

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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INDEPENDENCE OF ACCOUNTANTS. The SEC today published Release No. 112 in its Accounting Series interpreting Rule 2-01(b) of Regulation S-X which specifies certain relationships under which an accountant would not be considered independent with respect to his client for which his opinion as to financial statements is furnished. The release deals with the question of independence of accountants examining a non-material segment of an international business. The situation giving rise to an inquiry is where a company is engaged in international operations and requires auditing services in countries where its divisions or subsidiaries own properties or otherwise conduct business but where the parent company's independent public accountants do not practice. In this situation another accounting firm acceptable to the parent company's independent accountant may be engaged to examine the financial statements of the non-material segment of the international business. Heretofore Rule 2-01(b) has been construed so as to preclude all the partners of such other accounting firm or an affiliated firm from owning any securities of the parent company or the subsidiary in order for the other accounting firm to be considered independent as to the parent company or the subsidiary. In view of the increasing complexities in this field the Commission concludes that insofar as ownership of securities by partners is concerned, the other accounting firm would be held to be not independent only if securities of the parent company or the subsidiary are owned by any of the partners of the other accounting firm or its affiliated firm who are located in the office which makes the examination of the division or subsidiary or who are otherwise engaged in such examination.

SUPERMARKETS GENERAL FILES FOR SECONDARY. Supermarkets General Corporation, 3 Commerce Drive, Cranford, N. J. 07016, filed a registration statement (File 2-29796) with the SEC on August 6 seeking registration of 206,500 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 G. H. Walker & Co. Inc., 45 Wall St., New York 10005, and Robert Garrett & Sons, Inc., Garrett Bldg., Baltimore, Md. 21203. The offering price (\$35 per share maximum*) and underwriting terms are to be supplied by amendment.

The company (formed through the merger of Genung's Incorporated into a wholly-owned subsidiary in April 1968) is primarily engaged, directly or through subsidiaries, in the operation of a chain of 79 supermarkets in New Jersey, New York, Pennsylvania, Delaware and Connecticut. In addition to indebtedness and preferred stock, the company has outstanding 3,268,380 common shares, of which Alex Aidekman, board chairman, owns 10.7%, Herbert Brody, vice board chairman, 10.6%, Milton Perlmutter, president, 8.4%, and management officials as a group 44.4%. Aidekman, Brody and Perlmutter propose to sell 50,000 shares each of 350,440, 348,280, and 274,280 shares held, respectively. Nine others propose to sell the remaining shares being registered.

AMERICAN EQUITY FUND PROPOSES OFFERING. American Equity Fund, Inc., 3301 Van Buren, Topeka, Kansas 66611, filed a registration statement (File 2-29797) with the SEC on August 5 seeking registration of 100,000 shares of common stock. The shares are to be offered for public sale at net asset value plus a sales charge of 8-1/2% on purchases of less than \$10,000. The Fund was organized in February 1968 as an open-end, diversified investment company. Frontier Securities Company, Inc., is manager and principal underwriter of the Fund. All of the outstanding stock of Frontier Securities is owned by National Investment Corporation, Inc., the initial investor of the Fund. Lloyd R. Parker is board chairman and James H. Carter president of the Fund.

HYDRONIC INDUSTRIES PROPOSES OFFERING. Hydronic Industries, Inc., 44 Secor Lane, Pelham Manor, N. Y., filed a registration statement (File 2-29798) with the SEC on August 6 seeking registration of 180,000 shares of common stock, to be offered for public sale at \$10 per share. The offering is to be made through underwriters headed by S. D. Fuller & Co., 26 Broadway, New York 10004, which will receive a \$1 per share commission. The company has agreed to pay the Fuller firm up to \$15,000 for expenses.

The company was incorporated under New York law in November 1960, but remained inactive until May 1968, at which time it commenced doing business in the development, manufacture and sale of specialized air conditioning and heating and ventilating equipment. Of the net proceeds of its stock sale, the company will use \$227,300 to pay outstanding 6% notes, \$300,000 for the acquisition of additional machinery and testing equipment, \$100,000 for the development of a marketing and sales organization and \$600,000 for the acquisition of additional inventories and supplies and the carrying of accounts receivable; the balance will be added to working capital. The company has outstanding 353,000 common shares, of which Norman B. Wenig, president, and Jerome B. Wenig, a director, own 42.5% each. Upon completion of this offering, the present shareholders will own 66% of the outstanding common stock, for which they paid \$101,000, while the purchasers of the shares being registered will own 34%, for which they will have paid \$1,800,000.

CONVENIENT INDUSTRIES FILES FOR OFFERING AND SECONDARY. Convenient Industries of America, Inc., 200 Cosmopolitan Bldg., 981 S. Third St., Louisville, Ky. 40203, filed a registration statement (File 2-29799) with the SEC on August 6 seeking registration of 233,700 shares of common stock. Of this stock, 200,000 shares are to be offered for public sale by the company and 33,700 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Stifel, Nicolaus & Co., Inc., 314 N. Broadway, St. Louis, Mo. 63102. The offering price (\$15 per share maximum*) and underwriting terms are to be supplied by amendment.

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The company, a licensee and area franchisor of Convenient Food Mart, Inc., is engaged in the business of franchising convenience retail food stores operating under the name of "Convenient Food Mart" in areas of Kentucky, Indiana and Ohio. Of the net proceeds of its sale of additional stock, the company will use \$227,000 to retire a demand note of Remote Services, Inc. (an affiliated company), payable to a bank, and \$75,000 to retire a note of Oscar Ewing, Inc. (a wholly-owned subsidiary), payable to a bank; the remainder will be added to the company's general funds. In addition to indebtedness, the company has outstanding 280,836 common shares, of which Harlin D. Peden, owns 35.88%, Joe P. Peden, executive vice president, 30.51%, and George Duthie and R. J. Stewart, directors, 11.20% and 10.33%, respectively. Harlin and Joe Peden propose to sell 12,092 and 10,282 shares, respectively, of 120,916 and 102,820 shares held, respectively, Duthie 3,776 of 37,756, and Stewart 3,480 of 34,800; nine others propose to sell the remaining shares being registered.

PICTORIAL PRODUCTIONS PROPOSES EXCHANGE OFFER. Pictorial Productions, Inc., 650 S. Columbus Ave., Mt. Vernon, New York 10550, filed a registration statement (File 2-29800) with the SEC on August 6 seeking registration of 283,315 shares of common stock and 56,663 shares of 6% cumulative preferred stock, \$10 par (convertible into common on a share-for-share basis). It is proposed to offer these securities in exchange for shares of common stock of Sanborn Map Company, Inc., at the rate of one Pictorial common shares and one-fifth Pictorial preferred share for each Sanborn share. Sanborn publishes a nationwide coverage of large scale urban property maps for the fire insurance industry, and furnishes a variety of data gathering and graphic services in map form for municipalities, regional governmental agencies, utilities and private enterprise.

Pictorial is engaged in research and development in the field of lenticular optics and in the manufacture and sale of changeable, animated and three-dimensional pictures, primarily in the production of items used for promotional and novelty purposes, as well as in the manufacture of decorative transfers or decals for use in the ceramics and plastics industries. The company has outstanding 994,222 common shares, of which Charles K. Silberstein, president, owns 6%, management officials as a group 11.8%, and Maryland Equities, Inc., 17.4%.

DATASCAN FILES FOR OFFERING AND SECONDARY. Datascan, Inc., 1111 Paulison Ave., Clifton, N. J. 07013, filed a registration statement (File 2-29801) with the SEC on August 7 seeking registration of 105,000 shares of common stock. Of this stock, 80,000 shares are to be offered for public sale by the company and 25,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by New York Securities Co., 1 Whitehall St., New York 10004. The offering price (\$10 per share maximum*) and underwriting terms are to be supplied by amendment. In June 1968 certain general partners and associates of New York Securities Co. purchased 12,500 common shares at \$8 per share.

The company is engaged in the design, manufacture and sale of electronic equipment and sub-assemblies. Of the net proceeds of its sale of additional stock, the company will use \$500,000 to reduce short term bank borrowings, \$200,000 to obtain facilities for the production of printed circuit boards, and \$200,000 for further development and marketing of the product line including logic cards and a recently developed digital voltmeter; the balance will be added to working capital. The company has outstanding 260,000 common shares, of which Morton S. Levin, president, owns 31.7%, Eileen Levin 23.5%, James Q. Maloy, secretary, 34.1% and Ronald C. Byer 5.9%. Morton Levin proposes to sell 2,637 shares of 82,440 shares held, Eileen Levin 11,852 of 61,000, Maloy 8,967 of 88,770 and Byer 1,544 of 15,290.

GENERAL TELEPHONE OF MICH. TO SELL DEBENTURES. General Telephone Company of Michigan, 455 East Ellis Rd., Muskegon, Mich. 49443, filed a registration statement (File 2-29803) with the SEC on August 7 seeking registration of \$22,000,000 of sinking fund debentures, Series A, due 1993. The debentures are to be offered for public sale through underwriters headed by Paine, Webber, Jackson & Curtis, 25 Broad St., Stone & Webster Securities Corp., 90 Broad St., both of New York, and Mitchum, Jones & Templeton Inc., 510 S. Spring St., Los Angeles, Calif. 90013. The interest rate, offering price and underwriting terms are to be supplied by amendment. The company, a subsidiary of General Telephone & Electronics Corporation (GT&E), will apply the net proceeds of its debenture sale, together with the proceeds of the sale of 508,000 common shares (at \$20 per share) to GT&E (in or before September 1968), to the payment of some \$18,000,000 and \$10,610,000 of short term loans owing to banks and to GT&E, respectively, incurred in connection with the company's construction program; the balance will be used for construction expenditures.

SUMMIT FUND PROPOSES OFFERING. Summit Fund, Inc., 120 S. LaSalle St., Chicago, Ill. 60603, filed a registration statement (File 2-29804) with the SEC on August 2 seeking registration of 1,000,000 shares of common stock. The shares are to be offered for public sale at net asset value, plus an 8-3/4% sales charge on purchases of less than \$10,000 (\$10.96 per share maximum*). The Fund was organized under Maryland law in July 1968 as a diversified open-end investment company. Supervised Investors Services, Inc., will act as the Fund's investment adviser, manager and principal underwriter. John Hawkinson is president of the Fund and of the investment adviser.

HEDGE FUND OF BOSTON PROPOSES OFFERING. Hedge Fund of Boston, Inc., 79 Milk St., Boston, Mass. 02109, filed a registration statement (File 2-29810) with the SEC on August 1 seeking registration of 150,000 shares of common stock. The shares are to be offered for public sale at net asset value, plus an 8.5% sales charge on purchases of less than \$10,000 (\$10 per share maximum*). The Fund was organized under Massachusetts law in March 1968 as an open-end, non-diversified investment company. It is the successor to the Hedge Fund of Boston Partnership organized in October 1967. Viscount Management, Inc., will serve as investment adviser and Viscount Securities, Inc. as distributor. Joseph P. Abdella is president of the Fund and of the adviser.

NYSE COMMISSIONS. The SEC announced August 9 that it has forwarded a letter received from the New York Stock Exchange relating to proposed changes in certain aspects of the Exchange commission rate structure and the level of commission rates to various national securities exchanges, self-regulatory institutions and industry trade associations. These organizations were advised that if they wished to present their views on the New York Stock Exchange proposals, they should do so prior to August 23, 1968. Copies of the New York Stock Exchange letter can be obtained by writing to either the Secretary of the Commission or the New York Stock Exchange.

YOUNG AND LAWRENCE INDICTED IN STATE ACTION. The SEC Atlanta Regional Office announced the return of an indictment in the State Court in Brevard, N. Car., charging Kenneth N. Young of Nashville, Tenn., and Larry B. Lawrence of Charlotte, N. Car., with violations of the State securities laws in the sale of unregistered stock of Diversified Insurance Services of North Carolina, Inc., and failing to register securities salesmen. SEC investigators assisted in the investigation leading to the indictment. (LR-4081)

SEC COMPLAINT NAMES JOHN ROBERT JONES, OTHERS. The SEC Denver Regional Office announced August 2 (LR-4082) the filing of a complaint in the U. S. District Court in Denver, Colo., seeking to enjoin John Robert Jones, J. P. Bryant of Salt Lake City, Utah, and Richard Bigler of Provo, Utah, from violating the anti-fraud provisions of the Securities Act in connection with the offer and sale of Southland Corporation common stock. Neither Southland nor any of its officers are involved in this action. A hearing before the court on the Commission's motion for preliminary injunction is set for August 16.

VERNON COLLINS INDICTED. The SEC Seattle Regional Office announced August 2 (LR-4083) the return of a one-count Federal indictment in Boise, Idaho, charging Vernon Collins, of Boise, with violating the anti-fraud provisions of the Federal securities laws in the offer and sale of securities of Dairy Snow Products, Inc.

SEYMOUR BLAUNER INDICTED. The SEC New York Regional Office announced August 5 (LR-4084) the return of a 37-count Federal indictment in New York City charging Seymour Blauner with violations of the mail fraud statute and the bookkeeping and reporting provisions of the Securities Exchange Act. The indictment alleges that between October 1, 1966, and January 26, 1967, Blauner, as sole proprietor of Seymour Blauner Company, failed to execute customers' orders to purchase securities without authorization while keeping the proceeds for himself. The indictment further alleges that Blauner caused false entries to be made in the capital account of his firm.

WOODWARD OIL, OTHERS ENJOINED. The SEC Denver Regional Office announced August 5 (LR-4085) that the U. S. District Court in Denver had permanently enjoined Woodward Oil, Inc., Goldfish Mines Corporation, Golden Roc Corporation, Glen Dial, Jr., and James Colby Danielson from violations of the registration requirements of the Securities Act in connection with securities of Woodward Oil, Goldfish Mines, or any other securities. In addition, those defendants were enjoined from violations of the anti-fraud provisions of the Federal securities laws in connection with offers, sales and purchases of securities of Woodward Oil, Inc., or any other securities. The defendants consented to the injunction, without admitting or denying the allegations of the Commission's complaint.

In an ancillary order in this action, the Court restrained Danielson and any persons acting in concert or participation with him from disposing of any Woodward stock deposited with Contes & Company, a broker-dealer firm located in Long Island City, N. Y. This order is to remain in effect until further order of the court or until a criminal contempt action instituted against Danielson and Stephen J. Dinneen for violations of the preliminary injunction previously entered in this action has been tried. The show cause order on the criminal contempt is to be heard on August 16, 1968.

COMPLAINT CITES DONALD D. BASORE. The SEC Chicago Regional Office announced August 5 (LR-4086) the filing of a complaint in the U. S. District Court in Detroit, Mich., seeking to enjoin Donald D. Basore, of Jackson, Mich., from violating the registration provisions of the Securities Act in connection with the offer and sale of fractional interests in oil and gas leaseholds. A hearing on the Commission's motion for preliminary injunction will be held before the court on August 19.

FISHBEIN AND YORDON FOUND GUILTY. The SEC San Francisco Regional Office announced August 6 (LR-4087) that after a two-and-one-half week trial before Judge Walter E. Craig of the U. S. District Court in Phoenix, Ariz., a jury returned verdicts of guilty against Sam Ford Fishbein and Leonard M. Yordon with respect to various counts in a twenty-two indictment charging them and eight others with violations of the anti-fraud and registration provisions of the Securities Act, the mail fraud statute, and the conspiracy statute in the sale of stock of HiwayHouse Hotels, Inc. Sentencing of both defendants is scheduled for September 23 before Judge Craig.

WILLIAM H. PARKER INDICTED ON TEN COUNTS. The SEC Fort Worth Regional Office announced August 7 (LR-4088) the return of a 10-count Federal indictment in Lake Charles, La., charging William H. Parker, Tex N Petroleum Corporation, Petroleum Venture Capital Corporation, and Mid-Continent Petroleum Properties, Inc., all of Shreveport, La., with violations of the Securities Act registration provisions. The first seven counts of the indictment charge Parker, Tex N, and Petroleum Venture with violations of the registration provisions in their offer and sale of fractional undivided working interests in oil and gas leases in Caddo Parish, La. The last three counts of the indictment charge Parker and Mid-Continent with such violations in the sale of Mid-Continent Petroleum common stock.

CEPCO, CLIDCO, OTHERS ENJOINED. The SEC Seattle Regional Office announced August 7 (LR-4089) that the U. S. District Court in Portland had permanently enjoined Robert O. Stancliff and Gerald N. Stancliff of Prairie City, Oregon, Ronald E. Wooley of John Day, Oregon, Ralph H. Blackburn of Cottonwood, Ariz., Cepco, Inc., and Clidco, Inc., both Nevada corporations, from violations of the registration and anti-fraud provisions of the Securities Act in connection with the sale of common stock and evidences of indebtedness. All defendants consented to the injunction.

CUBIC CORP. FILES FOR OFFERING AND SECONDARY. Cubic Corporation, 9233 Balboa Ave., San Diego, Calif. 92123, filed a registration statement (File 2-29784) with the SEC on August 5 seeking registration of 271,912 shares of common stock. Of this stock, 250,000 are to be offered for public sale by the company and 21,912 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Goodbody & Co., 55 Broad St., New York 10004. The offering price (\$35 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is primarily engaged in the design, development and production of complex electronic systems. Of the net proceeds of its sale of additional stock, the company will apply \$2,700,000 to reduce short term bank loans; the balance will be used to finance additional inventory and for general corporate purposes. In addition to indebtedness, the company has outstanding 1,766,150 common shares, of which Walter J. Zable, president and board chairman, owns 41.3%. The Mary C. Johnson Trust proposes to sell all of its holdings of 21,912 shares.

SEEMAN BROTHERS PROPOSES RIGHTS OFFERING. Seeman Brothers, Inc., Seabrook, N. J. 08302, filed a registration statement (File 2-29807) with the SEC on August 7 seeking registration of 421,600 shares of common stock and 421,600 three-year common stock purchase warrants. The securities are to be offered for subscription by common stockholders in units, each consisting of one common share and one warrant, and at the rate of two units for every five shares held. The offering is to be made through underwriters headed by Courts & Co., 11 Marietta St., Atlanta, Ga. 30303, and Gregory & Sons, 40 Wall St., New York 10005, which will receive a \$.402 per share commission. The record date and subscription price are to be supplied by amendment. The company has agreed to pay the underwriters \$10,000 for expenses and to deliver to the Courts and Gregory firms, for \$300, three-year warrants to purchase a total of 30,000 common shares.

The company is engaged in the production and sale of frozen food products through its subsidiaries, Seabrook Farms Co. and Southern Frozen Foods, Inc. Of the net proceeds of its stock sale, the company will use \$1,700,000 to pay a 6½% collateral note of Seabrook, due 1969, and the balance to reduce the \$7,027,946 of indebtedness outstanding under a series of financing agreements between the company and James Talcott, Inc. In addition to indebtedness, the company has outstanding 1,054,082 common shares. Jerre L. Pearson is president and Vincent J. McDermott board chairman.

STOCK PLANS FILED. The following companies have filed Form S-8 registration statements with the SEC proposing the offer of stock under employee stock option and similar plans:

Eastman Kodak Company, Rochester, N. Y. 14650 (File 2-29792) - 151,898 shares
 A. M. Castle & Co., Franklin Park, Ill. 60131 (File 2-29802) - 30,000 shares
 Vulcan, Inc., Latrobe, Pa. 15650 (File 2-29805) - 75,000 shares
 Katy Industries, Inc., Dallas, Tex. 75202 (File 2-29806) - 111,500 shares
 ISC Industries, Inc., Kansas City, Mo. 64141 (File 2-29808) - 2,000 5% preferred shares, 10,000 5½% preferred shares, 5,000 6% junior preferred shares and 200,000 common shares

CAVITRON FILES FOR SECONDARY. Cavitron Corporation, 11-40 Borden Ave., Long Island City, N. Y. 11101, filed a registration statement (File 2-29811) with the SEC on August 5 seeking registration of 107,061 outstanding shares of common stock. The shares may be offered for sale by the present holder thereof from time to time at prices current at the time of sale (\$29.625 per share maximum*).

The company is engaged in developing, manufacturing and selling equipment in four general market categories--dental, medical, aircraft instrument and ultrasonic industrial equipment. It has outstanding 636,541 common shares, of which Paul J. Nugent, a director, owns 16.8%, and Frederick L. Schuster, board chairman, 12.3%. Nugent proposes to sell all of his holdings of 107,061 shares. Robert E. Navin is president.

CORRECTION RE REGISTRATION FILE NUMBER. The correct file number for the registration statement of Ashland Oil & Refining Company referred to in the News Digest of August 9 is 2-29664.

SECURITIES ACT REGISTRATIONS. Effective August 9: Cellu-Craft Inc., 2-29137; Chrysler Corp., 2-29269; Occidental Petroleum Corp., 2-28043 (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.