

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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A brief summary of financial proposals filed with and actions by the S.E.C.

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**SEC COMPLAINT NAMES PARVIN DOHRMANN, OTHERS.** The SEC announced on October 16 (LR-4441) the filing of a complaint in Federal court in New York seeking to enjoin violations of the anti-fraud, report filing and credit provisions of the Securities Exchange Act in the purchase and sale of securities of Parvin Dohrmann Company. Named as defendants, in addition to Parvin Dohrmann, were Delbert W. Coleman, board chairman and chief executive officer, and William C. Scott, president and chief operating officer, of Parvin Dohrman, Stephen Leedom Carpet Company, Inc., Jesup & Lamont, Denny's Restaurants, Inc., Valley Bank of Nevada (successor to Bank of Las Vegas), Nathan Voloshen and ten other individuals.

**M & B MINING, OTHERS ENJOINED.** The SEC San Francisco Regional Office announced October 14 (LR-4442) that the U. S. District Court in Los Angeles had enjoined violations of the Securities Act registration provisions of stock of M & B Mining Corporation, of Las Vegas, by that company, Robert D. Grabar, Lela M. Grabar, and Gary S. Mulliner. The defendants consented to the injunction without admitting or denying the violations alleged.

**INDICTMENT NAMES LOWTHER, COURTS, LOWRY.** The SEC Denver Regional Office announced October 14 (LR-4443) the return of a Federal court indictment in Denver charging violations of the anti-fraud provisions of the Federal securities laws by the following in the offer and sale of stock of Elkton Company: Harry Allen Lowther, Jr., Carl Evert Courts, Wendel Everett Lowry and Lowry Investments, Inc., all of Colorado Springs.

**INTERNATIONAL UNIVERSITY FOUNDATION ENJOINED.** The SEC Atlanta Regional Office announced October 14 (LR-4444) that the Federal court in Miami had enjoined the International University Foundation, Ltd., a Bahamian company, and Robert B. Downes and Gardner P. Mulloy, of Miami, from violating the registration provisions of the Securities Act and Investment Company Act, and requiring American College Foundation, Inc., a Florida corporation, Downes and Mulloy to file a registration statement under the Investment Company Act for the trust fund sponsored by American. The defendants consented to issuance of the court order.

**SEC ORDER CITES A. B. CULBERTSON & CO.** The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of A. B. Culbertson & Company, of Fort Worth, Texas. Also named as respondents are William R. Sarsgard and Dee S. Finley, president and vice president, respectively, and Howard H. Whatley, former securities salesman.

The proceedings are based upon allegations of the Commission's staff that the Culbertson firm and the individual respondents, singly and in concert, engaged in activities violative of the anti-fraud provisions of the Federal securities laws in connection with their transactions in securities of Church Loan Association of Southern Baptists, a Texas corporation. According to the Commission's order, the Culbertson firm controlled the Association until February 1963 and since 1958 served as fiscal agent and corporate trustee on all bonds issued by the Association. A hearing will be held, pursuant to further order, to take evidence on, and afford the respondents an opportunity to defend against, the staff allegations, for the purpose of determining whether the allegations are true and, if so, whether any action of a remedial nature should be taken by the Commission.

**NEES RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16496) authorizing New England Electric System and eight subsidiaries to increase the maximum amount of short-term promissory notes of the subsidiaries to be outstanding from the \$40,885,000 authorized by the Commission on February 25 (Release 35-16292) to a maximum amount of \$44,210,000.

**ST. LOUIS MIDWEST CO. SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5849) giving interested persons until November 7 to request a hearing upon an application of St. Louis Midwest Company, St. Louis mutual fund, for an order declaring that it has ceased to be an investment as defined in the Act. The Fund's shareholders on March 17 approved a plan of complete liquidation, and its Board on March 25 adopted a resolution authorizing the distribution of all the Fund's assets (consisting of common shares of Fidelity Fund, Inc., and cash) to its shareholders of record March 21, at the rate of 2.12754 Fidelity shares for each Fund share held, plus a liquidating cash distribution. The Fund had 11,252 shares outstanding on that date and 26 shareholders. The Fidelity shares and cash distribution have been distributed to all but one shareholder holding 200 Fund shares, who has not presented his certificates for payment of the liquidating distribution.

**WASHINGTON NATIONAL INSURANCE CO. RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5850) exempting Washington National Insurance Company and Washington National Variable Annuity Fund B, Evanston, Ill., from certain provisions of the Act. Insurance Company established Fund B in connection with the proposed sale of variable annuity contracts. Net purchase payments under the contracts will be allocated to Fund B and invested in shares of Washington National Fund, Inc., an open-end investment company.

OVER

**NUVEEN FUND RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5851) exempting Series 22 and all other series of the Nuveen Tax-Exempt Bond Fund from the \$100,000 net worth provisions of the Act.

**STAR CAPITAL RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5852) permitting Star Capital Corporation, New York closed-end investment company, to merge with Sun Capital Corporation, wholly-owned subsidiary of Abacus Fund, Inc., the merger of Abacus and Peter Sharp & Co., Inc. (90% owned by Peter Sharp, president of Star and owner of 21% of Star's outstanding shares) and the sale of Abacus stock to ABJ Company, a New York general partnership, in which Peter Sharp is a general partner and has a proprietary interest in excess of 99%.

**UNLISTED TRADING SOUGHT.** The SEC has issued orders under the Securities Exchange Act (Release 34-8721) giving interested persons until October 28 to request a hearing upon applications of the following exchanges for unlisted trading privileges in the common stocks or named securities of the specified companies:

**Boston Stock Exchange** - Amerada-Hess Corporation - Common Stock and \$3.50 Cumulative Convertible Preferred Stock, Aguirre Co., Anthony Pools, Incorporated, Avnet, Inc., Baker Oil Tools, Inc., Cosmodyne Corporation, Dymo Industries, Incorporated, Federal Sign and Signal Corp., Gale Industries, Inc., General Public Utilities Corporation, H & B American Corp., Head Ski Company, Inc., Lehigh Valley Industries, Lionel Corporation, Natomas Company, Northwest Industries, Inc., Vikoa Incorporated; **Philadelphia-Baltimore Washington Stock Exchange** - General Public Utilities Corporation; **Midwest Stock Exchange** - California Financial Corporation; Columbia Pictures Industries, Inc., Evans Products Co., Hercules Incorporated, Homestake Mining Co., Ingersoll-Rand Co., Leasco Data Processing Equipment Corp., The Lionel Corporation, Loew's Theatres, Inc., National Industries, Inc., Natomas Company, Panhandle Eastern Pipe Line Co., Pennzoil United, Knc., Sanders Associates, Inc., Signal Companies, Inc., Stokely-Van Camp, Inc., Transatron Electronic Corporation, Vornado, Inc., Del E. Webb Corporation, Whittaker Corporation, Zapata Norness, Inc.

**COX CABLE COMMUNICATIONS FILES FOR SECONDARY.** Cox Cable Communications, Inc., 1601 West Peachtree St., N.E., Atlanta, Ga. 30309, filed a registration statement (File 2-34967) with the SEC on October 3 seeking registration of 248,902 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 Drexel Harriman Ripley, Inc., 1500 Walnut St., Philadelphia, Pa. 19101; the offering price (\$18 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized in July 1968, the company is engaged in the community antenna television (CATV) business. In addition to indebtedness, it has outstanding 3,550,000 common shares. Fred Lieberman proposes to sell 173,000 of 692,000 shares held, Jack R. Crosby 61,000 of 246,623 and 15 others the remaining shares being registered.

**UNITED FOODS FILES FOR OFFERING.** United Foods, Inc., 5050 Poplar Ave., Memphis, Tenn. 38117, filed a registration statement (File 2-34973) with the SEC on October 6 seeking registration of 1,150,000 shares of common stock and 575,000 common stock purchase warrants. These securities are to be offered for subscription by stockholders in units, each consisting of two shares and one warrant, on the basis of one unit for each three shares held. The record date, subscription price (\$10 per unit maximum\*) and dealer concession are to be supplied by amendment.

The company is a processor and marketer of frozen vegetables and fruits. Of the net proceeds of its offering, \$2,200,000 will be used to pay off notes in that amount held by Flechner Becker Associates and Flechner Becker & Ehrlich Fund N.V. Part of the balance will be used to pay an additional \$1,277,779 of notes, except that the holders thereof have agreed to purchase unsubscribed units up to the unpaid balance of such notes, and the amount to be paid the holders of such notes is to be reduced by the amount of their subscriptions; the balance of the proceeds will be used for general corporate purposes. Also included in this registration statement are 540,000 warrants held by the two Flechner note holders, who will be entitled to receive an additional 440,000 warrants if the \$2,200,000 of notes are not repaid by December 31 as well as 962,897 common shares issuable upon the conversion of outstanding convertible subordinated notes. Dennis R. Kendrix is president. The company's prospectus states that it has suffered substantial losses during the past 18 months and has experienced difficulty in generating adequate working capital; most of its properties and assets are mortgaged.

**HOERNER WALDORF WARRANTS IN REGISTRATION.** Hoerner Waldorf Corporation, St. Paul, Minn. 55114, filed a registration statement (File 2-34975) with the SEC on October 6 seeking registration of outstanding warrants for the purchase of 179,026 shares of common stock. The warrants were issued in January 1966 to shareholders of record December 15, 1965; they evidence the right to purchase the 179,026 shares at \$30 per share through October 31, 1973. The warrants may be offered for sale from time to time by the holders thereof, at prices current at the time of sale (\$6.75 per warrant maximum\*). The company is a manufacturer of paperboard and paperboard products. It has outstanding 6,427,551 common shares.

**TRADING SUSPENSIONS CONTINUED.** The SEC has ordered the further suspension of exchange and/or over-the-counter trading in the securities of Commercial Finance Corporation of New Jersey and Liquid Optics Corporation for the ten-day period October 18-27, inclusive, in the securities of Continental Vending Machine Corporation for the period October 19-28, inclusive, and in the securities of Commonwealth United Corporation for the period October 20-29, inclusive.

**CANADIAN PROSPECTS FILES FOR OFFERING.** Canadian Prospects, Inc., 706 Union Center Bldg, Wichita, Kansas 67202, filed a registration statement (File 2-34980) with the SEC on October 7 seeking registration of 400,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made through underwriters headed by Stifel, Nicolaus & Company, 1600 Boatmens Bank Bldg, 314 N. Broadway, St Louis, Mo., which will receive a 45¢ per share commission. The said underwriter also will be entitled to receive five-year warrants for the purchase of 20,000 shares, exercisable initially (after one year) at \$5.35 per share.

The company was organized in April to engage in a drilling program for oil and gas in the Province of Saskatchewan, Canada, and a potential drilling program in the Province of Ontario. Of the net proceeds of its stock sale, \$1,520,000 will be applied to its Saskatchewan drilling program under a "turkey contract" with Cameron Funk, president, and Cullen Thomas, vice president. The balance will be used for other corporate purposes, including a reserve for the potential purchase of Ontario acreage pursuant to an agreement with Calvert Funds, Inc. The company now has outstanding 61,268 common shares, owned in equal amounts by Funk and Thomas.

**CONTINENTAL TELEPHONE PROPOSES OFFERING.** Continental Telephone Corporation, 222 South Central, St. Louis, Mo. 63105, filed a registration statement (File 2-34981) with the SEC on October 7 seeking registration of 1,250,000 shares of common stock with warrants to purchase 1,250,000 common shares, to be offered for public sale in units, each consisting of one share and one warrant. The offering is to be made through underwriters headed by E. F. Hutton & Company, Inc., 61 Broadway, New York, New York, and two other firms; the offering price (\$30 per unit maximum\*) and underwriting terms are to be supplied by amendment.

An independent telephone holding company, the company will use the net proceeds of its stock sale to repay revolving credit bank loans incurred in connection with acquisitions and investments in and advances to subsidiaries. Subsidiary construction expenditures are estimated at \$140,300,000 for 1969 and \$159,000,000 for 1970. In addition to indebtedness and preferred stock, the company has outstanding 22,413,430 common shares. Phillip J. Lucier is president and Charles Wohlstetter board chairman.

**NATIONAL STUDENT MARKETING FILES FOR SECONDARY.** National Student Marketing Corporation ("NSMC"), 345 Park Avenue, New York, New York 10017, filed a registration statement (File 2-34982) with the SEC on October 7 seeking registration of 54,285 shares of common stock to be issued in connection with the proposed mergers on October 14 of Mar-Clay Mills, Inc., Mailbag International, Inc., and MII Services, Inc., into NSMC. These shares may be offered for sale (or pledged) from time to time by the recipients thereof at prices current at the time of sale (\$47 per share maximum\*).

NSMC provides a diversified range of nontraditional advertising, promotional and marketing services designed to reach and influence the buying habits of the youth market (consumers between ages 16 and 24) with particular stress on the college and high school market. In addition to indebtedness, NSMC has outstanding 2,896,555 common shares, Cortes G. Randell is board chairman and president of NSMC. George W. Schiele may sell 14,285 shares of 83,565 shares to be received and four others may sell 10,000 shares each of 75,000 shares each.

**HUSKY EXPLORATION PROPOSES OFFERING.** Husky Exploration, Ltd. (the "partnership"), Lincoln Tower Building, 1860 Lincoln St., Denver, Colo. 80203, filed a registration statement (File 2-34985) with the SEC on October 8 seeking registration of \$30,000,000 of limited partnership units, to be offered for public sale at \$1,000 per unit. The offering is to be made on a "best efforts" basis through underwriters headed by Goodbody & Co., 55 Broad St., New York, N. Y. 10004; the underwriting terms are to be supplied by amendment. The Goodbody firm will receive an overriding royalty of 2½% of the net revenue interest of the operating partnerships in certain leases. The partnership was organized in October to enter into and to make capital contributions to separate limited partnerships with Husky Oil Ltd. ("Canadian Husky") and with Husky Oil Company of Delaware ("U. S. Husky"), all of whose outstanding common stock is owned by Canadian Husky, or their subsidiaries, for the acquisition, exploration and development of oil, gas and other mineral properties in Canada and the United States and possibly in other countries. The partnership (or Husky Corporation acting on its behalf) will be the sole limited partner of each operating partnership and Canadian Husky, U.S. Husky or a subsidiary of either, will be the sole general partner thereof. The Husky Corporation, wholly-owned by U. S. Husky, will act as general partner of the partnership. Glenn E. Nielson is board chairman and Gene E. Roark is president of The Husky Corporation.

**AMERICAN METAL CLIMAX FILES FOR SECONDARY.** American Metal Climax, Inc. ("AMAX"), 1270 Avenue of the Americas, New York, N. Y. 10020, filed a registration statement (File 2-34986) with the SEC on October 8 seeking registration of 343,436 shares of Series A convertible preferred stock, which are to be issued in connection with the merger of Ayrshire Collieries Corporation into the company on October 31 (a total of 790,891 Series A preferred shares are to be issued to Ayrshire shareholders in lieu of their Ayrshire holdings). The shares being registered may be offered for sale from time to time by the recipients thereof at prices current at the time of sale (\$80 per share maximum\*).

AMAX is engaged in the exploration for and the mining of ores and minerals, the smelting, refining and other treatment of minerals and metals. It has outstanding 23,647,967 common shares. Patoka Coal Company may sell 169,376 preferred shares and eight others the remaining shares being registered.

**RIKER-MAXSON SHARES IN REGISTRATION.** Riker-Maxson Corporation, 280 Park Avenue, New York, N. Y. 10017, filed a registration statement (File 2-34976) with the SEC on October 6 seeking registration of 821,441 shares of common stock, 44,649 shares of Series A cumulative convertible Class A special preference stock, and 492,858 common stock purchase warrants. These securities are now outstanding and may be offered for public sale from time to time by the holders thereof, at prices current at the time of sale (\$13 per common share maximum\*). Principal among the selling common stockholders are Fidelity Trend Fund, Inc. (152,500 shares),

Fund of Letters, Inc. (89,286) and ISI Trust Fund (100,000). Also included in the statement are 1,195,341 common shares issuable upon conversion of Series A cumulative convertible Class A special preference stock, as well as 242,632 common and 53,388 preference shares issuable to the holders of options. The company has outstanding 2,753,301 common and 1,195,341 preference shares.

**TELEMED FILES OFFERING PROPOSAL.** Telemed Corporation, 205 Touhy Avenue, Park Ridge, Ill. 60068, filed a registration statement (File 2-34978) with the SEC on October 7 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$6 per share. The offering is to be made through Frank Ginberg & Co., Inc., 40 Wall Street, Room 6305, New York, New York, which will receive a 60¢ per share commission plus \$22,000 for expenses. The underwriter will be entitled to purchase 15,000 shares at \$1 per share, which shares may not be resold for one year.

Organized in June, the company is engaged in the development and operation of a computerized service providing on-line analysis of medical data as an aid to physicians. Of the net proceeds of its stock sale, \$600,000 will be used to purchase or lease computers and other equipment, \$200,000 to establish the company's computer operation and to cover the expenses of additional equipment, and the balance for general corporate purposes. The company has outstanding 505,000 common shares, of which Medequip Corporation owns 74.3% and Gerald A. Kien, president, 20%. Purchasers of the shares being registered will acquire a 27.8% stock interest in the company for their investment of \$1,200,000 (or \$6 per share); present stockholders and the underwriter will then own 72.2%, for which they will have paid \$222,500 (an average of 43¢ per share).

**SYSTEMATION FILES OFFERING PROPOSAL.** Systemation, Inc., P. O. Box 730, Colorado Springs, Colo. 80901, filed a registration statement (File 2-34979) with the SEC on October 7 seeking registration of 175,000 shares of common stock, to be offered for public sale through underwriters headed by Boettcher and Company, 828 17th St., Denver Colo. The offering price (\$7 per share maximum\*) and underwriting terms are to be supplied by amendment. The Boettcher firm will receive \$4,500 for expenses; and it will be entitled to purchase, for \$122.50, 12,250 common stock purchase warrants.

The company was organized in June; through a series of reorganizations it succeeded to the business of two predecessor corporations and is engaged in providing management systems education through courses, seminars and publications. Net proceeds of its stock sale will be used for research and development (\$285,000), working capital (\$190,000), reduction of indebtedness (\$82,000) and other purposes. The company has outstanding 350,676 common shares, of which Leslie H. Matthies, president, owns 51.6% and Henry A. Green, vice president, 17.2%.

**DECORATIVE SYSTEMS TO SELL STOCK.** Decorative Systems, Inc., 350 Fifth Ave., New York, N. Y. 10001, filed a registration statement (File 2-34987) with the SEC on October 8 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$7.50 per share. The offering is to be made through underwriters headed by First Philadelphia Corporation, 80 Wall St., New York, N. Y. 10005, which will receive a 75¢ per share commission plus \$15,000 for expenses. The company has agreed to sell the underwriters, for \$10, six-year warrants to purchase 10,000 shares, exercisable after one year at \$8.25 per share.

Organized in July, the company proposes to engage in the business of selling discount privilege cards, which cards could entitle the holders thereof to enter into and purchase merchandise from wholesale design showrooms which cater to decorators at the wholesale prices that are charged to interior decorators. Of the net proceeds of its stock sale, \$200,000 will be used for advertising and sales promotion, \$225,000 for leasing of and decorating commercial office space, and \$150,000 for first year salaries; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 400,000 common shares (with a 16¢ per share net tangible book value), of which Jay M. Pittlake, president, owns 50% and management officials as a group 60%. Purchasers of the shares being registered will acquire a 20% stock interest in the company for their investment of \$750,000 (they will sustain an immediate dilution of \$6.12 in per share book value from the offering price); the present shareholders will then own 80%, for which the company received \$70,640.

**SECURITIES ACT REGISTRATIONS.** Effective October 16: Associated Hosts, Inc., 2-33892 (90 days); CCA Electronics Corp., 2-32782 (90 days); Chemical and Aerospace Products, Inc., 2-33254 (90 days); Computer Equipment Corp., 2-33702 (40 days); J. W. Edgerly & Co., 2-33897 (90 days); Franchise Management Systems, Inc., 2-33275 (90 days); General Automation, Inc., 2-33591 (90 days); Hyde Athletic Industries, Inc., 2-33945 (90 days); Intercraft Industries Corp., 2-34532 (90 days); Katz Drug Co., 2-34741; Kinney National Service, Inc., 2-34959 (40 days); Nardis of Dallas, Inc., 2-34441 (90 days); Pacific Power & Light Co., 2-34731 (Dec 8); Package Products Co., Inc., 2-34392 (90 days); Patrick Oil and Gas Corp., 2-35011 (90 days); Philadelphia Electric Co., 2-34734; Prime Equities, Inc., 2-32582 (90 days); Sap's Foods, Inc., 2-34439 (90 days); Sloan Technology Corp., 2-34114 (90 days); Underwriters National Assurance Co., 2-34498 (40 days).

**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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