

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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COMMISSION ANNOUNCEMENT

NYSE REPORT ON NEW RATE SCHEDULE. The SEC announced today that it will make available for public examination the report submitted to it by the New York Stock Exchange containing a commission rate proposal and analysis for the determination of proposed rate levels. The submission consists of a "Report on the New Commission Rate Schedule" prepared by the Committee on Member Firm Costs and Revenues of the New York Stock Exchange and a two volume report prepared by National Economic Research Association, Inc. entitled "Stock Brokerage Commissions: The Development and Application of Standards of Reasonableness for Public Rates." Copies of the reports will be made available for examination at the Commission's offices. Requests for obtaining copies of the reports should be directed to the Secretary of the New York Stock Exchange at 11 Wall Street, New York, N. Y. 10005. As indicated in Exchange Act Release No. 8924, the Commission invites interested persons, including the other exchanges, to submit their views on the proposed new minimum commission rates of the New York Stock Exchange and requests any persons who may wish to present testimony to file appropriate summaries of their presentations with the Secretary of the Commission, 500 North Capitol Street, Washington, D. C. 20549.

INVESTMENT COMPANY ACT RELEASES

ALLEGHANY SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6117) giving interested persons until August 4 to request a hearing upon an application of Alleghany Corporation, New York, for an order declaring that it has ceased to be an investment company as defined in the Act. In 1940, Alleghany registered under the Act as a closed-end non-diversified management investment company. In 1945, it was authorized by the Interstate Commerce Commission ("ICC") to acquire control of the Chesapeake & Ohio Railway Company as a result of which it became subject to regulation under the Interstate Commerce Act and its registration under the Investment Company Act terminated. In 1955, the ICC authorized Alleghany's acquisition of control of the New York Central Railroad Company ("Central"). As a result of the merger of Central and Pennsylvania Railroad Company in 1968, Alleghany considered itself to continue to hold carrier status (as such status had not been revoked by the ICC) and subject to regulation under the Interstate Commerce Act and, accordingly, excluded from the definition of an investment company. However, it considered itself to be no longer in control of a carrier and in 1968 registered as a non-diversified closed-end management company. In January 1970, the ICC authorized Alleghany to acquire the operating rights and property of Jones Motor Co., Inc., and its subsidiary, Erie Trucking Company. Alleghany asserts that, by virtue of its acquisition of Jones, it has become subject to regulation under the Interstate Commerce Act as a motor carrier and therefore, that it has ceased to be an investment company as defined in the Act.

EATON & HOWARD STOCK FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6118) giving interested persons until August 5 to request a hearing upon an application of Eaton & Howard Stock Fund, Boston mutual fund, to acquire substantially all of the assets of the Clayston Corp. Eaton & Howard proposes to issue its shares at net asset value for Clayston's assets, which were valued at \$2,390,044 at April 20, 1970. Had the transaction been consummated on that date, Clayston would have received 188,340 shares of Eaton & Howard stock. The Eaton & Howard shares are to be distributed to Clayston shareholders upon its liquidation.

COURT ENFORCEMENT ACTIONS

HAROLD FREEDMAN GUILTY. The SEC announced July 2 (LR-4679) that Harold Freedman, former registered representative of Bache & Co., was found guilty by a Federal jury on four counts of indictment charging perjury in his testimony in the Commission's investigation of transactions in stocks of General Development Corp., Universal Controls and Seven Arts Productions.

J H LOUIS ENJOINED. The SEC Denver Regional Office announced July 10 (LR-4680) that Joseph H. Louis, Jr., had consented to entry of an order of the Federal court in Denver, enjoining violations of the Securities Act registration provisions in the offer and sale of stock of J B & T Co. and S & M Industries, Inc. Default judgments were entered against the two defendant corporations.

YOUNG FOUND GUILTY. The SEC Atlanta Regional Office announced July 13 (LR-4681) that Kenneth N. Young of Atlanta had been convicted in a state action of violating the securities laws of North Carolina in the sale of stock of Diversified Insurance Services of North Carolina.

OVER

SEC CITES OCEAN DATA, SPACE DATA, GEONICS, OTHERS. The SEC announced July 16 (LR-4678) the filing of an action in Federal court in New York City seeking to enjoin violations of the registration, anti-fraud and other provisions of the Federal securities laws by the following, involving the alleged dissemination of false and misleading information concerning the defendant corporations: Ocean Data Industries, Inc., Space Data Industries, Inc., Geonics, Inc., John J. Kabboord, Hugh R. Snyder, all of Cocoa Beach, Fla.; Oretex Inc., of Phoenix, Ariz.; and Donald E. Gentry of Fullerton, Calif.

SECURITIES ACT REGISTRATIONS

CONVALARIUMS OF AMERICA FILES FOR EXCHANGE. Convalariums of America, Inc., 2830 Pico Blvd., Santa Monica, Calif. 90405, filed a registration statement (File 2-37942) with the SEC on July 8 seeking registration of 500,000 common stock purchase warrants, to be issued to National Hospital Corp. in exchange for all of the issued and outstanding shares of Inter-Valley Community Convalescent Hospital and Lakeview Hospital and all of the assets, business and properties, subject to certain stated liabilities, of Inter-Valley Community Hospital. Such warrants are to be distributed to National stockholders.

Convalariums is engaged in the patient services, product sales, real estate development and construction and linen and laundry service and supply businesses. The company has outstanding 912,182 common shares, of which Fred E. Elg, president and board chairman, owns 25% and management officials as a group 52%.

MEK CHEMICAL TO SELL STOCK. MEK Chemical Company, Inc., 823 Hamilton St., P. O. Box 971, Toledo, Ohio 43601, filed a registration statement (File 2-37943) with the SEC on July 9 seeking registration of 200,000 shares of Class A stock, to be offered for public sale at \$4 per share. The offering is to be made through underwriters headed by Karter Securities Company, Inc., 505 Jefferson St., Toledo, Ohio 43604, which will receive a 40¢ per share commission plus \$20,000 for expenses. The company has agreed to sell Karter Securities, for \$200, five-year warrants to purchase 20,000 shares, exercisable after one year at from 107% to 128% of the offering price.

Organized in January, the company is primarily engaged in the production of various formulations of methyl ethyl ketone peroxides required for the manufacture of fiberglass reinforced plastic products. Of the net proceeds of its stock sale, \$100,000 will be used for the design, manufacture and conversion of the company's production facilities from a batch to a continuous basis and \$340,000 to establish and equip a second manufacturing plant in Florida for the manufacture and distribution of gel coat; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 157,500 Class A and 600,000 Class B shares (with a combined book value of 20¢ per share). Of the A shares, Joseph A. Schuster, a director, owns 38.1% and management officials as a group 39.7%; of the B shares, Thomas A. Wahl, president, owns 50% and John J. Carr, vice president, 50%. Purchasers of the shares being registered will acquire a 21% stock interest in the company for which they will have paid \$800,000 (they will sustain an immediate dilution of \$3.14 in per share book value from the offering price); present shareholders will then own 79%, for their investment of \$153,750.

BLACKSTONE VALLEY ELECTRIC TO SELL BONDS. Blackstone Valley Electric Company, Washington Highway, Lincoln, R. I. 02865, filed a registration statement (File 2-37944) with the SEC on July 9 seeking registration of \$7,500,000 of first mortgage and collateral trust bonds, Second Series due 1973, to be offered for public sale at competitive bidding. A member of the Eastern Utilities Associates System, the company will apply the net proceeds of its bond sale to repayment or reduction of advances on open account from Eastern Utilities Associates, its parent, and/or to the prepayment or reduction, without premium, of short-term bank loans. Such advances and loans were incurred for construction purposes and for the purchase of securities of Montaup Electric Company and aggregated \$11,200,000 at June 30. Construction expenditures are estimated at \$9,000,000 for 1970.

VISUAL SCIENCES TO SELL STOCK. Visual Sciences, Inc., 900 Walt Whitman Rd., Huntington Station, N. Y. 11746, filed a registration statement (File 2-37945) with the SEC on July 8 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$7 per share. The offering is to be made through underwriters headed by Provident Securities, Inc., 32 Broadway, New York, N. Y., which will receive a 70¢ per share commission. The company has agreed to pay Provident Securities \$25,000 for expenses and to sell it, for \$200, six-year warrants to purchase 20,000 shares, exercisable after one year at \$7.70 per share.

Organized in February 1969, the company proposes to engage in the distribution of facsimile equipment for the transmission of graphic and documentary materials. Of the net proceeds of its stock sale (together with \$450,000 which may be realized from the sale of 120,000 shares to Bank Mees & Hope N.V. ("BMH") conditioned upon the sale of the 200,000 shares being offered), \$90,000 will be used to pay the balance of tooling costs of Toho Denki (a subsidiary of Matsushita Electric Company, Ltd., a Japanese corporation) pursuant to an agreement under which Toho Denki will manufacture and sell to the company transceivers and spare parts; \$1,150,000 will be used for the purchase of equipment; and the balance will be added to the company's general funds and used for general corporate purposes. The company has outstanding 794,995 common shares (with a 4¢ per share net tangible book value), of which Frank J. DiSanto, board chairman and president, owns 16.35%, management officials as a group 30.2% and Integrated Electronics Corporation 24.51%. Purchasers of the shares being registered will acquire an 18% stock interest in the company for their investment of \$1,400,000; present shareholders (including BMH) will then own 82% for their investment of \$826,840.

WORLCO GROWTH FUND PROPOSES OFFERING. Worlco Growth Fund, Inc., 550 West DeKalb Pike, King of Prussia, Pa. 19406, filed a registration statement (File 2-37947) with the SEC on July 9 seeking registration of 1,000,000 shares of common stock, to be offered for public sale at net asset value (\$5 per share maximum*) with no sales charge for the first 90 days and thereafter with an 8.75% sales charge on purchases of less than \$10,000. The Fund is a non-diversified mutual fund. Worlco Financial Corp., all of whose capital stock is owned by World Life and Health Insurance Company of Pennsylvania and Robinson and Robinson, a broker-dealer, is investment adviser. Blaine W. Scott III is board chairman and president of the Fund.

GENERAL-AMERICAN LIFE INSURANCE SEPARATE ACCOUNT PROPOSES OFFERING. General American Life Insurance Company Separate Account No. 1, 1501 Locust St., St. Louis, Mo. 63103, filed a registration statement (File 2-37948) with the SEC on July 10 seeking registration of \$5,000,000 of group variable annuity contracts. The contracts are designed for qualified employee pension and profit-sharing trusts (described in Section 401(a) of the Internal Revenue Code) and qualified annuity plans (described in Section 403(a) of the Code), including plans established by persons entitled to the benefits of the Self-Employed Individual's Tax Retirement Act, H. R. 10. General American Life Insurance Company, a mutual life insurance company, established Separate Account No. 1 in November 1965. Frederic M. Peirce is board chairman and Armand C. Stalnakar president.

NUVEEN FUND PROPOSES OFFERING. Nuveen Tax-Exempt Bond Fund, Series 29, 209 South LaSalle St., Chicago, Ill. 60604, filed a registration statement (File 2-37949) with the SEC on July 10 seeking registration of \$11,550,000 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 tax under existing law.

NATIONAL FUEL GAS TO SELL DEBENTURES. National Fuel Gas Company, 30 Rockefeller Plaza, New York, N. Y., filed a registration statement (File 2-37950) with the SEC on July 10 seeking registration of \$21,000,000 of debentures, due 1975, to be offered for public sale at competitive bidding. A public utility, the company will use the net proceeds of its debenture sale to prepay some \$8,400,000 of bank loans which mature December 31, 1970, and the balance (\$12,600,000) to finance in part its 1970 expansion program estimated at \$18,600,000.

CIRCUIT TECHNOLOGY FILES FOR OFFERING AND SECONDARY. Circuit Technology Incorporated, 160 Smith St., East Farmingdale, N. Y. 11735, filed a registration statement (File 2-37951) with the SEC on July 10 seeking registration of 250,000 shares of common stock, of which 200,000 are to be offered for public sale by the company and 50,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Newburger, Loeb & Co., 5 Hanover Sq., New York, N. Y. 10004; the offering price (\$12 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to sell the Newburger firm, for \$225, five-year warrants to purchase 22,500 shares exercisable after one year at from 107% to 128% of the offering price.

Organized in October 1967, the company designs, manufactures and sells electronic devices known as hybrid microcircuits which are used as components in electronic systems having military, aerospace and commercial applications. Of the net proceeds of its sale of additional stock, \$161,354 will be used to repay a bank loan, the proceeds of which were used for working capital, \$150,000 for expansion of research and development activities, \$120,000 for expansion of the company's marketing program, \$400,000 to increase the company's inventory of parts and materials, \$250,000 for expansion and improvement of its plant facilities and \$500,000 for the purchase of equipment for expansion of its manufacturing capabilities; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 525,000 common shares, of which Jerome Fishel, president, owns 16.54%, management officials as a group 42.85% and Silikraft Holding A. G. 53.57%. Silikraft proposes to sell 13,700 of 281,252 shares held, Allan S. Halpern, vice president, 13,000 of 49,031 and Jerome Fishel and Charles G. Goldstein, vice president, 10,000 each of 86,837 and 58,664 shares held, respectively, and five others the remaining shares being registered.

ULTRAPET TO SELL STOCK. Ultrapet Inc., 610 Merrick Rd., Lynbrook, N. Y. 11563, filed a registration statement (File 2-36952) with the SEC on July 10 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$6 per share. The offering is to be made by Rittmaster, Lawrence and Co., Inc., 363 7th Ave., New York, N. Y., which will receive a 60¢ per share commission plus \$15,000 for expenses. The company has agreed to sell the underwriter (for \$100) six-year warrants to purchase 10,000 shares, exercisable after two years at \$7.50 per share.

Organized in May 1969, the company owns and operates a mobile dog grooming service and also licenses such operations to others. Of the net proceeds of its stock sale, \$100,000 will be used to purchase equipment for the establishment of additional company owned and operated Groomobiles, \$100,000 for development and promotion of the company's licensing program, and \$90,000 for new product development and additional inventory; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 400,000 common shares (with a 2¢ per share net tangible book value), of which William J. Mandelbaum, board chairman, owns 35.5%, Morton Colby, president, 16.9% and management officials as a group 75.3%. Purchasers of the shares being registered will acquire a 20% stock interest in the company for their investment of \$600,000; present shareholders will then own 80%, for which they will have paid \$114,600, or an average of 28¢ per share.

DUKE POWER PROPOSES OFFERING. Duke Power Company, 422 South Church St., Charlotte, N. C. 28201, filed a registration statement (File 2-37953) with the SEC on July 10 seeking registration of \$100,000,000 of first and refunding mortgage bonds, due 2000, to be offered for public sale at competitive bidding, and 600,000 shares of cumulative preferred stock, Series F (\$100 par), to be offered for public sale through underwriters headed by The First Boston Corporation, 20 Exchange Place, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., both of New York, N. Y. The offering price (\$100 per share maximum*) and underwriting terms are to be supplied by amendment. An electric utility, the company will use the net proceeds of its financing to repay the major part of the \$175,000,000 of short-term obligations incurred for the purpose of financing the construction of additions to the company's electric plant facilities. Construction expenditures are estimated at \$358,000,000 for 1970 and \$1,036,000,000 for the period 1970-1972.

COOPER LABORATORIES SHARES IN REGISTRATION. Cooper Laboratories, Inc., 546 Bedford Rd., Bedford Hills, N. Y. 10507, filed a registration statement (File 2-37961) with the SEC on July 14 seeking registration of 318,150 shares of common stock. These shares may be issued in exchange for \$7,000,000 of 7% convertible sinking fund debentures, due 1985, of Cooper Laboratories International N. V., a wholly-owned subsidiary. The company has outstanding 3,044,000 common shares.

CLINTON INTERNATIONAL TO SELL STOCK. Clinton International Corporation, One Rockefeller Plaza, New York 10020, filed a registration statement (File 2-37962) with the SEC on July 14 seeking registration of 2,200,000 shares of common stock, to be offered for public sale through First Investment Planning Co., 1500 Massachusetts Ave., N. W., Washington, D. C. The offering price (\$3 per share maximum*) and underwriting terms are to be supplied by amendment. Up to 474,000 shares may be reserved for sale at the public offering price to a stockholder designated by the company.

The company was organized in March to engage in the acquisition and development of oil and gas and other mineral interests and the exploration for and production and marketing of oil and gas and other minerals. Part of the net proceeds of the company's stock sale will be used to defray overhead and administrative expenses; \$300,000 will be used to repay its promissory notes to Clinton Oil Company, \$600,000 will be applied to its exploration obligations under the Sierra Leone and Taiwan agreements; and the balance will be used to locate and acquire interests in 5 to 10 additional oil and gas properties and for other corporate purposes. The company has outstanding 10,170,000 common shares, of which Clinton Oil owns 78.7%,^{and} Robert B. Anderson and Company 19.7%. Robert B. Anderson is board chairman and R. P. Clinton president.

YOUNGSTOWN SHEET AND TUBE TO SELL BONDS. Youngstown Sheet and Tube Company, 7655 Market St., Youngstown, Ohio 44501, filed a registration statement (File 2-37964) with the SEC on July 15 seeking registration of \$50,000,000 of first mortgage sinking fund bonds, Series J. due 2000, to be offered for public sale through underwriters headed by Smith, Barney & Co. Inc., 1345 Avenue of the Americas, and Bear, Stearns & Co., One Wall St., both of New York. The interest rate, offering price and underwriting terms are to be supplied by amendment.

A wholly-owned subsidiary of Lykes-Youngstown Corporation, the company is an integrated steel company. Net proceeds of its bond sale will be added to its general funds and will be available for general corporate purposes including capital expenditures for additions and improvement to property, plant and equipment, investments in supporting raw material properties, satisfaction of payments accruing on existing debt and for working capital. Frank A. Nemeč is board chairman and George McCuskey 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:

- Giant Stores Corp., Lowell, Mass. (File 2-37946) - 80,000 shares
- United Gas, Inc., Houston, Tex. 77002 (File 2-37954) - 173,078 shares
- Avon Products, Inc., New York 10020 (File 2-37955) - 360,000 shares
- Underwriters National Assurance Company, Indianapolis, Ind. 46208 (File 2-37956) - 98,513 shares
- K B Marketing Systems, Inc., Brilliant, Ohio 43913 (File 2-37957) - 40,575 shares
- Interfund, Inc., Bellevue, Wash. 98007 (File 2-37958) - 2,000,000 shares
- The Travelers Corporation, Hartford, Conn. 06115 (File 2-37959) - 555,555 shares
- Dennison Manufacturing Company, Framingham, Mass. 01701 (File 2-37960) - 100,000 shares
- Pneumo Dynamics Corporation, Cleveland, Ohio 44105 (File 2-37963) - 51,247 shares

SECURITIES ACT REGISTRATIONS. Effective July 15: American Airlines, Inc., 2-37401; The Bell Telephone Co. of Pennsylvania, 2-37756; Continental Can Company, Inc., 2-37815; Hygrade Food Products Corp., 2-37626; Instron Corp., 2-37632; Municipal Investment Trust Fund, Series Y, 2-37559; Olin Corp., 2-37717; Province of Nova Scotia, 2-37753; Purification Sciences Inc., 2-36086 (40 days); Sequoia Fund, Inc., 2-35566; Spectrum Cosmetics, Inc., 2-36206 (Oct 13); Union Oil Co. of Calif., 2-37852; Western States Producing Company, 2-36281 (Aug 24); Woods Petroleum Corp., 2-36920 (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.