

# 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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**INTERIM ORDERS ISSUED IN COMMONWEALTH SECURITIES CASE.** The SEC has issued orders with respect to two individual respondents in administrative proceedings under the Securities Exchange Act of 1934 involving (among others) Commonwealth Securities Corporation, of Columbus, Ohio.

With respect to one of the respondents, Thomas Conger, a former salesman of Commonwealth, the Commission issued an order, based upon his consent, barring him from being associated with a broker or dealer for a period of six months from August 12, 1966, with the proviso that his return to the securities business after that period be subject to his making an appropriate showing that his activities will be adequately supervised.

The Commission granted a motion of staff counsel for dismissal of the proceeding as to respondent, C. Gilman Johnston, former vice-president of Commonwealth. The motion referred to previous proceedings involving Johnston in which, among other things, findings were made with respect to him and sanctions were imposed upon him which in the staff's opinion render further action unnecessary. In that action, Johnston was found a cause of the revocation of the broker-dealer registration of Johnston & Co., Inc., in August 1964, at which time the Commission also sustained an NASD revocation of his registration as a registered representative. Moreover, Johnston has pleaded guilty to two counts of an indictment charging violations of the anti-fraud provisions of the Securities Act of 1933 and the mail fraud statute.

**SERVICE COMPANY RULES MODIFIED.** The SEC has adopted amendments to its Uniform System of Accounts under the Holding Company Act, which System is applicable to mutual service companies and subsidiary service companies. The purpose of the amendments is to eliminate requirements that service companies retain their records permanently (unless otherwise authorized by the Commission on application), and to substitute appropriate procedures for the orderly destruction of records the continued retention of which is deemed no longer necessary or appropriate in the public interest or for the protection of investors or consumers. (For details, see Holding Company Act Release No. 15540).

**THOMAS FLYNN SENTENCED.** The SEC Chicago Regional Office announced August 9 (LR-3554) that Thomas P. Flynn received a two-year sentence (USDC, Madison, Wisc.), following his plea of guilty to violating the Securities Act anti-fraud provisions in the sale of stock of The House of Our Lady of Guadalupe, Inc.

**MATOKA ENJOINED.** The SEC Denver Regional Office announced August 9 (LR-3555) the entry of a Federal court order (USDC, ED Okla.) enjoining Ben T. Matoka of Denver, Colo., from further violations of the Securities Act anti-fraud and registration provisions in the sale of interests in oil and gas leases on land situated in Cook County, Tex.

**SMITH, BAIRD INDICTED.** The SEC Denver Regional Office announced August 10 (LR-3556) the return of an indictment (Boise, Idaho) charging Joseph L. Smith, Clarkston, Wash., and R. Dean Baird, Lewiston, Idaho, with violations of and conspiracy to violate the Securities Act anti-fraud provisions in the sale of securities of International Sales Co-op Ltd., Inc., S. W. Fros-T-Pup Co-op, Inc., and MW Fros-T-Dog Co-op, Inc., all Idaho corporations.

**SBIC OF N. Y. SEEKS ORDER.** Small Business Investment Company of New York, Inc., New York, has applied to the SEC for an exemption order under the Investment Company Act authorizing it to sell its interest in Northern Packaging Corporation to American Bag & Paper Corp.; and the Commission has issued an order (Release IC-4675) giving interested persons until August 29 to request a hearing thereon. According to the application, the applicant owns all of the outstanding stock of Northern and \$785,000 of notes, its total investment amounting to \$914,800. The sale and purchase agreement, dated April 1, 1966, entered into by applicant and American, provides that (1) applicant will contribute \$283,454 face amount of the \$785,000 Northern notes to Northern's capital; (2) applicant will thereafter sell to American all of the stock of Northern for \$100,000; and (3) American will make it possible for Northern to prepay to applicant the remaining debt owed to applicant (\$501,546). American has entered into an employment contract with Stanley A. Schottland, one of applicant's directors.

**DELMARVA P&L SEEKS ORDER.** Delmarva Power & Light Company, Wilmington, Del., has applied to the SEC for an order under the Holding Company Act authorizing it to acquire interests in certain land on which generating facilities are to be constructed; and the Commission has issued an order (Release 35-15539) giving interested persons until September 6 to request a hearing thereon. According to the application, Pennsylvania Power & Light Co. (PP&L) is the owner of certain lands and options on land near Johnstown, Pa., on which there is to be constructed a coal-fired, mine-mouth 1,800,000 KW electric generating station. Pursuant to an agreement between PP&L and eight other utility companies which will own the generating station as tenants in common and share in its capacity in proportion to their ownership interest, Delmarva proposes to acquire from PP&L an undivided 3.72% interest in the land and options for an estimated cash consideration of \$281,186.

OVER

**COLUMBIA GAS PROPOSES DEBENTURE OFFERING.** The Columbia Gas System, Inc., 120 E. 41st St., New York 10017, filed a registration statement (File 2-25399) with the SEC on August 12 seeking registration of \$40,000,000 of debentures, due 1991, to be offered for public sale at competitive bidding. A public utility holding company, the company will add the net proceeds of its debenture sale to general funds, which will be used in part to complete its 1966 construction program. Construction expenditures in 1966 are estimated at \$115,000,000.

**MAC ANDREWS & FORBES FILES FOR SECONDARY.** MacAndrews & Forbes Company, Third St., and Jefferson Ave., Camden, N. J., filed a registration statement (File 2-25400) with the SEC on August 12 seeking registration of 75,000 outstanding shares of common stock. The present holder thereof, Delaware Valley Enterprises, Inc., proposes to offer the stock for public sale from time to time on the New York Stock Exchange at prices prevailing thereon at the time of sale (\$20 per share maximum\*). Such sales are to be effected through Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 10005.

The company is engaged in the manufacture and sale of licorice extracts, paperboard and related items. In addition to indebtedness, it has outstanding 939,553 common shares, of which the selling stockholder owns 259,194 shares. Joseph M. McCrane, Jr., is president of the company.

**BUCKBEE-MEARS FILES FOR OFFERING AND SECONDARY.** Buckbee-Mears Company, 245 E. Sixth St., St. Paul, Minn. 55101, filed a registration statement (File 2-25401) with the SEC on August 12 seeking registration of 500,000 shares of common stock. Of this stock, 400,000 shares (being outstanding stock) are to be offered for public sale by the present holders thereof and the remaining 100,000 shares by the company. The offering is to be made through underwriters headed by Paine, Webber, Jackson & Curtis, 25 Broad St., New York 10004, and J. M. Dain & Co., Inc., 110 S. Sixth St., Minneapolis, Minn. 55402. The public offering price (\$25 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company furnishes service and products to the graphic arts industry, including photoengraving, commercial art, commercial photography and lithography. Net proceeds of its sale of additional stock (together with internally generated funds and the proceeds of a \$3,000,000 loan) will be used to meet increased working capital requirements and to provide for 1966 net capital expenditures estimated at approximately \$5,000,000. In addition to indebtedness, the company has outstanding 1,801,980 common shares, of which management officials own 70.03% (including 54.79% owned by Norman B. Mears, president). The prospectus lists six selling stockholders, including The First Trust Company of Saint Paul as executor of estate of Marjorie C. Mears, which is offering 349,270 of 400,000 shares held. The total number of shares owned by Mears, the estate of his deceased wife of which he is a principal beneficiary, and members of his family will be 1,218,213 after successful completion of this offering.

**RANDOLPH COMPUTER PROPOSES OFFERING.** Randolph Computer Corporation, 200 Park Ave., New York 10017, filed a registration statement (File 2-25397) with the SEC on August 12 seeking registration of 100,000 shares of convertible preferred stock (\$50 par). The stock is to be offered for public sale through underwriters headed by Wertheim & Co., One Chase Manhattan Plaza, New York 10006. The interest rate, public offering price (\$52 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized under Delaware law in 1965, the company is engaged in the business of purchasing, for lease to others, computers and related equipment. Net proceeds of its stock sale will be used to finance the purchase of equipment as needed. In addition to indebtedness, the company has outstanding 527,500 common shares, of which management officials own 10.7% and Wertheim & Co. holds 30.5% (the latter stock being owned beneficially by Wertheim & Co., and by certain of its partners and associates and certain other persons). An aggregate of 425,000 of the outstanding common shares were sold privately for \$10 per share in September and November, 1965, to management officials and members of their families, State Mutual Life Assurance Company of America, Wertheim & Co., and certain other investors. John M. Randolph is board chairman and president of the company.

**SECURITIES ACT REGISTRATIONS STATEMENTS.** During the week ended August 11, 1966, 25 registration statements were filed, 33 became effective, 4 were withdrawn, and 381 were pending at the week-end.

**SECURITIES ACT REGISTRATIONS.** Effective August 12: American Seating Co., 2-25241; United Whelan Corp., 2-25157; Wallace Tiernan Inc., 2-25290. Effective August 15: Executive Data Systems, Inc., 2-25037 (90 days); Lufkin Foundry and Machine Company, 2-24736; Southern California Edison Co., 2-25314.

**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.