

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

Brief summary of financial proposals filed with and actions by the S.E.C.



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## NEW RULES AND RULE PROPOSALS

QUARTERLY REPORT FOR REAL ESTATE VENTURES REVISED. The SEC today announced the adoption of a new Form 7-Q under the Securities Exchange Act (Release 34-9005), to replace Form 7-K as the quarterly report for certain real estate companies. Reports on Form 7-Q are to be filed within 45 days after the end of each of the issuer's first three fiscal quarters; no Form 7-Q report on this form is required for the fourth fiscal quarter. The first report will be due for the first fiscal quarter (other than a fourth quarter) which ends after December 31, 1970. Generally speaking, the form is to be used by companies a substantial portion of whose business consists of acquiring real estate or interests in real estate for investment and which as a matter of policy or practice make cash distributions to security holders from sources other than retained earnings, i.e., so-called "cash flow" companies, which have heretofore been required to file reports on Form 7-K. The form requires summarized financial information which need not be certified but is to be prepared in accordance with generally accepted accounting principles and practices on a consistent basis.

## DECISION IN ADMINISTRATIVE PROCEEDING

APPCA SUSPENSION MADE PERMANENT. The SEC today announced a decision under the Securities Act (Release 33-5099) making permanent an order temporarily suspending a Regulation A exemption from registration with respect to a proposed public offering of stock by APPCA, Inc., of Springfield, Va. Without admitting or denying the allegations in the temporary suspension order, APPCA consented to the entry of an order making the suspension permanent.

According to the Commission's decision, APPCA's Regulation A notification and offering circular failed to disclose a November 1969 court order preliminarily enjoining APPCA and its board chairman, James W. McCrocklin, from further violations of the Securities Act registration and antifraud provisions in connection with the offer and sale of APPCA securities; the court injunction made a Regulation A exemption unavailable for an offering of securities by APPCA; and there also was a failure to disclose the offer and sale of APPCA securities in violation of the said registration and antifraud provisions. APPCA had proposed the public offering of 19,290 shares at \$1 per share and to offer rescission to the purchasers of 30,710 shares.

## HOLDING COMPANY ACT RELEASES

GENERAL PUBLIC UTILITIES RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16889), authorizing General Public Utilities Corporation, New York holding company, to issue and sell 1,000,000 shares of common stock at competitive bidding. GPU will use the net proceeds of its stock sale primarily to reduce outstanding short-term promissory notes, proceeds of which have been or will be used for investment in its subsidiaries.

CONSOLIDATED NATURAL GAS RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16890) authorizing Consolidated Natural Gas Company, New York holding company, to make \$5,000,000 of open-account advances to its subsidiary, Consolidated Gas Supply Corporation for the purpose of financing construction expenditures, in addition to the \$54,000,000 of open-account advances authorized by the Commission in May 1970. The Commission also authorized Consolidated Natural to issue up to \$10,000,000 of unsecured promissory notes to a bank, proceeds of which are to be used primarily for working capital purposes. This is in addition to the \$50,000,000 of commercial paper notes which Consolidated was authorized to issue from time to time through May 15, 1971.

## INVESTMENT COMPANY ACT RELEASES

FIRST HARTFORD EXCHANGE FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6229) declaring that First Hartford Exchange Fund, Inc., New York, has ceased to be an investment company.

METROPOLITAN CANADIAN SEPARATE ACCOUNT SEEK ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6230) giving interested persons until November 23 to request a hearing upon an application of Metropolitan Life Insurance Company, New York mutual life insurance company, for an order exempting from all provisions of the Act certain "Canadian separate accounts" (including Metropolitan Canadian Separate Account No. 1 and such additional Canadian separate accounts as may be established). Metropolitan Life established Canadian Separate Account No. 1 and may establish other Canadian separate accounts to hold and invest payments made under contracts issued in Canada to Canadian corporations, to trusts or other legal entities organized in Canada, or (at some later date) to individuals who are permanent residents of Canada; payments made under group contracts which have heretofore been issued in the United States to not more than ten United States parents of Canadian subsidiaries and now cover the Canadian employees of such Canadian subsidiaries; and payments made by Metropolitan Life as an employer with respect to its Canadian employees.

OVER

COURT ENFORCEMENT ACTIONS

BAPTIST FOUNDATION OF AMERICA NAMED IN COMPLAINT. The SEC San Francisco Regional Office announced October 28 (Release LR-4794) the filing of an action in Federal court in Los Angeles seeking to enjoin violations of the registration and antifraud provisions of the Federal securities laws in the offer and sale of securities of Baptist Foundation of America, Inc ("BFA"), a California corporation, by the said company, as well as T. Sherron Jackson, its president, and George E. Magee, a certified public accountant and an officer of BFA. The complaint also seeks the appointment of a receiver for BFA.

MENDELSON, OTHERS SENTENCED. The SEC Washington Regional Office announced October 29 (LR-4795) the Federal court in Baltimore sentenced three persons in connection with the fraudulent sale of over \$3 million of unregistered securities of All-State Development Corporation and All-State Surety Corporation. Milton M. Mendelsohn of Granada Hills, Calif., was sentenced to eighteen months imprisonment following a guilty plea, William H. Blum of Baltimore, Md., was sentenced to six months imprisonment following a guilty plea, and Meyer S. Jolson of Covington, Ky., was fined \$2500 following his plea of nolo contendere.

SORENSEN ENJOINED. The SEC Atlanta Regional Office announced September 21 (LR-4796) the Federal court in Miami entered a judgment of permanent injunction against James K. Sorenson of Columbia, South Carolina, enjoining him from further violation of the registration provisions of the Securities Act in the offer and sale of the securities of Continental Tobacco Company of South Carolina, Inc. The defendant consented to the entry of the injunction without admitting the allegations in the complaint. The action was dismissed as to Kenneth V. Dawes and Richard L. Hoffman.

SECURITIES ACT REGISTRATIONS

DUQUESNE LIGHT TO SELL STOCK. Duquesne Light Company, 435 Sixth Ave., Pittsburgh, Pa., filed a registration statement (File 2-38691) with the SEC on October 29 seeking registration of 1,250,000 shares of common stock, to be offered for public sale through underwriters headed by The First Boston Corporation, 20 Exchange Place, New York, N. Y. 10005. The offering price (\$20.50 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 pay short-term notes issued for the purpose of financing the construction of additions to its utility plant. Construction expenditures are estimated at \$84 million in 1970 and \$290 million for the period October 1, 1970 through December 31, 1973.

CASTLETON INDUSTRIES SHARES IN REGISTRATION. Castleton Industries, Inc., P. O. Box 668, 1800 Southwest Third St., Pompano Beach, Fla. 33060, filed a registration statement (File 2-38693) with the SEC on October 29 seeking registration of 151,314 outstanding shares of common stock. These shares were issued in connection with certain acquisitions and may be offered for sale from time to time by the holders thereof at prices current at the time of sale (\$4 per share maximum\*).

The company is engaged in the following lines of business: racing properties and operations, real estate and related businesses, textiles, manufacturing and food processing. In addition to indebtedness, it has outstanding 6,647,719 common shares. Walter R. Severson may sell 88,714 shares and four others the remaining shares being registered.

CENTURA PETROLEUM FUND PROPOSES OFFERING. Centura Petroleum Fund 1971 (the "Partnership"), 900 Farmers & Mechanics Bank Bldg., Minneapolis, Minn. 55402, filed a registration statement (File 2-38695) with the SEC on October 29 seeking registration of \$2,000,000 of limited partnership interest, to be offered for public sale in \$5,000 units. No underwriting is involved; participating NASD members will receive a 7% selling commission. The Partnership will engage in the exploration for and the development of oil and gas properties. Centura Incorporated is the corporate general partner and B. Pete Jackson the individual general partner. Jackson is president of the corporate general partner and 90% owner of its outstanding common shares.

EXTENDICARE TO SELL STOCK. Extendicare, Inc., 200 W. Broadway, Louisville, Ky. 40202, filed a registration statement (File 2-38696) with the SEC on October 29 seeking registration of 500,000 shares of common stock, to be offered for public sale through underwriters headed by Salomon Brothers, One New York Plaza, and Burnham and Company, 60 Broad St., both of New York, N. Y. 10004. The offering price (\$19.50 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company provides a wide range of health care services through the operation of hospitals and extended care nursing centers which it owns or leases, principally in the southern and central portions of the United States and in California. Of the net proceeds of its stock sale, \$5,300,000 will be used to repay short-term bank indebtedness incurred in connection with the acquisition of seven hospitals and for working capital for certain hospitals; part will be used to provide a portion of the \$19,167,000 estimated cost of hospital facilities planned but not yet under construction; and the balance for hospital facilities, working capital or possible future acquisitions. In addition to indebtedness, the company has outstanding 3,813,993 common shares, of which management officials as a group own 26%. David A. Jones is board chairman and H. Wendell Cherry president.

WENNER OIL AND GAS PROPOSES OFFERING. Wenner Oil and Gas, Inc., 35042 Kesler Court, Fraser, Mich. 48026, filed a registration statement (File 2-38697) with the SEC on October 29 seeking registration of \$3,000,000 of participations in its 1971 Drilling Program, to be offered for public sale at \$2,500 per unit. No underwriting is involved; participating NASD members will receive a 7½% selling commission. The Program is to be created for the acquisition and drilling of oil and gas wells. The company is a wholly-owned subsidiary of Wenner Petroleum Corporation. Kenneth A. Wenner is president of the company and the parent.

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**WEYERHAEUSER FILES FOR SECONDARY.** Weyerhaeuser Company, Tacoma Bldg., Tacoma, Washington 98401, filed a registration statement (File 2-38702) with the SEC on October 30 seeking registration of 220,383 shares of outstanding \$6.75 convertible cumulative preferred stock, Series A, to be offered for public sale by the holders thereof. The offering is to be made through underwriters headed by Morgan Stanley & Co., Incorporated, 2 Wall St., New York, N. Y. 10005. The offering price (\$120 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged principally in the growing and harvesting of timber and in the manufacture, distribution and sale of forest products. In addition to indebtedness and preferred stock, it has outstanding 62,000,000 common shares. Jean Joers Childs may sell all of 25,043 shares held and a large number of others the remaining shares being registered.

**ROYALTY CONTROLS TO SELL STOCK.** Royalty Controls Corporation, 55 Liberty St., New York, N. Y. 10005, filed a registration statement (File 2-38703) with the SEC on October 30 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$3.25 per share. The offering is to be made on a best efforts basis by Baron & Co. Inc., 1 Exchange Place, Jersey City, N. J., which will receive up to a \$.325 per share selling commission plus up to \$16,000 for expenses.

Organized in February 1969, the company proposes to engage in collecting royalties on behalf of recording artists, music publishers and record producers and of verifying the royalty statements received by them. 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 421,334 common shares, of which Harold A. Thau, president and board chairman, and Steven A. Burn, vice president, own 39.8% each. Purchasers of the shares being registered will acquire a 19% stock interest in the company for their investment of \$325,000 (they will sustain an immediate dilution of \$2.74 in per share book value from the offering price); present shareholders will then own 81%, for which they have contributed \$48,556.

**SUN OIL PROPOSES FINANCING.** Sun Oil Company, 1608 Walnut St., Philadelphia, Pa., filed a registration statement (File 2-38704) with the SEC on October 30 seeking registration of \$150,000,000 of debentures, due 2000, and \$50,000,000 of notes, due 1976, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, and Smith, Barney & Co., Inc., 20 Broad St., both of New York, N. Y. 10005. The interest rates, offering prices and underwriting terms are to be supplied by amendment.

The company is a fully integrated petroleum company engaged in oil and gas exploration and production, the transportation and refining of crude oil and its derivatives, and the marketing of a full range of refined petroleum products. Net proceeds of this financing will be added to the company's general funds and used for the repayment of a substantial portion of short-term debt (at October 23, \$115,600,000) as such debt becomes due, for capital expenditures and for other corporate purposes. Capital expenditures are estimated at \$333,000,000 for 1970. Robert G. Dunlop is board chairman and chief executive officer and H. Robert Sharbaugh president and chief operating officer.

**SUMMIT CATTLE PROPOSES OFFERING.** Summit Cattle Corporation ("Summit") and Stratford Cattle Programs, Inc. ("Stratford"), 833 Tenneco Bldg., Houston, Tex. 77002, filed a registration statement (File 2-38705) with the SEC on October 30 seeking registration of \$10,000,000 of pre-organization subscriptions in limited partnerships under Summit-Stratford Cattle Programs, to be offered for public sale at \$5,000 per unit. The offering is to be made on a best efforts basis by Summit-Stratford Securities, Inc., which will receive a 10% selling discount; it will pay participating NASD members a 7½% selling commission. A series of limited partnerships are to be formed for the purpose of purchasing, fattening and marketing cattle. Summit, a wholly owned subsidiary of Summit Group, Inc., and Stratford, a wholly-owned subsidiary of Stratford of Texas, Inc., will serve as general partners. Robert T. Johnson is president of Summit and W. N. Jackson is president of Stratford.

**STOCK PLANS FILED.** The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

Millmaster Onyx Corporation, New York, N. Y. 10016 (File 2-38694) - 149,164 shares  
 VSI Corporation, Pasadena, Calif. 91107 (File 2-38700) - 100,000 shares  
 Monogram Industries, Inc., Los Angeles, Calif. 90024 (File 2-38701) - 40,000 shares  
 Alodex Corporation, Southaven, Miss. 38761 (File 2-38709) - 155,253 shares  
 John Roberts, Incorporated, Austin, Tex. 78767 (File 2-38714) - 50,000 shares  
 Colonial Penn Group, Inc., Philadelphia, Pa. 19102 (File 2-38717) - 175,000 shares  
 Dr. Pepper Company, Dallas, Tex. 75206 (File 2-38719) - 100,000 shares

**SECURITIES ACT REGISTRATIONS.** Effective November 2: Cincinnati Gas & Electric Co., 2-38551; General Public Utilities Corp., 2-38539; Inland Container Corp., 2-37701; Oakite Products, Inc., 2-38595; Scientific-Atlanta, Inc., 2-38565; The Southern Co., 2-38587.

Withdrawn October 30: Advanced Research Corp., 2-34819; Capital Southwest Corp., 2-35746; Cayman Holding Co. of Florida, 2-37564; Intelcom, Inc., 2-35465; Guenther Systems, Inc., 2-35657.

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