

# 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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SEC

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FOR RELEASE October 20, 1967

**SCHOLARSHIP CLUB FUND SEEKS ORDER.** The Trust Fund Sponsored by The Scholarship Club, Inc., of Fort Lauderdale, Fla., has filed an application with the SEC for an exemption from certain provisions of the Investment Company Act; and the Commission has issued an order scheduling the application for hearing on November 27, 1967.

The said Trust Fund was organized in July 1965 as a non-profit Florida corporation, and for the purpose of administering investment plans ("scholarship plans") which would provide funds to be used towards the college or university education of children designated by the investors. The plans, which investors establish by depositing money, on a lump sum or monthly basis, in either a federally insured savings bank or a federally insured savings and loan association located in Florida ("the federally insured institutions"), are offered solely to bona fide residents of the State of Florida through Scholarship Services, Inc., a separate and distinct selling organization. In essence, investors assign all earnings and other accretions on their accounts, which are to be kept in the federally insured institutions for ten years or longer, to Trust Fund to become the absolute property of Trust Fund for investment and reinvestment with the sole aim of ultimate distribution to provide funds towards the education in accredited colleges or universities of children designated by investors. An investor is, at all times, entitled to withdraw from the plan and obtain the principal of his account in the federally insured institution. However, if he does withdraw, an investor forfeits all interest on his account that has been transferred to Trust Fund, in addition to the sales charges and that part of the administrative charges which has been prepaid. Similarly, if a child designated as a beneficiary dies prior to entering college, does not enter college, or does not continue in college in the first year or any succeeding year, the investor's interest in any portion of Trust Fund's funds is forfeited.

It is contemplated that, if the plans are carried to completion, the principal amount of an investor's savings account in a federally insured institution will provide all or a portion of the first year's college expenses and that Trust Fund's funds will provide all or a portion of the succeeding three years' expenses for the beneficiary. The beneficiary is entitled to such sums from said funds so long as he continues his education beyond the first year at the college or university which he has entered, and maintains a passing grade for such college or university, provided that no single child may receive a sum from Trust Fund greater than the cost of his tuition and expenses for a total of three years. There is no guarantee, however, that amounts derived from said funds will be sufficient to pay all of the college expenses of the beneficiary. The beneficiary will have available to him to meet college expenses at least the principal amount of the investor's payments into the savings account and all earnings thereon, including earnings and gains, if any, upon earnings invested by Trust Fund.

Pursuant to requirements of Florida law, Trust Fund assets cannot be used to meet selling or administrative expenses of the plan, but must be used exclusively for the payment of college expenses for qualified recipients. Consequently, all such selling and administrative expenses in respect of the plans are to be borne by investors. In the case of both the fully-paid plan and the monthly installment plan, such expenses charged to an investor aggregate \$140, of which \$105 are sales charges and \$35 are administrative fees. Total payments (including anticipated earnings) will be approximately \$2,400. In the case of monthly installment plans providing typically for an aggregate principal investment of \$1,800 over a period of fifteen years, a fee of \$126 is deducted from the first twelve monthly payments at the rate of \$10.50 for each monthly payment of \$20.50. This fee constitutes approximately 50 percent of the first year's principal payments made under such plan. (Release IC-5136)

**FIDELITY CAPITAL SEEKS ORDER.** Fidelity Capital Fund, Inc., Boston, has applied to the SEC for an exemption order under the Investment Company Act permitting the issuance of its shares at a price other than the current public offering price in exchange for substantially all of the assets of Lawrence Fertig & Co., Inc.; and the Commission has issued an order (Release IC-5134) giving interested persons until November 8 to request a hearing thereon. Fertig, a New York corporation, whose outstanding stock is owned by three individuals, had assets of approximately \$1,628,033 on June 30, 1967. Upon sale of the assets, it will be liquidated and the Fund's shares received in exchange therefor distributed to Fertig's shareholders.

**OHIO POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15880) authorizing the Ohio Power Company, Canton subsidiary of American Electric Power Company, Inc., to borrow from banks through 1968 sums aggregating not to exceed \$67,000,000 outstanding at any one time. The funds will be used to reimburse the company's treasury for past expenditures in connection with its construction program, to pay part of the cost of future construction (involving expenditures estimated at \$120,000,000 through 1968), and for other corporate purposes.

**L. D. O'BRIEN INDICTED.** The SEC Fort Worth Regional Office announced October 16 (LR-3828) that, based on information developed in an SEC investigation, a state court indictment had been returned by a Fort Worth grand jury charging Lyman Dennis O'Brien with theft of 2,800 shares of Curtis Mathes Mfg. stock valued at \$50,500 and belonging to four customers of the firm with which O'Brien was associated.

OVER

**SENTENCES IMPOSED IN SEATTLE CASE.** The SEC Seattle Regional Office announced September 27 (LR-3813-A) the imposition of sentences by the Federal court in Portland, Ore., as follows, in an action involving violations of the Securities Act, Mail Fraud Statute, False Statements Statute, Interstate Transportation of Stolen Property Statute, and two conspiracy counts in connection with the offer and sale of promissory notes and other securities of Golden Rule Realty and Development, Inc. (a/k/a G.R.R. Development, Inc.), G.R.R. Development, Inc., and Pioneer Mortgage Bankers: (1) John C. Wagner, five years on two conspiracy counts and a second five-year term on five securities and mail fraud counts, and \$30,000 fine; (2) Colman C. Christensen, three years on two conspiracy counts and \$5,000 fine; (3) Gordon Z. Jongeward, three years on eight securities and mail fraud counts; (4) Peter C. Unger, four years on a conspiracy count; (5) Robert C. Wagner, one year and \$10,000 fine on the conspiracy count; and (5) Alvin R. Steward, a suspended sentence and three years probation on plea of nolo contendere on conspiracy count.

**METAFRAME CORP. FILES FOR OFFERING AND SECONDARY.** Metaframe Corporation, 87 Route 17, Maywood, N. J. 07607, filed a registration statement (File 2-27499) with the SEC on October 18 seeking registration of \$1,200,000 of convertible subordinated debentures, due 1984, to be offered for public sale by the company, and 28,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The interest rate on and offering price of the debentures, public offering price of the stock (\$10.00 per share maximum\*) and underwriting terms are to be supplied by amendment. Gregory & Sons, 40 Wall St., New York 10005 is listed as the principal underwriter. The company has agreed to sell to the underwriter, for \$75.00, 7,500 common stock purchase warrants, and to pay to the underwriter \$14,000 for expenses.

The company manufactures a complete line of aquariums and aquarium appliances. Of the net proceeds of its sale of debentures, \$350,000 will be used to retire bank loans (the proceeds of which were used as working capital), \$95,000 to repay indebtedness incurred in connection with the purchase for the company's treasury of 50,000 shares of its common stock, and the balance added to general funds for working capital (which will initially be used, in part, to pay approximately \$450,000 of outstanding trade obligations). In addition to indebtedness, the company has outstanding 487,654 common shares, of which management officials own 64% (including 15% each owned by Harold Nestler, board chairman, Harding W. Willinger, president, and Allan H. Willinger, vice president). The prospectus lists two selling stockholders. Herbert Nestler (a former director) proposes to sell 20,000 of his holdings of 23,606 shares, and Samuel Herman (a director), 8,000 of 9,486 shares.

**ARISTOCRAT TRAVEL FILES FOR OFFERING AND SECONDARY.** Aristocrat Travel Products, 780 Church St., Morgan Hill, Calif. 95037, filed a registration statement (File 2-27501) with the SEC on October 19 seeking registration of 170,000 shares of common stock. Of this stock, 85,000 shares are to be offered for public sale by the company and 85,000 (being outstanding shares) by the present holder thereof. The offering is to be made through underwriters headed by J. Barth & Co., 404 Montgomery St., San Francisco, Calif. 94104. The public offering price (\$14.00 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the design, manufacture and sale of travel trailers and pick-up truck campers. It also sells travel trailer and camper accessories and performs repair services for its own products. Of the net proceeds of its sale of additional stock, \$350,000 will be used to construct and equip additional manufacturing facilities in Morgan Hill, \$75,000 to establish and equip a manufacturing facility in the eastern United States, and \$50,000 to expand the trust fleet; the balance will be added to working capital to be used for general corporate purposes. In addition to indebtedness, the company has outstanding 576,000 common shares, of which management officials own 98%. Irving Perlitch (president), the selling stockholder, proposes to sell 85,000 of his holdings of 535,680 shares.

**TALLEY INDUSTRIES FILES FOR OFFERING AND SECONDARY.** Talley Industries, Inc., 3500 N. Greenfield Rd., Mesa, Ariz. 85201, filed a registration statement (File 2-27502) with the SEC on October 19 seeking registration of \$6,500,000 of convertible subordinated debentures, due 1987, to be offered for public sale through underwriters headed by Smith, Barney & Co., Inc., 20 Broad St., New York 10005. The interest rate, public offering price, and underwriting terms are to be supplied by amendment. The prospectus also covers 40,750 shares of common stock to be issued upon the conversion of the company's 6% senior convertible note, due 1979, by the holder thereof, Allstate Insurance Company. Such shares may be offered for sale from time to time in the over-the-counter market or on the American Stock Exchange at prices prevailing at the time of sale (\$47.00 per share maximum\*).

The company is engaged in the design, development, manufacture and sale of products (many of which utilize solid propellants), primarily for the aerospace industry. Net proceeds of its sale of debentures will be used to repay all outstanding short-term bank notes (the proceeds of which were used for working capital and to prepay mortgage and other indebtedness assumed by the company in connection with the acquisition of the assets and properties of Russell Reinforced Plastics Corporation and DTI Corporation), and to redeem to the extent necessary outstanding debentures and to discharge indebtedness represented by notes; the balance will be used for working capital purposes. In addition to indebtedness, the company has outstanding 1,228,540 common shares, of which management officials own 22.5%. Franz G. Talley is president.

**WISCONSIN ELECTRIC POWER PROPOSES OFFERING.** Wisconsin Electric Power Company, 231 W. Michigan St., Milwaukee, Wisc. 53201, filed a registration statement (File 2-27504) with the SEC on October 19 seeking registration of \$40,000,000 of first mortgage bonds, due 1997, to be offered for public sale at competitive bidding.

Net proceeds of its bond sale will be used to retire some \$18,000,000 of short-term bank loans, to reimburse the company's treasury for expenditures previously made for capital improvements and for purchase of equity securities of its subsidiary, Wisconsin Michigan Power Company, and to finance in part continuing additions and improvements to its utility property and that of its subsidiary. The company's construction expenditures from July 1, 1967 to June 30, 1968 are estimated at \$74,000,000. In addition to indebtedness and preferred stock, it has outstanding 13,576,321 common shares. L. F. Seybold is board chairman and Alfred Gruhl is president.

**HEDGE FUND OF AMERICA PROPOSES OFFERING.** Hedge Fund of America, Inc., 808 Travis St., Houston, Tex., filed a registration statement (File 2-27505) with the SEC on October 19 seeking registration of 1,700,000 shares of common stock, to be offered for public sale at \$15.00 per share. The offering is to be made through underwriters headed by Walston & Co., Inc., 74 Wall St., New York 10005 and Rauscher Pierce & Co., Inc., 1200 Mercantile Dallas Bldg., Dallas, Tex. 75201, which will receive a \$1.275 per share commission.

The company was organized under Delaware law on October 10, 1967, as a closed-end diversified investment company, to seek capital appreciation. Summit Management & Research Corporation is the investment adviser. Charles E. Hurwitz is president and board chairman of the Fund and of the adviser.

**COBBS CO. FILES FOR OFFERING AND SECONDARY.** The Cobbs Company, Inc., 8260 N.E. 2nd Ave., Miami, Fla. 33138, filed a registration statement (File 2-27508) with the SEC on October 19 seeking registration of 135,000 shares of common stock. Of this stock, 65,000 shares are to be offered for public sale by the company and 70,000 (being outstanding shares) by the present holder thereof. The public offering price (\$10.00 per share maximum\*) and underwriting terms are to be supplied by amendment. Kemper Securities Corp., 32 N. Ludlow St., Dayton, Ohio is listed as the principal underwriter. The firm of Dooly, Gerrish & Co., Inc., will receive \$40,000 as a finder's fee payable by the company and the selling stockholder.

The company is engaged in the operation of restaurants through franchises and in the sale of fruit, candy, preserves, nuts, gourmet foods, souvenirs and gifts -- both by direct mail and through franchised and company-owned retail stores. Of the net proceeds of its sale of additional stock, \$50,000 will be used to repay outstanding short-term borrowings incurred to provide additional working capital, and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 250,000 common shares, all owned by company management (of which James H. Cobbs, president, owns 45%). Henry Cobbs, founder of the company, proposes to sell all of his holdings of 70,000 shares.

**TRADING IN SUBSCRIPTION TV SHARES TO RESUME.** The SEC has issued an order suspending over-the-counter trading in the common stock of Subscription Television, Inc. ("STV") for an additional two-day period, October 23-24, 1967, inclusive. Trading in such security may be resumed at the opening of business on Wednesday, October 25, 1967.

Trading in STV shares initially was suspended by the Commission, upon request of the company, on May 26, 1967. The company had announced that it had agreed to purchase all the common stock of nine corporations known as the John Blue group of companies, which manufacture and distribute farm equipment for the application of liquid fertilizers. STV was not permitted to disclose financial information regarding the John Blue companies until after the closing of the transaction, which was expected to take place in July 1967, but the information was to be disclosed as soon as practicable after the closing.

Early in July 1967, the company filed a Form 8-K report for the month of June, reporting that the closing of the proposed acquisition was to take place on or about July 10, 1967. On October 4, the company filed an amendment to the Form 8-K report containing a letter and financial information to be sent to STV stockholders, reporting the acquisition of the John Blue companies. This material was mailed to shareholders on October 10, 1967.

In a further announcement today, the company refers to consolidated financial statements as of June 30 which were distributed to shareholders and filed with the Commission. As previously reported by it, the company acquired the nine companies of the John Blue group in July 1967, and these corporations were merged into the company on August 1. The pro forma consolidated balance sheet indicates net tangible assets of about \$12,330,000 and, excluding intangible assets of \$10,060,000, there was a deficiency in stockholders' equity on a pro forma basis at June 30 of about \$6,157,000. Unaudited income statements on a pro forma consolidated basis for various periods ending June 30 show net sales of \$12,397,958; gross income of \$4,133,653; operating income for the John Blue Co. Division of \$1,843,195; and operating loss of \$837,648 for the pay-television division; income from operations of \$1,005,547; other expenses of \$1,028,952 (including pro forma interest of \$937,500); and a net loss of \$23,405. For further details, interested persons are referred to the company's report containing financial statements which was mailed to shareholders on October 10 and may be examined in the Commission's offices in Washington and New York.

In view of the information now available, the Commission has concluded that the suspension of trading beyond October 24 is not required in the public interest. Shareholders and prospective purchasers of STV stock should consider carefully the information made available by the company. All brokers and dealers should be particularly mindful of their obligations under the Federal securities laws in recommending the purchase and sale of stock of STV.

**THREE TRADING BANS CONTINUED.** The SEC has issued orders under the Securities Exchange Act suspending over-the-counter trading in securities of Jodmar Industries, Inc., for the further ten-day period October 21 through 30, 1967, inclusive; of Power Oil Company, for the further ten-day period October 22 through 31, 1967, inclusive; and of Coditron Corp., for the further ten-day period October 23 through November 1, 1967, inclusive.

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the October 2 News Digest.

Conroy Inc Sept 67 (2,13)	1-5326-2	Sylvania Electric Products Inc Sept 67 (7,13)	2-15540-2
Control Data Corp Sept 67 (11,12)	1-4712-2	Systron Donner Corp Sept 67 (4,7,13,8)	1-4819-2
DWG Corp Sept 67 (2,7,13)	1-2207-2	James Talcott Inc Sept 67 (7,13)	1-2592-2
Decision Systems Inc Sept 67 (11)	2-22037-2	Taylor Wine Co Inc Sept 67 (13)	0-1822-2
Dillingham Corp Sept 67 (12)	1-4581-2	Thurrow Electronics Inc Aug 67 (11) Sept 67 (2)	0-2791-2
District Wholesale Drug Corp of Wash Sept 67 (7)	0-2269-2	U S Plywood-Champion Papers Inc Sept 67 (12,13)	1-3053-2
Eversharp Inc Sept 67 (2,7,13)	1-1140-2	Universal Chemicals Inc Sept 67 (11)	2-23215-2
Fafnir Searing Co Sept 67 (12,13)	1-4735-2	Viewlex Inc Sept 67 (11)	1-4328-2
Farmland Ind Inc Sept 67 (8)	2-7250-2	Whitaker Cable Corp Sept 67 (12)	0-2834-2
General Corp of Ohio Sept 67 (2,12,13)	0-264-2	Airstream Inc Sept 67 (12)	2-25719-2
General Ins Inv Co Sept 67 (2,11,13)	0-1185-2	Amer Elec Power Co Inc Sept 67 (3)	1-3525-2
Harvey Radio Co Inc Sept 67 (2,7,13)	1-4626-2	Amer Metal Climax Inc Sept 67 (8)	1-229-2
Howard Johnson Co Sept 67 (7,13)	1-4594-2	A S Beck Shoe Corp Sept 67 (6)	1-3267-2
Hugoton Production Co Sept 67 (3)	0-290-2	Berman Leasing Co Sept 67 (1,10,13)	1-4739-2
Hydrometals Inc Sept 67 (11,13)	1-2837-2	Bonanza Airlines Inc Sept 67 (2,3)	1-5100-2
International Pipe & Ceramics Corp Sept 67 (3)	1-4669-2	Brewster Ind Inc Sept 67 (11,13)	0-2254-2
The International Silver Co Sept 67 (2,4,7,11,13)	1-3348-2	Calif Liquid Gas Corp Sept 67 (7,13)	1-5402-2
Interstate Motor Freight System Oct 67 (8)	1-4758-2	Commercial Acceptance Corp Sept 67(11)	0-1874-2
Investors Funding Corp of N Y Sept 67 (7,8)	1-4600-2	Commonwealth Financial Corp Sept 67 (3,6)	2-13713-2
Investors Unlimited Inc Sept 67 (2,3,7,11)	0-2202-2	Cudahy Co Sept 67 (6)	1-529-2
Jamaica Water & Utilities Inc Sept 67 (10,12)	0-2315-2	Electrographic Corp Sept 67 (12)	1-2544-2
Jervis Corp Sept 67 (4,7,12,13)	1-5073-2	Equitable Life Assurance Society of The U S Sept 67 (13)	2-26913-2
Life Securities of Iowa Inc Sept 67 (2,7)	0-1203-2	General Devel Corp Sept 67 (3,7)	1-4080-2
Lilly-Tulip Cup Corp Sept 67 (8)	1-1223-2	Heck's Inc Sept 67 (1)	0-2572-2
Lubrizol Corp Sept 67 (7)	1-5263-2	G Heileman Brewing Co Inc Sept 67 (2)	1-4738-2
Lynch Corp Sept 67 (7,8,12,13)	1-106-2	Illinois Central Ind Inc Sept 67 (12)	1-4710-2
MacAndrews & Forbes Co Sept 67 (12)	1-1222-2	Indiana & Michigan Elec Co Sept 67(3)	1-3570-2
Methode Electronics Inc Sept 67 (11,12)	0-2816-2	Interstate United Corp Sept 67 (12)	0-1772-2
Microdot Inc Sept 67(2,3,4,7,12,13)	1-4873-2	Kusan Inc Sept 67 (2,4,7,13)	0-1478-2
Miller and Rhoads Inc Oct 67 (2,13)	1-3424-2	Lincoln Cons Inc Sept 67 (7,12,13)	2-26669-2
Nachman Corp Sept 67 (12)	1-1492-2	Lucky Stores Inc Sept 67 (3)	1-4839-2
New York State Electric & Gas Corp Sept 67 (7,8,12,13)	1-3103-2	Management Assistance Sept 67(4,7,8,13)	0-2017-2
Northern Indiana Public Service Co Sept 67 (7,13)	1-4125-2	Medalist Ind Inc Sept 67 (8)	0-883-2
Oil Shale Corp Sept 67 (4,7,8,13)	0-877-2	Michigan Gas & Elec Co Sept 67 (3)	0-335-2
Pargas Inc Sept 67 (4,7,13)	1-5274-2	National Gypsum Co Sept 67 (12)	1-2489-2
Patterson-Smith Inc Sept 67 (2,7,12,13)	1-5436-2	Newark Electronics Corp Sept 67 (12)	1-5156-2
Philadelphia Transportation Corp Sept 67 (3)	1-3565-2	Ohio Power Co Sept 67 (11,13)	0-1090-2
Reserve Oil and Gas Co Sept 67(2,12,13)	1-3474-2	Palomar Mortgage Co Sept 67 (1)	0-1873-2
San Jose Water Works Sept 67 (7,13)	0-1019-2	Pathe Ind Inc Sept 67 (1)	0-1441-2
Scam Instrument Corp Sept 67 (7)	0-1864-2	Princess Homes Inc Aug 67 (2,12,13)	0-2068-2
Schenley Ind Inc Sept 67 (3)	1-2377-2	Russell Mulls Inc Sept 67 (1,11)	0-1790-2
Scherr-Tumico Inc Sept 67 (7,9,13)	0-2366-2	Seeman Bros Inc Sept 67 (7,8,13)	1-1167-2
Sperry Rand Corp Sept 67 (7,13)	1-3908-2	Sheraton Corp of Amer Sept 67 (11,13)	1-3330-2
Stanley Warner Corp Sept 67 (3)	1-3729-2	Simon & Schuster Inc Sept 67 (13)	0-389-2
		Superscope Inc Sept 67 (7)	1-5307-2
		Washington Natural Gas Inc Sept 67 (4,7,13)	0-951-2
		West Coast Airlines Inc Sept 67(2,3)	0-1286-2
		Riker Video Ind Inc Amend #1 to 8K for Jul 67 (13)	0-2715-2

**SECURITIES ACT REGISTRATIONS. Effective October 19:** Brandon Applied Systems, Inc., 2-27208 (90 days); Consolidated Production Corp., 2-27209 (40 days); Maine Sugar Industries, Inc., 2-26962 (90 days); National Equipment Rental, Ltd., 2-27234 (40 days); Ritter Pfaunder Corp., 2-27314 (40 days); The Shamrock Oil and Gas Corp., 2-27273; The Sperry and Hutchinson Co., 2-27396 (40 days); United Sheet Metal Co., Inc., 2-27275 (40 days); Wham-O Mfg. Co., 2-27258 (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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