

# 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. 67-210)

FOR RELEASE October 31, 1967

**AMERICAN HYDROCARBON SEEKS EXEMPTION.** The SEC has issued an order under the Investment Company Act (Release IC-5149) giving interested persons until November 20 to request a hearing upon an application of American Hydrocarbon Corporation, Dallas, for an order declaring that it is primarily engaged in business other than that of an investment company.

In June 1964, applicant acquired Intercontinental Manufacturing Company, Inc. ("Intercontinental") from Lionel Corporation, and such ownership comprised over 95 percent of applicant's total assets. On May 9, 1967, a transaction was consummated between applicant and Intercontinental Industries, Inc. ("INI") whereby applicant exchanged 900 shares (90%) of Intercontinental common for 40 percent of the outstanding voting securities of INI, certain convertible or secured notes of INI, and the assumption of INI of certain debt of applicant. This transaction is said to represent the culmination of over a year and a half of effort by applicant to salvage its affairs and assets. On June 30, 1967, subsequent to the disposition by applicant of 143,600 shares of INI common stock primarily in settlement of certain existing obligations, applicant held 416,000 shares, or approximately 29 percent of the outstanding voting securities of INI. Such ownership may be increased to approximately 31 percent if applicant converts a \$144,550 five percent note into 48,183 shares of INI, or decreased to approximately 23 percent if 75,000 shares of INI are distributed to applicant's stockholders. This distribution, although approved by a vote of stockholders, has been deferred until settlement is made with all of applicant's creditors. If applicant elects both to convert the notes and to make the distribution to shareholders, it will hold in excess of 25 percent of the outstanding voting securities of INI. Applicant further states that its ownership in INI is its only significant investment, such ownership representing approximately 93 percent of the value of its total assets (exclusive of cash items and Government securities) at June 30, 1967.

**AXE-HOUGHTON FUND A RECEIVES ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release IC-5150) granting an application of Axe-Houghton Fund A, Inc., Tarrytown, N. Y., with respect to the proposed conversion of Axe-Houghton of shares of cumulative convertible prior preference stock of Austin, Nichols & Co., Inc., into shares of common stock of that company.

**FIRST STATE LIFE INSURANCE ENJOINED.** The SEC Washington Regional Office announced October 24 (LR-3836) the entry of a Federal court judgment in Delaware permanently enjoining First State Life Insurance Investors, Inc., from further violations of the anti-fraud provisions of the Federal securities acts in the offer and sale of its common and preferred stock. The court further enjoined the defendant company from disbursing its funds to the individual defendants in the case or for their personal benefit. The defendant company, without admitting or denying the allegations, consented to the entry of the decree. The case is still pending with respect to the remaining defendants.

**FRANCES AND SIDOTI ENJOINED.** The SEC New York Regional Office announced October 27 (LR-3837) the entry of a Federal court order in New York City preliminarily enjoining L. A. Frances, Ltd., a broker-dealer of New York City and its manager, A. Frank Sidoti, of Manhasset, New York, from further violations of the registration provisions of the Securities Act in connection with the offer, sale and delivery after sale of the common stock of Vista Industries Corporation.

**JAMES F. CHARLTON, OTHERS, ENJOINED.** The <sup>SEC</sup>Seattle Regional Office announced October 25 (LR-3838) the entry of a Federal court judgment in Seattle, permanently enjoining James F. Charlton, Investment Exchange Corporation, a Washington corporation, Investment Exchange Securities, Inc., a Washington corporation, and Commonwealth Investors Group, a Washington limited partnership, from further violations of the anti-fraud provisions of the Federal securities acts, in connection with the offer and sale of units of capital interest of Commonwealth Investors Group.

**PHOTO MAGNETIC PROPOSES OFFERING.** Photo Magnetic Systems, Inc., c/o Feldman Warner & Cole, 1250 Connecticut Ave., N. W., Washington, D. C. 20036, filed a registration statement (File 2-27569) with the SEC on October 27 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$3.75 per share. The offering is to be made through underwriters headed by Charles Plohn & Co., 200 Park Ave., New York, which will receive a \$.375 per share commission. The underwriter has been granted five-year options to purchase 12,500 new common shares from the company and 5,000 outstanding shares from a stockholder, at \$3.75 per share. The prospectus also covers 25,000 shares previously purchased by the underwriter from two stockholders of the company. The company has agreed to pay to the underwriter \$15,000 for expenses.

OVER

Organized under Maryland law on May 1, 1967, the company is engaged in the development, manufacture and sale of electronic and electro-mechanical equipment, primarily consisting of communications oriented, computer-based Touch-Tone systems, and in selling and operating related services employing such equipment. Of the net proceeds of its stock sale, \$97,500 will be used to repay short-term loans, \$55,000 for equipment, and \$114,000 for marketing expenses; the balance will be used as working capital and for general corporate purposes. In addition to indebtedness, the company has outstanding 250,000 common shares, of which the underwriter owns 10.0% and management officials 77.5% (including 45.0% owned by Peter James, president). Sale of the 100,000 shares will increase the book value of outstanding shares from \$.348 to \$1.112 per share; and the book value of shares sold will be reduced by \$2.63 from the offering price.

**PULLMAN ASSOCIATES PROPOSES OFFERING.** Pullman Associates, Ltd., 253 Broadway, New York, filed a registration statement (File 2-27571) with the SEC on October 27 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$4.00 per share. The offering is to be made on a "best efforts" basis through underwriters headed by Koss & Co., 1266 E. 24th St., Brooklyn, N. Y., which will receive a 50¢ per share selling commission. The company has agreed to sell to the underwriter up to 15,000 five year warrants at one mill per warrant and at a rate of 15 warrants for every 100 shares sold, exercisable at \$4.00 per share, and to pay to the underwriter \$4,000 for expenses.

The company was organized for the purpose of promoting the licensing of products and processes and patents for the manufacture and/or sale, both in the United States and foreign countries. It does not own any patents or processes, but rather undertakes to act as a channel for clients' products, processes and patents that can be licensed or otherwise exploited commercially. Net proceeds of its stock sale will be used for operating expenses in connection with the company's business and the balance will be added to working capital to finance its activities in obtaining, evaluating and placing technology and for other corporate purposes. In addition to indebtedness, the company has outstanding 300,000 common shares, of which management officials own 46.25% (including 35% owned by Burke Pullman, president). Assuming the sale of all 100,000 shares, the book value of outstanding shares will be increased from \$.014 to \$.74 per share, "such increase being at the expense of the new stockholders whose investment of \$4.00 per share will be immediately diluted by \$3.26 per share."

**CHEMOLENE INDUSTRIES PROPOSES OFFERING.** Chemolene Industries, Inc., 902 Park St., Bordentown, N. J. 08505, filed a registration statement (File 2-27572) with the SEC on October 27 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$4.00 per share. The offering is to be made through underwriters headed by Mayflower Securities Co., Inc., 32 Broadway, New York, which will receive a 40¢ per share commission. The company has agreed to sell to the underwriter and to Henry Neuwirth, respectively, for an aggregate of \$175, 11,000 and 6,500 five-year common stock purchase warrants, and exercisable at \$4.00 per share, and to pay to the underwriter \$14,000 for expenses.

The company is engaged in the business of manufacturing and selling a diversified line of capillary writing instruments including felt tip markers, fiber tip markers, and special purpose markers in addition to ball point and marking pen inks. Of the net proceeds of its stock sale, \$200,000 will be used to reduce accounts payable and note obligations; \$25,000 will be expended for the expansion of existing research facilities and for the development and tooling of new products; and the balance will be added to general funds and will be available for working capital purposes. In addition to indebtedness, the company has outstanding 161,500 common shares, of which Norman Melnick (president) and Libby Melnick (a director) each own 49.5%. Sale of the 100,000 shares will result in an increase in the book value of outstanding shares from \$1.80 to \$2.34 per share, and a dilution from \$4 to \$2.34 per share of the book value of shares acquired by the public. Purchasers of the 100,000 shares will acquire a 38.2% interest in the company for which they will have paid \$400,000; present stockholders will own the balance of 61.8% which had a July 31 book value of \$290,619 or \$1.80 per share.

**FIRST HOLDING COMPANY FILES EXCHANGE PROPOSAL.** First Holding Company, Inc., 831 N. Grand Ave., Waukesha, Wisc., filed a registration statement (File 2-27573) with the SEC on October 27 seeking registration of 310,800 shares of common stock. Of this stock, 262,800 shares are to be offered in exchange for all of the issued and outstanding capital shares of the First National Bank of Waukesha, on a share-for-share basis, and 48,000 shares in exchange for all of the issued and outstanding capital shares of The First National Bank in Wauwatosa, at the rate of 1.6 shares of company stock for each Bank share.

The company will become a bank holding company upon acquisition of the two banks. In addition to indebtedness, it has outstanding 70 common shares, all owned by management officials. Henry F. W. Furlong is board chairman of the company of The First National Bank in Wauwatosa, and W. A. Kummrow is president of the company and of the First National Bank of Waukesha.

**BUSINESS DEVELOPMENT PROPOSES OFFERING.** Business Development Corporation of Nebraska, 14th & M Sts., Lincoln, Nebr., 68508, filed a registration statement (File 2-27575) with the SEC on October 30 seeking registration of 50,000 shares of common stock, to be offered for public sale at \$10.00 per share. The offering is to be made through company representatives.

The company has been formed for the purpose of promoting the economic development of Nebraska by providing a new source of financing which will be available to assist existing businesses and to encourage new industry and expanded employment in Nebraska. It will derive its funds from its stock sale and from loans from financial institutions such as banks and insurance companies which, by becoming members of the company, agree to lend money to it. It is designed to make loans and other investments of a nature not customarily undertaken by financial institutions, and is empowered to acquire, lease, and sell real estate and personal property, including the goodwill and assets of any business, to construct improvements upon real estate, and to acquire stock, bonds and other securities. Bennett S. Martin is board chairman and W. W. Cook, Sr. is president.

**FISCHER & PORTER PROPOSES DEBENTURE OFFERING.** Fischer & Porter Company, Warminster, Pa., filed a registration statement (File 2-27576) with the SEC on October 30 seeking registration of \$6,000,000 of convertible subordinated debentures, due 1987. The debentures are to be offered for public sale through underwriters headed by Drexel Harriman Ripley, Inc., 60 Broad St., New York 10004. The interest rate, public offering price, and underwriting terms are to be supplied by amendment.

The company is principally a manufacturer of industrial process control instruments which it sells as individual items or as components of its complete control systems. It also provides technical and engineering services in connection with control systems. Net proceeds of its debenture sale will be used to reduce some \$8,000,000 of short-term bank loans. In addition to indebtedness, the company has outstanding 841,261 common shares, of which management officials own .4%. Kermit Fischer is president.

**IVEST FUND SEEKS EXEMPTION ORDER.** Ivest Fund, Inc., Boston, open-end diversified management investment company, has applied to the SEC for an exemption order under the Investment Company Act permitting it to enter into a renewed management contract on April 1, 1968, if such action is approved by applicant's shareholders at their annual meeting November 15, 1967; and the Commission has issued an order (Release IC-5151) giving interested persons until November 13 to request a hearing thereon.

On March 31, 1967, Ivest, Inc., investment adviser to applicant, became a wholly-owned subsidiary of Wellington Management Company, the applicant's principal underwriter, by an exchange of all the issued and outstanding shares of Ivest, Inc., for Wellington Class B common stock. Wellington is principal underwriter and investment adviser to Wellington Fund, Inc., and five other funds. The exchange constituted an assignment which thereby terminated Ivest, Inc.'s management contract with applicant; and a new management contract between applicant, Ivest, Inc., and Wellington was entered into and approved by applicant's shareholders. As part of the combination of Ivest, Inc., and Wellington, 9,000 shares of Wellington Class B stock, representing 64% of the voting power of Wellington, were deposited in a voting trust, under the terms of which one of the voting trustees, Walter L. Morgan, Wellington board chairman, will control the trust until April 1, 1968; if shareholders of the several funds then served by Wellington approve new investment advisory contracts, the trust will be controlled by a majority vote of Morgan, president Joseph E. Welch, and two other Wellington officials. Such a change in the voting control of the trust will cause a termination of the management contract, requiring approval by applicant's shareholders. This renewed management contract will contain precisely the same terms as the management contract in effect immediately prior to the change in control. If the proposed revision of the management fee schedule (to become effective November 30, 1967) is approved by the applicant's shareholders at their November 15, 1967 meeting, the renewed contract to become effective next April 1 will contain such revision. If such approval is not obtained, the renewed contract will contain precisely the same terms as the present management contract.

**GILLETTE INTERNATIONAL SEEKS ORDER.** Gillette International Capital Corporation ("applicant") Boston subsidiary of The Gillette Company, has applied to the SEC for an order under the Investment Company Act exempting it from all provisions of the Act; and the Commission has issued an order (Release IC-5145) giving interested persons until November 15 to request a hearing thereon.

Applicant was organized to raise funds abroad for financing the expansion and development of its parent's foreign operations, while at the same time providing assistance in improving the balance of payments position of the United States in compliance with the voluntary cooperation program instituted by the President in February 1965. In addition to capital to be supplied by its parent, applicant intends to sell up to \$50,000,000 of its guaranteed debentures, due 1982, to a group of underwriters for offering and sale only outside the United States. The parent will guarantee the principal, interest, and premium, if any. Applicant's funds will be invested in or loaned to foreign companies in which the parent has a substantial interest so as to provide funds for their foreign operations.

**STOCK PLANS FILED.** The following companies have filed Form S-8 registration statements with the SEC proposing the issuance of stock under employee stock option and related plans:

Hi-G, Incorporated, Windsor Locks, Conn. (File 2-27561) - 93,750 shares

Dresser Industries, Inc., Dallas, Tex. 75221 (File 2-27565) - \$3,000,000 of participation in its employees' thrift plan, 185,000 common shares, and 55,000 \$2.20 convertible preferred shares, Series A

Crum and Forster, New York 10038 (File 2-27568) - 100,000 shares

**HERMAN AND ROSS INDICTED.** The SEC New York Regional Office announced October 27 (LR-3839) the indictment of George Herman and Laurence Ross (USDC SDNY) on charges of causing false statements to be made in an application for broker-dealer registration filed by Jerome Richard & Co., Inc., and in a Regulation A offering circular filed by that company, and conspiracy to file such false statements.

**GFI COMPUTER FILES FOR RIGHTS OFFERING.** GFI Computer Industries, Inc. ("GFI"), 100 W. Clarendon, Phoenix, Ariz., filed a registration statement (File 2-27574) with the SEC on October 27 seeking registration of 562,292 shares of common stock. The shares are to be offered for subscription by holders of the outstanding common stock of GFI's parent, GF Industries, Inc., on the basis of one share of GFI common for each three shares of the parent's common stock owned of record. The record date and subscription price (\$8.25 per share maximum\*) are to be supplied by amendment.

Organized under Arizona law in June 1967, GFI is presently engaged in providing computerized analyses to the mining industry and in the production of data acquisition and conversion equipment. Of the net proceeds of its stock sale (assuming all shares are subscribed for), \$451,000 will be used to discharge indebtedness, \$1,200,000 for the direct support of the company's operating divisions and the conduct of proposed activities, and \$600,000 to acquire additional computer capability and related peripheral equipment including remote terminals; the balance will be applied to working capital and used for general corporate purposes. Dr. Donald F. Mooney is president. Upon

completion of the offering, assuming all of the shares are sold, the purchasers thereof will own 562,292 common shares, representing 49.6% of the outstanding shares and 29.9% of the outstanding voting rights, while the parent will own 660,020 Class A common shares, which shares had an aggregate pro forma book value as at August 31, 1967 of \$589,057 and will represent 50.4% of the outstanding shares and 70.1% of the outstanding voting rights.

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
2850	Allen Aircraft Radio Inc	Elk Grove Village, Illinois	2852	Kaldenbaugh Mortgage & Investment Co, Inc.	Tucson, Arizona
2857	American Self-Service Stores, Inc. **	St. Louis, Mo.	2846	Kentucky Finance Co., Inc.	Lexington, Ky.
2844	Blue Ridge Real Estate Co	Bethlehem, Pa.	2848	National Semiconductor Corp	Santa Clara, California
2855	Capital Estates, Inc	Reno, Nevada	2845	The Oaks, Inc.	Lexington, Ky.
2856	Coastal Dynamics Corp	Venice, Calif.	2860	Pacific Automation Products, Inc. **	Glendale, Calif.
2838	Commercial Plastics Co	Chicago, Ill.	2837	Pacific Plantronics, Inc.	Santa Cruz, Calif.
2851	Cornet Stores **	Pasadena, Calif.	2859	Radiatronics, Inc.	Van Nuys, Calif.
2854	Franklin National Investment Corp	Fort Wayne, Indiana	2836	Southern Syndicate, Inc.	Atlanta, Ga.
2840	Greater Arizona Savings and Loan Assoc.	Phoenix, Arizona	2843	Split Rock Lodge, Inc.	Bethlehem, Pa.
			2847	Tyco Laboratories, Inc.**	Waltham, Mass.
			2858	Universal Chemicals, Inc.**	Cincinnati, O.

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 October 2 News Digest.

Beverages Inc Jul 67 (12)	2-19484-2	Continental Can Co Inc Sept 67 (8)	1-489-2
Chattanooga Gas Co Aug 67 (12,13)	0-49-2	Continental Screw Co Sept 67 (11)	0-1910-2
Chester Elec Laboratories Inc Sept 67 (11,13)	0-1774-2	Continental Tele Corp Sept 67 (7)	1-4765-2
HM Liquidating Corp Sept 67 (3,12)	0-1628-2	Dasa Corp Sept 67 (7,13)	0-2145-2
Moore Drop Forging Co Sept 67 (8,11)	0-1870-2	Diana Stores Corp Oct 67 (7,13)	1-3214-2
Trane Co Sept 67 (7,8,13)	1-2860-2	Kenrich Corp Sept 67 (7,11,13)	0-1558-2
Martha White Foods Inc Sept 67 (7,11)	0-411-2	Arthur G Mc Kee & Co Feb 67 (7)	1-146-2
GF Ind Inc		Natl Propane Corp Sept 66 (11,13)	1-4796-2
Amend #1 to 8K for Jul 67 (13)	1-4273-2	Pacific Air Lines Inc Sept 67 (2,3)	1-5279-2
Inv Unlimited Inc		Straza Ind Sept 67 (2,11,13)	0-1803-2
Amend #1 to 8K for Sept 67 (1,2,3,7,11,13)	0-2202-2	Watkins-Johnson Co Sept 67 (1,7)	0-977-2
Northrop Corp		Royal Land & Development Corp	
Amend #1 to 8K for Jul 67 (4)	1-3229-2	Amend #1 to 8K for Jan 67 (13)	0-760-2
Oxy-Catalyst Inc			
Amend #1 to 8K for 6-30-67 (13)	2-15956-2		

SECURITIES ACT REGISTRATIONS. Effective October 30: The Deltona Corp., 2-27157 (40 days); Industrial Electronic Hardware Corp., 2-27271 (40 days); Koehring Co., 2-26636 (40 days); McCord Corp., 2-26781; Norris Industries, Inc., 2-27151 (40 days).  
Withdrawn October 27: Canadian Geary Mining Corp. Ltd., 2-26502.

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.

---oooOooo---