

# 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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FOR RELEASE November 13, 1969

**ABBETT SOMMER CO. REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-8741) revoking the broker-dealer registration of Abbett, Sommer & Co., Inc., Fort Worth broker-dealer firm, for violations of the anti-fraud, registration and record keeping provisions of the Federal securities laws. The firm also was expelled from NASD membership; Charles W. Sommer III, the firm's president and sole stockholder, was barred from association with a broker or dealer; and Abbett, Sommer & Company Mortgage Corporation, which is controlled by Sommer, was found to be a cause of the firm's revocation.

The violations related principally to the respondents' offer and sale, during the period 1960 - 1965, of over 600 mortgage notes for more than \$1.3 million. Those notes, generally executed by home owners for home improvements and secured by first mortgages, were purchased by respondents from or sold by them for, Century Trust Company, which was engaged in the business of buying such notes at a discount and reselling them "with recourse" against it in the event of default. In 1965 Century stopped honoring its recourse obligations because of financial difficulties which eventually culminated in bankruptcy proceedings. The Commission found, among other things, that the three named respondents made false and misleading representations to customers concerning the safety of their investments and the value of the underlying properties. With respect to the registration provisions, the Commission pointed out that while notes secured by a first lien on real estate are exempt from registration under the Securities Act if offered in accordance with specified conditions, the exemption did not extend to any investment contracts involved in the offering, which are also defined as securities. It held that the offering of notes by the respondents involved investment contracts (as to which no registration statement was filed) because they and Century provided various services for investors and gave various undertakings to them directed toward minimizing the risk involved in the investment, and investors relied upon such services and undertakings to secure the return of a profit to them.

**SINGLETON & STOKELY SENTENCED.** The SEC Chicago Regional Office announced October 30 (LR-4467) that Robert E. Singleton received a five-year prison sentence following his plea of guilty under indictment charging fraud in the sale of securities to customers of Investors Securities Associates, Inc. Previously, Judson L. Stokely received an eight-year prison sentence following his conviction under the indictment.

**SEC COMPLAINT NAMES BARRACO CO.** The SEC Denver Regional Office announced November 5 (LR-4468) the filing of a complaint in Federal court in Salt Lake City seeking to enjoin violations of its net capital and record-keeping rules by Barraco & Co., a Salt Lake City broker-dealer, and three officers of the firm, Paul Barraco, Joan Barraco and Jerry Strand. Barraco & Co. filed a petition under Section 11 of the Bankruptcy Act and Louis Tannenbaum, of Salt Lake City, was appointed receiver for the firm.

**LUTHER GRONSETH FILES PLEA.** The SEC Chicago Regional Office announced November 6 (LR-4469) that Luther Gronseth pleaded guilty to one count of securities fraud in connection with the offer and sale of bonds of Ridge Lutheran Home, Inc.

**NAFTALIN CO. ENJOINED.** The SEC Chicago Regional Office announced November 6 (LR-4470) the issuance of an order by the Federal court in Minneapolis, preliminarily enjoining violations of the anti-fraud provisions of the Federal securities laws by Naftalin & Co., and Neil T. Naftalin, its president, by engaging in securities transactions without disclosing that the firm's liabilities exceeded its assets. The defendants consented to the court order without admitting the violations alleged in the Commission's complaint.

**CENTRAL & SW CORP. SEEKS ORDER.** Central and South West Corporation, Wilmington, Del. holding company, has proposed a modification of its note financing proposal previously approved by the Commission; and the Commission has issued an order (Release 35-16515) giving interested persons until December 1 to request a hearing thereon. Under prior SEC orders, the parent company was authorized to issue and sell \$25 million of commercial paper promissory notes and to purchase \$35,000,000 of notes of subsidiary companies the proceeds of which would be used to finance temporarily their respective construction programs. Under the modified proposal, the parent will issue notes to two firms; and it will purchase an aggregate of \$88,000,000 of notes of four subsidiaries.

**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 plans:  
Oakite Products, Inc., Berkeley Heights, N. J. 07922 (File 2-35293) - 60,000 shares  
Mohawk Data Sciences Corp., Herkimer, N. Y. 13350 (File 2-35297) - 20,500 shares  
Electronic Data Systems Corporation, Dallas, Tex. 75235 (File 2-35308) - 1,204,784 shares  
Barnes Engineering Company, Stamford, Conn. (File 2-35309) - 56,200 shares

OVER

**NORTHWEST NATURAL GAS TO SELL BONDS.** Northwest Natural Gas Company, 735 S. W. Morrison St., Portland, Oregon 97205, filed a registration statement (File 2-35292) with the SEC on November 7 seeking registration of \$15,000,000 of first mortgage bonds, due 1994. The bonds are to be offered for public sale through underwriters headed by Lehman Brothers, 1 William St., New York, and Dean Witter & Co., Inc., 45 Montgomery St., San Francisco, Calif.; the interest rate, offering price and underwriting terms are to be supplied by amendment. The company is engaged in the distribution of natural gas. The net proceeds of its bond sale, together with funds derived from its operations, will be used to reduce short-term bank loans obtained for the temporary financing of part of the company's continuing construction program (and expected to approximate \$21,300,000 at the time of the sale of the new bonds). The company anticipates the expenditure of \$12,900,000 in 1969 for property additions and improvements.

**PONDEROSA FARMS TO SELL STOCK.** Ponderosa Farms, Inc., 52 Broadway, New York 10004, filed a registration statement (File 2-35302) with the SEC on November 7 seeking registration of 465,000 shares of common stock, to be offered for public sale at \$6 per share. The offering is to be made on a "best efforts, all or none" basis through Whitehall Securities Corp., 138 Main St., Oceanport, N. J., which will receive a 60c per share selling commission plus from \$19,800 to \$55,800 for expenses. The company has agreed to sell to the underwriter, at 1c per warrant, six-year warrants to purchase up to 16,500 shares, exercisable after one year at \$6.60 per share.

The company was organized in May 1969 to buy, for breeding and for resale to investors, managed registered breeding herds of Aberdeen Angus cattle and to furnish services and facilities in connection with the management, care and breeding of such herds sold by it. Of the net proceeds of its stock sale, \$350,000 will be used to purchase and equip a "showcase" farm to be located within 200 miles of New York City and from \$200,000 to \$1,000,000 (depending on the number of shares sold) to purchase a basic foundation herd of registered Aberdeen Angus cattle; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 687,500 common shares (with a 4c per share net tangible book value), of which Irving Wolinetz, president, owns 28% and management officials as a group 98%. Purchasers of the shares being registered (assuming sale of all the shares) will acquire a 40% stock interest in the company for their investment of \$2,790,000\* (they will sustain an immediate dilution of \$2.08 in per share book value from the offering price); the present shareholders will then own 60%, for which they paid \$32,600 or 4c per share.

**NATIONAL HOMES PROPOSES EXCHANGE OFFER.** National Homes Corporation, Earl Ave. at Wallace St., Lafayette, Ind. 47902, filed a registration statement (File 2-35303) with the SEC on November 7 seeking registration of 224,199 shares of common stock. It is proposed to offer 142,857 of such shares in exchange for shares of common stock of Southwest Title Insurance Co., at the rate of one share for each 3½ Southwest shares held. Effectiveness of the exchange offer is contingent upon acceptance by holders of not less than 405,000 Southwest shares (or 81%). The remaining 81,342 are outstanding shares, which may be offered for sale from time to time by the present holder thereof at prices current at the time of sale (\$27 per share maximum\*).

National is engaged in the manufacture, sale, erection and financing of prefabricated and manufactured single family homes, apartments, mobile homes, schools, modular homes and apartments. It is also engaged in land development. Southwest is engaged in insuring titles to interests in real estate. In addition to indebtedness, National has outstanding 5,917,456 common shares, of which management officials as a group own 16%. James R. Price is board chairman and George E. Price president. Aktiebolaget Electrolux may sell all of 81,342 shares held.

**ALLIED GENERAL TO SELL STOCK.** Allied General, Inc., 261 S. W. Sixth St., Miami, Fla. 33130, filed a registration statement (File 2-35304) with the SEC on November 7 seeking registration of 260,000 shares of common stock, to be offered for public sale at \$2 per share. The offering is to be made on a "best efforts, all or none" basis through Brighton Securities Corp., 1703 Monroe Ave., Rochester, N. Y. 14618, which will receive a 20c per share selling commission plus \$13,000 for expenses. On October 31, Eli Vincock, treasurer of the company, sold 26,000 shares to the underwriter at 10c per share.

Organized in January 1968 as E-V Associates, Inc., the company is engaged in research and development of the use and properties of Ferro Cement (a lamination of cement and steel mesh). It plans to design, manufacture and sell assembly line produced low cost modular housing, made mostly of Ferro Cement. Of the net proceeds of its stock sale, \$200,000 will be used for production equipment; the balance will be added to the company's general funds and used for working capital and other corporate purposes. The company has outstanding 426,000 common shares (with a 25c per share net tangible book value), of which Joseph L. Greenwell, president, owns 66.7% and management officials as a group 83.4%. Purchasers of the shares being registered will acquire a 37.9% stock interest in the company for their investment of \$520,000 (they will sustain an immediate dilution of \$1.17 in per share book value from the offering price); company officials will then own 51.8%, for which they paid \$69,070, including \$67,070 in cash and services valued at \$2,000.

**PENN MUTUAL FUND TO SELL SHARES.** Penn Mutual Equity Fund, Inc., 530 Walnut St., Philadelphia, Pa. 19105, filed a registration statement (File 2-35305) with the SEC on November 7 seeking registration of 989,000 shares of common stock. The Fund was organized in July as a diversified open-end management company with the primary investment objective of long-term growth of capital. Its shares are to be offered for sale at net asset value (without a sales charge). The investment adviser is Penn Mutual Equity Services, Inc., a subsidiary of The Penn Mutual Life Insurance Company, Philadelphia. Allen C. Thomas, Jr., is president.

**PENN MUTUAL VARIABLE FUND PROPOSES OFFERING.** The Penn Mutual Life Insurance Company, 530 Walnut St., Philadelphia, Pa. 19105, filed a registration statement (File 2-35306) with the SEC on November 7 seeking registration of \$10,000,000 of variable annuity contracts to be offered by Penn Mutual Variable Annuity Account I. The contracts are to be issued by the Insurance Company to provide retirement annuity benefits in connection with plans or arrangements affording tax advantages under the Internal Revenue Code.

**NORTHERN VA. DOCTORS HOSPITAL TO SELL STOCK.** Northern Virginia Doctors Hospital Corporation, 601 S. Carlyn Springs Rd., Arlington, Va. 22204, filed a registration statement (File 2-35307) with the SEC on November 7 seeking registration of 140,000 shares of common stock. The stock is to be offered for public sale through underwriters headed by Wheat & Co., Inc., 801 E. Main St., Richmond, Va.; the offering price (\$28 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company's business and properties consist of a hospital, nursing home and medical-dental office buildings. The net proceeds of its stock sale are to be used for the acquisition or construction of additional hospital, nursing home and other medical facilities and the expansion of existing facilities. In addition to indebtedness, the company now has outstanding 484,824 common shares, of which management officials own 23.4%, Dr. John E. Alexander is board chairman and Dr. Anson R. Hyde president.

**EMERSON ELECTRIC SHARES IN REGISTRATION.** Emerson Electric Co., 8100 Florissant Ave., St. Louis, Mo. 63136, filed a registration statement (File 2-35310) with the SEC on November 7 seeking registration of 155,777 outstanding shares of common stock. These shares may be offered for sale from time to time by the holders thereof, at prices current at the time of sale (\$58.75 per share maximum\*). According to the prospectus, 596,520 shares were issued by Emerson Electric in the recent acquisition of the assets and business of Fisher Radio Corporation and all of the stock of Fisher Properties Corporation. Avery R. Fisher owns 569,509 shares and proposes to sell 142,300 shares. Four others propose to sell the remaining shares being registered.

**UNLISTED TRADING SOUGHT.** The SEC has issued orders under the Securities Exchange Act (Release 34-8748) giving interested persons until November 25 to request a hearing upon applications of the following exchanges for unlisted trading privileges in the common stocks or specified securities of the named companies  
Boston Stock Exchange - Union Pacific Corporation; Midwest Stock Exchange - Lone Star Cement Corporation  
Scientific Resources Corp.; Philadelphia-Baltimore-Washington Stock Exchange - American General Insurance Company - \$1.80 Cumulative Convertible Preferred Stock (\$1.50 par), The Deltona Corporation, Kinney National Service, Inc. - Common Stock and 5c Series C Convertible Preferred Stock (\$1 par), Lone Star Cement Corporation, Seatrain Lines, Inc., UAL, Inc.

**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-Registrants	Location	File No.	O-Registrants Cont'd	Location
4154	Aluminum Insulating Co Inc	Hialeah, Fla.	4055	Homestead Minerals Corp	Salt Lake City, Utah
4062	American Service Corp**	Miami, Fla.	4071	Jerrico Inc**	Lexington, Ky.
4090	Analysts International Corp	Mnpls., Minn.	4065	Lancaster Colony Corp	Columbus, Ohio
4129	Architectural Marble Co	Ft. Lauderdale, Fla.	4131	Lumidor Industries Inc	Hialeah, Fla.
4061	Polly Bergen Co**	L. A., Calif.	4060	Marshall Electronics Co**	Newark, NJ
4124	Clark Canadian Exploration Co	Denver, Colo.	4152	Natpac Inc	Ozone Park, NY
4068	Codex Corp**	Watertown, Mass.	4067	Northrup King & Co**	Mnpls., Minn
4056	Consolidated Analysis Centers Inc**	Santa Monica, Calif.	4051	Nuclear Exploration & Development Co	Lander, Wyoming
4155	Crest Ventures Limited(Non-Personal Liability)	Vancouver, B.C., Canada	4057	Portsmouth Square Inc	San Francisco, Calif.
4086	Data Trends Inc	Mountain Lakes, N.J.	4064	Preferred Land Corp	Atlanta, Ga.
4077	Educor Inc	Wichita, Kans.	4052	Pulse Communications Inc	Falls Church, Va.
4070	Fifth Avenue Cards Inc	New York, NY	4134	Reser's Fine Foods Inc	Beaverton, Ore.
4159	First Realty Investment Corp	Miami Beach, Fla.	4054	Roselon Industries Inc**	Phila., Pa.
4063	G & K Services Inc	Mnpls., Minn	4095	Royal Publishers Inc	Nashville, Tenn.
4075	Galaxie Medical Centers Inc	Beverly Hills, Calif.	4058	Saga Administrative Corp**	Menlo Park, Cal
4130	Galaxy Oil Co	Wichita Falls, Tex.	4059	Southern Discount Co**	Atlanta, Ga.
4133	Gulf Continental Inc	Dallas, Tex.	4139	Syracuse Oils Ltd	Calgary, Alberta, Canada
			4128	Tax Corp of America	West Covine, Calif.
			4132	Titan Wells Inc	Marietta, O.
			4147	Trend Industries Inc**	Rome, Ga.
			4135	Universal Major Industries Corp	New York, NY

**TRADING IN PROFESSIONAL HEALTH SERVICES SUSPENDED.** The SEC today ordered the temporary suspension of over-the-counter trading in securities of Professional Health Services ("PHS"), Bronx, N. Y., for the ten-day period November 13 (commencing at 12 Noon) through November 22, 1969. The trading suspension, which was requested by a new management group, was ordered by the Commission by reason of the absence of complete and accurate information about PHS, its operations, financial condition and management, and in order to provide an opportunity for the dissemination of clarifying information about the company, both to present holders and prospective purchasers of its securities, prior to the resumption of trading therein. For further details, see Release 34-8749.

**NYSE PUBLIC OWNERSHIP PROPOSAL AMENDED.** The SEC today announced that it has received from the New York Stock Exchange proposed amendments to the NYSE constitution relating to public ownership of member corporations. The amendments and subsequent rule changes are designed to impose specified conditions on public ownership. In addition to certain changes of a technical nature, the revised amendments would:

- (1) Require that a majority of the directors of a member corporation be citizens of the United States or Canada (Article IX, Section 7(b)(1));
- (2) Allow the Board of Governors to adopt a rule authorizing floor traders and floor brokers to issue stock to the public (Article IX, Section 7(h));
- (3) Revise the original proposal limiting the issuance of non-voting common stock (Article XV, Section 8(b); and
- (4) Alter the proposed amendment to the Exchange anti-rebate prohibition to allow percent non-member beneficial owners of a participation of 5% or more in the profits of a firm to remain as customers following the public offering (Article IX, Section 7(i)). (Release 34-8750)

**SECURITIES ACT REGISTRATIONS. Effective November 12:** Arrow Electronics, Inc., 2-35276 (40 days); Avon Products, Inc., 2-35128; Baldwin & Lyons, Inc., 2-33764 (90 days); Burnham Properties, Ltd., 2-33929 (90 days); Capezio and Things, Inc., 2-33378 (90 days); Century Convalescent Centers, Inc., 2-33789 (90 days); CML Variable Annuity Account B, 2-34269; Control Science Corp., 2-28648 (90 days); DHJ Industries, Inc., 2-34519 (90 days); First Charter Financial Corp., 2-35115; Fox-Knapp Manufacturing Co., 2-34463 (90 days); Furr's Cafeterias, Inc., 2-33330 (90 days); GRI Computer Corp., 2-34092 (90 days); Interface Mechanisms, Inc., 2-33463 (90 days); Plum Tree National, Ltd., 2-33710 (90 days); Sav-A-Stop Midwest, Inc., 2-34849 (90 days); Stone Webster, Inc., 2-35060; Zurn Industries, Inc., 2-34294 (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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