

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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ELEVEN STOCK PLANS FILED. Form S-8 registration statements have been filed with the SEC by the following companies, seeking registration of securities for offering under employee and/or officer stock plans:

Southwest Gas Corporation, 2011 Las Vegas Blvd., S., Las Vegas, Nev. 89101 (File 2-24913) (4,000 shares)
The Carborundum Company, Buffalo Ave., Niagara Falls, N. Y. (File 2-24961) (131,968 shares)
Trico Products Corporation, 817 Washington St., Buffalo, N. Y. 14203 (File 2-24962) (30,000 shares)
Teleflex Incorporated, Church Rd., North Wales, Pa. (File 2-24964) (10,000 shares)
Lone Star Cement Corporation, 100 Park Ave., New York 10017 (File 2-24965) (100,000 shares)
Thiokol Chemical Corporation, Bristol, Pa. (File 2-24971) (138,552 shares)
General Foam Corporation, 640 W. 134th St., New York 10031 (File 2-24975) (28,160 shares)
Great Northern Paper Company, 525 Fifth Ave., New York 10036 (File 2-24976) (100,000 shares)
Mid-Continent Telephone Corporation, 363 Third St., Elyria, Ohio (File 2-24977) (35,743 shares)
Sears, Roebuck and Co., 925 S. Homan Ave., Chicago, Ill. 60607 (File 2-24979) (3,500,000 shares)
Fischer & Porter Company, Warminster, Pa. (File 2-24980) (20,000 shares)

CALIFORNIA SHOPPING CENTERS PROPOSES OFFERING. California Shopping Centers, Inc., 2055 N. Garey Ave., Pomona, Calif. 91769, filed a registration statement (File 2-24968) with the SEC on May 6 seeking registration of 32,500 shares of common stock, to be offered for public sale through McCombs Securities Co., Inc., of the Pomona address. The public offering price (\$13.50 per share maximum*) and underwriting terms are to be supplied by amendment.

The principal assets of the company are three parcels of real property improved with shopping centers. Net proceeds of its stock sale will be used primarily to discharge \$342,000 of indebtedness, the proceeds of which were applied to the purchase price for a shopping center. A portion of the remaining proceeds will be used to repay a loan from Shopping Center Management, Inc., which is under contract to operate the company's properties, and the balance will be added to general funds. In addition to indebtedness, the company has outstanding 55,850 common shares, of which management officials own 1,410 shares. Russell G. Hibbard is president of the company and of the management company.

OPTICAL COATING FILES FOR OFFERING AND SECONDARY. Optical Coating Laboratory, Inc., 2789 Giffen Ave., Santa Rosa, Calif. 95401, filed a registration statement (File 2-24978) with the SEC on May 9 seeking registration of 100,000 shares of common stock. Of this stock, 60,000 shares are to be offered for public sale by the company and 40,000 shares (being outstanding stock) by the present holders thereof. The offering is to be made through underwriters headed by Davis, Skaggs & Co., 111 Sutter St., and J. Barth & Co., 404 Montgomery St., both of San Francisco. The public offering price (\$14 per share maximum*) and underwriting terms are to be supplied by amendment. The company will grant to the principal underwriter three-year warrants to purchase an aggregate of 6,000 shares at prices ranging from 107% of the public offering price during the first year when such options may be exercised.

The company develops, manufactures and sells optical coatings vacuum-deposited on optics of its own manufacture or manufactured by customers, for the purpose of controlling and filtering visible, infrared and ultraviolet energy. Net proceeds of its sale of additional stock (together with proposed borrowings of \$1,500,000) will be used to retire all existing debt (amounting to approximately \$950,000), with the exception of a \$40,000 loan from Rolf F. Illsley, president. The balance of the proceeds and the loan funds will be used to construct and equip new buildings. In addition to indebtedness, the company has outstanding 344,246 common shares, of which management officials own 64.9%. The prospectus lists six selling stockholders, including Illsley, who is offering 26,000 of 211,512 shares held.

MONTREAL PROPOSES DEBENTURE OFFERING. The City of Montreal, Quebec, Canada, filed a registration statement (File 2-24982) with the SEC on May 10 seeking registration of \$30,000,000 of 5-3/8% sinking fund debentures for public works (due 1991). The debentures are to be offered for public sale through a group of underwriters (whose identity is to be supplied by amendment). The public offering price and underwriting terms are also to be supplied by amendment. Net proceeds of this financing will be used in connection with the City's public works.

BALDWIN SECURITIES RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4599) granting an exemption application filed by Baldwin Securities Corporation, New York investment company, with respect to certain transactions incident to the merger of KVP Sutherland Paper Company into Brown Corporation. Under the proposal, the 2,530,021 outstanding common shares of Brown are to remain outstanding without alteration, and each share of outstanding KVP common stock (other than 1,108,930 shares, approximately 50%, held by Brown) is to be converted into one share of Series A convertible preferred stock of Brown. As reported in the April 26 News Digest Baldwin owns approximately 14% of Brown's common stock, and proposes to sell 180,000 shares at \$22.50 a share to Fasco Inc. Fasco is a wholly-owned subsidiary of Fasco A. G., a Liechtenstein corporation which beneficially owns about 22% of Brown's outstanding common stock. After the sale to Fasco of Brown common, Baldwin will own 164,417 shares of Brown's common stock.

OVER

SEC ISSUES ALLEGHANY CONTROL DECISION. In a decision under the Investment Company Act announced today (Release IC-4595), the SEC denied an application by Randolph Phillips, a stockholder of Investors Mutual, Inc. and of three other investment companies for which Investors Diversified Services, Inc. ("IDS") serves as investment adviser and principal underwriter, for a determination that Bertin C. Gamble and two companies affiliated with him acquired control of Alleghany Corporation and IDS in or about October 1962 (Alleghany owns about 47.5% of the voting securities of IDS and controls that company). At the same time, the Commission ruled (as requested in an application filed by IDS) that Alleghany was controlled by John D. and Clint W. Murchison, Jr., as well as by Allan P. Kirby, during the period from August 1962 to June 1963.

Phillips' application alleged that the Gamble Group acquired control as a result, among other things, of its purchase in October 1962 of 1.5 million shares (15%) of the common stock of Alleghany from the Murchisons and their associates. It further alleged that such acquisition of control terminated by "assignment" (as defined in the Act) the investment advisory and underwriting contracts between IDS and the investment companies, and that as a result those companies were entitled to a return of all payments made under the contracts, less the actual cost of the services rendered, from the date of termination to the dates in April and May 1963 when new contracts were approved by their shareholders.

According to the Commission's decision, the Murchisons in May 1961 won a "bitter proxy contest" with the Kirby interests for control of Alleghany, but Kirby actively sought to regain working control and his efforts met with success in 1963. Between May 1961 and October 1962, the Murchisons owned or controlled about 2.4 million shares (24%) of Alleghany common, and Kirby owned or controlled about 33%. The Commission found that in July 1962 the Murchisons, frustrated by the "unyielding opposition" of Kirby to their programs in Alleghany, entered into discussions with Gamble looking to the latter's purchase of some or all of the Alleghany stock held by the Murchisons. Preliminary agreements entered into in August 1962 followed by formal contracts in October 1962, providing for the immediate purchase by the Gamble interests of 1.5 million shares of Alleghany common from the Murchison interests and a put-call arrangement with respect to an additional 2 million shares. Following transfer of the 1.5 million shares, Gamble and an associate were elected to the Alleghany board of directors. In December 1962, Gamble succeeded John Murchison as president of Alleghany. However, according to the Commission's opinion, by that time Gamble had failed in efforts to reach an accord with Kirby as to the future management of Alleghany, had learned that Kirby had formed an alliance with the Nationwide Insurance interests to acquire joint working control of Alleghany and that those interests had accumulated a large amount of Alleghany stock, and had resolved to sell his holdings of Alleghany stock unless he could buy Kirby's stock (which he soon learned was not feasible). In October 1963, the Gamble interests sold to Kirby and two associates 1.6 million shares of Alleghany stock out of about 1.8 shares obtained on exercise of the call with the Murchisons; and in December 1963 Kirby again assumed working control of Alleghany.

The Commission concluded that under all the circumstances - including the fact that after October 1962 most of the Alleghany board and officers continued to be Murchison associates, and that the stock interests of the Murchisons and their associates and of Kirby each exceeded the Gamble holdings - the statutory presumption that the Gamble interests did not control Alleghany had not been rebutted. The Commission rejected contentions that in addition to the written agreements, there were secret oral agreements between the Murchisons and Gamble providing for a transfer of control to the latter, and that certain actions taken by the Alleghany and IDS boards reflected the actual exercise of a controlling influence by Gamble.

JAY ANSON BARRED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7885) barring Jay Anson, 42-65 Kissena Blvd., Flushing, N. Y., from future association with a broker or dealer. Based on allegations in its order for proceedings, the Commission found that from September 1, 1964, to May 31, 1965, Anson engaged in unauthorized transactions for customers, confirmed but failed to execute purchases for customers, converted customers' funds to his own use, and misrepresented and omitted to state material facts in connection with such activities. Anson waived a hearing and consented to the order.

LILLIAN LOWENTHAL WITHDRAWS REGISTRATION. The SEC today announced a decision under the Securities Exchange Act (Release 34-7883) permitting Lillian Lowenthal, doing business as Kent Securities Co., 102-10-66th Rd., Forest Hills, N. Y., to withdraw her broker-dealer registration; and it dismissed proceedings with respect to her failure to file a 1964 financial report. The decision was based on representations by the respondent that she never engaged in the securities business, never held customers' monies or securities and had no creditors.

CHANNING SECURITIES SEEKS ORDER. Channing Securities, Inc., New York, registered open-end diversified investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to transactions incident to the proposed termination of a registered unit investment trust known as Channing Investment Funds Inc. Personal Investment Plan (General Industries Shares) ("Channing Fund Plan"). The Commission has issued an order (Release IC-4593) giving interested persons until May 30 to request a hearing thereon. According to the application, Channing Fund Plan registered as a unit investment trust in June 1954 and the applicant has acted as its depositor since inception. Channing Fund Plan's underlying securities are Channing Common Stock Fund shares. The plan sold periodic payment plan certificates from 1954 to 1960, but has sold none since 1960. Mercantile Trust Co., N. A., a national banking corporation, has been acting as custodian for Channing Fund Plan since 1954. On November 10, 1965, the custodian notified the then inactive planholders (those who failed to make 12 payments pursuant to provisions of the plan) that it had elected to terminate their plans and informed them that they could either receive certificates for their shares or have their shares placed in a voluntary open-account plan for the accumulation of Channing Common Stock Fund shares. The custodian stated that if no election was made it would send each planholder a certificate for the underlying shares. On November 30, 1965, out of a total of 185 inactive plans, 11 planholders elected to have their shares placed in open-account plans and share certificates were issued for the other 174 accounts. The custodian has informed the applicant that it desires to terminate the Channing Fund Plan trust since it claims that it is uneconomical for it to continue performing custodian services for such a small number of plans.

CONTINUED

FIDELITY FUND SEEKS ORDER. Fidelity Fund, Inc., Boston, Mass., open-end diversified investment company, has applied to the SEC for an order under the Investment Company Act authorizing it to issue its shares at net asset value in exchange for substantially all of the assets of Pan American Securities Corp., and the Commission has issued an order (Release IC-4596) giving interested persons until June 2 to request a hearing thereon. According to the application, Pan American, a New York corporation, is a personal holding company with three shareholders. Its assets on December 31, 1965, amounted to \$1,205,505. As of the same date, the net assets of Fidelity Fund amounted to \$636,453,829.

INVESTORS FINANCIAL TRUST FUND SEEKS ORDER. Investors Financial Trust Fund, Dallas, Tex., has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-4597) giving interested persons until May 31 to request a hearing thereon. Applicant represents that it has issued no securities, has no assets and has no present intention of offering its securities to the public. It further states that it has not engaged, nor does it intend to engage, in the business of investing, reinvesting or trading in securities.

UNITED SECURITY LIFE SUSPENSION CONTINUED. The SEC has issued an order suspending exchange and over-the-counter trading in securities of United Security Life Insurance Company for a further 10-day period, May 13-22, 1966, inclusive.

ROBERT SPARROW RESTRAINED. The SEC Denver Regional Office announced May 5 (LR-3501) the entry of a Federal court order (USDC, Salt Lake City) permanently restraining Robert D. Sparrow, of Phoenix and Salt Lake City, from further violations of the anti-fraud and registration provisions of the Securities Exchange Act. Sparrow consented to the entry of the order.

SANDERS, LANDRY, OTHERS INDICTED. The SEC Fort Worth Regional Office announced May 5 (LR-3502) the return of an indictment (Shreveport, La.) charging John B. Sanders, Jr., Charles A. Landry, Jr., Thomas W. Moss, Jr., Irwin L. Gitz, Ellis S. Joubert, Jr., Stephen J. Dinneen, and Joseph Ryan Missett with violating and conspiring to violate the Securities Act anti-fraud provisions in the sale of securities of Underwriters Investment Corp., Underwriters Finance Corp., Underwriters Oil Corp., and Lords Bank and Trust Co. Ltd.

K. WAYNE CALL AND LAYTON L. RAYL PLEAD GUILTY. The SEC Seattle Regional Office announced May 6 (LR-3503) that K. Wayne Call and Layton L. Rayl waived indictment and entered pleas of guilty to an Information charging violations of the Securities Exchange Act anti-fraud provisions in the sale of securities of Western States Securities, Inc. (USDC, Idaho). Each defendant was fined \$1,000. A prior indictment involving violations of the Securities Act anti-fraud provisions was dropped.

GIBBS ENJOINED. The SEC Washington Regional Office announced May 6 (LR-3504) the entry of a Federal court order (USDC, DC) preliminarily enjoining John K. Gibbs of Washington, D. C., from further violations of the registration and anti-fraud provisions of the Federal securities laws in the sale of stock of College Life, Inc.

REISCH & CO. REVOKED; DUDLEY SPORTS SUSPENSION PERMANENT. In a decision announced today (Release 34-7884), the SEC revoked the broker-dealer registration of W. R. Reisch & Co., Inc., 40 Exchange Pl., New York, and expelled the firm from NASD membership. Leonard Reisch, its president, and Murray Gold, vice-president, were barred from future association with a broker or dealer. The Commission also permanently suspended a Regulation A exemption from Securities Act registration with respect to a public offering of stock of Dudley Sports Co., Inc., Long Island City, N. Y., for which the Reisch firm served as underwriter.

According to the Commission's decision, Reisch & Co. and the two individual respondents violated the registration and anti-fraud provisions of the Federal securities laws in the public offering and sale of Dudley Sports stock in 1963 and 1964. Among other things, they sold the stock to persons who were not bona fide investors under an agreement to repurchase the shares; bought and sold shares in a manner calculated to increase the price of the stock; failed to send written notice to customers of their participation and financial interest in the distribution; and sold shares without disclosing their cost or source.

Reisch & Co., Reisch and Gold waived a hearing and consented to the revocation and bar order. Dudley Sports also waived a hearing and, without admitting any culpability and asserting that it was in no way responsible, consented to the permanent suspension of the Regulation A exemption for its offering.

SECURITIES ACT REGISTRATIONS. Effective May 11: Boise Cascade Corporation, 2-24918; Dayco Corp., 2-24869; Emhart Corp., 2-24838; The Farmers Union Cooperative Marketing Assoc., 2-24665 (40 days); Foote, Cone & Belding, Inc., 2-24789; Home Stake 1966 Program Operating Corp., 2-24700 (90 days); New Hampshire Bankshares, Inc., 2-24741 (90 days); Panhandle Eastern Pipe Line Co., 2-24874 (40 days); The Second Federal Street Fund, Inc., 2-24584.
Withdrawn May 11: The College Life Insurance Company of America, 2-24618; Standard-Pacific Corp., 2-24406.

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.