

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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COMMONWEALTH SECURITIES REVOCATION PROPOSED. SEC Hearing Examiner Sidney Feiler has filed an "initial decision" in proceedings involving Commonwealth Securities Corporation, of Columbus, Ohio, and one of its former salesmen, Herbert Beck. Based upon his findings that Commonwealth and Beck had violated certain provisions of the Federal securities laws, the Examiner ordered that Commonwealth's registration as a broker-dealer be revoked; and he found that Beck was a cause of the revocation order. However, he stipulated that such finding should not operate as a bar to Beck's continuance in the securities business after a period of four months from the date of the final decision in these proceedings. The Examiner's decision and order will become effective if the Commission does not order review thereof, either on its own motion or on petition by any party.

According to the Examiner's decision, Commonwealth was one of several companies controlled by Certified Credit Corporation ("Certified") which included Houston Financial Corporation ("Houston Financial"), Certified Investment Corporation ("Certified Investment"), Certified Credit and Thrift Corporation ("Certified Thrift"), Certified Mortgage Corporation ("Certified Mortgage") and Certified Life Corporation ("Certified Life"). Certified had been organized in 1950 for the purpose of engaging in the consumer small-loan business. As a member of the group of Certified Companies, Commonwealth acted as underwriter for various offerings by companies in that group, including principally those securities of Certified Mortgage, Certified Life and Certified Thrift. In the sale of securities of such companies during 1961 and before, the Examiner ruled, Commonwealth violated the anti-fraud provisions of the Federal securities laws. "It played a key role," the Examiner found, "in an extensive fraud practiced upon the investing public whereby funds collected from investors were not used for the stated purpose but diverted to prop a crumbling financial empire." Commonwealth, Certified, Certified Investment and Houston Financial were all found to be participants in the scheme to defraud investors in the offering of Certified Thrift stock. The Examiner also found other violations, including the sale of Certified Credit stock by that company and Houston Financial in violation of the Securities Act registration requirements.

Beck was found by the Examiner to have participated in the fraud involving the sale of stock of Certified Thrift. However, in view of certain mitigating factors, the Examiner concluded that it would be appropriate for him to continue in the securities business after a four-month period from the effective date of the final decision in these proceedings.

(Heretofore, 10 respondents in these proceedings were suspended from association with any broker-dealer for periods of six months, and four were barred from such association. The remaining respondent, Daniel Arnel, president and one of the promoters of Certified, filed a motion to sever, which was granted; and the proceedings as to him were indefinitely postponed.)

SEC ENTERS JADE OIL PROCEEDING. The SEC has entered an appearance in Chapter X proceedings for the reorganization of Jade Oil & Gas Co. and its subsidiary, Great Lakes Gas Corp., pending in the U. S. District Court in Los Angeles. Judge William P. Gray has appointed C. E. Babson as Trustee. Jade and its subsidiary are in the business of exploring, acquiring, developing and dealing in and participating with others in oil and gas activities, principally in California, but also in the mid-continent and gulf coast areas. According to financial statements, which the auditors declined to certify, filed with the petition, as of December 31, 1966 Jade and its subsidiary had total assets of \$9,729,513 and total liabilities of \$9,238,800. During 1966, on gross sales of \$1,714,286, Jade had an operating profit of \$151,134. However, a total loss of \$4,122,516 was realized for that period after deductions for depreciation, depletion, amortization, debt expense, asset write-down and losses on the sales of properties.

SEC ENTERS OCEANSIDE PROPERTIES CASE. The SEC has entered an appearance in Chapter X proceedings for the reorganization of Oceanside Properties, Inc., and its subsidiary, Oceanside Investments, Inc., pending in the U. S. District Court in Honolulu (Corp Reorg. Release No. 262). The Commission has been requested to participate in this proceeding by Judge C. Nils Tavares, primarily for the purpose of advising as to the fairness and feasibility of the trustee's proposed plan of reorganization. The plan was based on the construction and sale by the reorganized company of five condominium apartment buildings in the Hawaii area within a 30-month period. Overall, the plan contemplates retaining secured creditors in their present position, the payment of all unsecured creditor claims in full by the issuance of a new class of preferred stock, and the participation of the old preferred and common stockholders. At a hearing before the Court on June 26, 1967, the Commission urged that the plan was fair and equitable and feasible, assuming that the necessary financing could be arranged, that a 100% sales projection was reasonable, and that construction could be completed within the specified period. The Commission recommended, however, that the plan not be approved until the Court is satisfied that the above assumptions were reasonable in light of existing local conditions, and that the plan not be confirmed until firm loan commitments were obtained. The Commission also recommended that the Trustee should complete his investigation under Section 167 of Chapter X before persons are requested to vote on the plan.

OVER

NATIONAL DOLLAR STORES HEARING SCHEDULED. The SEC has scheduled a hearing for September 19, 1967, in its San Francisco Regional Office upon an application filed by The National Dollar Stores, Ltd. ("National"), of San Francisco, for exemption from the registration provisions of Section 12(g) of the Securities Exchange Act of 1934. Granting of the exemption application would also exempt the company from the reporting provisions of Section 13 and the proxy provisions of Section 14 of the Act, and it also would exempt the so-called "insiders" of the company from the reporting and related provisions of Section 16.

The registration provisions of Section 12(g) generally apply to companies whose shares are traded over-the-counter and in which there is a substantial public interest (at least 500 shareholders and assets exceed \$1,000,000). National urges that by reason of the small number of public holders of its securities, the limited amount of trading interest therein, and other related facts, an exemption would not be inconsistent with the public interest or the protection of investors. According to National's application, its authorized capital consists of 30,000 common shares, \$100 par value, of which 10,000 shares are outstanding. Of this stock, 44.7% is owned by Shoong Investment Company. As of January 31, 1967, National had a total of 599 shareholders of record, of which less than 500 were residents of the United States. A substantial number of shareholders are employees owning a single share. Trading in the shares has been limited, only 21 transfers involving a total of 63 shares having occurred in 1966.

IFC COLLATERAL DEBENTURES IN REGISTRATION. IFC Collateral Corporation, 630 Fifth Ave., New York 10020, filed a registration statement (File 2-27094) with the SEC on August 15 seeking registration of \$2,200,000 of registered subordinated debentures, due 1973, 1979, and 1981. The debentures are to be offered for public sale in \$1,000 units. The offering is to be made on a best-efforts basis through IFC Securities Corporation, an affiliated company of the New York address, which will receive a \$25-per-unit selling commission on the \$200,000 of 1973 debentures and \$75 on the 1979 and 1981 debentures. According to the prospectus, an additional \$100,000 of debentures (due 1970) will be offered to holders of the company's debentures or securities of its parent, Investors Funding Corporation of New York, or any of its affiliates; a maximum of \$250,000 of debentures previously sold to the public may be reoffered by IFC Securities, as agent for persons who acquired such securities and subsequently desire to reoffer them at the then prevailing market price. The company is also registering \$500,000 of outstanding registered subordinated debentures; holders thereof may offer such debentures for public sale from time to time at the then current market price through IFC Securities.

Organized under New York law in 1960, the company is engaged in making loans secured by mortgages on real property and in purchasing, investing in and selling mortgages. Net proceeds from the sale of debentures will be used primarily for the purchase and placing of mortgage notes and bonds and to provide funds when required to fulfill commitments under standby agreements. The company has outstanding 200 common shares all of which are owned by Investors Funding Corporation of New York. Jerome Dansker is president of the company and is board chairman and president of the parent company.

CURTIS PUBLISHING FILES EXCHANGE OFFER. The Curtis Publishing Company, Independence Square, Philadelphia, Pa., 19105, filed a registration statement (File 2-27096) with the SEC on August 15 seeking registration of 1,000,000 shares of common stock and \$12,000,000 of subordinated income debentures (due 1986) and 600,000 common stock warrants. According to the prospectus, the company proposes to offer to holders of its \$4.00 and \$1.60 dividend prior preferred stock the right to exchange such shares for common stock and subordinated income debentures (with common stock warrants attached); the exchange ratio is to be supplied by amendment. White, Weld & Co. and Loeb, Rhoades & Co., as dealer managers, head the list of "soliciting dealers." Each soliciting dealer will be paid 80¢ for each share of the \$4.00 preferred share and 40¢ for each \$1.60 preferred share exchanged through its efforts; the dealer managers will receive 20¢ for each \$4 preferred share and 10¢ for each \$1.60 preferred share exchanged. Assuming 100% acceptance of the exchange offer the company will pay soliciting dealers \$454,179 plus out-of-pocket expenses.

The company is principally engaged in the publishing business. In addition to indebtedness and preferred stock, it has outstanding 3,541,068 common shares. J. M. Clifford is president.

METROPOLITAN EDISON FILES FOR OFFERING. Metropolitan Edison Company, 2800 Pottsville Pike, Muhlenberg Township, Berks County, Pa., filed a registration statement (File 2-27099) with the SEC on August 16 seeking registration of \$20,000,000 of debentures, due 1992, to be offered for public sale at competitive bidding. The company will use the net proceeds of its sale of debentures for the purpose of financing its business as a public utility, including the payment of some \$15,000,000 of short-term bank loans. Its 1967 construction program is estimated at \$37,000,000. W. R. Snyder is president.

RAYCHEM CORP. PROPOSES OFFERING. Raychem Corporation, 300 Constitution Drive, Menlo Park, Calif. 94025, filed a registration statement (File 2-27100) with the SEC on August 16 seeking registration of 60,000 shares of common stock. The shares are to be offered for public sale through underwriters headed by Blyth & Co., Inc., Russ Building, San Francisco, Calif. 94104 and Smith, Barney & Co. Inc., 20 Broad St., New York 10005. The public offering price (\$200 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in developing commercial applications of radiation chemistry. It manufactures and sells a variety of fabricated, irradiated electrical insulation products that are used chiefly in electrical wiring systems of aircraft, missiles, space vehicles, electronics and telecommunications equipment, and computers. Net proceeds from the sale of the shares will be used to retire short-term bank loans (expected to aggregate some \$9,000,000 by September 15) incurred in connection with its land acquisition and building program and for machinery and equipment; the balance will be added to the general funds of the company. In addition to indebtedness, the company has outstanding 1,022,354 common shares, of which management officials own 27.3% (including 15.2% owned by Paul M. Cook, president).

WISCONSIN NATURAL GAS FILES FOR OFFERING. Wisconsin Natural Gas Company, 231 W. Michigan St., Milwaukee, Wisc. 53201, filed a registration statement (File 2-27101) with the SEC on August 16 seeking registration of \$10,000,000 of first mortgage bonds, due 1992, to be offered for public sale at competitive bidding. A gas utility, the company will use the net proceeds of its bond sale to retire some \$4,700,000 of short-term bank loans; to reimburse its treasury for capital expenditures previously made; and to finance in part continuing additions and improvements to its utility property. Its 1967 construction program is estimated at \$9,000,000. Alfred Gruhl is president.

TEXAS ANGUS LEASING FILES. Texas Angus Leasing Corporation, 516 Southwest Tower, Houston, Texas 77018, filed a registration statement (File 2-27102) with the SEC on August 16 seeking registration of 2,000 Lease and Management Agreements in its Black Angus cattle program. The agreements are to be offered for public sale at \$500 per unit (with a minimum commitment of \$5,000).

The company was organized under Texas law in June 1967, primarily for the purpose of engaging in the business of providing materials and services for the breeding of registered Black Angus cattle. Each unit of Lease Agreement will consist of a contract whereby the company will lease to the investor one registered Black Angus cow and will perform various services for the investors in connection therewith, with the ultimate aim of producing a registered, weaned Black Angus calf owned by the investor. The period of each lease will be one year. The fee paid by the investor to the company for the lease and these related services will be \$500 per unit, payable upon execution of the Lease Agreement. The minimum number of cows that can be leased by any one person is ten. While the company will not guarantee that each leased cow will produce a calf during the period of the lease, with respect to those calves that are so produced the company will, in the companion Management Agreement, undertake to care for, maintain, breed and calve such animals, as well as their descendants, for the investors at an annual management charge of \$200 per animal, payable in advance. This charge will not begin to be incurred until a given animal has been weaned; it will terminate at such time as the animal may be sold or removed from possession of the company. Management Agreements will be entered into by the company only simultaneously with their related Lease Agreements and will automatically terminate five years thereafter, at which time new Management Agreements may be executed. The operations are to be conducted on approximately 910 acres of improved pasture land in Washington and Austin Counties, Texas. The cows which the company presently owns were contributed to the company by Dan J. Pulaski (president), James D. Stewart (vice president) and R. L. McWilliams (the company's herdsman), in exchange for capital stock in the company.

WILHITE-McGAHEE PIPE-LINE PROPOSES DEBENTURE OFFERING. Wilhite-McGahee Pipe-Line, Inc., 1225 U.S. Highway 17, Orange Park, Fla. 32073, filed a registration statement (File 2-27103) with the SEC on August 16 seeking registration of \$1,500,000 of convertible subordinated debentures, due 1982, to be offered for public sale by the company at 100% of principal amount.

The company owns and operates a system for the production, purchase, gathering, sale, and transportation of natural gas. Its pipeline extends approximately 25 miles from the Century Buckhannon Gas Field in northern Upshire and Southern Barbour Counties, W. Va., to Central Harrison County, W. Va. All of its gas is sold to the Union Carbide Corporation plant at Ammore and Pittsburgh Plate Glass Company plant at Stonewood. The net proceeds to be received from the sale of the debentures will be used in part to pay off certain outstanding demand notes and other indebtedness; the balance will be added to its general funds, to be used for pipeline expansion and working capital. In addition to indebtedness, the company has outstanding 15,000 common shares, of which Marvin E. Wilhite (president) and Francis M. McGahee (vice president) each own 7,500 shares.

ALLIED CONTROL FILES FOR OFFERING AND SECONDARY. Allied Control Company, Inc., 2 East End Ave., New York, 10021, filed a registration statement (File 2-27104) with the SEC on August 16 seeking registration of 155,512 shares of common stock. Of this stock, 50,000 shares are to be offered for public sale by the company and 105,512 shares (being outstanding stock) by the holders thereof. The public offering price and underwriting terms are to be supplied by amendment. Bache & Co., Inc., 36 Wall St., New York 10005 is listed as the principal underwriter.

The company is a manufacturer of electro-magnetic relays for commercial applications and for use in the Government's military and space programs. It also manufactures and sells solenoid valves, primarily for commercial use, and "whorls" (devices which regulate yarn tension on textile spinning machinery). Of the net proceeds to be received from its sale of additional stock, \$225,000 will be required in 1968 for construction of an addition to its Plantsville, Conn. plant to permit expansion of its valve manufacturing capacity; \$150,000 in 1968 for improvement of its New York City executive, sales and manufacturing facilities; \$850,000 through 1969 for additional engineering work, tooling and facilities for the production of new relays and valves planned to be added to its product lines; and \$600,000 to pay short-term indebtedness to a bank which was incurred to provide working capital; the remainder will be added to working capital and will be available for general corporate purposes. In addition to indebtedness, the company has outstanding 477,900 common shares, of which management officials own 22.42%. The prospectus lists three selling stockholders. The Estate of C. L. Von Egloffstein proposes to sell 50,000 of its holdings of 106,810 shares, Edward H. Gillette (board chairman) 50,000 of 104,737 shares, and Linda Gillette Cornet, all of her holdings of 5,512 shares. J. S. Anderson is president.

RAPHAEL BLOOM ENJOINED. The SEC New York Regional Office announced August 7 (LR-3788) the issuance of a Federal court order (USDC SDNY) preliminarily enjoining Raphael Bloom of Kew Gardnes, Queens, N.Y., from violating the Securities Act registration provisions in the sale of stock of General Electronics, Inc. The company and other defendants previously were enjoined.

KEYSTONE FUNDS RECEIVE ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5060) granting an exemption application of the 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, 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. 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, seeking approval 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.

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 August 2 News Digest.

Southern Realty & Utilities Corp Jul 67 (7)	1-4253-2	Air Products & Chemicals Inc Jul 67 (7,13)	1-4534-2
Sta-Rite Ind Inc Jul 67 (4,7,12,13)	0-1058-2	Apache Corp Jul 67 (7,8,13)	1-4300-2
Strategic Materials Corp Jul 67 (6)	0-423-2	Arkansas Western Gas Co Jul 67 (7,8,13)	0-517-2
Sunstrand Corp Jul 67 (7,13)	1-5358-2	Armco Steel Corp Jul 67 (7,13)	1-873-2
T F H Publishing Inc Jul 67 (7,13)	0-2245-2	Associated Grocers Inc Jan 67 (7)	2-12454-2
Telecredit Inc Jul 67 (3,12,13)	2-25304-2	Mar 67 (7)	2-12454-2
Tidewater Oil Co Jul 67 (12)	1-160-2	Athlone Industries Inc Jul 67 (2,4,7,13)	0-54-2
Union Carbide Corp Jul 67 (7,12,13)	1-1463-2	Belmont Iron Works Jul 67 (11)	0-51-2
Uniservices Inc Jul 67 (6,12,13)	0-77-2	Bergen Drug Co Inc Jul 67 (7)	1-5110-2
United Engineering & Foundry Co Jul 67 (7)	1-1711-2	Bloomfield Bldg Ind Inc Jul 67 (8,12)	1-4608-2
United States Banknote Corp Jul 67 (11)	0-1630-2	Boeing Co Jul 67 (8)	1-442-2
U S Filter Corp Jul 67 (13)	1-4097-2	Carolina Pipeline Co Aug 67 (11,13)	0-1597-2
Walworth Co Jul 67 (12,13)	1-798-2	Crescent Corp Oct 65 (8)	1-3425-2
Warner Bros--Seven Arts Ltd Jul 67 (2,3,4,7,11,12,13)	1-5134-2	Dalto Electronics Corp Jul 67 (2,6,13)	0-1852-2
Watkins-Johnson Co Jul 67 (1,2,7)	0-977-2	Donnkenny Inc May 67 (7,11,13)	2-19809-2
H R Weissberg Corp Jul 67 (2,12,13)	0-1086-2	Eversharp Inc Jul 67 (11,13)	1-1140-2
Wellco Ro-Search Ind Inc Jul 67 (7,13)	2-10917-2	Farland Industries Inc Jul 67 (8)	2-7250-2
Western Inv Real Estate Trust Jul 67 (2,11)	2-23013-2	Genesco Inc Jul 67 (7,13)	1-3053-2
Wyle Laboratories Jul 67 (7,11,13)	1-5374-2	Genisco Technology Corp Jul 67 (2,13)	1-4853-2
Bacm Ind Ltd Amend #1 to 8K for Jun 67 (13)	1-5086-2		
Electronic & Missile Facilities Inc Amend #1 to 8K for May 67 (8,9)	1-4412-2		

SECURITIES ACT REGISTRATIONS. Effective August 16: American Reserve Corp., 2-26846 (40 days); Bemis Co., Inc., 2-26897 (40 days); California Shopping Centers, Inc., 2-26919 (40 days); Cleary Funds Inc., 2-26744; Columbia Balanced Fund, Inc., 2-25775; Columbia Growth Fund, Inc., 2-25785; Georgia Power Co., 2-26995 (Oct 9); Houston Natural Gas Corp., 2-26961 (40 days); Kimberly-Clark Corp., 2-27055; Leeds Shoes, Inc., 2-26940 (40 days); Miles Laboratories, Inc., 2-26921 (40 days); R. F. Communications, Inc., 2-26878; Tally Corp., 2-26557 (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.