

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 ORDER CITES HODGDON & CO. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of Hodgdon & Co., Inc., of 1101 - 17th Street, N. W., Washington, D. C. Also named as respondents are A. Dana Hodgdon, former board chairman; James F. Haight, president; Burton Kitain, W. Lyles Carr, Jr., David M. Adam, Jr., and James W. Harper, III, vice presidents; Homer E. Davis and Robert F. Kibler, salesmen; and Louis S. Amann, James L. Roper and Harvey E. Baskin, former salesmen.

The proceedings are based upon staff charges that the Hodgdon firm and individual respondents engaged in various activities violative of the registration and anti-fraud provisions of the Federal securities laws. The securities involved in these alleged violations were U. S. Infrared Corp., Paragon Electrical Manufacturing Corp., Data Processing Corp., Van Pak, Inc., Roseville Detroit Limited Partnership, and Apache Canadian Oil & Gas Program 1961.

A hearing will be ordered later to take evidence on the staff charges and afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether in fact the alleged violations occurred and, if so, whether any action of a remedial nature should be ordered by the Commission.

RULING ON LUM'S OFFERING ANNOUNCED. SEC Hearing Examiner Sidney Gross has issued an initial decision in which he concluded that the temporary suspension of a Regulation A exemption from Securities Act registration with respect to a 1964 secondary offering of stock of Lum's, Inc., of 1224 Normandy Drive, Miami Beach, Fla. should be made permanent. Under Commission rules, a petition for Commission review of this decision may be filed within fifteen days. The offering was made by Stuart and Clifford Perlman, president and secretary-treasurer (12,600 shares each) and by Aetna Securities Corp. (10,700 shares). The Examiner ruled that Regulation A was violated by reason of the failure to file certain sales literature used in the offering; that one document so used was false and misleading; and that Aetna engaged in certain "manipulative" acts and practices prior to and during the offering by bidding for and purchasing Lum's stock during the distribution and restricting the floating supply of such stock. Because of certain extenuating facts, however, the Examiner further indicated that the five-year bar against offerings pursuant to a Regulation A exemption following the issuance of a suspension order might be reduced to two years as to these respondents.

KENTUCKY INVESTORS PROPOSES OFFERING. Kentucky Investors, Inc., 200 Capitol Ave., Frankfort, Ky. 40601, filed a registration statement (File 2-24573) with the SEC on March 1 seeking registration of 177,000 shares of common stock, to be offered for public sale at \$10 per share. The offering is to be made on a "best efforts" basis through certain officers and agents of the company, who will receive a 10% selling commission.

The company's business consists primarily of the ownership, operation and management of insurance companies of which it owns a majority of the voting stock. Its assets consist of 54% of the outstanding capital stock of Investors Heritage Life Insurance Co., a Kentucky incorporated life insurer, and 92% of the outstanding capital stock of Investors Heritage Life Insurance Co. of Ohio, which latter ^{company} proposes to commence insurance sales operations following completion of a planned public offering during 1966 of its Class A common stock to residents of Ohio. Of the net proceeds of the company's stock sale, \$400,000 will be used to retire a loan and the balance will be applied to organizing, incorporating, and acquiring control of insurance companies in other states. In addition to indebtedness, the company has outstanding 1,048,000 common shares, of which management officials own approximately 51.5%, purchased by them upon organization of the company at \$1 per share. Harry Lee Waterfield is president and board chairman of the company and of Investors Heritage (Ky.), and is board chairman of Investors Heritage (Ohio).

WORLD AIRWAYS FILES FOR SECONDARY. World Airways Incorporated, Oakland International Airport, Oakland, Calif. 94614, filed a registration statement (File 2-24574) with the SEC on March 2 seeking registration of 975,000 shares of common stock, to be offered for public sale by the present holders thereof, Edward J. Daly (board chairman and president). The offering is to be made through underwriters headed by Blyth & Co., Inc., Russ Bldg., San Francisco, Calif. 94104. The public offering price (\$22 per share maximum*) and underwriting terms are to be supplied by amendment.

The company provides charter air transportation services. In addition to indebtedness, it has outstanding 5,000,000 common shares, all of which is owned by Daly, the selling stockholder. He will own 80.5% of the outstanding stock upon completion of this offering.

IDAHO POWER PROPOSES BOND OFFERING. Idaho Power Company, 1220 Idaho St., Boise, Idaho, filed a registration statement (File 2-24578) with the SEC on March 2 seeking registration of \$20,000,000 of first mortgage bonds, due 1996, to be offered for public sale at competitive bidding. Net proceeds of this financing will be used for payment of some \$17,700,000 bank loans incurred for interim financing of new construction and for the company's continuing construction program. Its preliminary construction budget for 1966 is estimated at \$49,153,900.

OVER

ZURN INDUSTRIES FILES FOR OFFERING AND SECONDARY. Zurn Industries, Inc., 2214 W. 8th St., Erie, Pa. 16512, filed a registration statement (File 2-24579) with the SEC on March 2 seeking registration of 250,000 shares of common stock. Of such stock, 200,000 shares are to be offered for public sale by the company and 50,000 shares (being outstanding stock) by the present holders thereof. Hayden, Stone Inc., 25 Broad St., New York, is the principal underwriter. The public offering price (\$14.50 per share maximum*) and underwriting terms are to be supplied by amendment.

The company's products include steam generating systems, hydromechanical piping equipment, mechanical power transmission equipment, and fluid screening, straining and filtering equipment. Of the net proceeds of its sale of additional stock, \$1,500,000 will be used to repay in full the 6% subordinated notes issued to the selling stockholders to finance partially the acquisition of 95.74% of the capital stock of Erie City Iron Works. The balance will be used to retire some \$550,000 of short-term bank borrowings incurred by Erie City and added to working capital. In addition to indebtedness and preferred stock, the company has outstanding 762,730 common shares, of which management officials own 71.06%. The selling stockholders are Melvin A. Zurn (chairman executive committee), offering 25,000 of 218,142 shares held; and Everett F. Zurn (chairman), 25,000 of 217,242. Frank W. Zurn is president.

NEW ORLEANS P. S. RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15417) authorizing New Orleans Public Service Inc., a public-utility subsidiary of Middle South Utilities, Inc., to make bank borrowings during 1966 in amounts not to exceed \$13,870,000 (including \$1,000,000 of notes heretofore sold to certain banks). The proceeds are to be applied to the company's 1966 construction program, estimated at \$46,900,000.

MASS. ELECTRIC RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15418) authorizing Massachusetts Electric Company, Boston subsidiary of New England Electric System, to sell at competitive bidding \$10,000,000 of first mortgage bonds. Net proceeds of the bond sale will be applied to the payment of bank notes, expected to be outstanding in the amount of \$11,000,000 at the time of such sale.

FOREIGN RESTRICTED LIST. Old Smoky Oil & Gas Limited has been dropped from the Commission's Foreign Restricted List (Release 33-4822), reducing to 72 the number of foreign companies whose securities the Commission has reason to believe recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

CANADA SOUTHERN PETROLEUM PROPOSES OFFERING. Canada Southern Petroleum Ltd., 505 Eighth Ave. West, Calgary, Alberta, Canada, filed a registration statement (File 2-24555) with the SEC on February 28 seeking registration of 750,000 shares of capital stock. The stock is to be offered for public sale from time to time on the American Stock Exchange at the market prices prevailing (\$2.6875 per share maximum*).

The company is engaged in the exploration and development of properties containing or believed to contain recoverable gas and oil reserves. Of the net proceeds of its stock sale, \$428,922 will be used to pay excess current liabilities over current assets as of November 30, 1965; \$450,000 will be used to pay the company's 1966 portion of expenses under certain agreements with other companies for the operation of properties in British Columbia and Northwest and Yukon Territories; and the balance will be applied to current operations and exploratory, general, and administrative expenses as they arise. In addition to indebtedness, the company has outstanding 6,247,306 common shares, of which management officials own 1.6839. John W. Buckley is president.

GULF AMERICAN LAND SHARES IN REGISTRATION. Gulf American Land Corporation, 7880 Biscayne Blvd., Miami, Fla. 33138, filed a registration statement (File 2-24558) with the SEC on February 28 seeking registration of 130,000 shares of common stock. The stock is to be issued to The Value Line Income Fund, Inc., upon conversion of \$1,300,000 of the company's 7% convertible subordinated notes (due 1972) at the conversion price of \$10 per share. The company is also registering 25,500 common shares, to be issued pursuant to stock options held by real estate brokers (or exercisable at \$7.5625 per share) and 55,000 common shares to be issued upon exercise of common stock purchase warrants (exercisable initially at \$9.45 per share). The shares may be offered for public sale by the holders thereof from time to time on the American Stock Exchange or the Pacific Coast Stock Exchange at prices prevailing at the time of sale (\$11.625 per share maximum*).

The company is engaged in the acquisition of land in Florida and its development and subdivision for retail sale primarily on the installment basis. Its three development projects are known as Cape Coral, Golden Gate Estates and River Ranch Acres. Net proceeds derived from the exercise of the warrants and options will be used for general corporate purposes. In addition to indebtedness, the company has outstanding 9,553,646 common shares, of which management officials own 64.2% (including 31.1% owned by Leonard Rosen, board chairman, and 30.8% owned by Julius J. Rosen, president).

UNITED SECURITY LIFE SUSPENSION CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending over-the-counter trading in the common stock of United Security Life Insurance Company for a further 10-day period, March 4-13, 1966, inclusive.

THE FANFARE CO. PROPOSES OFFERING. The Fanfare Company: Marion Bell and Margaret Stomer, 584 S. Spaulding, Los Angeles, Calif. 90036, filed a registration statement (File 2-24565) with the SEC on February 28 seeking registration of \$600,000 of limited partnership interests, to be offered for public sale in \$1,000 units. The offering is to be made through Bell and Stomer, the general partners.

To be organized under California law, the partnership intends to produce an original musical show tentatively entitled "Fanfare." Book and lyrics are by Rowland V. Lee and music is by Albert H. Mallotte. The general partners are to produce the play.

KVASNICKA ENJOINED. The SEC Denver Regional Office announced February 28 (LR-3444) the entry of a Federal court order (USDC, Denver) permanently enjoining Virgil D. Kvasnicka of Manitou Springs, Colo., from further violations of the registration and anti-fraud provisions of the Federal securities laws in the sale of fractional undivided interests in oil and gas leases on land situated in Muskogee County, Okla. Kvasnicka consented to the order.

SECURITIES INVESTORS, OTHERS ENJOINED. The SEC Denver Regional Office announced February 28 (LR-3445) the entry of a Federal court order (USDC, Lincoln, Nebr.), by default, permanently enjoining Securities Investors, Inc., Dosek Bonding and Insurance, Inc., and Edward A. Dosek, all of Lincoln, from further violations of the anti-fraud provisions of the Federal securities laws in the sale of securities, including the capital stock of Securities Investors. The defendants were also enjoined from accepting any funds, monies or property from the sale of securities of Securities Investors or dissipating or wasting any assets of Securities Investors or Dosek Bonding and Insurance.

FIRST NEW ENGLAND SECURITIES, PRESIDENT ENJOINED. The SEC Boston Regional Office announced March 1 (LR-3446) the entry of a Federal court order (USDC, Boston) permanently enjoining First New England Securities Co., Inc., a Southbridge, Mass., broker-dealer, and its president, Walter D. Pearson, from further violations of the anti-fraud and bookkeeping provisions of the Securities Exchange Act. The defendants consented to the entry of the decree.

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-Registrant	Location
2027	Cumberland Associates Inc VT	4444 West Lawrence Ave. Chicago, Ill.
2028	Brown Rubber Co Inc	Union St. & Concord Rd. Lafayette, Ind.
2029	Allied Finance Corp	1640 Sumter St. Columbia, S.C.

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 caption of the several items of the from was included in the March 1 News Digest.

Colt Industries Inc Jan 66(7,13)	1-64-2	Collins Radio Co Jan 66(4,12,13)	1-4248-2
Avco Corp Jan 66(12)	1-124-2	Rucker Co Jan 66(1,7,8,12,13)	2-19797-2
Fed-Mart Corp Jan 66(11)	0-29-2	Sierra Electric Corp Jan 66 (8)	2-16355-2
John Fluke Mfg Co Inc Jan 66(11)	0-125-2	Richardson-Merrell Inc Amend for Oct 65(11)	1-1029-2
Preway Inc Feb 66(11,12,13)	0-948-2		

SECURITIES ACT REGISTRATIONS. Effective March 2: Borg-Warner Corp., 2-24513. Effective March 3: Liberian Iron Ore Ltd. and The Liberian American-Swedish Minerals Co., 2-24345 (40 days); Massachusetts Electric Co., 2-24458; Planning Research Corp., 2-24316; Rheem Manufacturing Co., 2-24317; Sales Follow-Up Corp., 2-24433 (90 days); Varian Associates, 2-24474; Burlington Industries, Inc., 2-24473.

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.