

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)

(Issue No. 66-135)

FOR RELEASE July 18, 1966

SEC ORDER CITES THREE FIRMS. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the following broker-dealer firms: (a) Frank D. Ford Co., Inc., of Spokane, Wash. Also named as a respondent is Richard H. Ellis, president; (b) L. E. Nicholls Co., of Spokane, Wash. Also named as a respondent is Leigh E. Nicholls, president; and (c) Wallace Brokerage Company, Inc., Wallace, Idaho. Also named as a respondent is Dorothy B. Kottkey, president.

The proceedings against each of the firms and its president are based upon staff charges that they offered and sold outstanding shares of stock of Hibernia Silver Mines, Inc., in violation of the registration requirements of the Securities Act of 1933. The source of such Hibernia stock is understood to have been James A. Allen, president and controlling person of Hibernia, and/or other firms of which he also is president and controlling person, as follows: Alpine Mining Company, Coeur d'Alene Consolidated Silver-Lead Mines, Inc., Delaware Mines Corporation, and Hunter Silver-Lead Mines, Inc.

A hearing will be scheduled by further order to take evidence on the staff charges and to afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the charges are true and, if so, whether any action of a remedial nature should be ordered by the Commission.

The Commission has filed a court action (USDC, Spokane, Wash.) against James A. Allen and others (but not including the above-named respondents in the administrative proceedings), seeking to enjoin their further sale of Hibernia stock in violation of the Securities Act registration requirement. Information with respect to this injunctive action is set forth in Litigation Release No. 3543.

COSTELLO, RUSSOTTO REVOCATION DECISION FINAL. On April 8, 1966, Hearing Examiner Sidney Gross filed an initial decision in administrative proceedings involving the broker-dealer firm of Costello, Russotto & Co., of Beverly Hills, Calif. In his decision, the Examiner ruled that the said firm and certain individuals violated the anti-fraud provisions of the Federal securities laws in the sale of securities of Device Seals, Inc., Lou Kornhandler, Inc., and Tabach Industries, Inc. On the basis thereof he ordered that the firm's broker-dealer registration be revoked; that Frank A. Costello and Martin A. Fleischman be barred from further association with any broker-dealer firm; and that Bernard Livingston and Jerold Irwin Kantor be suspended from any such association for six months. Neither the firm nor any of the four individual respondents sought Commission review of that decision. Accordingly, the decision has become final as to all five respondents; the revocation order as to the Costello, Russotto firm and the bar orders as to Costello and Fleischman have become effective; and the six-month suspension orders as to Livingston and Kantor are declared effective as of the opening of business July 25, 1966. Two other individual respondents applied to the Commission for review of the initial decision as to them, and the appeal proceedings are still pending.

PETER FOTIS BAR ORDER PERMANENT. In an initial decision announced June 9, 1966, in proceedings involving the New York firm of Huntington Securities Co., Inc., the Hearing Examiner Sidney Ullman ordered that Peter Fotis be barred from further association with any broker-dealer firm because of violations of the Federal securities laws in the sale of stock of Consumer Credit Corp. Fotis did not seek Commission review of the initial decision; and that decision and bar order have become final. Three other individual respondents have appealed the decision. Huntington Securities previously consented to the revocation of its broker-dealer registration.

GOODRICH INTERNATIONAL SEEKS ORDER. B. F. Goodrich International Finance Co., New York subsidiary of The B. F. Goodrich Company, has applied to the SEC for a modification of its November 30, 1965, order granting a conditional exemption of the said Finance Co. from the Investment Company Act; and the Commission has issued an order (Release IC-4646) giving interested persons until July 29 to request a hearing thereon. The Finance Co.'s amended application provides that, pending the development of final investment plans, and from time to time thereafter in connection with changes in long term investments, the assets of Applicant may be invested on a temporary basis outside the United States or in time deposits in banks abroad.

ALLEGHENY & WESTERN RAILWAY RECEIVES ORDER. The SEC has issued an order under the Securities Exchange Act (Release 34-7918) exempting the Allegheny & Western Railway Co. from requirements of Section 14(c) of the Act. The exemption would apply to any annual meeting of stockholders of Allegheny at which the only action to be taken is the election of directors and/or such other action as does not directly or indirectly affect the interests of the holders of such stock. Absent the requested exemption, Allegheny would be required to mail to its shareholders information equivalent to that which would be required to be disclosed by the Commission's proxy rules were it to solicit proxies for the election of directors. The application states that the properties of Allegheny constitute a part of the Baltimore & Ohio Railroad Co. railroad system.

GREATER WASHINGTON INDUSTRIAL INVESTMENTS SEEKS ORDER. Greater Washington Industrial Investments, Inc., Washington, D. C., registered closed-end, non-diversified investment company, has applied to the SEC for an order under the Investment Company Act authorizing it to acquire \$150,000 of 3-year 8% notes of Nuclear Science and Engineering Corp. (NSEC), as well as an option to acquire shares of NSEC. The Commission has issued an order (Release IC-4649) giving interested persons until July 29 to request a hearing thereon. The applicant is affiliated with NSEC by virtue of its ownership of 7% of the outstanding voting securities of

OVER

NSEC. Applicant, a small business investment, holds \$50,000 of NSEC's 5-year 8% debentures, convertible into common stock of NSEC at \$7.50 per share. Applicant proposes to deliver to NSEC the \$50,000 of debentures in addition to cash in the amount of \$100,000 in exchange for NSEC's 8% 3-year notes in the amount of \$150,000 plus a 5-year option to purchase 20,000 NSEC shares at \$2.50 per share. NSEC will pledge to applicant all its tangible and intangible assets. NSEC operated for several years at an approximate break-even level; in 1965 it operated at a substantial loss. A new president, employed by NSEC in early 1966, determined, with the board of directors, that additional working capital was required. Of the proceeds to be received, \$50,000 will be used to retire present indebtedness to applicant; \$26,000 will be used to retire all secured bank indebtedness; and \$74,000 will be utilized for additional working capital.

COLORADO STANDARD LIFE PROPOSES OFFERING. Colorado Standard Life Insurance Company, 8610 W. Fourteenth Ave., Lakewood, Colo., filed a registration statement (File 2-25273) with the SEC on July 21 seeking registration of 400,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made through company agents; selling commissions and related costs are estimated at 17%.

Organized under Colorado law in 1965, the company intends to engage in life insurance business. Net proceeds of its stock sale will be used to conduct such business. The company has outstanding 6,866 common shares, which were issued in cancellation of \$13,732 of indebtedness. Elmer K. Asgaard, president, received 3,434 of such shares. The company proposes to sell to the promoters an aggregate of 40,000 capital shares at \$2 per share.

EXETER SECOND FUND FILES PROPOSAL. Exeter Second Fund, Inc., 3001 Philadelphia Pike, Claymont, Del. 19703, filed a registration statement (File 2-25276) with the SEC on July 14 seeking registration of 800,000 shares of common stock. The stock is to be offered in exchange for securities considered appropriate for the fund's portfolio, on the basis of one fund share for each \$50 of exchange value of the deposited securities after deducting a maximum exchange fee of 4%. Wellington Company, Inc., 1630 Locust St., Philadelphia, Pa., will form and manage a group of soliciting dealers.

Organized under Delaware law in July 1966, the fund is a diversified open-end investment company whose investment object is "to seek long term growth of capital and income." Wellington Management Co. is its investment adviser. Wellington Management proposes to acquire 2,000 fund shares at net asset value (\$52.08 per share maximum*). Walter L. Morgan and Joseph E. Welch are board chairman and president, respectively, of the fund and its investment adviser.

PROVIDENT MANAGEMENT FUND FILES. Provident Management Corporation, 1002 Wilmington Trust Bldg., 100 W. Tenth St., Wilmington Del. 19801, depositor and sponsor of Provident Fund Single Investment Plans and Systematic Accumulation Plans (with and without insurance), filed a registration statement (File 2-25277) with the SEC on July 14 seeking registration of \$5,000,000 of interests in said plans. The plans provide an ownership interest through Provident Fund for Income, Inc., "in the securities, dividends and other income of a diversified group of companies, subject to inherent investment risks." Any net profits and net income distributed are to be used to acquire additional mutual fund shares with the primary objective of share growth. Douglas K. Porteous is president of the depositor.

WELSH PANEL FILES FINANCING PROPOSAL. Welsh Panel Company, P. O. Box 329, Panel Way, Longview, Wash., filed a registration statement (File 2-25279) with the SEC on July 15 seeking registration of \$1,500,000 of 6-3/4% convertible subordinated debentures and shares of common stock. The securities are to be offered for public sale in units of debentures in face amounts of \$100, \$500, and \$1,000 together with common shares (the number of shares to be supplied by amendment), at a price per unit equivalent to the face amounts of debentures purchased. The offering is to be made through Robert L. Ferman & Co. Inc. and certain other underwriters. Underwriting terms are to be supplied by amendment. The company intends to sell to such groups 37,000 five-year warrants (at \$.01 per warrant) to purchase common stock at \$2.75 per share.

The company is engaged in processing plywood sheets into factory-finished wall paneling for sale to distributors under the names "Welstone," "Satinwall," "Tomok" and "Sculptured." Of the net proceeds of this financing approximately \$175,000 may be used to purchase machinery for a new plant in Newport News, Va., which the company may lease; and the balance will be added to working capital. In addition to indebtedness and preferred stock, the company has outstanding 353,286 common shares. The controlling stock interest in the company was sold in May 1966 to International Investment, Inc., and others. Robert L. Ferman is chairman and Richard A. Setter is president.

RECOGNITION EQUIPMENT PROPOSES OFFERING. Recognition Equipment Incorporated, 4703 Ross Ave., Dallas, Tex., filed a registration statement (File 2-25280) with the SEC on July 15 seeking registration of \$8,500,000 of 5-3/4% convertible subordinated debentures (due 1981). The debentures are to be offered for public sale through underwriters headed by White, Weld & Co., 20 Broad St., New York 10005, and two other firms. The public offering price and underwriting terms are to be supplied by amendment.

The company succeeded to the business of a firm organized in 1961, and it is engaged in the design and manufacture of optical character recognition systems and equipment. According to the prospectus, the company has had no profits and, through May 31, 1966, had sold only two systems and had total lease and systems support revenues of \$489,560. As of such date also, it had an accumulated loss of \$3,141,040 and unamortized research and development costs of \$2,556,103. The company will use the net proceeds of its debenture sale to finance the cost of leased optical character recognition systems, in its research and development program, for product marketing, and in manufacturing operations. In addition to indebtedness, it has outstanding 683,436 common shares, of which management officials own 12.64% and Fireman's Fund Insurance Co. 17.55%. Herman L. Philipson, Jr., is president.

SOUTH FLA. CITRUS PROPOSES OFFERING. South Florida Citrus Industries, Inc., and Citrus Grove Management Co., Inc., of 135 Madeira Ave., Coral Gables, Fla., filed a registration statement (File 2-25278) with the SEC on July 14 seeking registration of units of interest in orange groves and a marketing agreement. The offering consists of Fee Simple Title to orange groves fully planted with 90 trees per acre; 30 units of ten acres will be offered at \$21,900 per unit. Organized in November 1960, Citrus Industries has acquired some 3,315 acres of raw land in Charlotte County, Fla. (it has done business under the name of Tropical River Groves). Management Co. was organized in May 1963 for the purpose of maintaining and marketing the orange groves sold by the company. Net proceeds of this offering will be used for development of the property; any proceeds not needed for development of all the orange groves will accrue to the company, which is wholly owned by the promoters, Jack A. Freeman and Jules Freeman and their respective wives.

PAN AMERICAN WORLD AIRWAYS PROPOSES DEBENTURE OFFERING. Pan American World Airways, Inc., Pan Am Bldg., New York 10017, filed a registration statement (File 2-25281) with the SEC on July 15 seeking registration of \$175,000,000 of convertible subordinated debentures (due 1986). The debentures are to be offered for public sale through underwriters headed by Lehman Brothers, One William St., New York 10004. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in commercial air transport operations. Net proceeds of its debenture sale (together with funds available under certain loan agreements and additional funds expected to be generated through depreciation, equipment sales and retained earnings) will be used to acquire flight equipment and, in lesser degree, for automated ground handling cargo facilities and for expanded terminal and maintenance facilities. In addition to indebtedness, the company has outstanding 15,619,275 common shares, of which management officials own about 1.3%. Juan T. Trippe is board chairman and Harold E. Gray is president.

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 July 1 News Digest.

Russell Aluminum Corp (Formerly Miami Window Corp) Jun 66 (11,13)	0-1504-2	Phoenix Steel Corp Amd #1 to 8K for Jun 66 (7)	1-2908-2
The Sherwin-Williams Co Jun 66 (4,7,13)	1-4851-2	Baird-Atomic Inc Amd #1 to 8K for May 66 (3)	0-1065-2
Southern Natural Gas Co Jun 66 (12)	1-2745-2	Burnell & Co Inc Amd #1 to 8K for Mar 66 (1)	1-4380-2
Union Elec Co Jun 66 (13)	1-2967-2	Beneficial Corp June 1966 (12,13)	0-491-2
Vulcan Materials Co Jun 66 (8)	1-4033-2	Cinerama Inc June 1966 (3,13)	1-4107-2
Eastern Racing Assoc Inc Jun 66 (11,13)	0-1728-2	Consolidated Natural Gas June 1966 (3,12,13)	1-3196-2
Rollins Inc Jun 66 (7)	1-4422-2	Trane Co June 1966 (7)	1-2860-2
Southern Inds Corp Jun 66 (2,7,11,13)	0-1251-2	Boston Edison Co June 1966 (13)	1-2301-2
Duplan Corp Jun 66 (4,7,13)	1-441-2	Capital Finance Corp June 1966 (7,13)	0-813-2
Miss Euliette Inc Jun 66 (8,13)	2-19117-2	Filmways, Inc Jan. 1966 (7,11,12,13)	1-4159-2
Tex Oil & Gas Corp Jun 66 (7)	1-4995-2	Chicago & Northern Western Ry Co June 1966 (7,13)	1-3211-2
American District Telegraph Co Jun 66 (3)	0-771-2	Continental Securities Corp June 1966 (13)	2-23494-2
Dana Corp Jun 66 (8)	1-1063-2	Deere & Co June 1966 (7,13)	1-4121-2
Dover Corp Jun 66 (2,4,13)	1-4018-2	John Deere Overseas Capital Corp June 1966 (7,13)	1-5246-2
Air Products & Chemicals Inc Jun 66 (7)	1-4534-2	Border Steel Rolling Mills, Inc June 1966 (11,13)	2-16831-2
Buell Ind Inc Jun 66 (2)	1-4619-2	Coastal States Gas Producing Co June 1966 (12)	1-4718-2
Chemical Enterprises Inc Jun 66 (12)	1-4812-2	Continental Oil Co (Del) June 1966 (8,12,13)	1-1131-2
Associated Baby Services Inc Amd #1 to 8K for Feb 66 (4)	1-4684-2	L.S. Ayres & Co June 1966 (7,10)	
Roosevelt Raceway Inc Amd #1 to 8K for Jun 65 (3)	1-3966-2	Equitable Savings & Loan Assoc June 1966 (2,12)	0-1345-2
Amd #1 to 8K for Dec 65 (3)	1-3966-2	First Investors Corp June 1966 (12)	0-580-2
Drew Properties Corp Amd #1 to 8K for Apr 66 (13)	0-48-2		
Footo Cone & Belding Inc Amd #1 to 8K for May 66 (11,13)	1-5029-2		
Famers Union Cooperative Marketing Assc Amd #2 to 8K for Mar 66 (11)	2-22230-2		
Star Inds Inc Amd #1 to 8K for May 66 (1,12)	1-4578-2		

Canaveral Intl. Corp June 1966 (2)	1-4486-2	United Whelan Corp June 66(2,3,4,7,11,12,13)	1-2991-2
Doeskin Products Inc June 1966 (13)	0-1494-2	National Western Life Ins Co June 66(12,13)	2-17039-2
Franchard Corp June 1966 (11)	0-855-2	Northern Indiana Public Service Co June 66(13)	1-4125-2
American Tobacco Co June 1966 (13)	1-92-2	Missouri Utilities Co June 66(7,13)	0-402-2
Jupiter Corp June 66(3,12,13)	1-4605-2	Howell Electric Motors Co June 66(2,13)	1-3450-2
Mountain States Tel & Tel Co June 66(7,13)	1-3040-2	Computer Equipment Corp May 66(7)	0-625-2
Northwest Production Corp June 66(3,11,13)	0-298-2	Universal Food Products Inc June 66(7,13)	0-1336-2
Rothmoor Corp June 66(2,13)	2-6923-2	Dura Corp June 66(7,10)	1-5017-2
Schlage Lock Co June 66(2,13)	0-857-2	Grinnell Corp June 66(3,13)	0-780-2
Southwestern Bell Tel Co June 66(7,13)	1-2346-2	Alfred Hart Co June 66(12,13)	0-1705-2
Louisville & Nashville RR Co June 66(7,13)	1-1116-2	American Optical Co June 66(3,13)	1-3668-2
General Time Corp June 66(7)	1-2591-2	Capital Bancshares Inc June 66(11)	2-23067-2
W T Grant Co June 66(12,13)	1-3000-2	Hitco June 66(11,13)	1-5168-2
Laguna Niguel Corp June 66(4,11,13)	1-4871-2	National Can Corp Amend for Apr 66(11,13)	1-2915-2
Pan American Sulphur Co June 66(4,7,8,13)	1-4319-2	Hyatt Corp of America Amend #1 for Apr 66(7)	0-2161-2
Parvin-Dohrmann Co June 66(2,3,7,11,13)	1-2762-2		

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended July 14, 1966, 25 registration statements were filed, 26 became effective, 3 were withdrawn, and 373 were pending at the week-end.

SECURITIES ACT REGISTRATIONS. Effective July 15: Atoka, Inc., 2-25243 (Aug 24); Rosemount Engineering Co., 2-25054; Stouffer Foods Corp., 2-25119 (July 25); Syntex Corp., 2-25262.
Effective July 18: BCGO Co. Management Co., 2-25118 (90 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.

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