

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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STRATHMORE SECURITIES REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8207) revoking the broker-dealer registration of Strathmore Securities, Inc., Pittsburgh, and expelling it from NASD membership. Sanctions also were imposed upon four individuals.

The revocation and expulsion order was based upon Commission findings that the Strathmore firm, Auldus H. Turner, Jr., its vice president, and three salesmen had variously participated in unlawful distributions of stock of L. F. Popell Co., Inc., in 1960 to 1962. The firm was underwriter for an offering of 100,000 shares of Popell stock in 1960 at \$3 per share, pursuant to a claimed Regulation A exemption from Securities Act registration. However, according to the Commission's decision, the firm and A. Turner participated in the transfer of some 18,500 shares of the offering, which had been unsuccessful, to designees of Popell's president, with a view to the subsequent repurchase and distribution thereof. The Regulation A exemption was lost by reason (among other things) of the offering and sale of Popell shares at prices in excess of the stated offering price; accordingly, the registration provisions of Section 5 of the Act were violated. Moreover, the Strathmore firm bid for and purchased Popell shares during the course of the distribution, in violation of the anti-manipulative provisions of SEC Rule 10b-6; and Turner participated in such violation. In addition, the Strathmore firm, A. Turner, together with Ronald D. Turner, T. Theodore Turner and Theodore B. Henjum, Strathmore salesmen, and Michael R. Ventura, a salesman for another firm, were found to have violated the Securities Act registration provisions in the 1960-1962 sale of Popell stock received in exchange for stock of Perma Cement Products of America, Inc.; and the Strathmore firm and the three Turners were found to have engaged in similar violations in connection with the 1962 sale of Popell stock received in exchange for stock of Manor Lake Development Corp. The Strathmore firm, aided and abetted by Turner, also was found to have violated the Commission's record-keeping rules.

Upon the basis of its findings against the individuals, the Commission barred Auldus H. Turner, Jr., from further association with a securities firm; suspended Ronald D. and T. Theodore Turner from such association for 90 days; and "censured" Michael R. Ventura. The Commission had previously determined to impose no sanction upon Henjum because of his slight participation in the violations found.

RICHARD SHERMAN SENTENCED. The SEC Denver Regional Office announced December 8 (LR-3884) that the Federal court in Denver sentenced Richard Sherman to three years probation upon his convictions on each of four counts of violating the anti-fraud provisions of the Securities Act in connection with the sale of notes of Insurance Investment Security, Inc.

NATIONAL CHRISTIAN UNIVERSITY, OTHERS, ENJOINED. The SEC Fort Worth Regional Office announced December 12 (LR-3885) the entry of a Federal court order in Dallas, Texas, permanently enjoining National Christian University, Inc., Ft. Worth, Texas, Charles E. Stovall, Arlington, Texas, and Paul Ayers, d/b/a Continental Enterprises, Whitney, Texas, from violations of the anti-fraud provisions of the Securities Act in the offer and sale of 7% first mortgage bonds of National Christian University, Inc. The defendants consented to the entry of the injunction.

THREE TRADING BANS CONTINUED. The SEC has issued orders under the Securities Exchange Act suspending exchange and/or over-the-counter trading in securities of North American Research & Development Corp. and Silver Shield Corp. (formerly Silver Shield Mining & Milling Co.), for the further ten-day period December 17-26, 1967, inclusive, and of Roto American Corp., for the period December 18-27, 1967, inclusive.

PENNZOIL CO. RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15916) granting an application filed by Pennzoil Company ("Pennzoil"), Houston, Texas, and its nonutility subsidiaries, Wolf's Head Oil Refining Company, Inc. ("Wolf's Head"), and Pennzoil Del Caribe, S.A. ("Caribe"). The order authorizes Pennzoil and Wolf's Head to sell to Bright Star Foundation, Inc. ("Grantee"), a non-affiliated Texas non-profit corporation, an oil and gas production payment in a primary sum not to exceed \$28,000,000 in the case of Pennzoil and \$2,000,000 in the case of Wolf's Head, plus certain other considerations. Each production payment will be payable solely out of the proceeds from the sale of oil, gas and other hydrocarbons produced from specified properties of Pennzoil and Wolf's Head, respectively. The proceeds of the sales will be used by Pennzoil and Wolf's Head, respectively, for working capital. By previous order, the Commission authorized Pennzoil and Wolf's Head to sell to Grantee an oil and gas production payment in a primary sum not to exceed \$14,250,000 in the case of Pennzoil and \$750,000 in the case of Wolf's Head. The Commission previously authorized Pennzoil to make \$239,000 of open account advances during 1966 to Caribe. Caribe now proposes to borrow and Pennzoil proposes to advance, without interest, pursuant to a credit agreement, further sums up to \$200,000 on or before December 31, 1967. Proceeds of such advances will be used by Caribe in its South American oil and gas exploration and development program.

OVER

AMERICAN ELECTRIC POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15917) authorizing American Electric Power Company, Inc., New York holding company, to issue, reissue, and sell, from time to time through December 31, 1969, short-term notes (including commercial paper) in an aggregate face amount of not more than \$100,000,000 to be outstanding at any one time. Net proceeds from the sale of the notes, including the commercial paper, are to be applied by AEP, together with other funds, to make capital contributions to four of its public-utility subsidiaries, namely Ohio Power Company (\$25,000,000), Kentucky Power Company (\$21,400,000), Appalachian Power Company (\$40,000,000) and Indiana & Michigan Electric Company (\$34,000,000), to assist them in financing the costs of their respective construction programs through 1969 and for other corporate purposes. The construction program for AEP system is estimated at \$605,800,000. The construction programs of the four subsidiaries are: Ohio, \$146,700,000, Kentucky, \$90,900,000, Appalachian, \$202,800,000, and Indiana & Michigan, \$163,800,000.

GROWTH CAPITAL SEEKS ORDER. Growth Capital, Inc., Cleveland, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company as defined; and the Commission has issued an order (Release IC-5201) giving interested persons until January 5 to request a hearing thereon. On January 10, 1967, shareholders of applicant approved a plan of liquidation of applicant pursuant to which applicant transferred its interest in its operating subsidiaries to Growth International, Inc. ("GII"), a wholly-owned subsidiary. On April 1, 1967, applicant was dissolved under Ohio law; and on April 28, 1967, applicant's surrender of its license to operate as a small business investment company became effective. As of October 20, 1967, 97% of the outstanding shares of applicant have been submitted by 94% of the shareholders, and certificates representing shares of GII have been delivered to them. The sole distribution in liquidation of applicant will be that of the shares of GII. Applicant is also engaged in disposing of the investment securities which it held to satisfy all of its indebtedness and has agreed to transfer to GII all of its assets, if any, remaining after the payment of the indebtedness in return for GII's guarantee of such indebtedness.

ABBOTT LABORATORIES PROPOSES DEBENTURE OFFERING. Abbott Laboratories, 14th St. and Sheridan Rd., North Chicago, Ill. 60064, filed a registration statement (File 2-27840) with the SEC on December 13 seeking registration of \$25,000,000 of sinking fund debentures, due 1993. The debentures are to be offered for public sale through underwriters headed by Glore Forgan, Wm. R. Staats Inc., 135 S. LaSalle St., Chicago, Ill. 60603. The interest rate, public offering price, and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and sale of a broad line of health care products, including professional pharmaceuticals, hospital products, pediatric products, and certain consumer, animal health and industrial products. Net proceeds of its sale of debentures will be used to repay bank borrowings incurred to finance capital expenditures (which totalled \$3,000,000 at November 30, 1967 and are expected to increase to approximately \$11,000,000 at December 31, 1967); the balance, together with internally generated funds, will be used to finance proposed capital expenditures and for other corporate purposes. In addition to indebtedness, the company has outstanding 13,374,833 common shares. George R. Cain is board chairman and Edward J. Ledder, president.

STV, INC. FILES EXCHANGE PLAN. STV, Inc., First Federal Bldg., High and Hanover Streets, Pottstown, Pa. 19464, filed a registration statement (File 2-27842) with the SEC on December 13 seeking registration of 752,555 shares of common stock, and warrants to purchase 56,924 common shares. STV proposes to offer (a) its common stock in exchange for the 375,066 outstanding common shares of Sanders and Thomas, Inc. ("S & T"), on a share-for-share basis, and (b) .75 share of its common stock in exchange for each outstanding common share of Voss Engineering Company ("Voss"). The effectiveness of the exchange offers are conditional upon their acceptance by the holders of at least 80% of the S & T and Voss outstanding shares. STV also proposes to offer to the holders of the Voss 6% sinking fund convertible subordinated debentures, due 1981, warrants to acquire 56,924 shares of STV common by exchanging the principal sum of the debentures for shares of STV common at the rate of \$16.197 per share.

STV was organized under Pennsylvania law on December 1, 1967, to acquire and hold the common shares of S & T and Voss, and to operate such businesses as a holding company. S & T's primary business is providing comprehensive engineering consulting services in connection with a variety of projects and it manufactures and distributes a line of polystyrene drinking cups and distributes food and other consumer products. Voss is engaged in the business of engineering, designing, manufacturing, assembling and installing metal processing lines for primary metal producers and their service centers, and other metal users. A. R. Thomas is board chairman and W. A. Sanders is president of STV and hold similar positions with S & T.

SECURITIES ACT REGISTRATIONS. Effective December 14: Adams-Russell Co., Inc., 2-27634 (90 days); Bristol-Myers Co., 2-27738; Chemolene Industries, Inc., 2-27572 (90 days); First Mortgage Investors, 2-27485 (40 days); General Reed Co., 2-27324 (90 days); Heath Tecna Corp., 2-27187 (40 days); Heublein, Inc., 2-27671 (40 days); Iowa Power and Light Co., 2-27681; Metaframe Corp., 2-27499 (40 days); Middle Atlantic Investment Co., Inc., 2-27136 (90 days); Pike Corp. of America, 2-27424.

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.