

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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TRADING TO RESUME IN OMEGA EQUITIES. The SEC today announced that over-the-counter trading in the common stock of Omega Equities Corporation, of Los Angeles, may be resumed at the opening of business on Tuesday, April 29 (Release 34-8584). In announcing this action, the Commission called attention to a court decree of April 10 enjoining Harry W. Bank, chairman of Omega's executive committee, Jerry M. Tenney, president, and five other officers and one employee, from violations of the Federal securities laws in the offer and sale of Omega stock. They consented to the decree, but denied the violations complained of. The injunctive action is still pending against four other defendants. The complaint charged among other things that defendants engaged in a deceptive and manipulative course of conduct in connection with their activities in Omega securities, including the use of untrue, misleading and deceptive financial statements of Omega and other false and misleading information about Omega, its operations and financial condition. The Commission also cautioned that broker-dealers, present shareholders and prospective purchasers of Omega stock, in connection with any future transactions in its securities, should consider carefully the allegations in its complaint, which are summarized in Release 34-8584 announcing the resumption of trading.

SEC ORDER CITES DUNHILL SECURITIES. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of Dunhill Securities Corporation, of New York City. Also named as respondents were Patrick Reynaud, president, and Edward Flinn, former trader and salesman of the Dunhill firm.

The proceedings are based upon allegations of the Commission's staff that during the period February-May 1968, Dunhill, Reynaud and Flinn offered and sold stock of Lynbar Mining Corporation, Ltd., in violation of the registration and anti-fraud provisions of the Federal securities laws. In February 1969, Dunhill and Flinn consented to court orders of permanent injunction against such violations. The staff also alleges violations of the Commission's record-keeping requirements by Dunhill since January 31, 1969, and it cites the following record of prior court actions: (a) court order of May 10, 1967, enjoining Reynaud (with his consent) from violations of the Securities Act registration provisions in the sale of stock of Panamerican Bank and Trust Co.; (b) court order of February 20, 1968, enjoining Dunhill and others from violations of the Securities Act registration and anti-fraud provisions in the sale of stock of North American Research and Development Corporation; and (c) court order of June 19, 1968, preliminarily enjoining Dunhill, Reynaud and one other from violating the Commission's net capital and record-keeping rules.

A hearing has been scheduled for May 5, 1969, in the Commission's New York Regional Office to take evidence on the staff charges and afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the staff charges are true and, if so, if any action of a remedial nature is necessary or appropriate in the public interest.

DEUTSCH, DOLIN & MILLS INDICTED. On April 11, a Federal grand jury in New York City returned indictments charging that Jerome Deutsch, executive vice president of Realty Equities Corporation, of New York, Nate Dolin, an officer and director of an affiliate of Realty Equities, and Frank D. Mills, of Boston, violated the anti-fraud provisions of the Securities Exchange Act; that Dolin committed perjury; and that Mills violated Section 17 of the Investment Company Act and Deutsch aided and abetted Mills in such violation (LR-4297).

MacELVAIN, DEEP ROCK DRILLING ENJOINED. The SEC Atlanta Regional Office announced April 21 (LR-4298) that the U. S. District Court in Montgomery, Ala., had enjoined violations of the Securities Act registration provisions by Ford M. MacElvain and Robert C. MacElvain, d/b/a Deep Rock Drilling Company, of Opelike, Ala., in the offer and sale of oil interests.

DALEN INVESTMENTS ENJOINED. The SEC Atlanta Regional Office announced April 21 (LR-4299) that the U. S. District Court in Miami had enjoined violations of the Commission's recordkeeping and net capital rules by Dalen Investments & Funds, Inc., a Miami broker-dealer. The defendant consented to the court order.

SY POLLACK FOUND GUILTY. The SEC Atlanta Regional Office announced April 22 (LR-4300) that a Federal jury in Birmingham found Sy (Seymour) Pollack, of Fort Lee, N. J., guilty of violating the Securities Act anti-fraud provisions in connection with transactions involving United Security Life Insurance Company of Birmingham. Pollack was sentenced to five years' imprisonment.

THE TAX MAN SUSPENSION PERMANENT. The SEC today announced that its March 18, 1969, order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public stock offering by The Tax Man, Inc., of Quincy, Mass., has been made permanent. This action was taken after the company withdrew its request for a hearing on the question whether the suspension order should be vacated or made permanent.

OVER

In its Regulation A notification filed in October 1968, the company proposed the public offering of 34,500 common shares at \$2.50 per share. In its suspension order, the Commission asserted that certain terms and conditions of Regulation A were not complied with: (1) that the company's offering circular included false information with respect to the stockholdings of company officials and their right to acquire stock pursuant to options, and failed to identify a promoter and list his holdings and right to acquire stock options; and (2) that the company offered and sold stock by use of written sales material which was not filed with the Commission and in advance of the ten-day waiting period provided by Regulation A.

TRADING BANS CONTINUED. The SEC has ordered the suspension of exchange and/or over-the-counter trading in the securities of BSF Company, Capitol Holding Corporation and Telstar, Inc., for the ten-day period April 25 to May 4, 1969, inclusive.

UNLISTED TRADING REPORTED. The SEC has issued an order under the Securities Exchange Act giving interested persons until May 8 to request ^{a hearing} upon an application of the Detroit Stock Exchange for unlisted trading privileges in the common stock of Hoover Ball & Bearing Company.

Orders have also been issued granting applications of (a) the Midwest Stock Exchange for unlisted trading privileges in the common stock of Clorox Company and (b) the Philadelphia-Baltimore-Washington Stock Exchange for such privileges in the common stocks of Computer Sciences Corp. and Buttes Gas & Oil Company. (Release 34-8580)

AMERICAN-HAWAIIAN STEAMSHIP SEEKS ORDER. American-Hawaiian Steamship Company, New York closed-end investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to certain transactions incident to merger of McLean Industries, Inc., with and into R. J. Reynolds Tobacco Company; and the Commission has issued an order (Release IC-5663) giving interested persons until 12:30 P.M. May 12 to request a hearing thereon. According to the application, the Tobacco Company proposes to acquire the business of McLean Industries. The proposed transactions include (1) the proposed sale to the Tobacco Company by the Steamship Company and others of all of their holdings (2,304,000 shares) of McLean Industries A common stock at a price of \$50 per share and (2), following such sale, the merger of McLean Industries into the Tobacco Company and, in that connection, the exchange of McLean Industries common stock and its other outstanding securities (other than the A shares) for securities of the Tobacco Company or cash, as provided in the merger agreement.

ARKANSAS P&L SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16354) giving interested persons until May 19 to request a hearing upon a proposal of Arkansas Power & Light Company, Little Rock subsidiary of Middle South Utilities, Inc., to sell up to \$35,000,000 of short term notes to 11 banks and/or commercial paper notes to Salomon Brothers & Hutzler. Proceeds of such borrowings will be used to finance Arkansas P&L's construction program and for other corporate purposes. Construction expenditures are estimated at \$62,600,000 for 1969 and \$79,400,000 for 1970.

HYGRADE FOOD PRODUCTS TO SELL PREFERRED. Hygrade Food Products Corporation, 11801 Mack Avenue, Detroit, Mich. 48214, filed a registration statement (File 2-32688) with the SEC on April 21 seeking registration of 240,000 shares of Series A \$3 cumulative convertible preference stock, to be offered for public sale through underwriters headed by Weis, Voisin, Cannon, Inc., 111 Broadway, New York. The offering price (\$50 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged principally in the meat packing business. Of the net proceeds of its preferred stock sale, \$600,000 will be used to pay the installment of a term loan due 1980 which became payable on December 1, 1968, but was extended to June 30, 1969; \$36,000 will be used for similar purposes; and the balance will be applied to reduce short-term bank notes the proceeds of which were used to finance the company's inventories and accounts receivable. In addition to indebtedness and preferred stock, the company has outstanding 759,254 common shares, of which management officials as a group own 16.9%. Hugo Slotkin is board chairman.

MAGNA CHARTA OIL FUND FILES. Magna Charta Oil & Gas Fund: 1969, 2707 Security Life Bldg., Denver, Colo. 80202, filed a registration statement (File 2-32689) with the SEC on April 21 seeking registration of 600 units of pre-formation limited partnership interests in the Fund, to be offered for public sale at \$5,000 per unit. No underwriting is involved; participating NASD members will be entitled to a 7½% selling commission on units sold by them. The offering is to be made by Magna Charta Oil & Gas Ltd., the general partner, which will manage the Fund operations. The Fund will engage in exploration for oil and gas. Henry E. Zoller, Jr., is board chairman and Kenneth I. Danneberg president of the general partner.

ANODYNE TO SELL DEBENTURES. Anodyne, Inc., 1270 N.W. 165th St., North Miami Beach, Fla. 33169, filed a registration statement (File 2-32696) with the SEC on April 21 seeking registration of \$4,500,000 of convertible subordinated debentures, to be offered for public sale at 100% of principal amount. The offering is to be made by John Nuveen & Co. (Inc.), 209 S. LaSalle St., Chicago, Ill., which will receive a 3% commission.

The company is engaged primarily in the manufacture and sale of anodized aluminum emblems, decorative trim and nameplates. Of the net proceeds of its debenture sale, \$766,000 will be used to exercise an option to purchase its present plant and the land on which it is located, \$220,000 to acquire land for the construction of additional facilities, \$700,000 to construct facilities, \$2,300,000 to purchase and install equipment to be used in the additional facilities, and the balance for working capital. The company has outstanding 1,009,909 shares of common stock, of which Eugene T. Turney, Jr., president and board chairman, owns 20.48%.

GENERAL MICROWAVE FILES FOR OFFERING AND SECONDARY. General Microwave Corporation, 155 Marine St., Farmingdale, L.I., New York, filed a registration statement (File 2-32698) with the SEC on April 21 seeking registration of 150,000 shares of common stock, of which 100,000 are to be offered for public sale by the company and 50,000 (being outstanding shares) by the present holders thereof. The stock is to be offered at \$3.50 per share through underwriters headed by M. S. Wein & Co., Inc., and Schwartz & Co., 39 Broadway, 24th Floor, New York, which will receive a 35c per share commission plus \$10,000 for expenses. The company has agreed to sell to the underwriter, for \$120, six-year warrants for the purchase of 12,000 shares, exercisable after 13 months at \$3.50 per share; an additional 3,000 warrants are being sold to Messrs. Galpeer & Cooper and Aaron Karp.

The company is engaged in the development, manufacture and sale of microwave testing and measuring equipment, control devices and components. Of the net proceeds of its sale of additional stock, \$75,000 will be used for test equipment and machinery and the balance for working capital and in the general development of the company's business. The company now has outstanding 835,356 common shares (with a \$1.07 per share book value), of which management officials as a group own 68.5%. Frederick Zissu is board chairman and Sherman A. Rinkel is president. Purchasers of the shares being registered will acquire a 16% stock interest in the company for their investment of \$525,000; present stockholders will then own 84%.

STOCK PLANS FILED. The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered under and pursuant to employee stock and related plans:

Tremco Manufacturing Company, Cleveland, Ohio (File 2-32690) - 59,950 shares
 American Financial Corporation, Cincinnati, Ohio (File 2-32691) - 100,000 shares
 Hart Schaffner & Marx, Chicago, Ill. 60606 (File 2-32692) - \$1,200,000 of participations
 American Building Maintenance Industries, San Francisco, Calif. 94102 (File 2-32693) - 21,450 shares
 Acme-Cleveland Corporation, Cleveland, Ohio 44108 (File 2-32694) - 372,400 shares
 Garlock Inc., Rochester, N. Y. 14604 (File 2-32695) - 20,225 shares
 Bell & Howell Company, Chicago, Ill. 60645 (File 2-32697) - 379,132 shares
 Owen Laboratories, Inc., Dallas, Tex. 75247 (File 2-32699) - 100,000 shares

PROSPECTUS DELIVERY RULES DISCUSSED. The SEC today issued a statement (Release 33-4968) calling attention to the fact that many companies are filing Securities Act registration statements for the first time and that "many such offerings of securities are of a highly speculative character and that the prospectus should be carefully examined before an investment decision is reached. It is characteristic of such speculative issues that the company has been recently organized, that the promoters and other selected persons have obtained a disproportionately large number of shares for a nominal price with the consequent dilution in the assets to be contributed by the investing public, and that the underwriters receive fees and other benefits which are high in relation to the proceeds to the issuer and which further dilute the investment values being offered."

Calling attention to its declared policy in SEC Rule 460 not to accelerate the effective date of a registration statement unless the preliminary prospectus is distributed to underwriters and dealers who are to participate in the distribution, the Commission stated that it also will consider whether the persons making an offering of securities of an issuer which is not subject to the SEC reporting requirements have taken reasonable steps to furnish preliminary prospectuses to those persons who may reasonably be expected to be purchasers of the securities.

GRANT ADVERTISING TO SELL DEBENTURES. Grant Advertising International, Inc., 10 S. Riverside Plaza, Chicago, Ill. 60606, filed a registration statement (File 2-32700) with the SEC on April 22 seeking registration of \$1,500,000 of convertible subordinated debentures, due 1985, to be offered for public sale at 100% of principal amount. The offering is to be made through underwriters headed by Burton J. Vincent & Co., 105 West Adams St., Chicago, Ill. 60603; the interest rate, offering price and underwriting terms are to be supplied by amendment.

The company and its subsidiaries operate advertising agencies in 21 countries outside the United States. Of the net proceeds of its debenture sale, \$100,000 will be used to retire indebtedness in the U.S. in connection with the purchase of the Mexico City office from Grant Advertising, Inc. ("Grant"), \$170,000 to purchase an Australian advertising agency, \$50,000 to retire \$20,000 debt incurred in opening the Tokyo office and to provide that office with working capital, \$70,000 to purchase Grant's Kenya office under terms of an option agreement and \$226,000 to retire additional short-term indebtedness, incurred to meet working capital requirements; the balance will be available for additional working capital and capital expenditures, both in connection with the company's present business and possible future acquisitions. The company has outstanding 450,780 common shares, of which Grant owns 51.3%. Will C. Grant is chairman and president.

SECURITIES ACT REGISTRATIONS. Effective April 22: Consolidated Leasing Corp., 2-32241 (40 days); Olin Mathieson Chemical Corp., 2-32427. Effective April 23: American Express Special Fund, Inc., 2-28208; Associated Madison Companies, Inc., 2-31183 (90 days); Austral Oil Co., Inc., 2-32158 (40 days); CG Variable Annuity Account I, 2-29516; Chrysler Financial Corp., 2-32037 (90 days); Cimarron Management, Inc., 2-29833 (90 days); Computer Sharing, Inc., 2-31030 (90 days); Conrac Corp., 2-32062; Consolidated Leasing Corp. of America, 2-31402; Flexible Circuits, Inc., 2-31411 (90 days); General American Transportation Corp., 2-32487 (June 2); Grimm & Davis, Inc., 2-31728 (90 days); Host International, Inc., 2-32070 (40 days); Hotel Corp. of America, 2-31267; Houston Oil & Minerals Corp., 2-31684 (90 days); Moore's Seafood Products, Inc., 2-31699 (90 days); National Can Corp., 2-32559; Penn Engineering & Manufacturing Corp., 2-32073 (40 days); Reserve Oil and Gas Co., 2-32613; Rexall Drug and Chemical Co., 2-32554.

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.