

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 12, 1970

DECISION IN ADMINISTRATIVE PROCEEDING

CULBERTSON FIRM SUSPENDED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8902) in which it ordered a 30-day suspension of trading and underwriting activities of A. B. Culbertson & Co., of Fort Worth, effective June 15, and suspended its president, William R. Sarsgard, for the same period. The sanctions were based upon violations of the anti-fraud provisions of the Act in the purchase and sale of bonds of the Church Loan Association of Southern Baptists. In an offer of settlement of these proceedings, the respondents waived a hearing and consented to the findings of violations and to the sanctions; and the Culbertson firm also agreed to offer \$197,500 to the Association in settlement of all claims against it and its officials. In addition, the firm has adopted a code of procedure designed to raise the standards of its operations. Previously, in 1969, the firm consented to a 30-day suspension order of the Texas Securities Board and entered into undertakings with respect to its future operations which it states has prevented a recurrence of practices alleged in the SEC action and resulted in losses of about \$87,000.

The Association was engaged in the purchase of bonds of churches seeking construction financing. According to the Commission's decision, the Culbertson firm and Sarsgard (among other things) caused the Association (which Culbertson controlled) to sell bonds to the investing public for the purpose of meeting sinking fund requirements and overhead expenses; to issue bonds in excess of the amount allowed by the trust indenture; to renew delinquent church loans with new loans containing additional add-on interest and charges in order to conceal the delinquent state of the loans and the issuance of bonds in excess of that allowed by the indenture; to make loans to churches from the proceeds of bonds for time periods extending beyond the maturity dates of the bonds; to make balloon note loans to churches with proceeds from bond issues with knowledge that the churches could not meet their obligations at maturity; and to issue letters to investors guaranteeing to repurchase Association bonds prior to maturity with knowledge that the Association did not have the resources to honor such guarantees. The Culbertson firm also made misrepresentations in the sale of Association bonds with respect to the foregoing and other matters, including the poor financial condition of the Association and its inability to make interest and principal payments.

INVESTMENT COMPANY ACT RELEASE

EASTERN STATES SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6075) giving interested persons until July 6 to request a hearing upon an application of Eastern States Corporation, Baltimore closed-end investment company, for an order declaring that it has ceased to be an investment company. In June 1969, St. Regis Paper Company purchased all the assets of Eastern States in exchange for 925,967 shares of St. Regis common stock. Pursuant to an agreement, each holder of an Eastern State share became entitled to 1.62025 shares of St. Regis common stock. As of June 3, 1970, all but 5,637 Eastern States shares held by 171 shareholders had been surrendered. Continuing efforts are being made to locate these shareholders. Eastern States asserts that it is not engaged in business and exists solely for the purpose of winding up and liquidation.

SECURITIES ACT REGISTRATIONS

FIRST FINANCIAL PROPOSES EXCHANGE OFFER. First Financial Corporation, 416 Franklin St., Tampa, Fla. 33602, filed a registration statement (File 2-37622) with the SEC on June 10 seeking registration of 1,720,000 shares of common stock. It is proposed to offer the indicated number of these shares in exchange for each share of common stock of the following banks: The First National Bank of Kissimmee (73-1/3 shares), Bank of Clearwater (10 shares) and Inter City National Bank of Bradenton (8 shares). Effectiveness of each exchange offer is contingent upon acceptance by holders of at least 80% of the respective bank's outstanding common shares.

Organized in 1968, the company is a bank holding company. It has outstanding 4,167,696 common shares, of which R. A. Liggett, president, owns 10.32%, A. C. Liggett, a director, 11.06% and Lykes Bros. Inc. 14.83%.

MCDONNELL DOUGLAS TO SELL NOTES. McDonnell Douglas Corporation, P. O. Box 516, St. Louis, Mo. 63166, filed a registration statement (File 2-37623) with the SEC on June 10 seeking registration of \$100,000,000 of notes, due 1974, to be offered for public sale through underwriters headed by Lehman Brothers, One William St., New York, N. Y. 10004. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is principally engaged in the design, development and production of commercial and military jet aircraft, manned and unmanned spacecraft and launch vehicles, and short, medium and long-range missiles. Substantially all of the net proceeds of its sale of notes will be used initially to reduce or eliminate temporarily the short term bank borrowings incurred for working capital under the credit agreements of the company and a wholly-owned Canadian subsidiary, Douglas Aircraft Company of Canada, Ltd. In addition to indebtedness, the company has outstanding 27,853,660 common shares, of which management officials as a group own 9%. James S. McDonnell is board chairman and David S. Lewis president.

OVER

DORADO BEACH ESTATES PROPOSES OFFERING. Dorado Beach Estates, Inc., Dorado Beach, Puerto Rico, U.S.A. 00646, filed a registration statement (File 2-37624) with the SEC on June 10 seeking registration of \$13,530,000 of agreements related to Villa Dorado cluster-type resort condominiums (123 units), to be offered for public sale at from \$45,000 to \$155,000 per unit. The resort condominiums are to be constructed in the Dorado Beach area, about four miles west of Dorado, Puerto Rico. The company has outstanding 150 common shares, of which Eastern Air Lines, Inc., owns 80% and Laurance S. Rockefeller 20%. F. D. Hall is board chairman and president of the company and of Eastern Air Lines.

RYDER SYSTEM TO SELL DEBENTURES. Ryder System, Inc., P. O. Box 816, Miami, Fla. 33133, filed a registration statement (File 2-37625) with the SEC on June 10 seeking registration of \$35,000,000 of collateral trust debentures, Series A, due 1990, to be offered for public sale through underwriters headed by Salomon Brothers & Hutzler, 60 Wall St., New York, N. Y. 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is primarily engaged in furnishing two kinds of services related to transportation. Its Truck Leasing Division leases and rents various types of trucking equipment and its Specialized Transportation Division provides motor carriage of new automobiles. Net proceeds of the company's debenture sale will be advanced to a subsidiary, Ryder Truck Rental, Inc., which in turn will repay a like amount of indebtedness under an unsecured bank loan agreement. Following such repayment, Ryder Truck Rental and certain other subsidiaries will have an aggregate unused loan commitment under such loan agreements of not less than \$35,000,000, which is available only to finance or refinance the acquisition of vehicles and related equipment. In addition to indebtedness and preferred stock, the company has outstanding 5,218,728 common shares.

J. C. PENNEY SHARES IN REGISTRATION. J. C. Penney Company, Inc., 1301 Avenue of the Americas, New York, N. Y. 10019, filed a registration statement (File 2-37627) with the SEC on June 10 seeking registration of 458,716 shares of common stock. These shares are issuable upon conversion of the 6% convertible subordinated guaranteed debentures, due 1989, of J. C. Penney Europe, Inc., a wholly-owned subsidiary of the company.

GULF POWER TO SELL BONDS. Gulf Power Company, 75 North Pace Blvd., Pensacola, Fla. 32502, filed a registration statement (File 2-37628) with the SEC on June 11 seeking registration of \$16,000,000 of first mortgage bonds, to be offered for public sale at competitive bidding. A subsidiary of The Southern Company, the company will use the net proceeds of its bond sale, together with \$4,500,000 from the sale of common stock to its parent, \$7,500,000 of funds to be accumulated from usual internal sources and \$7,045,000 of short term notes, to finance in part its 1970 construction expenditures and to pay short term notes outstanding at the time of the bond sale (estimated at \$14,740,000). Construction expenditures are estimated at \$21,292,000 for 1970 and \$101,104,000 during 1970 through 1972.

DCA DEVELOPMENT SHARES IN REGISTRATION. DCA Development Corporation (formerly Stylon Corporation), Sears Crescent, City Hall Sq., Boston, Mass. 02108, filed a registration statement (File 2-37629) with the SEC on June 11 seeking registration of 400,000 shares of common stock. These shares are issuable upon conversion of the 8 $\frac{1}{2}$ % convertible subordinated bonds, due 1981, of Stylon International N.V., a wholly-owned subsidiary of the company, at an initial rate of \$12.50 per share (or 80 shares per \$1,000 bond). Also included in this statement are 140,088 outstanding common shares which may be offered for sale from time to time by the holders thereof at prices current at the time of sale (\$8.63 per share maximum*).

The company is engaged in activities relating to the development and building of urban housing and the manufacture and distribution of ceramic tiles and allied products. In addition to indebtedness, it has outstanding 1,767,465 common shares. Allen S. Manus and family members may sell all of 140,088 shares held. Manus also owns \$2,120,000 of the bonds (convertible into 169,600 common shares).

NUVEEN FUND PROPOSES OFFERING. Nuveen Tax-Exempt Bond Fund, Series 28, 209 S. LaSalle St., Chicago, Ill. 60604, filed a registration statement (File 2-37630) with the SEC on June 11 seeking registration of \$9,900,000 of units. The Fund is one of a series of investment companies created by the sponsor and underwriter, John Nuveen & Co. (Inc.), a wholly-owned subsidiary of Investors Syndicate of America, Inc.; it consists of a diversified portfolio of interest-bearing obligations issued by or on behalf of states, counties, municipalities and territories of the United States and authorities and political subdivisions thereof, the interest from which, in the opinion of counsel for the sponsor, is exempt from all Federal income taxes under existing law.

PROPERTY RESEARCH FUND PROPOSES OFFERING. Property Research Fund--I (the "Partnership"), 1333 Westwood Blvd., Los Angeles, Calif. 90024, filed a registration statement (File 2-37633) with the SEC on June 11 seeking registration of \$3,000,000 of limited partnership interests, to be offered for public sale at \$1,000 per unit with a required purchase of five units. The offering is to be made on a best efforts basis through Property Research Corporation, a wholly-owned subsidiary of Property Research Financial Corporation ("PRFC"), which will receive an \$80 per unit selling commission. The Partnership was organized to provide investors an opportunity to invest in a professionally managed portfolio of interests in income-producing real property and real property to be developed for production of income. Property Research Management Corporation, also a wholly-owned subsidiary of PRFC, will serve as general partner. Tim E. Smallwood is president of the general partner.

METROPOLITAN FUND PROPOSES OFFERING. The Metropolitan Fund, Inc., 7000 East Camelback Rd., Scottsdale, Ariz. 85251, filed a registration statement (File 2-37634) with the SEC on June 11 seeking registration of 50,000 shares of capital stock, to be offered for public sale at net asset value (\$10 per share maximum*) with an 8.5% sales charge on purchases of less than \$25,000. The Fund is a diversified, open-end investment company whose objective is a long-term growth of capital and increasing income for the future. Metropolitan Research Corporation is investment adviser. Royden Brown is president of the Fund.

SENTINEL DRILLING PROGRAM PROPOSES OFFERING. Sentinel Drilling Program-1970 Series B (the "Partnership") 600 Madison Ave., New York 10022 filed a registration statement (File 2-37636) with the SEC on June 11 seeking registration of \$3,500,000 of units of partnership participation, to be offered for public sale at \$5,000 per unit. The offering is to be made on a best efforts basis by Bamian Corporation, wholly-owned subsidiary of Sentinel Resources Corporation (the general partner), which will receive a 7% selling commission. The Partnership was organized to engage in oil and gas exploration. Edward M. Bigler is president and board chairman of the general partner.

ADR'S FOR HARMONY GOLD FILES. Morgan Guaranty Trust Company of New York, 23 Wall St., New York 10015, filed a registration statement (File 2-37637) with the SEC on June 11 seeking registration of 100,000 American Depositary Receipts for ordinary registered shares of Harmony Gold Mining Company Limited (a South African company).

ATLANTIC BANCORPORATION PROPOSES EXCHANGE OFFERS. Atlantic Bancorporation, 121 Hogan St., Jacksonville, Fla. 32202, filed a registration statement (File 2-37638) with the SEC on June 11 seeking registration of 168,750 shares of common stock. Of these shares, it is proposed to offer 135,000 in exchange for all the outstanding stock of The Exchange Bank of St. Augustine, at the rate of 4.5 shares for each St. Augustine Bank share, and 33,750 in exchange for all the outstanding shares of capital stock of Hastings Exchange Bank, at the rate of 7.5 shares for each Hastings Bank share. Effectiveness of the exchange offers is contingent upon acceptance by holders of at least 80% of the outstanding shares of the respective banks.

The company is a bank holding company with 14 subsidiary banks, of which seven are national banking associations and seven are in operation under Florida laws. It has outstanding 4,250,285 common shares, of which Edward W. Lane, Jr., president, owns 12.62% and J. T. Lane, a director, 11.48%.

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:

Hygrade Food Products Corporation, Detroit, Mich. 48214 (File 2-37626) - 79,988 shares
 North American Car Corporation, Chicago, Ill. 60606 (File 2-37631) - 100,000 shares
 Instron Corporation, Canton, Mass. 02021 (File 2-37632) - 19,625 shares
 Interco Incorporated, St. Louis 63166 (File 2-37635) - 8,993 Series C \$5.25 cumulative convertible second preferred shares and 27,549 common shares
 Cubic Corporation, San Diego, Calif. 92123 (File 2-37639) - 75,000 shares

MISCELLANEOUS

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Continental Vending Machine Corporation for the further ten-day period June 15-24, 1970, 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 "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's for March 1970

Dynasonics Corp(2,3,7,13)	2-14490-2	Baker Oil Tools Inc Jan 70(11)	1-4509-2
Energy Conversion Devices Inc(7)0-	3315-2	Beverly Enterprises(7)	1-5894-2
Aberle Industries Inc(7)	2-31229-2	Central Hudson Gas & Electric Corp	
Carolina Caribbean Corp(7,13)	0-3895-2	(12)	1-3268-2
Commonwealth United Corp(2,3,13)1-	4563-2	Dixie Yarns Inc(11,13)	0-2585-2
Consolidated-Tomoka Land Co(11,		Connecticut Yankee Atomic Power Co	
13)	2-34669-2	(11,13)	2-22958-2
Eastman Kodak Co Feb 70(13)	1-87-2	Applied Synthetics Corp Amdt #1 for	
Fed-Mart Corp(7,8,13)	1-5856-2	Feb 70(2,13)	1-5678-2
American Export Industries Inc(2,3,		Argus Inc Amdt #1 for Nov 69	
12,13)	1-5054-2	(13)	1-4544-2
Computer Equipment Corp(12,13)	1-5970-2	Courtesy Products Corp(1,7)	0-1495-2
Dixie National Corp Oct 69(11)	0-3296-2	Equitable Gas Co Apr 70(7,13)	1-3551-2
Martin-Brower Corp(12,13)	0-3394-2	Frigitronics Inc Oct 68(2,13)	0-4126-2
Antilles Brewing Co Inc(2,13)	0-1448-2	Dec 69(1,7,8,12,13)	0-4126-2
Collins Radio Co(12)	1-4248-2	Feb 70(11)	0-4126-2
Connecticut Natural Gas Corp(11,		Furr's Cafeterias Inc(11)	0-4601-2
13)	0-327-2	American Credit Corp(11)	1-4491-2
First Banc Group of Ohio Inc(7)	0-3644-2	Barnwell Industries Inc(11)	1-5103-2
American Diversified Industries Corp		Cascade Natural Gas Corp(11)	0-317-2
(2,12,13)	0-4314-2	Connaught Films Ltd(3,12,13)	2-30463-2

8K's for Mar 70 Cont'd

Consolidated Leasing Corp of America (7,8)	1-5201-2	Datatronics Inc.(2,12,13)	0-4262-2
Dextra Corp(6)	0-1602-2	Financiera Metropolitana S.A. (7)	2-29641-2
Futuronics Corp(12,13)	2-30007-2	A C F Ind. Inc. (7,13)	1-1333-2
ECL Industries Inc Feb 70(6K)	1-6139-2	Akzo N.V. (6K) Mar. 70	2-10219-2
Electronics Corp of America(7,13)	1-3828-2	Edgington Oil Co. (8)	0-4046-2
Eltra Corp Feb 70(11,13)	1-1842-2	First Equity Corp.(2,3,13)	0-2455-2
Bakersfield Hacienda Inc Feb 69(1)	0-1367-2	Connecticut Light & Power Co. (11,13)	0-404-2
Jan 70(1,3)	0-1367-2	Fill R-Up Systems Inc.(11,13)	2-33523-2
Books for Libraries Inc(2,7,12,13)	2-33488-2	Homestead International Inc. (2,13)	2-23494-2
Transitron Electronic Corp Feb 70 (12)	1-4261-2	Delta Western Systems Inc. April (2,13)	2-32931-2
Frigitemp Corp Sept 69(7,13)	2-30208-2	Computer Statistics Inc (3)	0-4149-2
Commonwealth Gas Co(12)	0-728-2	Data General Corp. (3) Jan 70	2-34320-2
Argus Inc(7,9,13)	1-4544-2	Four Seasons Nursing Centers of America Inc. Jan 70 (12,13)	1-5765-2
Cencor Inc(2,13)	0-3417-2	Cypress Communications Corp. April 70 (7)	0-3289-2
Commercial State Corp(2,7,9)	2-34283-2	Duke Power Co. Sept. 69(7,13)	1-4928-2
DBA Systems Inc(1,2,12)	0-4633-2	Allied Foods Inc. (11,13)	0-4291-2
Berger Industries Inc May 69(11)	2-29592-2	Burlington Northern Inc. (1,2,3,4,5,8,13)	1-6324-2
Cesana Aircraft Co(12)	1-3145-2	Carro Corp. (8,13)	1-1518-2
Jan 70(11,12,13)	1-3145-2	Foster Grant Co . Inc (7)	0-78-2
Church's Fried Chicken Inc Feb 70 (7)	2-31774-2	Boston & Maine Ind., Inc.(3,12)	1-5940-2
Creative Merchandising Inc(12)	0-3754-2	Buck Engineering Co. Inc. (2,7,11,13)	2-27888-2
Empire Life Insur Co(7,9)	2-20749-2	Craddock Terry Shoe Corp. (13)	0-542-2
Artek Systems Corp(2,7,13)	2-33473-2	First Security Corp. (1,12,13)	0-1179-2
Braun Engineering Co(11,13)	1-5812-2	Askin Service Corp. Amdt. #1 for April 69 (13)	2-28820-2
Connrex Corp(2,13)	1-5875-2	Athlone Ind. Inc. Amdt. #1 for March 70 (7,8)	1-5573-2
Bristol Myers Co(3)	1-1136-2		
Allen Electric and Equipment Co(4, 7,13)	1-6016-2		
Connelly Containers Inc(2)	1-3622-2		
Farrington Mfg Co(12)	0-1530-2		
Bangor Punta International Capital Co. Feb. 70 (2,13)	1-5711-2		
Beatrice Foods Co. (12,13)	1-831-2		
Chesapeake & Potomac Tel. Co. of West Virginia (12)	2-16148-2		
Chesapeake & Pot Tel Co. of Md. (11)	2-10378-2		

SECURITIES ACT REGISTRATIONS. Effective June 11: Church's Fried Chicken, Inc., 2-36747 (40 days); The Cincinnati Gas & Electric Co., 2-37437; CPC International Inc., 2-37148; Deldan Inc., 2-36133 (90 days); Detroit Steel Corp., 2-37237; Energy Conversion Devices, Inc., 2-37176; Kohler Co., 2-36823 (90 days); Lakeshore Financial Corp., 2-36676 (90 days); Microwave Associates, Inc., 2-36028; Outdoor Recreation, Inc., 2-36078 (90 days); Pacific Power & Light Co., 2-37435; Spectran, Inc., 2-36299 (90 days); Squibb Beech-Nut, Inc., 2-37604; USLife Holding Corp., 2-37376 (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.