

# 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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FOR RELEASE June 5, 1970

## RULE PROPOSAL

**SEC PROPOSES MODIFICATION OF SALES LOAD RULE.** The SEC today announced a proposal for the revision of its Rule 22d-1 under the Investment Company Act governing the sale of mutual fund shares and other redeemable investment company securities at a reduced or eliminated sales load to certain persons (Release IC-6069); and it invited the submission of views and comments thereon not later than July 6. The present rule permits the sale of shares at a reduced or no sales load in various situations, including purchases by certain persons connected with the investment company, its investment advisor or principal underwriter, whether or not their activities are related to the functions of the investment company. Under the proposed revision of the rule, sales of mutual fund and other redeemable shares at reduced or no sales load could not be made to natural persons who are not directors, officers, partners or full-time employees of the investment company (nor any trust, pension or profit-sharing, or other benefit plan for such persons) unless more than one-half of their working time involves (i) rendering investment advisory services to the investment company or (ii) selling the investment company's shares. If the amendment is adopted, the Commission would take action to provide uniform treatment in those situations in which past Commission orders allow shares to be sold in a manner inconsistent with the proposed rule at a reduced or no sales load.

## COMMISSION ANNOUNCEMENT

**ROLAN DIVERSIFIED INVESTORS OFFERING SUSPENDED.** The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public stock offering by Rolan Diversified Investors, Inc. ("Rolan"), of Linden, Calif. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed in July 1967, Rolan proposed the public offering of 70,189 common shares at \$1 per share and included a rescission offer relating to an additional 79,811 shares. In its suspension order, the Commission asserts that it has "reasonable cause" to believe that the terms and conditions of Regulation A were not complied with, in that there was a failure to amend Rolan's offering circular to disclose (1) a court action in December 1968 in which Rolan and its principals are charged with fraud, (2) a class action filed in behalf of the company in December 1968, against the company and its president and controlling stockholder, Ida M. Leonardini, for recovery of \$123,969 allegedly owed to the company and for \$500,000 damages, and (3) the institution by Rolan in June 1969 of voluntary proceedings under Chapter XI of the Bankruptcy Act. The company also failed to file reports of sales pursuant to its offering.

## DECISION IN ADMINISTRATIVE PROCEEDING

**EXAMINER BARS JESS NEALY.** SEC Hearing Examiner Sidney Ullman has filed an initial decision in administrative proceedings under the Securities Exchange Act involving Jess H. Nealy, former manager of the Phoenix branch office of Pickard & Co., Inc. The Examiner's decision, which is subject to review by the Commission either on its own motion or on petition of a party, bars Nealy from further association with any securities firm by reason of his violations of the registration, anti-fraud and anti-manipulative provisions in the offer and sale of stock of Dyna Ray Corporation (formerly Tobin Craft, Inc.) in 1967-68. According to the Examiner's decision, the price of the stock rose from 15c per share in March 1967, to \$4 per share in May, to \$7½ in June and to \$10.25 after the company's name was changed to Dyna Ray. In August 1967 the Commission suspended trading in Dyna Ray stock because of the absence of financial and other information about the company, its operations and products; and in October the Commission lifted the trading ban following the company's issuance of a statement reflecting, among other things, that its president owned 747,700 shares of the 1,192,052 outstanding shares, that the company had \$10,000 in cash, and that its only other assets included certain interests in subsidiaries which were not profitable ventures. The Examiner ruled that Nealy had sold the stock in violation of the Securities Act registration requirement, that he engaged in "fraudulent selling activities" in connection with the offer and sale thereof, and that he engaged in activities which resulted in raising the market price of the stock in violation of the anti-manipulation provisions of the laws. (The Pickard firm's registration was revoked in November 1968. It is being liquidated by a liquidator appointed by and under the auspices of the New York Stock Exchange, pursuant to an agreement by the company, its voting stockholders and the Exchange).

## HOLDING COMPANY ACT RELEASE

**GULF POWER SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16749) giving interested persons until June 26 to request a hearing upon an application of Gulf Power Company, Pensacola, Fla., subsidiary of The Southern Company, to issue and sell \$16,000,000 of first mortgage bonds, at competitive bidding. The company will use the proceeds to finance, in part, its 1970 construction program (estimated at \$21,292,000), to pay outstanding short-term notes incurred for construction purposes and for other corporate purposes.

OVER

INVESTMENT COMPANY ACT RELEASES

**ISI TRUST FUND SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-6068) giving interested persons until June 22 to request a hearing upon an application for an exemption order filed by ISI Trust Fund, San Francisco mutual fund. On December 11, 1969, investors in the Fund approved amendments to the Trust Agreement the effect of which will be that the Fund will issue no further participating agreements and that instead it will issue a new permanent share-type form of security called Trust Fund Shares. The amendments to the Trust Agreement provide that holders of Trust Fund Shares and participating agreements be allocated voting rights in proportion to their individual interests in the Fund's assets. The application seeks an order exempting the foregoing from certain provisions of the Act.

**OPPENHEIMER PROGRAM RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-6070) exempting Oppenheimer Systematic Capital Accumulation Program, New York unit investment trust, of which Oppenheimer Management Corporation is sponsor and depositor, from provisions of Section 22(d) of the Act to the extent that Fund shares are offered for sale in Germany at a reduced sales charge (so as to comply with German law) on first year payments.

COURT ENFORCEMENT ACTIONS

**RECEIVER APPOINTED FOR RICHTER CO.** The SEC Chicago Regional Office announced May 29 (LR-4620) that the Federal court in St. Louis, on motion of the Commission, had appointed a receiver for the broker-dealer firm of Henry J. Richter & Co., of St. Louis. The action was taken following the filing of a complaint by the SEC against the firm and Henry J. Richter charging violations of the anti-fraud provisions of the Federal securities laws in the conduct of a securities business while unable to meet its obligations as they matured. A temporary restraining order was issued by the court and the Commission's motion for a preliminary injunction was scheduled for hearing on June 5.

**LUTHER C. BARROSO SENTENCED.** The SEC Chicago Regional Office announced June 1 (LR-4621) that Luther C. Barroso of Trenton, Mich., was sentenced in Detroit Recorders Court to one year's probation, with the first 90 days to be served in the Detroit House of Correction, and fined \$1,000 in costs, following a plea of guilty to the sale of unregistered securities in violation of the Michigan securities laws. The complaint was filed by Michigan Securities Bureau on information developed in an SEC investigation.

**INDICTMENT NAMES D V MAURER.** The SEC Chicago Regional Office announced June 2 (LR-4622) the return of an indictment in March by the Federal grand jury in South Bend, Ind., charging David V. Maurer of Indianapolis with violations of the anti-fraud provisions of the Securities Act in the offer and sale of interests in the Motor Hotel Corporation of America.

**TURCK SECURITIES ENJOINED.** The SEC New York Regional Office announced June 1 (LR-4623) that the Federal court in New York City on May 15 enjoined Turck Securities Co., Inc., of Kingston, N. Y., and Rudolph F. Turck, its president, from further violations of the Commission's net capital and recordkeeping rules. The court also appointed Marvin W. Levy as receiver for the firm. The defendants consented to the court action.

SECURITIES ACT REGISTRATIONS

**VANGUARD SECURITIES TO SELL STOCK.** Vanguard Securities Corporation, 2801 E. Oakland Park Blvd., Ft. Lauderdale, Fla., filed a registration statement (File 2-37507) with the SEC on May 28 seeking registration of 125,000 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 by Du-Tel Investment Co., Inc., 3396 Coral Way, Miami, Fla., which will receive a 60¢ per share selling commission plus \$35,000 for expenses. The company has agreed to sell the underwriter up to 12,500 shares at 1¢ per share, nontransferable for 18 months and to issue Sigmund Rosen 4,000 shares for his services as a finder.

The company was organized in October 1969 to engage in business as a broker-dealer in securities and to conduct an investment banking business; however, it has and is limiting its activities to municipal bonds. Of the net proceeds of its stock sale, \$300,000 will be deposited in a bank for purposes of securities clearance and affording a compensating balance to support credit extended for securities clearance and \$250,000 will be used for the purchase of municipal bonds as trading inventory; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 499,000 common shares (with a 21¢ per share book value), of which Ethel M. Clark, secretary, owns 12.8% and Murray J. Gottlieb, board chairman, and Noel D. Clark, president, 9.2% each. Purchasers of the shares being registered will acquire a 15.08% stock interest in the company for their investment of \$750,000 (they will sustain an immediate dilution of \$5.10 in per share book value from the offering price); present shareholders will then own 84.92%, for which they paid \$167,400 in cash, goods or services.

**EXETER DRILLING & EXPLORATION TO SELL STOCK.** Exeter Drilling and Exploration Company, 1010 Patterson Bldg., Denver, Colo. 80202, filed a registration statement (File 2-37538) with the SEC on June 1 seeking registration of 165,000 shares of common stock, to be offered for public sale through underwriters headed by Schneider, Bernet & Hickman Securities Corp., 3200 First National Bank Bldg., Dallas, Tex. 75202. The offering price (\$11 per share maximum\*) and underwriting terms are to be supplied by amendment.

CONTINUED

The company is engaged in the contract drilling of wells for oil and gas in the Rocky Mountain area for major and independent oil companies, individuals and drilling funds for its own accounts. Of the net proceeds of its stock sale, \$750,000 will be used to acquire undeveloped oil and gas leases and \$280,000 to retire existing long-term indebtedness; the balance will be added to the company's general funds and used for working capital and other corporate purposes. In addition to indebtedness, the company has outstanding 867,718 common shares, of which Frederick R. Mayer, board chairman, owns 64.46% and management officials as a group 84.34%.

**KELLER INDUSTRIES FILES FOR SECONDARY.** Keller Industries, Inc., 18000 State Road No. 9, Miami, Fla. 33162, filed a registration statement (File 2-37539) with the SEC on June 1 seeking registration of 125,119 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 (\$11 per share maximum\*).

The company manufactures and sells a diversified line of building and consumer products. In addition to indebtedness, it has outstanding 1,678,702 common shares, of which Henry A. Keller, board chairman and president, owns 27.2% and Giffen Industries, Inc., 15.08%. Jack Yoffee may sell all of 83,756 shares held and two others the remaining shares being registered.

**LANDAMERICA TO SELL STOCK.** Landamerica, Incorporated, 610 Stemmons Tower South, Dallas, Tex. 75207, filed a registration statement (File 2-37540) with the SEC on June 1 seeking registration of 510,000 shares of common stock, to be offered for public sale at \$3 per share. No underwriting is involved; participating licensed salesmen will receive a 10% selling commission.

The company was organized in September 1969 for the purpose of and intends to primarily engage in the acquisition of mineral properties and in the exploration, development and production of metallic and non-metallic minerals. Net proceeds of its stock sale will be used in connection with the purchase, development and exploration of property in Colorado and New Mexico and for other corporate purposes. The company has outstanding 1,691,060 common shares (with a 16¢ per share net tangible book value), of which Robert C. Hackney, board chairman and president, owns 10.53% and management officials as a group 49.81%. Purchasers of the shares being registered will acquire a 23.17% stock interest in the company for their investment of \$1,530,000 (they will sustain an immediate dilution of \$2.25 in per share book value from the offering price); present shareholders will then own 76.83%, for which they will have paid \$393,430, or 23¢ per share.

**CALLAHAN MINING FILES FOR SECONDARY.** Callahan Mining Corporation, 277 Park Ave., New York 10017, filed a registration statement (File 2-37541) with the SEC on June 1 seeking registration of 250,000 outstanding shares of common stock. These shares may be offered for sale from time to time by the holder thereof at prices current at the time of sale (\$9.50 per share maximum\*).

The company is engaged in the mining of silver and in a variety of mineral exploration ventures. It is also engaged in the manufacture of lightweight flexible hoses and ducts, flexible metal tubing, bellows, precision metal assemblies, metallic expansion joints and other products. The company has outstanding 3,282,899 common shares, of which Joseph H. Hirshhorn, board chairman, owns 19.3%; he may sell 250,000 of 634,657 shares held. Joseph T. Hall is president.

**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:

Wilson Pharmaceutical & Chemical Corp., Chicago, Ill. (File 2-37521) - 100,000 shares  
National Industries, Inc., Louisville, Ky. 40420 (File 2-37543) - 541,184 shares  
Public Service Company of New Mexico, Albuquerque, N. Mex. 87103 (File 2-37544) - 20,000 shares  
Nuclear Data, Inc., Palatine, Ill. 60067 (File 2-37546) - 101,000 shares

#### COMMISSION ANNOUNCEMENT

**CONSOLIDATED OIL TRADING BAN BEING TERMINATED.** The SEC today announced that its ban on trading in securities of Consolidated Oil & Gas Corp. will not be continued beyond June 9 and that trading therein may be resumed on Wednesday, June 10 (Release 34-8899). The Commission's action followed the publication of a statement by the company concerning recent corporate and financial developments, including clarification of the company's purported acquisition of certain oil permits in the Canadian Arctic. The American Stock Exchange also has determined to permit the resumption of Exchange trading in Consolidated Oil securities on June 10.

#### MISCELLANEOUS

**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 "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 June 2 News Digest.

#### 8K Reports for Mar 70

Molecular Research, Inc. Jan 70 (7,13)	0-3540-2	General Motors Corp (12,13)	1-143-2
Feb 70(7,13)	0-3540-2	Walter Kidde & Co., Inc.(7,13)	1-5694-2
National Can Corp (11)	1-2915-2	Northern Realty Shares (7)	0-4241-2
NVF Co. (8)	1-3290-2	Missouri Pacific RR Co.(7,13)	1-2139-2
		Intercontinental Industries Inc. (12)	1-5566-2

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SK Reports for Mar 70 (Con't)

Hawaiian Pacific Industries Inc (1,8,10,11,13) 0-2001-2	Alco Standard Corp(7,8) 1-5964-2
Investors Equity Corp(1,3,13) 0-1542-2	Bates Mfg Co Inc(5,13) 1-3188-2
Lincoln Income Life Insur Co(13)2-19256-2	Central Lancorporation Inc(7, 11,13) 2-31241-2
Oakite Products Inc Apr 70(11) 1-5804-2	Combustion Equipment Associates Inc (2,13) 1-6252-2
Hamburger Dens Inc(2,12,13) 2-32552-2	Frontier Airlines Inc(12,13) 1-4877-2
Investment Corp of America(2,3,12)0-1642-2	Arizona Biochemical Co(2,7,12) 0-2946-2
Interplastic Corp(2,13) 0-2799-2	Cudahy Co(11,13) 1-529-2
Leemick Industries Inc(2,7,13)2-3206C-2	Airwick Industries Inc(9) 1-5783-2
First Western Financial Corp(12)0-2904-2	Artic Enterprises Inc(2,7,12,13)1-6290-2
Puerto Rico Brewing Co Inc Jan 70 (12) 0-1658-2	Bush Universal Inc(7) 1-3047-2
Scan-Data Corp Feb 70(9,13) 0-3077-2	Canadian Gridcoil Ltd(1) 1-5191-2
Brenco Inc(11,13) 1-4195-2	American Rail Line Ltd(11) 2-6218-2
Caldwell Computer Corp(2,7,8,13)0-3983-2	Dun & Bradstreet Inc(11) 1-5956-2
United American Industries Inc Apr 70 (2,3,12,13) 0-3950-2	Ford Motor Co(2) 1-3950-2
Robert Bruce Inc May 70(1,11) 1-6355-2	Foster Forbes Glass Co(11,12,13)0-2192-2
Photon Inc Apr 70(11) 0-1025-2	Allied Chemical Corp(8) 1-1269-2
Ranchers Exploration and Development Corp (7) 0-2309-2	British Petroleum Co Ltd(6K) April 70 1-6262-2
Caribbean Cement Co Ltd(6K) 2-19155-2	Control Industries Corp(2,9,13,13) 0-4344-2
Record Retention and Retrieval Corp Feb 70(2,13) 2-34034-2	Bermeac Corp(3,6,7,12,13) 1-4739-2
Preston Lines Ltd Apr 70(11) 1-4419-2	Coburn Corp of America(12) 1-4730-2
Rio Algom Mines Ltd Apr 70(11) 1-4398-2	Fansteel Inc(8,13) 1-2331-2
Whittaker Corp(3,11,12,13) 1-5407-2	Fidelity Corp(3,13) 0-3055-2
Winport Mfg Co Inc Jan 70(3,12,13)2-30803-2	Florida East Coast NY Co(12,13) 1-2160-2
Display Sciences Inc Feb 70(21,13)2-32168-2	Allegheny Ludlum Industries Inc(7, 13) 1-52-2
American Equity Investment Trust(7)2-29890-2	Baxter Laboratories Inc(4,7,8,12,13)1-4448-2
Steel Crest Homes Inc Apr 70(1,12)0-2316-2	Agri-Dynamics Inc(7) 0-3245-2
Central Power & Light Co(11) 0-346-2	Becton Dickinson & Co(13) 1-4802-2
Executive House Inc(12) 1-6337-2	Bell Television Inc(12) 0-4094-2
Union Stk Yards Co Of Omaha Apr 70 (11) 0-900-2	American Brands Inc(13) 1-92-2
	American Finance System Inc(12,13)1-5625-2
	Communication & Studies Inc(13) 2-13605-2
	Ashland Oil Inc(7,13) 1-2918-2
	Earth Resources Co Oct 69(7,13) 1-5984-2

**SECURITIES ACT REGISTRATIONS. Effective June 3:** Affiliated Bankshares of Colorado, Inc., 2-36818 (Sep 2). **Effective June 4:** Brockton Taunton Gas Co., 2-37251 (Jul 14); Chase Manhattan Mortgage & Realty Trust, 2-37089; Equitable Petroleum Corp., 2-35524 (90 days); Republic Corp., 2-37106; Simmons Co., 2-37310; Telephone & Data Systems, Inc., 2-34882 (90 days); Zenith Radio Corp., 2-37288.

**Withdrawn June 1:** Alza Corp., 2-37181, Andex Corp., 2-34280; Patent Marketing Corp., 2-34078.

**Withdrawn June 2:** Magnetic Tape Engineering Corp., 2-33491; Metals Sintering Corp. of America, 2-33741; Pacific Coast Mutual Fund, Inc., 2-33851; S&S Productions, Inc., 2-33986; Universal Telephone Inc., 2-33535.

**Withdrawn June 3:** Chinaberry Co., 2-32736; Dynapower Systems Corp., 2-31335; Empress Travel Corp., 2-36865; Marketing Communications, Inc., 2-36731.

**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.