Tower, Nashville, Tenn. 37204, filed a registration statement (File 2-36187) with the SEC on January 30 seeking registration of \$2,000,000 of programs for coordinating the acquisition of mutual fund shares and life insurance. Through a subsidiary, to be incorporated as Financial Funding Corporation, the company will engage in the sale of life insurance. Another subsidiary, Financial Funding Securities Corporation, is engaged in the sale of mutual funds which will be available for inclusion in the programs. Charles W. Lawler is president and board chairman.

**NOVA PRODUCTIONS TO SELL STOCK.** Nova International Productions Ltd., 220 West 42nd St., New York, filed a registration statement (File 2-36188) with the SEC on January 30 seeking registration of 300,000 shares of common stock, to be offered for public sale at \$1.50 per share. The offering is to be made on a best-efforts, 50% or none basis through Davis Securities Co., Inc., 50 Broadway, New York, which will receive a 15c per share selling commission plus \$10,000 for expenses. The company has agreed to sell the underwriter, for \$15, five-year warrants to purchase 15,000 shares, exercisable after one year at \$1.65 per share. It has also agreed to pay \$4,500 to Harris Freedman for his services as finder and to sell him, at \$.001 per warrant, like warrants to purchase 1,500 shares. If more than 150,000 shares are sold, the underwriter and finder will be entitled to purchase additional warrants, at the rate of 1 per each additional 10 shares and 100 shares sold, respectively.

Organized in July 1969, the company is in a development stage. It intends to produce full length, low budget "exploitation" films and will attempt to distribute films produced both by the company and others. Of the net proceeds of its stock sale, \$200,000 will be used for production and/or co-production and distribution of film up to \$100,000 for leasing or acquisition of movie theatres; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 900,000 common shares (with a \$.059 per share book value), of which Andy Milligan, president, owns 33.51% and management officials as a group 72.48%. Purchasers of the shares being registered will acquire a 22.25% stock interest in the company for their investment of \$450,000\*; present shareholders will then own 75%, for their investment of \$52,828.

**KING'S MARE PROPOSES OFFERING.** King's Mare Company (the "partnership"), 850 7th Ave., New York, filed a registration statement (File 2-36189) with the SEC on January 30 seeking registration of \$600,000 of preformation limited partnership interests, to be offered for public sale at \$12,000 per unit. The Partnership is to be formed for the purpose of producing a dramatico-musical play entitled "Something About Anne," based on a musical comedy entitled "Anne's Mare" by Anita Loos (author), Ralph Blane (composer) and Ralph Blane and James Gregory (lyricists). The musical comedy is based upon a French play entitled "La Aument du Roi" by Jean Canolle. The musical depicts, in comic terms, the sexual and emotional conflicts between Henry the Eighth and his fourth wife, Anne of Cleves. Stanley Gordon is the producer of the musical and The Flanders Mare Corp. the general partner; the latter is owned and controlled by Gordon.

**PHILADELPHIA POWER SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16598) giving interested persons until February 27 to request a hearing upon an application of Philadelphia Electric Power Company ("Philadelphia Electric"), and The Susquehanna Power Company ("Susquehanna"), a subsidiary of Philadelphia Power, proposing the sale of additional common stock by Philadelphia Power and Susquehanna. Philadelphia Power and Susquehanna are co-licensees of facilities known as Conowingo Hydro-Electric Project. Philadelphia Electric purchases substantially all of the energy output of the Project. Philadelphia Power proposes to sell 300,000 additional shares of its common stock to Philadelphia Electric, its sole common stockholder, at \$25 per share, or a total of \$7,500,000. It will use the net proceeds of its stock sale to liquidate \$4,000,000 of outstanding bank loans, to provide some \$2,000,000 to purchase part of the Susquehanna common stock and to provide working capital for construction and other corporate purposes. Susquehanna proposes to sell to Philadelphia Power, its sole common stockholder, 523,000 additional shares of common stock at \$42.65 per share, or a total of \$22,305,950. The principal consideration for Susquehanna from the sale of its common stock will be the liquidation of its inter-company advances from Philadelphia Power, which at December 31 were \$20,306,233. Approximately \$2,000,000 of the proceeds will be used to liquidate \$1,600,000 of outstanding bank loans and to provide working capital for construction.

**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 February 5 News Digest.

8K Reports for Dec '69

Far-Mar Co. Inc. (7,8,)	2-22230-2
Refac Inc. (3)	2-29391-2
Vogue Internationale Jan 70 (7)	2-21882-2
Xerox Corp. (12,13)	1-4471-2
Kennedy Computer Institute Inc. 69 (7,9,)	2-34141-2
Star-Lite Ind. May 69 (2,7,13) Aug. (2,7,13)	2-30843-2
Wolta Ind. Inc. (1,12,13)	2-31526-2
Metalfab Inc. Amended for Dec. 69(2,9,13)	0-1939-2
Marathon MFG. Co. Amdt. #1 for July 69 (13)	0-3557-2
F.&M. Schaefer Corp. Amdt. for Aug 69. (3,13)	1-5853-2
American Maize Products Co. Amdt. for July 69 (13)	0-1315-2 0-1315-2

**SECURITIES ACT REGISTRATIONS. Effective February 5:** Ashland Oil, Inc., 2-36071; Fife Corp., 2-34865 (90 days); Granning & Treece Financial Corp., 2-34778 (May 7); The Hawick Fund, Inc., 2-32939; Janus Fund, Inc., 2-34393; Medtronic, Inc., 2-35971 (40 days); North Shore Gas Co., 2-35965 (90 days); Penn Metal Fabricators, Inc., 2-33900 (90 days); Pioneer Electronic Corp., 2-36047; Providor Growth Fund, 2-31915 and Providor Investors Fund, 2-31916; Scientific Textile Systems, Inc., 2-3447 (90 days); Sea Pines Co., 2-35527 (90 days); Spring Valley Foods, Inc., 2-35274 (90 days); Tele-Communications, Inc., 2-34872 (90 days).

**Withdrawn February 3:** 232 East Ohio Corp., 2-32935; Gungor Exploration Corp., 2-33483; Marion Corp., 2-32702; Western Diversified Management Co., 2-32066.

**Withdrawn February 4:** Black Watch Farms, Inc., 2-35462; Black Watch Angus Herds and Black Watch Breeders Corp., 2-35346; Information Control Systems, Inc., 2-33290.

**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.