

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington, D.C. 20549

(In ordering full text of Releases from Publications Unit, cite number)
SEC

(Issue No. 67-95)

FOR RELEASE May 18, 1967

FABRIKANT SALESMEN BARRED. In a decision announced today (Release 34-8076), the SEC barred three salesmen of the former broker-dealer firm of Fabrikant Securities Corporation, New York, from further association with any securities firm, as follows: Irving Friedman, Eugene E. Leighton and Kenneth Jacobs. As to Jacobs, the bar order provided that he may apply after four months to have the bar lifted upon an appropriate showing that he will be adequately supervised.

The Commission's action sustained the initial decision of its hearing examiner from which the three respondents had appealed, Jacobs' appeal being limited to the sanction imposed upon him. The Commission found, as had the examiner, that Friedman, in connection with the offer and sale of the stock of Uneeda Vending Service, Inc. between June and September 1962, had engaged in activities violative of the anti-fraud and registration provisions of the Federal securities laws, and that Leighton had violated the anti-fraud provisions in the offer and sale of the stocks of Uneeda, Jefferson Financial Corporation and Continental Fund Distributors, Inc. during the period March to June 1963. Both the Examiner and the Commission held that in their sales of stock Friedman and Leighton defrauded investors by using high-pressure selling practices and fraudulent representations and predictions concerning the issuers' operations, an impending merger, the future market price of the shares, payment of a dividend, the amount of stock available, and the safety of an investment. The examiner had found that Jacobs, a part-time salesman, had violated the anti-fraud and registration provisions, but, in view of various mitigative factors, imposed the conditional bar. Since Jacobs failed to present any basis for further leniency, the Commission also sustained the examiner's action as to him.

The broker-dealer registration of Fabrikant Securities was revoked in May 1965. Three of its officers have also been barred and 12 other salesmen barred and suspended from further association with any broker-dealer firm.

SEC ORDER CITES REBA SECURITIES. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of Reba Securities, Inc., 40 Exchange Place, New York. Also named as respondents are Morris J. Liss, president of the firm, and Vera B. Montgomery (a/k/a Mrs. John Overall), secretary.

The proceedings are based upon staff charges that during the period April-December 1966 the respondents engaged in transactions in the stock of Underwater Storage, Inc., which were violative of the anti-fraud provisions of the Federal securities laws; effected transactions in the stock when trading therein had been suspended by the Commission; and engaged in business during the last three months of 1966 while not in compliance with the Commission's net capital rule.

A hearing will be held pursuant to further order to take evidence on the staff charges and afford the respondents an opportunity to offer any defenses thereto, to determine whether the alleged violations in fact occurred and, if so, whether any action of a remedial nature should be taken by the Commission.

RESNICK AND LYNCH INDICTED. The SEC Boston Regional Office announced May 16 (LR-3720) the return of an indictment (USDC Mass.) charging A. Allan Resnick of Brookline, Mass., and Mildred Lynch of Cambridge, Mass., with violations of the mail fraud statute, Title 18, U.S.C. Section 1341.

TAX EXEMPT INCOME FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4956) exempting Tax Exempt Income Fund, Series 3, New York unit investment trust, from the provisions of Section 14(a) of the Act which requires that no registered investment company shall make a public offering of securities of which it is the issuer unless it has a net worth of at least \$100,000.

GREAT AMERICAN INSURANCE SEEKS ORDER. Great American Insurance Company, a New York corporation, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposed purchase from Insurance Securities Trust Fund, a mutual fund, of 52,221 shares of the capital stock of Peoples Life Insurance Company, a District of Columbia life insurance company, at \$40 per share; and the Commission has issued an order (Release IC-4957) giving interested persons until June 5 to request a hearing thereon. According to the application, the Trust Fund owns about 10% of the outstanding capital stock of the said Insurance Company. Because of such affiliation, the proposed transaction is prohibited by provisions of the Act unless the Commission grants an exemption from such prohibition.

OHIO POWER RECEIVES SUPPLEMENTAL ORDER. The SEC has issued a supplemental order under the Holding Company Act (Release 35-15739) granting a request of Ohio Power Company, subsidiary of American Electric Power Co., Inc., for an extension to August 1 of the period within which it may issue and sell, at competitive bidding, \$50,000,000 principal amount of first mortgage bonds and \$20,000,000 principal amount of debentures, the sale of which was previously authorized by the Commission.

OVER

S. S. KRESGE PROPOSES RIGHTS OFFERING. S. S. Kresge Company, 2727 Second Ave., Detroit, Mich. 48232, filed a registration statement (File 2-26574) with the SEC on May 17 seeking registration of \$41,000,000 of convertible subordinated debentures, due 1992. The debentures are to be offered for subscription by stockholders at the rate of \$100 principal amount of debentures for each 28 shares of common stock held. The record date, interest rate, subscription price and underwriting terms are to be supplied by amendment. Lehman Brothers, One William St., New York 10004, heads the underwriting group.

The company is engaged in the retail sale of a wide range of merchandise. The net proceeds from the debenture sale will be added to the general funds of the company and used for additional inventory and other working capital requirements. The proceeds will initially be used to reduce short-term borrowings. In addition to indebtedness, the company has outstanding 11,267,178 common shares, of which The Kresge Foundation owns 22.2% and management officials 1.92%. Stanley S. Kresge is board chairman and Harry B. Cunningham is president.

TEXAS GAS TRANSMISSION PROPOSES OFFERING. Texas Gas Transmission Corporation, 3800 Frederica St., Owensboro, Ky. today filed a registration statement (File 2-26583) with the SEC seeking registration of \$40,000,000 of debentures, due 1987, to be offered for public sale through underwriters headed by Dillon, Read & Co. Inc., 46 William St., New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company owns and operates an interstate gas pipeline system for the transportation and sale of natural gas. Net proceeds of this financing will be used to retire \$16,000,000 of short-term bank loans incurred primarily to pay for new facilities constructed in 1966 and to defray, in part, the cost of new facilities (estimated at \$32,000,000) to be constructed in 1967. In addition to indebtedness and preferred stock, the company has outstanding 5,627,309 common shares. Henry L. Hillman is board chairman and W. M. Elmer president.

SCIENTIFIC DATA SYSTEMS FILES FOR OFFERING AND SECONDARY. Scientific Data Systems, Inc., 1649 17th St., Santa Monica, Calif., filed a registration statement (File 2-26581) with the SEC on May 17 seeking registration of \$25,000,000 of convertible subordinated debentures due 1992 and 99,802 outstanding shares of common stock, to be offered for public sale through underwriters headed by Hayden, Stone Inc., 25 Broad St., New York 10004. The interest rate on the debentures, offering prices of the debentures and stock (\$106.75 per common share maximum*) and underwriting terms are to be supplied by amendment.

The company designs, manufactures and sells and leases small to medium size, high-speed digital computers and special purpose computer systems; and it also produces related peripheral equipment and accessories. Net proceeds of its debenture sale will be added to the general funds of the company; and from such funds the company proposes to retire its 4-3/4% cumulative preferred stock with an aggregate redemption value of \$4,750,000 plus accrued dividends and to repay its short-term bank borrowings (which amounted to \$13,500,000 at April 30) incurred for working capital purposes and to finance its leasing operations. The balance will be added to working capital. In addition to indebtedness and preferred stock, the company has outstanding 3,341,100 common shares, of which management officials own 28.5%. Max Palevsky is president. The prospectus lists seven selling stockholders, six of whom now own \$5,750,000 of 4-3/4% convertible debentures. They propose to sell \$4,250,000 of such debentures to the underwriters, who will convert them into 90,425 common shares which, together with 9,377 shares owned by the seventh selling stockholder, are to be offered for public sale by the underwriters.

DISCON CORP. PROPOSES OFFERING. Discon Corporation, 4250 N.W. 10th Ave., Ft. Lauderdale, Fla., filed a registration statement (File 2-26575) with the SEC on May 17 seeking registration of 110,000 common shares, to be offered for public sale through underwriters headed by Charles Plohn & Co., 200 Park Ave., New York, N. Y. 10017. The offering price (\$3.00 per share maximum*) and underwriting terms are to be supplied by amendment. The shareholders have agreed to grant to the underwriter and to Explorers Unlimited, Inc., a finder, 5-year options for the purchase of 22,000 and 5,500 outstanding common shares, respectively, at \$3.00 per share.

The company is engaged in the development, manufacture and sale of electronic and electro-mechanical computer peripheral equipment. Most of its products are designed to facilitate the gathering and processing of information into a form suitable for use in modern digital computers. The balance of its products present digital computer output data in visual or graphic form. Of the net proceeds of its stock sale, \$166,000 will be used to repay short term bank loans and other indebtedness, and the balance will be added to working capital for general corporate purposes. The company now has outstanding 165,000 common shares, of which James B. O'Maley, president, owns 73.3% and H. Clay Stier, vice president, 12.1%.

GRANITE EQUIPMENT PROPOSES OFFERING AND SECONDARY. Granite Equipment Leasing Corp., 500 Old Country Road, Garden City, L. I., N. Y. 11530, filed a registration statement (File 2-26576) with the SEC on May 17 seeking registration of \$4,000,000 of convertible subordinated debentures, due 1987, to be offered for public sale by the company. Also included are 34,996 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 the New York Securities Co., 52 Wall St., New York 10005. The interest rate on the debentures, offering prices (\$30.00 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the leasing of data processing equipment, including third generation and smaller computers, photocopy and other business equipment; machine tools, packaging, textile and general industrial equipment; and automobiles and trucks, both on an individual and fleet basis. The net proceeds from its debenture sale will be initially added to the company's general funds and will be subsequently used to acquire additional equipment for use in its leasing operations. In addition to indebtedness, the company has outstanding 1,527,596 common shares. The prospectus lists 35 selling shareholders. Harvey Granat, president, proposes to sell 4,153 of 32,031 common shares held; Jack P. Miner, board chairman, 7,522 of 125,371; Sam Sivakorr, a director, 6,711 of 111,857 and management officials as a group, 27,198 of 387,177 shares held. The others are selling shares ranging in amount from 45 to 1,764.

AMERICAN RESERVE CORP. FILES EXCHANGE OFFER. American Reserve Corporation, 65 East South Water St., Chicago, Ill. 60601, today filed a registration statement (File 2-26582) with the SEC seeking registration of 600,729 shares of common stock. It is proposed to offer this stock, on a share-for-share basis, in exchange for all the outstanding common stock of Reserve Insurance Company.

The company (American Reserve) was organized under Delaware law on May 10; it has issued 500 common shares for an aggregate consideration of \$1,000, and is said to have broad, general powers to engage in business activities and to acquire the business and properties of others. Allen Seth Blank is board chairman and Wallace J. Stenhouse, Jr., president. Reserve Insurance engages in a diversified property and casualty insurance business, offering a variety of special and standard coverages in 50 states. According to the company's prospectus, the primary purposes of the exchange offer "are to provide flexibility in the type of debt or equity securities which may be issued and to permit possible future diversification." If the exchange offer is declared effective, the company contemplates offering to the public through underwriters about \$5 million of convertible debentures, the proceeds of which would be invested in debt or equity securities of Reserve Insurance, "thus providing it with additional working capital required in its business."

STERLING MOVIES PROPOSES OFFERING. Sterling Movies U.S.A., Inc., 375 Park Ave., New York 10022, filed a registration statement (File 2-26577) with the SEC on May 17 seeking registration of 200,000 common shares to be offered for public sale through underwriters headed by H. L. Federman & Co., Incorporated. The public offering price (\$7.50 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to sell to the underwriter (for \$222) two-year warrants for the purchase of 22,200 shares of common stock at \$8.25 per share. The said underwriter acquired an additional 4,000 shares from the company's president for \$10,000.

The company is engaged in the distribution of sponsored motion pictures to television stations, adult organizations and schools. It loans the films free to these audiences and is paid for its services by the sponsors of the motion pictures. Of the net proceeds of its stock sale, \$148,738 will be used to retire 6% notes payable to J. Elroy McCaw, up to \$180,000 may be required to collateralize an indemnity obligation; and the balance will be added to working capital to be used for general corporate purposes. The company now has outstanding 500,000 common shares, of which Charles F. Dolan, president, will own 42.28% after the public offering and Sophie C. Hohne, senior vice president, 21.42%.

MOUNTAIN FUEL SUPPLY PROPOSES OFFERING. Mountain Fuel Supply Company, 180 East First South St., Salt Lake City, Utah 84111, filed a registration statement (File 2-26584) with the SEC on May 18 seeking registration of \$20,000,000 of debentures, due 1992, to be offered for public sale through underwriters headed by The First Boston Corporation, 20 Exchange Place, New York 10005. The interest rate, public offering price, and underwriting terms are to be supplied by amendment.

A gas utility, the net proceeds from the debenture sale will be used to repay all the company's outstanding short term bank loans, incurred in the construction and acquisition of properties in 1965 and 1966; and the balance will be added to the general funds and applied to the 1967 construction program and acquisition of properties estimated at \$14,700,000. In addition to outstanding indebtedness, the company has outstanding 2,407,776 capital shares. J. C. Donnell II is board chairman and M. M. Fidler is president.

THREE STOCK PLANS FILED. Form S-8 registration statements have been filed with the SEC proposing the offering of securities under employee savings, stock option and other plans, as follows:

Georgia-Pacific Corporation, Commonwealth Building, Portland, Oregon 97204 (File 2-26565) - 101,000 common shares
 Millipore Corporation, Ashby Road, Bedford, Mass. 01730 (File 2-26578) - 92,595 common shares
 The Warner Brothers Company, 350 LaFayette St., Bridgeport, Conn. 06602 (File 2-26579) - 50,000 common shares

UMC INDUSTRIES FILES FOR SECONDARY. UMC Industries, Inc., 515 Olive St., St. Louis, Mo. 63101, filed a registration statement (File 2-26580) with the SEC on May 17 seeking registration of 100,000 outstanding shares of common stock. All or part of these shares may be offered for public sale by the present holders thereof from time to time on the over-the-counter market at such prices as may prevail at the time of sale (\$18.75 per share maximum*).

The company is a diversified manufacturing company with five divisions: automatic merchandising, paper conversion, defense-aerospace, automated machinery and metal fabrication. In addition to indebtedness, the company has outstanding 5,079,407 common shares. The prospectus lists two selling stockholders. Thomas B. Donahue, vice chairman of the board, proposes to sell 80,000 of 95,800 shares held, and Herbert J. Maddock, 20,000 of 20,400.

CORRECTION RE UNLISTED TRADING. The SEC News Digest of May 17 incorrectly stated that the Commission had issued orders granting applications (1) of the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stocks of Canadian Javelin, Ltd., Braniff Airways, Incorporated, Burndy Corporation, Cenco Instruments Corporation, Corning Glass Works, Fansteel Metallurgical Corporation, and World Airways, Inc., and (2) of the Cincinnati Stock Exchange for such privileges in the common stock of Emery Industries, Inc. The orders, instead, gave notice of the filing of such applications and provided that interested persons might request a hearing thereon not later than May 31.

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 captions of the several items of the form was included in the May 2 News Digest.

American Pacific Group, Inc. Apr67 (2) 0-1428-2	General Foam Corporation Apr67 (11,12) 1-4664-2
American Life Underwriters Inc. Apr67 (2,12,13) 0-1024-2	Independent Life & Accident INS CO. Apr67 (11) 2-24048-2
American Photocopy Equipment Co. Apr67 (12) 1-4055-2	Insurance CO OF North America Apr67 (11,13) 1-5035-2
American States Life Insurance Co. Apr67 (11) 2-20001-2	Lakeside Industries Inc. Dec66 (3) 2-19921-2
American Vitrified Products Co. Mar67 (6) 0-2534-2	Mcquay Inc. Apr67 (11,13) 0-1034-2
Andrea Radio Corp Apr67 (11,13) 1-4324-2	Missouri Power & Light Co. Apr67 (7,13) 0-1013-2
Arkansas Western Gas Co. Apr67 (11,13) 0-517-2	Mohawk Airlines Inc. Apr67 (11,12) 1-4198-2
D.H. Baldwin Co. Apr67 (11,13) 1-1655-2	North Central Airlines, Inc. Apr67 (11,12) 0-831-2
Beauty Counselors, Inc. Apr67 (9,11,13) 0-394-2	Pacific Atlantic Life Insurance Co. Apr67 (11) 2-24770-2
Chesapeake Corp Of Virginia Apr67 (11,13) 1-3203-2	Reliance Insurance Co. Mar67 (11,13) 2-10601-2
Commerce Clearing House, Inc. Apr67 (7,10) 0-315-2	Stanray Corporation Apr67 (13) 1-3613-2
Diana Stores Corp. Apr67 (7,13) 1-3214-2	Trans International Airlines Corp. Apr67 (11) 1-5386-2
Dielectric Products Engineering Co, Inc. Apr67 (11,13)	Trans-Sonics, Inc. Mar67 (11,12) 0-2618-2
1-3665-2	Unexcelled, Inc. Apr67 (3) 1-5303-2
Fifth Avenue Coach Lines, Inc. Feb67 (2,13) 0-2579-2	United Utilities Inc. Apr67 (1) 1-4721-2
Mar67 (12,13) 0-2579-2	Victor Equipment Co. Nov66 (4,7,13) 1-2536-2
Jan67 (2,13) 0-2579-2	W. & R. Delaware Corp. Apr66 (2,8,11,13) 0-1724-2
First Colony Life Insurance Co, Inc. Apr67 (11,13) 2-12650-2	Waitt & Bond, Inc. Mar67 (12) 1-3411-2
First Wisconsin Bankshares Corp. Apr67 (4,11,13) 1-2981-2	Weil-MC Lain Company, Inc. Apr67 (11) 0-1213-2
	Wisconsin Power And Light Co. Apr67 (11) 0-337-2

SECURITIES ACT REGISTRATIONS. Effective May 17: A-G Foods, Inc., 2-26223; California Texas Oil Corp., 2-26462; The Chesapeake and Potomac Telephone Co. of Md., 2-26446; Eastern Associated Coal Corp., 2-26404 (90 days); The North American Coal Corp., 2-26368; Olla Industries, Inc., 2-26275 (Aug 15).
Effective May 18: General Telephone & Electronics Corp., 2-26373; Ransburg Electro-Coating Corp., 2-26335 (Aug 17); Robertshaw Controls Co., 2-26422; San Diego Gas & Electric Co., 2-26420.

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.

---ooo0ooo---