

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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 SEC Publications Unit cite number)

(Issue No. 69-79)

FOR RELEASE April 25, 1969

**CORPORATE OFFERINGS REPORTED.** The SEC today reported that new corporate securities offered for cash sale in the United States totaled six billion dollars in the first quarter of 1969. This was virtually unchanged from the previous quarter, and it was substantially higher than the \$5.2 billion issued in the first three months of last year. The volume of equity financing continued at the upward pace begun in 1967 while the volume of non-convertible debt issues declined. For further details, see Stat. Release 2356.

**COLUMBIA GAS SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16355) giving interested persons until May 19 to request a hearing upon a proposal of The Columbia Gas System, Inc., New York holding company, to make open account advances to subsidiaries in the amount of \$190,267,000 for construction and \$75,000,000 for the "seasonal" purchase of natural gas for inventory and related purposes. The subsidiaries will use the proceeds of the construction advances to finance a part of their respective construction programs (aggregating \$198,676,000 for 1969); they will use the proceeds of the seasonal advances to purchase natural gas for inventory, for the prepayment of winter service gas, and for other short-term seasonal requirements.

**WHITEHALL FUND RECEIVES ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release IC-5660) permitting Whitehall Fund, Inc., New York mutual fund, to issue its shares at net asset value for substantially all of the cash and securities owned by the Miller-Thompson Construction Co., Inc., and the Albert Thompson Construction & Equipment Co. ("Thompson Companies"), which were valued at \$500,000 on February 7. Had the transaction been consummated on that date, the Thompson Companies would have received 30,193 Whitehall shares. The shares of Whitehall are to be distributed to Thompson Companies shareholders on liquidation of those companies.

**TREDUOC FUND SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5661) giving interested persons until May 20 to request a hearing upon an application of Treduoc Fund, Inc., New York, for an order declaring that it has ceased to be an investment company as defined in the Act. The original intent of the promoters of the Fund to make a public offering of its securities and to engage in the business of investing, reinvesting, owning, holding and trading in securities has been abandoned. The Fund does not intend to issue any shares or to operate in any manner whatsoever.

**WELL-HART HEDGE FUND SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5662) giving interested persons until May 20 to request a hearing upon an application of Well-Hart Hedge Fund, Inc., New York, for an order declaring that the Fund has ceased to be an investment company as defined in the Act. The original intent of the promoters to make a public offering of the Fund's securities and to engage in the business of investing, reinvesting, owning, holding and trading in securities has been abandoned. The Fund does not intend to issue any shares or to operate in any manner whatsoever.

**MAJESTIC CAPITAL NAMED IN SEC COMPLAINT.** The SEC Denver Regional Office announced April 22 (LR-4301) the filing of an action in the Federal court in Denver seeking to enjoin violations of the registration and anti-fraud provisions of the Federal securities laws by the following in the sale of stock of Majestic Capital Corporation: Majestic Capital Corporation, Alex Chaplan, Bernard Lund, Robert Eisenberg and Bruce Livingston. The complaint also seeks to enjoin violations of the registration provisions by Robert Sunshine and Robert Marshall.

**FOUR INDICTED IN SALE OF STATE ACCEPTANCE STOCK.** The SEC Denver Regional Office announced April 22 (LR-4302) the return of an indictment (USDC ND) charging violations of the Securities Act anti-fraud provisions by the following in the sale of securities of State Acceptance Corporation: Matt G. Koffler of Mandan, Gilbert Saxowsky of Dickinson, Edward E. Engelhardt of Dickinson, and Jerome Olson of Bismarck (all of North Dakota). The defendants also are charged with making false statements in applications and reports filed with the SEC.

**HAROLD MORSTAD SENTENCED.** The SEC Denver Regional Office announced April 23 (LR-4303) that Harold Morstad, of Denver, received a two-year prison sentence upon his nolo plea before the U. S. District Court in Topeka to an indictment charging violations of the Securities Act anti-fraud provisions in the sale of securities of Executive Finance Corporation. The sentence was suspended and Morstad was placed on probation for two years.

**TRADING BANS CONTINUED.** The SEC has ordered the further suspension of over-the-counter trading in the securities of Comstock-Keystone Mining Company, n/k/a Memory Magnetics International, Inc., for the period April 26 to May 3, 1969, United Australian Oil, Inc., for the period April 26 to May 5, 1969, inclusive, and Electrogen Industries, Inc. (formerly Jodmar Industries, Inc., and sometimes known as American Lima Corporation) for the period April 27 to May 6, 1969, inclusive.

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**CHARTER OIL DELISTED.** The SEC has issued an order under the Securities Exchange Act (Release 34-8580) granting an application of the American Stock Exchange to strike from listing and registration the capital stock of Charter Oil Company Limited, effective at the opening of business on April 25, 1969. The securities were delisted because of Charter's operating results and financial condition. According to the application, the company has reported a loss from operations and a net loss before special items in each fiscal year since 1955. Gross operating revenues of the company have declined from approximately \$340,000 in fiscal 1956 to \$43,000 in fiscal 1968, and the operating losses for the six months ending January 31, 1969 were \$32,515. The application also refers to a consent injunction which was entered by the U. S. District Court for the Southern District of New York based upon a complaint of the Commission against certain persons, including Charter's president and its controlling stockholder, for alleged violations of the Securities Act of 1933 in connection with the sale of unregistered shares of Charter's stock.

**MORTON-NORWICH FILES FOR SECONDARY.** Morton-Norwich Products, Inc., 110 North Wacker Drive, Chicago, Ill. 60606, filed a registration statement (File 2-32701) with the SEC on April 22 seeking registration of 1,939,055 outstanding or to be outstanding shares of common stock. These shares may be offered for sale from time to time by the present holders or recipients thereof at prices current at the time of sale (\$40 per share maximum\*). They were or are to be issued in connection with an agreement and plan of reorganization effective April 24, pursuant to which The Morton Company was merged into Morton International, Inc. ("Morton") as a result of which Morton became a wholly-owned subsidiary of The Norwich Pharmacal Company ("Norwich" - which changed its name to Morton-Norwich Products, Inc.). Each Morton shareholder is to receive 1.15 shares of Morton-Norwich common stock for each share of Morton held by him.

Morton-Norwich manufactures and sells a number of proprietary and ethical pharmaceutical products and animal health products. Morton was organized as the result of the consolidation of Morton Salt Company and its subsidiary, Morton Chemical Company. Morton-Norwich has outstanding 8,605,992 common shares.

**MARION CORP. FILES FOR OFFERING AND SECONDARY.** Marion Corporation, 114 East Fifth St., Tulsa, Okla. 74103, filed a registration statement (File 2-32702) with the SEC on April 22 seeking registration of 650,000 shares of common stock, of which 500,000 are to be offered for public sale by the company and 150,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Sterling, Grace Securities Corp., 64-71 Forest Ave., Locust Valley, N. Y. 11560; the offering price (\$10 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the Sterling firm up to \$25,000 for expenses. Also included in this statement are 85,980 outstanding common shares to be offered for public sale from time to time by the present holders thereof at prices current at the time of sale.

The company is engaged in oil and gas exploration, production and processing, gas products operations and the manufacture of automatic bakery equipment. It also has investments in real estate. Of the net proceeds of its sale of additional stock, \$1,522,028 will be applied to the reduction of bank indebtedness, \$160,000 to pay for its 2.058% interest in the Gillette Gas Plant, \$650,000 to be expended on costs of expansion of the refinery of its subsidiary, Alabama Refining Company, Inc., and \$885,000 for the drilling and completion of the two prospects offsetting existing producing gas wells in Texas and Louisiana; the balance will be added to working capital and used primarily for capital expenditures in the company's oil and gas division. In addition to indebtedness, the company has outstanding 6,166,430 common shares. David A. Stickelber is president and Merlin C. Stickelber is board chairman. The Stickelber family, as a group, and the Co-Trustees of the trust of M. A. Stickelber, presently own 71.3%. Edwin L. Minges and John T. Minges propose to sell 48,387 shares each, Arthur W. Arundel and Egerton S. Harris, Jr., 24,194 shares each and Earle E. Arundel, 4,838 shares (all the preceding shares to be offered through the underwriter); 23 others propose to sell the 85,980 shares being registered.

**EMPIRE FINANCIAL FILES FOR SECONDARY.** Empire Financial Corporation, 6750 Van Nuys Blvd., Van Nuys, Calif. 91405, filed a registration statement (File 2-32703) with the SEC on April 22 seeking registration of 315,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The offering is to be made through underwriters headed by J. Barth & Co., 404 Montgomery St., San Francisco, Calif. 94104; the offering price (\$30 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company, through a savings and loan subsidiary, is engaged in furnishing a convenient savings medium for funds of investors and in providing residential financing by lending money on the security of first mortgages or trust deeds for purchasing, constructing, improving, or refinancing residential real property. In addition to indebtedness, it has outstanding 1,418,668 common shares, of which Robert L. Vesco owns 21.15% and management officials as a group 12.78%. Vesco proposes to sell all of 315,000 shares held. Samuel Oschin is president and board chairman.

**FARRINGTON INDUSTRIES PROPOSES OFFERING.** Farrington Industries Corporation, 242 Meachem Ave., Elmont, N.Y., filed a registration statement (File 2-32704) with the SEC on April 22 seeking registration of 100,000 shares of common stock and 50,000 common stock purchase warrants, to be offered for public sale in units, each consisting of two shares and one warrant, and at \$9 per unit. The offering is to be made on an "all or none, best efforts" basis through Shendell Securities, Inc., 44 Beaver St., New York, which will receive a 90c per unit selling commission plus \$5,500 for expenses. Subject to sale of all the units, the company has agreed to retain the underwriter as its financial consultant for two years at \$1,500 per month plus commissions ranging from 5% to 1% on all corporate acquisitions, mergers and similar transactions.

Organized under Delaware law in February 1969, the company in March acquired a New York corporation of the same name (which had commenced business during September 1968). The company is engaged in the business of selling general merchandise by mail order, including jewelry, plaques, pictures, engravings, desk sets,

wrist watches, radios and photo albums. Of the net proceeds of its stock sale, \$80,000 will be used for the development of two catalogues of its products, \$75,000 for development of its Consumers' Buying Service (a program to provide sale of memberships which will entitle members to purchase products at wholesale prices) and \$125,000 for additional advertising expenditures in connection with expansion of its space sales program; the balance will be added to the company's general funds and will be available for salaries of additional employees, for working capital and general corporate purposes. The company has outstanding 222,000 common shares (with a negative tangible book value of 13¢ per share), of which Mitchell Graff, president, owns 95.5%. Purchasers of the units being registered will acquire a 31% stock interest in the company for their investment of \$450,000 (they will sustain an immediate dilution of \$7.99 per share in net tangible book value from the offering price); present shareholders will then own 69%, for which they paid \$5,000 or 2¢ per share.

**GREAT AMERICAN MORTGAGE INVESTORS PROPOSES RIGHTS OFFERING.** Great American Mortgage Investors (the "Trust"), 28 State St., Boston, Mass. 02109, filed a registration statement (File 2-32705) with the SEC on April 22 seeking registration of 1,256,821 shares of beneficial interest in the Trust. The shares are to be offered for subscription at \$21 per share by holders of the common stock, 5% convertible subordinated debentures, and certain qualified stock options of United States Finance Company, Inc. ("USFC"), at the rate of one share for each two common shares of USFC, one share for each \$93.33 principal amount of debentures and one share for each two common shares of USFC issuable upon exercise of such options. The offering is to be made through underwriters headed by Kidder, Peabody & Co. Inc., 20 Exchange Pl., New York 10005, and Russ & Co., Inc., 1600 Alamo National Bank Bldg., San Antonio, Tex. 78205, which will receive up to a \$1.575 per share commission. The Trust has agreed to pay \$75,000 to Kidder Peabody Realty Corporation, a wholly-owned subsidiary of Kidder, Peabody & Co. Inc., for services rendered in connection with the organization of the Trust and this offering. Certain officers and employees of USFC (including Carl W. Knoblock, Jr., its president) have agreed to exercise rights to subscribe to 225,645 shares.

The Trust intends to qualify as a real estate investment trust under Sections 856-858 of the Internal Revenue Code and to provide investors with an opportunity to invest in a professionally managed, diversified portfolio of construction, development and permanent mortgage loans and other real estate interests. Of the net proceeds of this offering, a portion will be invested by the Trust in existing first mortgage loans; the balance may be used to invest in construction and development loans originated by the Trust and in participations, from commercial banks and others, in previously made construction and development loans. Carl W. Knoblock, Jr., board chairman of the Trust and president of USFC, and John D. Corse, secretary of the Trust and general counsel of USFC, hold all outstanding shares of the Trust, for which they paid \$40; upon completion of this offering, management officials of the Trust will own 18% of the shares being registered.

**CONSOLIDATED OIL & GAS SHARES IN REGISTRATION.** Consolidated Oil & Gas, Inc., 1860 Lincoln St., Denver, Colo. 80203, filed a registration statement (File 2-32708) with the SEC on April 22 seeking registration of 71,346 shares of common stock. Of this stock, 26,000 are outstanding shares to be offered for sale from time to time by the present holders thereof, at prices current at the time of sale (\$28 per share maximum\*); the remaining 45,346 are reserved for issuance upon exercise of common stock purchase warrants.

The company is engaged in the production and sale of crude oil, condensate and natural gas, as well as the acquisition and development of leaseholds and other interests in oil and gas properties. It has outstanding 4,906,226 common shares. Harry A. Trueblood, Jr., is president. Walter H. Berry, Jr., and William James Stark propose to sell 10,000 shares each of 50,000 shares held each, and Doyle H. Baird all of 6,000 shares held.

**SECURITIES ACT REGISTRATIONS.** Effective April 24: American Agronomics Corp., 2-31828 (June 4); American Polymers, Inc., 2-31961 (90 days); Augat, Inc., 2-32234 (July 24); The Circle K Corp., 2-31949 (June 1); Community Computer Corp., 2-31444 (90 days); Continental Mortgage Insurance, Inc., 2-32377; Cummins Engine Co., Inc., 2-32091; Development International Corp., 2-31007 (90 days); Divi Divi Hotel Corp., N.V., 2-30733 (90 days); EDP Resources, Inc., 2-31827 (40 days); Great American Reserve Corp., 2-31529 (40 days); Homestake Mining Co., 2-32508 (40 days); Manor Care, Inc., 2-31649 (July 23); McGraw Edison Co., 2-32429 (40 days); Morse Electro Products Corp., 2-31700 (June 3); Neotec Corp., 2-31341 (90 days); Price Meyers Corp., 2-31565 (90 days); Provincial House, Inc., 2-31353 (90 days); Questor Corp., 2-32016; Sutro Mortgage Investment Trust, 2-31663 (June 3).

**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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