

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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PROCEEDING ANNOUNCED

NASD RULE ON MEMBER-NON-MEMBER DEALINGS. The SEC has ordered administrative proceedings under the Securities Exchange Act involving rules of the National Association of Securities Dealers governing the terms and conditions under which NASD members may deal with nonmembers, particularly as to whether, as contended by the Commission's staff, the NASD has construed or applied the rules in a manner contrary to its authority granted under the Exchange Act. In the proceedings, the Commission also will determine what, if any, remedial action it should take to abrogate any rule of the NASD if it finds such action necessary to carry out the purposes of the Act.

The NASD rules were adopted pursuant to provisions of the Exchange Act which permit it to prohibit members from dealing with nonmember brokers or dealers "except at the same prices, for the same commissions or fees, and on the same terms and conditions as are by such members accorded to the general public." The NASD rules include language substantially parallel to the statutory provisions and also provide that members cannot join with nonmembers in any group or syndicate contemplating the distribution of any securities to the public.

The Commission's staff urges that the NASD has interpreted its rules to bar all joinings in distributions by members with nonmembers, including those distributions where the price or other concessions involved are those granted by nonmembers to members. The NASD states that the Exchange Act authorizes it to prohibit its members from such "joining" with nonmembers. The Commission's staff, on the other hand, contends that NASD rules can only be applied to those situations in which a member of the NASD gives discounts, concessions or other special terms to a nonmember that are not afforded by the member to the general public.

Aetna Life and Casualty Company on July 3, 1969, filed a petition with the Commission requesting the initiation of administrative proceedings to determine whether the Commission should abrogate or modify the NASD rules in question. It may on request participate as a party in these proceedings.

A hearing will be scheduled by further order.

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

JACKPOT EXPLORATION SUSPENSION PERMANENT. The SEC today announced a decision under the Securities Act (Release 33-5061) making permanent its April 1969 order temporarily suspending a Regulation A exemption from registration with respect to a proposed public offering by Jackpot Exploration Corp., of Spokane, Wash., of 300,000 common shares at \$1 per share. In its decision, the Commission affirmed a prior ruling of its Hearing Examiner that the company's Regulation notification and accompanying offering circular were materially deficient in that, among other things, there was a failure to disclose adequately and accurately the history of prior exploration of the company's mining property and the negative results of the company's own drilling; also, that the notification omitted or misstated required information regarding the jurisdictions within which the stock was to be sold as well as the prior issuance of unregistered stock.

DOLITTLE PETSHOP RULING. The SEC today announced a decision in a proceeding under the Securities Act (Release 33-5062) involving disclosures contained in a registration statement filed by Doctor Dolittle Animal Fairs, Inc., New York, N. Y., which proposed the public offering of 300,000 common shares at \$2 per share. The company's prospectus was admittedly defective by reason of the misrepresentation of material facts concerning the business background and experience of its president and franchise sales director, who was to serve as the company's only full time executive employee. Contrary to the representation in the prospectus, the president had not been employed with a chain of retail puppy stores during the period 1962-1966, and during that period he was not associated with any pet or franchising business. However, when the Commission's staff raised questions about the president's background, the company obtained from him and supplied a corrected resume of his background and accepted his resignation as an officer and director and later discharged him as an employee; and the company also filed a corrective amendment which described the Commission's proceeding. Under the circumstances, and in view of the apparent absence of any intention by management officials to defraud and the fact that none of the company's securities had been sold to the public, the Commission determined to dismiss its proceeding, subject to the filing of a further amendment describing the proceeding and making such other disclosures as may now be required, and subject to the further condition that a copy of the corrected prospectus and of the Commission's decision be furnished to all persons who received copies of the deficient preliminary prospectus.

HOLDING COMPANY ACT RELEASES

COLUMBIA GAS SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16697) giving interested persons until May 14 to request a hearing upon an application of The Columbia Gas System, Inc., New York, to make \$230,457,000 of open account advances (including \$155,457,000 for construction purposes and \$75,000,000 of "seasonal" advances) to subsidiaries. The subsidiaries will use the proceeds

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of the construction advances to finance part of their respective construction programs, which in the aggregate are estimated at \$196,899,000 for 1970. The proceeds of the "seasonal" advances will be used by the subsidiaries to purchase natural gas for inventory and for other short-term seasonal purposes.

MICHIGAN CONSOLIDATED GAS SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16698) giving interested persons until May 20 to request a hearing upon an application of Michigan Consolidated Gas Company, Detroit subsidiary of American Natural Gas Company, to issue and sell \$30,000,000 of first mortgage bonds, due 1995, at competitive bidding. The company will use the net proceeds of its bond sale to retire all of its then outstanding notes payable to banks, estimated at \$5,500,000, and to pay, in part, for its 1970 construction program (estimated at \$43,000,000). The outstanding notes to banks were issued to finance construction.

GENERAL PUBLIC UTILITIES RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16699) authorizing General Public Utilities Corporation, New York holding company, to offer up to 1,405,000 shares of common stock for subscription by holders of its outstanding common stock, at the rate of one additional share for each 20 shares held. The offering is to be underwritten through competitive bidding. (See page 3)

INVESTMENT COMPANY ACT RELEASE

PAUL REVERE VARIABLE ANNUITY FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6034) giving interested persons until May 11 to request a hearing upon an application of The Paul Revere Variable Annuity Contract Accumulation Fund (the "Fund"), Worcester, Mass., for an order exempting it from the provisions of Section 22(d) of the Act with respect to its proposed load scale. The Fund was established by The Paul Revere Variable Annuity Insurance Company as a separate account through which Insurance Company sets aside assets attributable to certain of its variable annuity contracts.

SECURITIES ACT REGISTRATIONS

PRESIDIO OIL FUNDS PROPOSES OFFERING. Presidio Oil Funds, Inc. ("Management Company"), 1900 Avenue of the Stars, Los Angeles, Calif. 90067, filed a registration statement (File 2-37164) with the SEC on April 23 seeking registration of \$1,000,000 of participating units in its 1970 Presidio Year-End Oil and Gas Exploration and Development Program, to be offered for public sale at \$5,000 per unit. Under the Program, Presidio Exploration, Inc. ("Presidio"), will be engaged by management company to explore for oil and gas using funds supplied by participants. No underwriting is involved; participating broker-dealers will receive up to a 7% selling commission. Louis A. Walstrom, Jr., is president of management company and president and principal stockholder of Presidio, which owns all the capital stock of Management Company.

BUDGET INDUSTRIES TO SELL DEBENTURES. Budget Industries, Inc., 6434 Wilshire Blvd., Los Angeles, Calif. 90048, filed a registration statement (File 2-37165) with the SEC on April 23 seeking registration of \$10,000,000 of senior debentures, due 1975, to be offered for subscription, at 100% of principal amount, by holders of the company's common stock and 6% subordinated sinking fund debentures, due 1988, and by holders of 6% serial preferred shares and subordinated capital income debentures, 6% Series A of Budget Finance Plan, a subsidiary. The subscription rate is to be supplied by amendment.

Organized in April 1968, the company is engaged in consumer and commercial finance, casualty insurance, savings and loan, commercial banking, real estate development and other operations. Part of the net proceeds of its debenture sale will be used to repay a \$2,000,000 unsecured bank loan obtained in March 1970 to acquire 219,335 common shares of Century Bank from a wholly-owned subsidiary of Budget Finance Plan; the balance will be added to the company's operating funds and used for general corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 1,566,839 common shares, of which management officials as a group own 15.2%. Charles S. Offer is board chairman and president.

EQUITY FUNDING PROPOSES OFFERING. Equity Funding Corporation of America ("EFCA"), 1900 Avenue of the Stars, Los Angeles, Calif. 90067, filed a registration statement (File 2-37167) with the SEC on April 23 seeking registration of \$124,000,000 of Programs for the Acquisition of Mutual Fund Shares and Insurance. EFCA offers in the Programs shares of Equity Growth Fund of America, Inc., Republic Technology Fund, Incorporated, Fund of America, Inc., Keystone Custodian Fund Series S-3 and Keystone Custodian Fund Series S-4. The insurance policies available in the life insurance programs are written by The Presidential Life Insurance Company of America (a wholly-owned subsidiary of EFCA) and (in states where Presidential Life is not authorized to do business) by Beneficial National Life Insurance Company. Stanley Goldblum is president and board chairman of EFCA.

CAROUSEL FASHIONS SHARES IN REGISTRATION. Carousel Fashions, Inc., 270 Madison Ave., New York 10016, filed a registration statement (File 2-37169) with the SEC on April 23 seeking registration of 280,000 shares of common stock. These shares (the company has been advised) have been pledged by IHC, Inc. (holder of 76% of the company's outstanding common stock) to secure a loan of \$3,600,000 made by it to Hayden, Stone Incorporated to provide capital credit for the business of such firm.

The company designs, manufactures and markets women's wigs and hairpieces made of modacrylic fibers. It has outstanding 1,395,000 common shares.

GENERAL PUBLIC UTILITIES PROPOSES RIGHTS OFFERING. General Public Utilities Corporation, 80 Pine St., New York, N. Y., filed a registration statement (File 2-36750) with the SEC on April 22 seeking registration of 1,405,000 shares of common stock, to be offered for subscription by common stockholders at the rate of one additional share for each 20 shares held. Those shares not subscribed for are to be offered for public sale at competitive bidding (which will establish the subscription price). A utility holding company, the company will use the net proceeds of its stock sale towards financing the construction programs of its subsidiaries, estimated at \$1,000,000,000 for 1970 through 1972.

AUDIO MARKETING TO SELL STOCK. Audio Marketing Corp., 7809 Sunset Blvd., Los Angeles, Calif. 90046, filed a registration statement (File 2-37155) with the SEC on April 22 seeking registration of 180,000 shares of common stock, to be offered for public sale at \$2.25 per share. The offering is to be made on a "best efforts, all or none" basis by R. Basile & Company, Inc., 45 Middle Neck Road, Great Neck, N. Y. 11021, which will receive a \$.225 per share selling commission. The company has agreed to pay the underwriter \$15,000 for expenses and to sell it 15,000 shares at 1¢ per share.

Organized in December 1968, the company is engaged in designing and marketing record and audio tape vending machines. Of the net proceeds of its stock sale, \$60,000 will be used for development and marketing of tape cartridge, cassette and film dispensing equipment and \$100,000 to provide an initial inventory of new equipment; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 715,200 common shares (with a 7¢ per share book value), of which Donald Orsatti, president, owns 41.9%, management officials as a group 48.1% and Pop Shops, Inc., 33.6%. Purchasers of the shares being registered will sustain an immediate dilution of \$1.85 in per share book value from the offering price.

WORLDWIDE FLEET LUBRICATION TO SELL STOCK. Worldwide Fleet Lubrication, Inc., 21 Ellis Dr., Syosset, N. Y. 11791, filed a registration statement (File 2-37156) with the SEC on April 22 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 on a "best efforts" basis through Robert Cea & Company, Inc., 160 Broadway, New York, N. Y., which will receive a 60¢ per share selling commission plus \$37,500 for expenses. The company has agreed to sell the underwriter 15,000 shares (nontransferable for four years) at \$.1171 per share and to pay it \$10,000 per year for three years as financial consulting fees.

The company was organized in July 1969 for the purpose of developing and marketing mobile units capable of giving on-site service to all types of motor vehicles. Of the net proceeds of its stock sale, \$75,000 will be used for the lease of premises for office and warehousing facility and \$525,000 for construction of service vehicles for sale to franchise holders; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 340,000 common shares (with an 18¢ per share net tangible book value), of which Jerome Marder, president, owns 89.7%. Purchasers of the shares being registered will acquire a 37% stock interest in the company for their investment of \$1,200,000 (they will sustain an immediate dilution of \$4.01 in per share book value from the offering price); present shareholders will then own 63%, for which they paid \$70,000, or 21¢ per share.

OCCIDENTAL PETROLEUM/PUTNAM OIL PROGRAM FILES. Occidental Petroleum Corporation/The Putnam Oil Company, Inc., 1970 Exploration Program (I) (the "Partnership"), 265 Franklin St., Boston, Mass. 02110, filed a registration statement (File 2-37158) with the SEC on April 22 seeking registration of \$20,000,000 of limited partnership interests, to be offered for public sale at \$5,000 per unit. Putnam Fund Distributors, Inc. ("Distributors"), a wholly-owned subsidiary of the Putnam Management Company, Inc., will act as soliciting agent on an agency and best efforts basis, for which it will receive a 6½% selling commission (to be paid by The Putnam Oil Company, Inc. ("Putnam"), also a wholly-owned subsidiary of Putnam Management); it may realow up to a 6½% selling commission to participating NASD members. The Partnership will engage primarily in the exploration for and production of oil and gas. Occidental Petroleum Corporation and The Putnam Oil Company, Inc., are the general partners. George Putnam is board chairman and Robert E. Riley president of Putnam; Armand Hammer is board chairman and William Bellano is president of Occidental.

DALLAS POWER & LIGHT TO SELL BONDS. Dallas Power & Light Company, 1506 Commerce St., Dallas, Tex. 75201, filed a registration statement (File 2-37161) with the SEC on April 23 seeking registration of \$30,000,000 of first mortgage bonds, due 2000, to be offered for public sale at competitive bidding. An electric utility subsidiary of Texas Utilities Company, the company will use the net proceeds of its bond sale (plus the proceeds of the sale of 362,279 common shares in 1970 on a pre-emptive basis to common shareholders for \$20,649,905 and funds derived from its operations) for the construction of new facilities and other corporate purposes, including the repayment of short-term loans from its parent (\$27,100,000 prior to the sale of common stock and estimated at \$14,000,000 at the time of issuance of the bonds) obtained for such purposes. Construction expenditures are estimated at \$51,500,000 for 1970, \$61,500,000 for 1971 and \$63,900,000 for 1972.

NATIONAL CASH REGISTER TO SELL DEBENTURES. The National Cash Register Company, Main and K Sts., Dayton, Ohio, filed a registration statement (File 2-37162) with the SEC on April 23 seeking registration of \$150,000,000 of convertible subordinated debentures, due 1995, to be offered for public sale through underwriters headed by Dillon, Read & Co., Inc., 46 William St., New York, N. Y. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company and its subsidiaries are primarily engaged in the design, production, distribution and servicing of business equipment and machines, together with supplies and related accessories. Net proceeds of its debenture sale will be added to the company's general funds and used for general corporate purposes including increased capital necessary to provide expanded production facilities and additional working capital, investment in rental equipment and application toward payment of domestic short-term debt (\$63,510,000 at March 31). In addition to indebtedness, the company has outstanding 21,462,376 common shares.

SELECTED NO-LOAD FUNDS PROPOSES OFFERING. Selected No-Load Funds, Inc., 1133 Chain Bridge Road, McLean, Va. 22101, filed a registration statement (File 2-37171) with the SEC on April 23 seeking registration of 2,000,000 shares of common stock, to be offered for public sale at net asset value (\$5 per share maximum*) with no sales charge. The Fund is an open-end, diversified investment company whose principal objective is to seek long term growth of capital by investing only in shares of other mutual funds. Baker Research Corporation will serve as investment adviser. Roger Baker is president and board chairman of the Fund and of the adviser, all of whose stock he owns.

BROCKTON TAUNTON GAS TO SELL STOCK. Brockton Taunton Gas Company, 995 Belmont St., Brockton, Mass. 02401, filed a registration statement (File 2-37172) with the SEC on April 23 seeking registration of 63,713 shares of common stock, to be offered for subscription by common stockholders of record May 19, at the rate of one new share for each six shares held. The offering is to be made through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York 10005; the subscription price (\$34 per share maximum*) and underwriting terms are to be supplied by amendment. A gas utility, the company will apply the net proceeds of its stock sale to reduce outstanding bank loans (\$10,320,000 at March 31) incurred in connection with its construction program and the retirement of \$1,360,000 principal amount of 3-1/8% sinking fund notes, due 1970. Construction expenditures are estimated at \$13,841,000 for the period 1970 through 1972.

STOCK PLANS FILED. The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

- National Liberty Corporation, Valley Forge, Pa. 19481 (File 2-37157) - 2,400 shares
- Ford Motor Company, Dearborn, Mich. 48121 (File 2-37159) - 4,000,000 shares (Savings and Stock Investment Plan for Salaried Employees) and (File 2-37160) - 200,000 shares (Supplemental Compensation Plan)
- Snap-on Tools Corporation, Kenosha, Wis. 53140 (File 2-37163) - 50,000 shares
- The Sherwin-Williams Company, Cleveland, Ohio 44101 (File 2-37166) - 200,000 shares
- The Empire District Electric Company, Joplin, Mo. 64801 (File 2-37168) - 50,000 shares
- International Basic Economy Corporation, New York 10020 (File 2-37170) - \$475,000 of interests in the Employees' Thrift Plan
- American Enka Corporation, Enka, N. C. 28728 (File 2-37173) - 75,000 shares
- Lone Star Steel Company, Dallas, Tex. (File 2-37174) - \$2,000,000 of participations in the Savings Fund Plan for Salaried Employees

MISCELLANEOUS

DELISTINGS GRANTED. The SEC has issued an order under the Securities Exchange Act (Release 34-8873) granting applications of the American Stock Exchange to strike from listing and registration the 4.80% Series "B" preferred stock of Monongahela Power Company (\$100 par) and the 5 1/4% convertible preferred stock, Series A (\$100 par) of Standard Alliance Industries, Inc., effective at the opening of business on April 27, 1970. Only 40,000 shares of the Series "B" Monongahela preferred and only 14,346 shares of the Standard Alliance 5 1/4% preferred remain outstanding, fewer than the Exchange's minimum requirement of 50,000 shares.

SECURITIES ACT REGISTRATIONS. Effective April 24: Appalachian Power Co., 2-36953; Bresnahan Computer Corp., 2-36968; Cenco Hospital & Convalescent Homes Corp., 2-34916 (90 days); Commercial Solvents Corp., 2-37012; The Dow Chemical Co., 2-36696 & 2-37122; The Hartford Electric Light Co., 2-36617 (Jun 17); The Lubrizol Corp., 2-36751; Potlatch Forests, Inc., 2-37014; Reliance Oil Co., 2-36337 (90 days); Service Corp. International, 2-36595 (Jun 3); Sherwin-Williams Co., 2-37166; The Signal Companies, Inc., 2-36687 (Jun 3); Snap On Tools Corp., 2-37163; Stop Convenience Food Stores, Inc., 2-34838 (90 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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