

## 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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**MFG. PROFITS REPORTED.** The SEC and Federal Trade Commission report (For December 14 Newspapers) that sales of U. S. manufacturing corporations totaled \$137.8 billion in the third quarter of 1966, 2 percent below the second quarter and 13 percent higher than in the third quarter of 1965. Profits after taxes amounted to \$7.4 billion in the latest quarter compared with \$8.4 billion in the second quarter and \$6.6 billion in the corresponding quarter of last year. The decline in sales from the second to the third quarter was seasonal in nature and after adjustment for the usual seasonal patterns, sales maintained the rising trend of the past several years. After-tax profits in the third quarter declined somewhat more than seasonally, reflecting lower earnings in the motor vehicle industry. The gains in sales and earnings over the year-earlier quarter were rather widespread among both durable and nondurable goods producers.

After-tax profit margins in the third quarter -- earnings per dollar of sales -- amounted to 5.4 cents, the same as in the corresponding quarter of last year. The rate of profit on stockholders' equity was 12.7 percent in the third quarter of 1966 compared with 12.3 percent in the same period of 1965. In the first nine months of 1966, manufacturers' sales totaled approximately \$409 billion, 13 percent above the same period of 1965. After-tax profits amounted to \$23 billion, 15 percent larger than in the first nine months of last year. These increases in sales and earnings over last year were shared by both durable and nondurable goods industry groups, and reflected substantial gains by all component industries except motor vehicles and primary iron and steel. For further details, see Stat. Release No. 2170.

**NASD SANCTIONS AFFIRMED.** In a decision under the Securities Exchange Act announced today, the SEC sustained a suspension and fine imposed by the NASD upon Gateway Stock and Bond, Inc., of Pittsburgh, and two officers. For sales of low-priced securities in 1962-63 at unfair prices in violation of the NASD's Rules of Fair Practice, the firm received a 90-day suspension and \$1,000 fine, as did James J. Kirsh, president, and Charles R. Martin, vice president. (Release 34-8003)

The excessive mark-ups involved the stocks of Bonded Homes, Inc., Metal Science Processing, Inc., Albert Voight Industries, Inc., and Unison Electronics Corporation. The Commission found that such mark-ups, computed upon the basis of the firm's contemporaneous cost of purchases or the prices in inter-dealer sales of such securities, whichever was higher, ranged from 7.3% to 22.2% in 67 transactions in Bonded Homes; from 12% to 23.8% in 46 transactions in Metal Science Processing; from 10% to 11.1% in 51 transactions in Voight industries stock; and 15.4% in 127 transactions in Unison Electronics stock.

**AMERICAN NATURAL GAS-CIG RECEIVE ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15620) authorizing CIG Corporation, recently-organized Detroit subsidiary of American Natural Gas Co., New York, to acquire the assets of Central Indiana Gas Co., a non-associate gas public utility operating in east-central Indiana, in exchange for stock of American Natural. It is proposed that American Natural issue 746,691 shares of its \$10 par value common stock to Central Indiana, that CIG acquire substantially all of the assets and assume substantially all of the liabilities of Central Indiana, and that CIG issue to American Natural shares of its \$100 par value common stock having an aggregate par value equal to that of the outstanding common stock of Central Indiana. Central Indiana will then distribute to its stockholders all of the shares of American Natural stock it receives and thereupon dissolve, with CIG assuming the corporate name of Central Indiana or a similar name.

**I.D.S. FILES TWO PROPOSALS.** The SEC has issued orders under the Investment Company Act giving interested persons until December 27 to request a hearing upon exemption applications filed by Investors Diversified Services, Inc., of Minneapolis, concerning (1) the purchase by Investors Syndicate Title & Guaranty Company from I.D.S. of some \$3,000,000 of VA guaranteed and FHA insured residential mortgage loans (Release IC-4788) and (2) the purchase by Investors Syndicate of America, Inc., from I.D.S. of some \$3,000,000 of similar residential mortgage loans (Release IC-4789). I.D.S. also proposes to sell to Investors Syndicate of America commercial mortgage loans in the amount of about \$880,220.

**CHARTERS & CO. PRINCIPALS, OTHERS CONVICTED.** The SEC New York and Atlanta Offices announced December 2 (LR-3621) that a verdict of guilty had been returned against Charters & Co. of Miami, Inc., a Miami, Fla. securities broker and dealer, Michael F. Dermer, Arthur Kaplow and Hugh L. Strump, principals of Charters & Co. and residents of Miami, Fla., and Michael A. Light of Miami Beach, Fla., for conspiracy to violate the anti-fraud provisions of the Securities Act of 1933 in offers and sales of the common stocks of Bankers Intercontinental Investment Co., Ltd. and Florida Patsand Corp. Previously, Arnold Mahler, president of Broadwall Securities, and Robert W. Evans, a principal of Bankers Intercontinental, had entered guilty pleas, and during the trial Arnold Mahler, president of Broadwall Securities, had pleaded guilty to substantive violations and Broadwall Securities to conspiracy charges.

**COLUMBIA BALANCED FUND PROPOSES OFFERING.** Columbia Balanced Fund, Inc., 621 S. W. Morrison St., Portland, Oregon 97205, filed a registration statement (File 2-25775) with the SEC on December 7 seeking registration of 100,000 shares of common capital stock, to be offered initially at \$10 per share. The shares will be sold without sales charges. It was organized under Oregon law in November 1966 by Rippey, Inskeep, Hess & McPaul, Inc., which will serve as its investment adviser. J. Jerry Inskeep, Jr., is president. Assets of the Fund will be invested in bonds, preferred stocks and common stocks.

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**BUDGET FINANCE PROPOSES RIGHTS OFFERING.** Budget Finance Plan, 6434 Wilshire Blvd., Los Angeles, Calif., filed a registration statement (File 2-25784) with the SEC on December 12 seeking registration of 250,000 shares of 6% serial preferred stock, \$10 par, and 50,000 warrants to purchase a like number of common shares. The securities are to be offered in units consisting of five preferred shares and one warrant. The units are to be offered for subscription, as of November 30, by holders of the following securities in the order of priority listed: (1) common stock of the company, (2) preferred stock and subordinated capital income debentures, 6% Series A, due 2010, (3) guarantee capital stock of State Savings and Loan Association (State Savings), and (4) common stock of Century Bank. Subscriptions are to be on a cash basis; however, holders of State Savings and Century Bank may acquire the units in exchange for shares of those issuers, the rate of exchange to be supplied by amendment. The offering price of the units (\$50 per unit maximum\*) is to be supplied by amendment.

The company is engaged in finance operations, including consumer and commercial finance. Net proceeds of this financing will be invested in its wholly-owned subsidiary, Budget Holding Company. A portion of the proceeds may be used by Budget Holding to make open market purchases of State Savings shares pursuant to a 1965 agreement between Budget Holding and J. Barth & Co. to purchase the remaining 265,600 outstanding shares of State Savings by 1972. The company presently owns majority interests in State Savings and Century Bank. In addition to indebtedness and preferred stock, the company has outstanding 1,242,941 common shares, of which management officials own 21.09% (including 10.34% owned by Charles S. Offer, board chairman). Charles T. Chandler is president.

**COLUMBIA GROWTH FUND FILES FOR OFFERING.** Columbia Growth Fund, Inc., 621 S. W. Morrison St., Portland, Oregon 97205, filed a registration statement (File 2-25785) with the SEC on December 9 seeking registration of 100,000 shares of common capital stock, to be offered for public sale at net asset value (\$10 per share maximum\*), with no sales load. Rippey, Inskeep, Hess & McFaul, Inc., is the Fund's investment adviser and underwriter.

Organized under Oregon law in November 1966, the Fund's objective is "to increase shareholder's capital by selecting investments which have unusual potential for increasing their long-term market value." The Fund has outstanding 250 common shares, purchased at \$10 per share by management officials. J. Jerry Inskeep, Jr., is president of the Fund.

**EATON YALE & TOWNE FILES PLAN.** Eaton Yale & Towne Inc., 100 Erieview Plaza, Cleveland, Ohio 44114, filed a registration statement (File 2-25786) with the SEC on December 9 seeking registration of 600,000 common shares, issuable upon the exercise of stock options under the company's Qualified Stock Option Plan.

**COMPUTER SCIENCES FILES PLAN.** Computer Sciences Corporation, 650 North Sepulveda Blvd., El Segundo, Calif. 90245, filed a registration statement (File 2-25787) with the SEC on December 12 seeking registration of \$3,112,500 of interests in its Employee Stock Purchase Plan and 150,000 common shares which may be offered pursuant thereto, together with 329,500 common shares may be issued under its Restricted and Qualified Stock Option Plan.

**OMNI SPECTRA PROPOSES RIGHTS OFFERING.** Omni Spectra, Inc., 19800 W. Eight Mile Rd., Southfield, Mich. 48075, filed a registration statement (File 2-25788) with the SEC on December 12 seeking registration of 26,150 shares of common stock. The stock is to be offered for subscription by shareholders at the rate of one new share for each four shares held on December 15. The subscription price is \$20 per share. Any unsubscribed shares are to be offered for public sale.

Organized under Michigan law in 1962, the company is engaged in the design, manufacture and sale of miniature high performance microwave components, connectors and assemblies. Of the net proceeds of its stock sale, \$300,000 will be applied toward the construction of the company's new building in Farmington, Mich. (the balance of the cost is estimated at \$350,000); \$200,000 will be applied to the cost of machinery and equipment; and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 104,500 common shares, of which management officials own 37% (including 15% owned by John H. Bryant, president).

**SECURITIES ACT REGISTRATIONS. Effective December 12:** Braniff Airways, Inc., 2-25691 (40 days); Arthur G. McKee & Co., 2-25585; Rio Algom Mines Ltd., 2-25696 (40 days); Scott Paper Co., 2-25706.

**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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