

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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DECISION IN ADMINISTRATIVE PROCEEDING

CHART SERVICE INSTITUTE SUSPENDED. The SEC today announced a decision under the Investment Advisers Act (Release IA-267) in which it ordered Chart Service Institute, a registered investment adviser, and Samuel F. Sipe, its sole proprietor, both of Winter Park, Fla., to suspend all advertising for and solicitation of new subscribers for 30 days, commencing August 10, by reason of violations of the Advisers Act. The Institute prepares and distributes a weekly investment service consisting of graphs called "Resistance and Support Charts," advertised primarily in newspapers and periodicals; the Commission's proceedings involved only a question of its advertising practices. In an offer of settlement, the Institute and Sipe, without admitting or denying the violations alleged, consented to Commission findings of violations and to imposition of the indicated sanctions.

According to the Commission's decision, the Institute and Sipe published advertisements which contained false and misleading statements. The advertisements promised to furnish graphs for 1500 stocks which would show subscribers when to buy and sell successfully regardless of market conditions, and represented that registrant had discovered a "unique, vital formula" for successful investing in stocks without disclosing that such "formula" was in part based on the subjective judgment of Sipe. Moreover, such advertisements sought to induce subscriptions by the use of grandiose and flamboyant language which held out the promise of large monetary rewards and represented that registrant's service was virtually infallible. The use of such advertisements was in violation of registrant's obligation to use restraint and balance in his advertising and to include a prominent and adequate warning of the limitations and difficulties involved in the use of the devices offered by his advisory service.

In support of their settlement offer, the Institute and Sipe urged certain mitigating factors, including Sipe's inexperience, an undertaking to have all future advertising reviewed by counsel with a view toward compliance with the Advisers Act, and a voluntary offer of rescission to all persons who subscribed as a result of the questioned advertising practices, of which about 22% accepted and obtained refunds.

COMMISSION ANNOUNCEMENT

SEC ORDER CITES FINANCIAL PROGRAMS. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934, and the Investment Advisers Act of 1940 involving the broker-dealer and investment adviser firm of "Financial Programs, Inc." of Denver, Colo. Also named as a respondent is Thomas J. Herbert who was President and director of "Programs" from March 1, 1965 to May 8, 1970.

The proceedings are based upon allegations of the Commission's staff that during the period from about 1961 to November 1968, "Programs" and other persons individually and collectively had employed devices, schemes and artifices to defraud and to engage in transactions, practices and courses of business which would and did operate as a fraud or deceit upon the purchasers and prospective purchasers of the shares of Financial Industrial Fund, Inc., Financial Industrial Income Fund, Inc., and Financial Dynamics Funds Inc. all of which are located in Denver, Colo. The Commission's staff found that respondents had made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

A hearing will be scheduled by further order to take evidence on the staff allegations and afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the allegations are true, and if so, whether any action of a remedial nature should be ordered by the Commission.

NEW RULES AND RULE PROPOSALS

SEC INVITES COMMENT ON REGISTRATION OF "EQUITY FUNDING" PROGRAMS. The SEC today announced a proposed guide to preparation of registration statements relating to "Equity Funding" programs. These programs, which are discussed in Securities Act Release No. 4491 dated May 22, 1962, involve the offering of securities, usually mutual fund shares, and the use of such shares as collateral for a loan, the proceeds of which are then used to pay the premium on a life insurance policy which is sold to the customer at or about the same time. The Commission has taken the position that such a program involves an investment contract which is a security under the Securities Act of 1933.

In connection with the registration statements relating to equity funding programs the Commission's Division of Corporation Finance has taken certain positions relative to disclosure and other matters involved in the offering of such programs. The Commission has authorized the publication of the proposed guide in order to bring the views of the Division to the attention of prospective registrants. In order that the Division may have the benefit of the views of interested persons before the guide is published in definitive form, it is requested that comments and suggestions on the proposed guide be submitted to Alan B. Levenson, Director, Division of Corporation Finance, Securities and Exchange Commission, Washington, D. C. 20549 on or before August 31, 1970. (Release 33-5075)

OVER

HOLDING COMPANY ACT RELEASE

GEORGIA POWER SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16793) giving interested persons until August 24 to request a hearing upon an application of Georgia Power Company, Atlanta subsidiary of The Southern Company, to issue and sell \$75,000,000 of first mortgage bonds and 100,000 shares of preferred stock at competitive bidding. Georgia Power will use the net proceeds to finance in part, its 1970 construction program estimated at \$226,761,000, to pay outstanding short-term bank notes and commercial paper notes incurred for construction purposes and for other corporate purposes.

INVESTMENT COMPANY ACT RELEASE

HUBSHMAN FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6149) declaring that The Hubshman Fund, Inc., New York, has ceased to be an investment company.

COURT ENFORCEMENT ACTIONS

LARS HAGGLOF & CO. ENJOINED. The SEC New York Regional Office announced June 30 (LR-4700) that the Federal court in New York City had permanently enjoined violations of the registration and anti-fraud provisions of the Federal securities laws by Sydney Rosen and Lars Hagglof & Co., Ltd. in the offer and sale of stock of North American Research and Development Corporation and any other security. Both defendants consented to the court order without admitting the allegations.

FRASURE HULL ENJOINED. The SEC Atlanta Regional Office announced July 23 (LR-4701) that the Federal court in Miami, Fla., had permanently enjoined violations of the registration and anti-fraud provisions of the Federal securities laws by Frasure Hull Holding Corporation, Frasure Hull, Inc., a/k/a La Reina, Inc., and Frasure Hull, all of Orlando, Fla., in the offer and sale or purchase of securities of Frasure Hull Holding Corporation or any other security. The defendants consented to the court order without admitting the allegations.

SIX NAMED IN SEC ACTION. The SEC Fort Worth Regional Office announced July 27 (LR-4702) that the Federal court in Dallas had preliminarily enjoined N. Murray Modlin of Springfield, Mo., Arthur P. Tranakos of Atlanta, Ga., John L. Dennett of Salt Lake City, Utah, and Harvey Wallace of Dallas, Tex., from violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of stock of Underwriters Investment Company and of Drexel Industries, Inc. In addition, William C. Anderson and Arnold W. McKinney, both of Dallas, Tex. consented to an order of permanent injunction without admitting the allegations.

HENDRICKS ENTERS GUILTY PLEA. The SEC Denver Regional Office announced July 29 (LR-4703) that Noble F. Hendricks, a/k/a Frank Hendricks, of Rapid City, S. D., entered a plea of guilty before the Federal court at Deadwood, S. D., to an indictment charging him with violations of the antifraud provisions of the Federal securities laws in connection with the offer and sale of 8% notes of Pioneer Square, Inc., a South Dakota corporation.

SECURITIES ACT REGISTRATIONS

ELECTRIC REGULATOR FILES FOR OFFERING AND SECONDARY. Electric Regulator Corporation, Pearl St., Norwalk, Conn. 06850, filed a registration statement (File 2-38057) with the SEC on July 29 seeking registration of 360,000 shares of common stock, of which 200,000 are to be offered for public sale by the company and 160,000 (being outstanding shares) by the holder thereof. The offering is to be made through underwriters headed by Bear, Stearns & Co., One Wall St., New York, N.Y. 10005; the offering price (\$10 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the design, manufacture and sale of electro-mechanical and solid state components for the control and conversion of electrical power, and solid state adjustable speed drive equipment utilizing these components. Net proceeds of the company's sale of additional stock will be used to reduce current short-term bank indebtedness and for working capital for use in the engineering and marketing development of its products. In addition to indebtedness, the company has outstanding 1,181,188 common shares (with a book value deficit of \$1.18 per share), of which James Ettinger, president, owns 54% and The Paul Revere Corporation 45%. Ettinger proposes to sell 160,000 shares. Purchasers of the shares being registered will sustain an immediate dilution of \$9.78 in per share book value from the offering price.

ELECTRONIC ASSISTANCE FILES FOR SECONDARY. Electronic Assistance Corporation, 20 Bridge Ave., Red Bank N.J. 07701, filed a registration statement (File 2-38058) with the SEC on July 29 seeking registration of \$268,000 of outstanding 6½% convertible subordinated debentures, due 1985. These debentures are a portion of those issued in partial consideration for the acquisition from Einson Freeman and De Troy Corporation of all Einson's assets, properties and business. They may be offered for sale from time to time by the holders thereof at prices prevailing at the time of sale. In addition to indebtedness, the company has outstanding 2,017,393 common shares. Victor De Troy may sell \$86,000 of \$342,000 of debentures held, Herman E. Anstatt, Jr. \$80,000 of \$317,000 and three others the remaining debentures being registered.

SKYLINE AIR FREIGHT TO SELL STOCK. Skyline Air Freight, Inc., 147-05 New York Blvd. Jamaica, N.Y., filed a registration statement (File 2-38059) with the SEC on July 29 seeking registration of 150,000 shares of common stock, to be offered for public sale at \$6 per share. No underwriting is involved; participating NASD members will receive a 10% selling commission.

The company is engaged principally in the business of air freight forwarding within and without the United States. Of the net proceeds of its stock sale, \$300,000 will be used to defray start-up expenses of new offices and terminal facilities in the United States and the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 604,000 common shares (with a \$.233 per share book value), of which Herbert Cohan, president, owns 21% and management officials as a group 62.9%. Purchasers of the shares being registered will acquire a 20% stock interest in the company for their investment of \$900,000 (they will sustain an immediate dilution of \$4.28 in per share book value from the offering price); present shareholders will then own 80%, for which they will have paid \$230,480.

PROCESS SYSTEMS TO SELL STOCK. Process Systems, Inc. 3061 Sheridan St., Las Vegas, Nev., filed a registration statement (File 2-38060) with the SEC on July 29 seeking registration of 750,000 shares of common stock, to be offered for public sale on a best efforts, all or none basis by Parker-Mawod & Co., Continental Bank Building, Salt Lake City Utah, 84101. The offering price (\$3 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the underwriter \$17,500 for expenses and to sell it six-year warrants to purchase up to 75,000 shares. In connection with the company's initial public offering in July-August 1969, the underwriter received at no cost five-year warrants to purchase 30,000 shares, exercisable after one year at \$1.35 per share.

Organized in February 1968, the company designs, develops, manufactures and markets digital flow control valves which can be operated directly by a digital computer and complementary electronic equipment and systems for the automation of fluid processes using digital computer operation and control. Of the net proceeds of its stock sale, \$160,000 will be used to purchase mechanical production equipment, \$120,000 to construct production facilities, and \$85,000 to increase inventory; the balance will be added to the company's working capital and used for general corporate purposes, including employment of additional personnel. In addition to indebtedness, the company has outstanding 1,000,000 common shares, of which Harry Friedland, board chairman and president, owns 26.8%, Addison W. Langill, Jr., vice president, 33.2% and management officials as a group 68.2%. Purchasers of the shares being registered will acquire 750,000 shares for their investment of \$2,250,000*; present shareholders will then own 1,000,000 shares, for which they paid \$310,000, or 31¢ per share.

ALPHANUMERIC FILES FOR SECONDARY. Alphanumeric Incorporated, 10 Nevada Dr., Lake Success, N.Y. 11040, filed a registration statement (File 2-38062) with the SEC on July 29 seeking registration of \$1,960,000 of outstanding 5-3/4% convertible subordinated debentures (Special Series), due 1998, (and the underlying 129,372 common shares) and 215,296 outstanding shares of common stock (of which 128,977 were issued upon conversion of the company's 6½% debentures, 73,944 were issued in private placements and 12,375 were issued to three employees). These securities may be offered for sale from time to time by the holders thereof at prices current at the time of sale (\$4.157 per share maximum*).

The company is engaged principally in offering through the use of its own photocomposition systems a computerized typesetting service. In addition to indebtedness, it has outstanding 2,541,455 common shares. Fairfield Partners may sell all of \$300,000 of debentures, Paul Revere Life Insurance Company all of \$1,000,000 of debentures and 13 others the remaining debentures being registered; United Capital Investment Fund, Ltd. may sell all of 44,444 shares held and 28 others the remaining shares being registered.

GENERAL CARE TO SELL BONDS. General Care Corp., 95 White Bridge Rd., Nashville, Tenn. 37205, filed a registration statement (File 2-38063) with the SEC on July 29 seeking registration of \$780,000 of 7½% to 8-3/4% first mortgage sinking fund bonds, Series A, to be offered for public sale at 100% of principal amount. The offering is to be made on a best efforts basis by Guaranty Bond and Securities Corporation, 1717 West End Bldg., Suite 116, Nashville, Tenn., which will receive up to \$95,000 selling commission. The company was organized in May 1968 for the purpose of constructing and operating health care facilities. Net proceeds of the company's bond sale, together with other available funds, may be used for the conversion of the Nashville, Tenn., facility into a general hospital (estimated to cost \$1,500,000 in excess of the first mortgage financing available for it) or, if not so used, for the construction of a nursing home; any balance will be added to the company's working capital. The company has outstanding 560,000 common shares of which Marvin P. Friedman, president, owns 10.7% and management officials as a group 39.4%.

UNITED LEASING PROPOSES OFFERING. United Leasing, Inc., #1 United Dr., Fenton, St. Louis County, Mo. 63026, filed a registration statement (File 2-38064) with the SEC on July 20 seeking registration of 30 shares of Class A common stock and 120,000 shares of Class B common stock, to be offered for sale to agents, officials and employees of United Van Lines, Inc. (an affiliate of the company) and to company officials and employees in units of 30 A shares and 120 B shares, and at \$1,500 per unit. No underwriting is involved.

Organized in November 1969, the company proposes to engage in the leasing of motor trucks, motor tractors and trailers and other business and office equipment. Net proceeds of the company's stock sale will be used to finance the purchase of automotive power equipment, all of which will be leased to others. The company has outstanding 30,000 Class A shares, all owned by United Van Lines. Lloyd H. Meyer is president.

IOWA BEEF PROCESSORS PROPOSES OFFERING. Iowa Beef Processors, Inc., Dakota City, Neb. 68731, filed a registration statement (File 2-38065) with the SEC on July 29 seeking registration of \$15,000,000 of secured bonds, due 1995 with common stock purchase warrants attached, to be offered for public sale through underwriters headed by New York Securities Co., One New York Plaza, New York, N.Y. 10004, and First Mid America Corporation, 1001 "O" St., Lincoln, Neb. 68508. The interest rate, number of warrants, offering price and underwriting terms are to be supplied by amendment.

The company owns and operates beef packing plants. Net proceeds of its bond sale will be used to partially replace working capital expended for additions to its Dakota City, Neb. and Emporia, Kans. plants at a cost of some \$10,600,000 and \$9,000,000, respectively, which, in turn, may be used to retire a \$10,000,000 mortgage loan from an institutional lender. In addition to indebtedness, the company has outstanding 2,174,004 common shares, of which management officials as a group own 11.4%. Currier J. Holman, A.D. Anderson and J. Robert Kemp are co-chairmen and Roy Lee, Jr. is president.

MULTIPONICS FILES FOR OFFERING AND SECONDARY. Multiponics Incorporated, Plaza Tower, New Orleans, La. 70113, filed a registration statement (File 2-38066) with the SEC on July 29 seeking registration of 357,782 shares of common stock and 35,000 units (consisting of \$3,500,000 of 7½% subordinated debentures, due 1983, 245,000 shares of common stock and 280,000 common stock purchase warrants.) Of the common stock, 200,000 shares are to be offered for public sale by the company. The remaining 157,782 shares and the 35,000 units are outstanding securities and may be offered for sale from time to time by the holders thereof at prices current at the time of sale. The offering prices (\$11 per share and \$100 per unit maximum*) are to be supplied by amendment; no underwriting is involved.

Organized in January 1968, the company is engaged in farming operations, related agribusiness activities and the acquisition of farming land. Of the net proceeds of its sale of additional stock, (if received after the sale of 1970 crops) \$400,000 will be used to retire bank indebtedness, \$1,350,000 will be used to retire equipment loans and the balance will be applied to the company's general funds. In addition to indebtedness, the company has outstanding 1,015,729 common shares, of which management officials as a group own 25.5%. Alfred J. Moran is board chairman and president. IIT, and International Investment Trust, may sell 15,000 units (\$1,500,000 of debentures, 105,000 shares and 120,000 warrants) and 20 others the remaining units being registered. Names of the sellers of the 157,782 shares being registered and the number of shares being sold are to be supplied by amendment.

COMSERV TO SELL STOCK. Comserv Corporation, 3050 Metro Dr., Minneapolis, Minn. 55420, filed a registration statement (File 2-38067) with the SEC on July 29 seeking registration of 200,000 shares of common stock, to be offered for public sale through underwriters headed by Fredericks, Clark & Co., Inc., 203 Minnesota Federal Bldg., Minneapolis, Minn. The offering price (\$4 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the Fredericks, Clark firm \$10,000 for expenses and to sell it, for \$150, five-year warrants to purchase 15,000 shares.

Organized in December 1968, the company provides computer consulting, data processing and information services to industry. Of the net proceeds of its stock sale, \$100,000 will be used for completing its manufacturing and production system, and \$150,000 for leasing computer and related equipment and \$200,000 for establishment of computer centers outside the Minneapolis/St. Paul area; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 436,500 common shares, of which Leo J. Higgins, Jr., president, owns 16.9% and management officials as a group 52.8%. Purchasers of the shares being registered will acquire a 31.4% stock interest in the company for their investment of \$800,000*; present shareholders will then own 68.6%, for which they paid \$360,000.

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:

The Liberty Corporation, Greenville, S. C. (File 2-38061) - 200,000 shares

First Lincoln Financial Corporation, Los Angeles, Calif. 90017 (File 2-38068) - 190,491 shares and
(File 2-38069) - 200,000 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 August 4-13, 1970, inclusive.

SECURITIES ACT REGISTRATIONS. Effective July 31: ADA 1970 Oil and Gas Program, 2-36304 (90 days); American Financial Corp., 2-35702 (40 days); Capital Holding Corp., 2-37879 (40 days); Fields Co., 2-37581 (90 days); First Union, Inc., 2-37473; Giddings & Lewis, Inc., 2-37823; Lone Star Steel Co., 2-37174; Redmond Growth Fund, Inc., 2-35671; Serio Exploration Co., 2-36553 (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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