

# 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

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**FLEMING SUSPENSION ANNOUNCED.** The SEC has issued an order under the Securities Exchange Act (Release 34-8129) barring John P. Fleming of Pittsburgh, Pa., from further association with any broker-dealer firm. The Commission found that between March and October 1965 Fleming engaged in acts and practices violating the anti-fraud and anti-manipulative provisions of the Federal securities laws in the offer, sale and purchase of securities of Siltronics, Inc., Southern Foods, Inc., Frasure Hull, Inc., and Equality Plastics, Inc. Fleming, who was a salesman of Amsbury, Allen & Morton, Inc., whose broker-dealer registration was revoked on June 30, filed an answer to the allegations in the order for proceedings but failed to appear at the hearing and therefore defaulted. According to the Commission's order, Fleming induced the purchase of the securities of the several companies by making false and misleading representations concerning the future market price and prospects of such securities, contradictory representations made contemporaneously to other customers, and the maintenance by registrant of a work-out market for customers desiring to sell such securities, which might result in purchasers being unable to sell their securities.

**HOLDING COMPANY ACT RULE AMENDMENT PROPOSED.** The SEC today announced a proposal to amend its Rule 7 under the Holding Company Act (Release 35-15798); and it invited the submission of views and comments thereon not later than August 30. The amendment would provide an additional exclusion from the statutory definition of a utility company, namely, a company which (1) owns no utility assets located within any State of the United States, (2) has no subsidiary company owning such assets within the United States, and (3) is engaged solely in businesses outside the United States, if its gross sales of electric energy or of natural or manufactured gas distributed at retail by means of facilities owned or operated by such company, did not exceed 1% of its gross revenues during the previous calendar year. Essentially, the proposed amendment would apply to companies incorporated within the United States but operating solely outside the United States. Such a company would be one who produced electric energy or gas primarily for its own consumption or consumption by affiliate companies, but which would have surplus available for resale and where such sales would produce gross revenues in excess of \$100,000.

**REVISION OF MANAGEMENT CO. QUARTERLY REPORT PROPOSED.** The SEC today announced a proposal to revise its quarterly report Form N-30B-1 under the Investment Company Act (Release IC-5035); and it has invited the submission of views and comments thereon not later than August 25. This report is now required to be filed with the Commission by registered management investment companies except those which issue periodic payment plan certificates. Since there presently is no quarterly report form specified for management investment companies which issue periodic payment plan certificates, it is proposed to make the revised form applicable to them.

It is proposed to add a new Item 1 to the quarterly report which would require management investment companies to report the number of shares (or other unit) or principal amount of debt securities acquired or disposed of for its portfolio during the preceding calendar quarter and the holdings of such securities and cash at the end of the quarter. No report pursuant to Item 1 would be required, however, if there were no transactions in such securities during the quarter. The amount of each security owned would be required on the first report filed pursuant to the new Item and on the first report filed pursuant to the new Item after a calendar year end. Small business investment companies would not be required to answer Item 1 in view of the concentration of their holdings in the securities of small business concerns.

The proposed amendment would provide the public with valuable information about securities transactions by management investment companies. Moreover, it would materially aid the Commission and others in conducting studies of these transactions and their impact in the market place and would provide the Commission with information necessary to carry out its regulatory responsibilities.

**KEYSTONE FUNDS SEEK ORDER.** Keystone Custodian Funds, Inc. ("Keystone"), as trustee for Keystone Custodian Funds Series S-1, S-2, S-3, S-4, B-1, B-2, B-4, K-1 and K-2 (each registered as management open-end diversified investment companies) and The Keystone Company of Boston, have applied to the SEC for an exemption order under the Investment Company Act with respect to shareholder approval of the underwriting contract between Keystone, as trustee of the Funds, and Keystone of Boston, a wholly-owned subsidiary of Keystone which, as underwriter, offers shares of the several Funds for public sale. The Commission has issued an order (Release IC-5040) giving interested persons until August 14 to request a hearing thereon. Pursuant to a September 1965 order of the Commission, the underwriting contract between Keystone and Keystone of Boston was permitted to continue in effect only so long as its continuance is specifically approved by shareholders of each of the Funds at least every three years. Keystone is preparing proxy material for submission to shareholders of the Funds of a proposal to continue the contract with Keystone of Boston; but it also has in preparation for submission to shareholders a project to modernize and improve the trust agreements. It requests the exemption order so that it will have an additional six months to finalize this and other proposals so that all may be submitted to shareholders for approval at the same time.

OVER

**HOUSTON NATURAL GAS PROPOSES DEBENTURE OFFERING.** Houston Natural Gas Corporation, Petroleum Bldg., P.O. Box 1188, Houston, Tex. 77001, filed a registration statement (File 2-26961) with the SEC on July 24 seeking registration of \$35,000,000 of sinking fund debentures, due 1987. The debentures are to be offered for public sale through underwriters headed by White, Weld & Co., 20 Broad St., and the First Boston Corp., 20 Exchange Pl., both of New York 10005. The interest rate, public offering price, and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the transmission, distribution and sale of natural gas in the Gulf Coast area of Texas. It also engages in the exploration for and production of oil and gas, the operation of gas gathering systems and the processing of natural gas for the recovery of liquid hydrocarbons. Net proceeds from its sale of debentures will be applied to the payment substantially in full of some \$31,500,000 of outstanding bank loans, and the balance will be added to the company's general funds, part of which will be used for additional capital improvements. For the ten months ended May 31, 1967, the company's construction program aggregated approximately \$54,000,000. In addition to indebtedness and preferred stock, the company has outstanding 4,955,550 common shares, of which management officials own 4%. Frank C. Smith is board chairman and John H. Wimberly is president.

**MAINE SUGAR INDUSTRIES PROPOSES OFFERING.** Maine Sugar Industries, Inc., Easton, Maine, filed a registration statement (File 2-26962) with the SEC on July 24 seeking registration of 371,576 shares of common stock and \$936,000 of 5-1/2% convertible subordinated debentures, due 1986. The securities are to be offered for public sale by the company through its officers and directors without the payment of commission. The common shares are to be offered at \$5.50 per share and the debentures at 100% of principal amount. While the offering is not underwritten, the company may pay commissions not exceeding 44¢ per common share and \$32.50 (5%) per \$650 of debenture to NASD members who render assistance to the company in connection with the sale.

The company is engaged in the manufacture and sale of sugar and by-products derived from the processing of sugar beets and the refining of raw cane sugar. In addition, the company will engage in the sale to local farmers of fertilizer and the sale and leasing of farm machinery and equipment. Net proceeds of this financing, together with the proceeds of prior sales of common stock and debentures, \$173,550 from a private sale of debentures, \$1,950,000 from the sale of 6-1/2% sinking fund notes, and \$2,000,000 of working capital loans from a bank, will be used by the company for the purposes of conducting its business operations, purchasing additional cane machinery and equipment at Easton and at Searsport in the approximate amount of \$2,102,150 over the loans available for that purpose and purchasing beet farm machinery and equipment. Of the balance, (1) \$300,000 will be applied to the purchase of beet seed to be advanced to growers, (2) \$1,500,000 for the operations of producing and packaging sugar and beet pulp, and (3) the balance for the purchase of sugar beets from growers. In addition to indebtedness, the company has outstanding 929,424 common shares, of which Vahlsing, Inc. owns 37%, American Maize-Products Company, 15.1%, William D. Witter (who is one of the NASD members assisting the company in its sale of securities), 12.4%, and management officials, 6.6%. F. H. Vahlsing, Jr. is board chairman and president of the company and executive vice president of Vahlsing, Inc.

**WALKER-SCOTT PROPOSES OFFERING.** Walker-Scott Corporation, 1014 Fifth Ave., San Diego, Calif. 92113, filed a registration statement (File 2-26963) with the SEC on July 24 seeking registration of \$1,500,000 of convertible subordinated debentures, due 1987, and 120,000 shares of common stock. The securities are to be offered for public sale in units consisting of \$100 principal amount of debentures and eight shares of common stock. The offering is to be made through underwriters headed by First California Co., Inc., 300 Montgomery St., San Francisco, Calif. 94104; and the interest rate on the debentures, public offering price of the units, and underwriting terms are to be supplied by amendment. The company has agreed to sell to the underwriter 5-year warrants to purchase a total of 10,000 common shares.

The company operates department stores in the San Diego area. Net proceeds of this financing will be applied to reduce some \$2,433,649 of short-term borrowings presently secured by its accounts receivable. In addition to indebtedness, the company has outstanding 199,810 common shares, of which management officials own 22.77%. George A. Scott, president, owns 17.66% of the outstanding stock; and as voting trustee he holds 60.46% of the outstanding common stock. The Beinecke Foundation, a charitable trust controlled by the major shareholders of The Sperry & Hutchinson Co., owns 27.22%.

**GREAT AMERICAN INDUSTRIES FILES FOR SECONDARY.** Great American Industries, Inc., 62nd Floor, Chrysler Bldg., 405 Lexington Ave., New York 10017, filed a registration statement (File 2-26964) with the SEC on July 24 seeking registration of 855,902 shares of common stock. Of this stock, 729,440 shares are to be offered for public sale by the holders thereof from time to time on the American Stock Exchange at prices current at the time of sale (\$5.50 per share maximum\*); and 126,462 shares, presently held in escrow by the First National Bank of Nevada, may be released to certain of the selling stockholders and offered for public sale by them.

The company is engaged in the manufacture and sale of rubber products and brick and clay pipe products, and in the acquisition and development of natural resource mining claims. Walter S. Mack is board chairman and president. In addition to indebtedness and preferred stock, the company has outstanding 6,238,893 common shares, of which management officials own 6.74%. The prospectus lists 28 selling shareholders; all but Worth Exploration Company, which proposes to sell 83,137 of its holdings of 108,137 shares, propose to sell all of their holdings. Jerome Matusow proposes to sell all of his holdings of 78,500 shares and The Equity Corporation all of its holdings of 61,000 shares; the others propose to sell shares ranging in amount from 1,000 to 52,175 shares.

**TRIDENT FUNDING CORP. FILES.** Trident Funding Corporation, 1200 Washington Bldg., Tacoma, Wash. 98402, filed a registration statement (File 2-26965) with the SEC on July 24 seeking registration of \$4,000,000 of programs for the acquisition of mutual fund shares and life insurance. The programs provide for a participant to purchase for cash shares of Bondstock Corporation and to pledge those shares with the company as collateral for a loan from the company with which to pay premiums on life insurance policies. The minimum initial investment in mutual fund shares and a minimum annual insurance premium on a policy necessary to initiate a program are \$693 and \$301, respectively. The programs are to be offered for public sale by the company with a maximum sales charge of 8.5% on the purchase of mutual funds; and insurance commissions, with The Old Line Life Insurance Company of America, will equal approximately 85% of the first year's premium and 7-1/2% to 12-1/2% of each of the nine subsequent annual premiums, plus a development allowance of \$2.50 per \$1,000 of face amount of permanent insurance and \$1.00 per \$1,000 on term. The company will engage primarily in the business of coordinating the acquisition of mutual fund shares sold by its subsidiary, Trident Securities Company, and life insurance sold by itself. George F. Russell, Jr. is president of the company, and he is vice president of both Frank Russell Co., principal underwriter, and Bondstock Corporation. He is named as a promoter of the company along with George F. Russell, a director of the company and president of Bondstock Corporation and the underwriter, and Richard A. Lothrop, vice-president and a director of the company who has been associated with the underwriter for three years.

**AMERICAN ELECTRIC POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15796) authorizing an extension of time to October 16, 1967, within which American Electric Power Company, Inc., and its subsidiary, Ohio Power Company, may consummate transactions pertaining to which Ohio will sell "Unit Two" of its new electric steam generating plant ("Cardinal Station") near Brilliant, Ohio, to Buckeye Power, Inc., a nonassociate non-profit Ohio corporation, and acquire stock of a proposed generating station-operating company, as authorized by the Commission. Purchase of the properties, at a cost of some \$65,050,000, was authorized by the Commission on June 30 (see News Digest of July 3).

**O/C REGISTRATIONS REPORTED.** The following issuers of securities traded over-the-counter have filed registration statements with the Commission pursuant to requirements of Section 12(g) of the Securities Exchange Act (companies which currently file annual and other periodic reports with the SEC are identified by "\*\*\*"):

File No.	O-Registrants	Location	File No.	O-Registrants	Location
2576	Aircraft Mechanics, Inc.	Colorado Springs, Colorado	2731	Hi-Shear Corp **	Torrance, Calif.
2578	Alphanumeric Inc **	Hicksville, NY	2557	Home-Stake Royalty Corp	Tulsa, Oklahoma
2575	American Bankshares Corp	Milwaukee, Wisc.	2562	Houston Royalty Co	Houston, Texas
2589	American Home Inv Co	Davenport, Iowa	2556	KDI Corporation	Cincinnati, Ohio
2587	Applied Data Research Inc	**Princeton, NJ	2546	Kellogg-American Inc	Oakmont, Ia.
2725	Arcs Industries Inc **	Bronx, NY	2571	Metropolitan Greetings, Inc	Everett, Mass.
2730	Can-Fer Mines Ltd **	Toronto, Canada	2565	Nichigan Carton Co	Battle Creek, Mich.
2588	Capital Alliance Corp	Newport Beach, Cal	2570	Minaret Investments, Inc	Fresno, Calif.
2727	Chalco Engineering Corp **	Gardena, Calif.	2548	North Atlantic Corp	Dowlingtown, Ia.
2577	Commonwealth Investors Group	Seattle, Wash.	2573	North Florida Telephone Co	Live Oak, Fla.
2550	Curtis Roll Corp	Cleveland, Ohio	2574	Pennsylvania Industrial Chemical Corp	Clairton, Ia.
2567	Discount Corp of NY	New York, NY	2584	Elastiline, Inc	Pompano Beach, Fla.
2547	Distributors Group Inc	New York, NY	2747	Ripley Co., Inc **	Middletown, Conn.
2585	Dixie Yarns, Inc	Chattanooga, Tenn.	2569	Security New York State Corp	Rochester, NY
2582	Exolon Co	Tonawanda, NY	2558	Stecher-Traung-Schmidt Corp	Rochester, NY
2566	Ferry Cap & Set Screw Co	Cleveland, Ohio	2552	Sterner Lighting, Inc	Winsted, Minn.
2590	Fisherman and Merchants Savings and Loan Assoc.	San Pedro (Los Angeles) California	2721	U. S. Finance Co., Inc **	Jacksonville, Fla.
2734	Granite Equipment Leasing Corp **	Garden City, Long Island, NY	2583	Vulcan Corp	Cincinnati, Ohio
2572	Heck's Inc	Charleston, W. Va.	2589	Whitney Blake Co	Hamden, Conn.
2723	Helic Aircraft Corp **	Bedford, Mass.	2568	Wisconsin Real Estate Investment Fund	Milwaukee, Wisc.
			2564	Yuba Industries, Inc	San Francisco, Cal.

**SECURITIES ACT REGISTRATIONS.** Effective July 24: Flo-Tronics, Inc., 2-26683; Index Fund of Boston, Inc., 2-26124; United Fruit Co., 2-26727 (40 days).  
 Effective July 25: Consolidated Edison Co. of New York, Inc., 2-26801 & 2-26802 (40 days); Grove Press, Inc., 2-26688 (40 days); Joy Manufacturing Co., 2-26851 (40 days).

**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.