

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



Washington, D.C. 20549

(In ordering full text of Releases from SEC Publications Unit cite number)

(Issue No. 70-18)

FOR RELEASE January 27, 1970

H W WHATLEY BARRED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8806) in which it barred Howard H. Whatley, of Wichita, Kansas, from further association with any broker-dealer by reason of his violations of the anti-fraud provisions of the Federal securities laws in connection with transactions in bonds of the Church Loan Association of Southern Baptists. Whatley, who was executive vice president of the Loan Association and salesman for a securities firm, consented to the bar order without admitting or denying the violations. The proceedings are still pending against that firm (A. B. Culbertson & Company of Fort Worth) and two of its officers.

According to the Commission's decision, Whatley made false and misleading statements and omitted material facts in connection with the offer and sale of some \$4,700,000 of Loan Association bonds during the period April 1958 to October 1968. The misstatements and omissions related, among other things, to the following: the poor financial condition of the Loan Association and its inability to pay interest and principal on bonds when due out of proceeds received from churches as repayments of construction loans; the delinquency of outstanding church loans and the inability of churches to pay off loans; that proceeds from the sale of the Loan Association bonds were used for sinking fund payments and overhead expenses; that bonds were sold by the Loan Association in an amount of \$358,682 in excess of that authorized by the trust indenture; the inability of the Loan Association to repurchase its bonds prior to maturity pursuant to letters of guarantee; the practice of making 15-year loans with proceeds of bond issues maturing within 10½ years; and the corporate trustee's lack of supervision of the Loan Association bond issues.

A hearing is scheduled for February 10 with respect to the other respondents.

SEC SUSPENDS SCIENTIFIC RESEARCH DEVELOPMENT STATEMENT. The SEC today announced a decision (Release 33-5040) suspending a Securities Act registration statement filed by Scientific Research Development Co., of Salt Lake City, Utah, for non-compliance with the Securities Act disclosure requirements. The company consented to the suspension order. The statement, which was filed in 1968, amended in 1968, and has never become effective, covered 220,000 common shares to be offered for public sale at \$3 per share and 125,000 to be issued at \$2 per share to the American Association for the Improvement of Oral Health.

WISCONSIN GAS SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16591) giving interested persons until February 16 to request a hearing upon an application of Wisconsin Gas Company, Milwaukee subsidiary of American Natural Gas Company, to acquire all the assets and properties of American Gas Company of Wisconsin, Inc. ("American Gas"), a nonassociate company, and to assume substantially all its liabilities. Wisconsin Gas proposes to pay American Gas cash equal to the net book value of the assets as of the closing date, plus \$100,000 less \$250,000 to be withheld for six months thereafter to provide for potential adjustments. At September 30, 1969, American Gas had assets, less reserves for accumulated depreciation, of \$5,779,875, long-term debt of \$2,848,000, of which \$1,000,000 represents notes payable to a bank (to be paid by American Gas prior to sale) and stockholders' equity of \$1,865,945. Wisconsin Gas also proposes, simultaneously with the purchase, to issue \$1,848,000 (or such lesser amount equal to the principal amount of American Gas bonds then outstanding) of new bonds, 6-1/2% Series, due 1986, and to exchange such bonds for equal principal amount of American Gas bonds held by the State of Wisconsin Investment Board.

SOUTHWESTERN INVESTMENT FILES FOR SECONDARY. Southwestern Investment Company, 205 E. 10th St., Amarillo, Tex., filed a registration statement (File 2-36059) with the SEC on January 22 seeking registration of 160,000 shares of common stock. These shares are to be issued in exchange for all the outstanding capital stock of Deaf Smith Feedyards, Inc. The Deaf Smith stockholders may then offer them for sale from time to time at prices current at the time of sale (\$16 per share maximum*).

Southwestern is engaged in the finance business and through subsidiaries in the insurance business and in the commercial banking business. In addition to indebtedness and preferred stock, it has outstanding 1,093,073 common shares, of which management officials as a group own 24.50%.

ADOBE INVESTMENT PROPOSES OFFERING. Adobe Investment Corporation, 601 Wilkinson-Foster Bldg., Midland, Tex. 79701, filed a registration statement (File 2-36061) with the SEC on January 23 seeking registration of \$5,000,000 of participations in Adobe Investment Corporation 1970 Program, to be offered for public sale in \$5,000 units. The offering is to be made through officials of Adobe Investment, who will receive no compensation; participating NASD members will receive up to a 5% selling commission. Adobe Oil Company, owner of an 80% stock interest in Adobe Investment, will be engaged by Adobe Investment to explore for oil and gas and to attempt to purchase existing production of oil and gas for the account of Program participants. B. J. Pevehouse, president of Adobe Investment and Adobe Oil, owns 80.98% of the outstanding common stock of Adobe Oil.

OVER

PET AIR PETROLEUM PROPOSES OFFERING. Pet Air Petroleum ("Pet Air"), Inc., 405 Oak Plaza Bldg., 3707 Rawlins St., Dallas, Tex. 75219, filed a registration statement (File 2-36062) with the SEC on January 23 seeking registration of \$2,500,000 of participations in its 1970 Program, to be offered for public sale at \$5,000 per unit. The offering is to be made through company officials, who will receive no commission; participating NASD members will receive a selling commission to be paid by Pet Air from its 5% management fee. The Program was organized for the purpose of exploring for oil and gas. Pet Air will manage the program and Pet Air Operating, Inc. will serve as Operating Company. Barron Kidd, president of both companies, M. W. Ballantyne, vice president of both companies, Russell E. Ballantyne, a director of Pet Air, and Barron U. Kidd, vice president of both companies, are sole stockholders of both companies.

PRUDENT RESOURCES OIL & GAS PROPOSES OFFERING. 1970 Prudent Resources Oil and Gas Program (the "Partnership"), 245 Great Neck Road, Great Neck, N. Y. 11021, filed a registration statement (File 2-36063) with the SEC on January 23 seeking registration of \$7,460,000 of limited partnership interests, to be offered for public sale at \$5,000 per interest. The offering is to be made through selected NASD members (among whom will be Resources Securities Corp.), which will receive up to a 6% selling commission. Prudent Resources Trust, the general partner, has committed itself to purchase \$1,000,000 of general partnership interests. The Partnership will be formed primarily to drill wells for oil and gas. I. Theodore Leader will serve as managing trustee of the general partner.

PHIL CARTER SYSTEM FILES FOR OFFERING AND SECONDARY. The Phil Carter System, Inc., 228 Salters Creek Road, Hampton, Va. 23369, filed a registration statement (File 2-36064) with the SEC on January 23 seeking registration of 175,000 shares of common stock, of which 87,500 are to be offered for public sale by the company and 87,500 (being outstanding shares) by the present holders thereof. The offering is to be made on a "best efforts, all or none" basis, and at \$5 per share; the underwriter (whose name is to be supplied by amendment) will receive at 50¢ per share selling commission plus \$17,500 for expenses. The company has agreed to sell the underwriter and the finder 13,125 and 4,375 shares, respectively, at 1¢ per share, and to pay the finder \$13,000 in consideration for his services.

Organized in November 1967, the company manufactures and sells fiber glass portable chemical toilet units. Of the net proceeds of its stock sale, \$225,000 will be used for construction of a new office and plant facility, and the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 478,000 common shares (with a 26¢ per share book value), of which Philip E. Carter, president, and George H. Buhls, vice president, own 40.15% each and management officials as a group 100%. Purchasers of the shares being registered will acquire a 30% stock interest in the company for their investment of \$875,000 (they will sustain an immediate dilution of \$4.21 in per share book value from the offering price); present shareholders will then own 70%, for their present equity of \$122,562.

GENESCO FILES FOR INDUSTRIAL REVENUE BOND OFFERING. Genesco Inc., 111 7th Ave., North, Nashville, Tenn. 37202, filed a registration statement (File 2-36065) with the SEC on January 23 seeking registration of its obligations under and pursuant to \$2,000,000 of industrial revenue bonds of Loudon County, Tenn. These bonds are to be offered for public sale at 100% of principal amount, through underwriters headed by J. C. Bradford & Co., Inc., J. C. Bradford Bldg., Nashville, Tenn. 37219; the interest rate and underwriting terms are to be supplied by amendment.

The bonds are to be issued to provide funds to defray the cost of acquiring real property located in Loudon County and constructing thereon a women's hosiery manufacturing plant and related facilities, including equipment, to be leased to Genesco. The bonds will be secured by the pledge of the rentals payable by Genesco under the Lease and will be further secured by a first mortgage lien on the project. Such rentals will be sufficient to pay the principal of and premium, if any, and interest on the bonds.

GENERAL AMERICAN TRANSPORTATION PROPOSES OFFERING. General American Transportation Corporation, 120 S. Riverside Plaza, Chicago, Ill. 60680, filed a registration statement (File 2-36066) with the SEC on January 23 seeking registration of \$50,000,000 of equipment trust certificates, due 1990 (Series 66), to be offered for public sale through underwriters headed by Kuhn, Loeb & Co., 40 Wall St., New York. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is engaged principally in owning and maintaining, for use by shippers and railroads, a fleet of approximately 65,000 freight cars. Net proceeds of its sale of certificates will be used to repay notes payable to banks and others and to reimburse the company's treasury in part for the cost (not less than \$55,555,556 after adjustment for depreciation) of the cars to be subjected to the agreement under which the certificates will be issued. The company contemplates for 1970 that \$50,000,000 will be expended for additions to its fleet of specialized railroad freight cars. Such funds will be provided from its treasury.

BEST PRODUCTS PROPOSES OFFERING. Best Products Co., Inc., 4909-13 W. Marshall St., Richmond, Va. 23230, filed a registration statement (File 2-36073) with the SEC on January 23 seeking registration of 175,000 shares of common stock, to be offered for public sale through underwriters headed by Wheat & Co., Inc., Ross Bldg., 801 E. Main St., Richmond, Va. 23211. The offering price (\$12 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is primarily engaged in operating a general merchandise business at five Virginia showrooms and by mail. Of the net proceeds of its stock sale, \$500,000 will be used in connection with opening a new outlet in 1970; the balance will be added to the company's working capital and used for general corporate purposes, including possible future expansion. In addition to preferred stock, the company has outstanding 500,100 common shares (with a \$3.63 per share net tangible book value), of which Sydney Lewis, president, owns 86.1% and management officials as a group 93.2%.

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NCS FRANCHISING TO SELL STOCK. NCS Franchising Corporation, 440 Park Avenue South, New York, N. Y. 10016, filed a registration statement (File 2-36067) with the SEC on January 23 proposing the public offering of 125,000 shares of common stock, to be offered for public sale at \$4 per share. The offering is on a "best efforts, all or none" basis through S. M. Securities Corp., 242 East Beech St., Long Beach, N. Y., and Lancaster Stevens & Co., Inc., 11 West 42nd St., New York, N. Y., which will receive a 40¢ per share selling commission plus up to an aggregate \$20,000 for expenses. The company has agreed to sell the underwriters, at \$.001 per warrant, six-year warrants to purchase up to 12,500 shares, exercisable after one year at \$4.40 per share, and to pay up to \$6,000 to M & B Equities, Inc., for its services as a finder.

The company was organized in October 1969 to engage in the business of franchising certain computer systems offered by National Computer Services Corp. Net proceeds of its stock sale will be added to the company's working capital and used for general corporate purposes. The company has outstanding 375,000 common shares (with a 6¢ per share book value deficit), of which National Computer owns 59.2% and the Institute for Claims and Credit, Inc., 39.5%. Frederick Nerenberg, vice president, and Arnold S. Cohen, director, are directors of National Computer and each owns 13% of its outstanding stock. Purchasers of the shares being registered will acquire a 25% stock interest in the company for their investment of \$500,000 (they will sustain an immediate dilution of \$3.27 in per share book value from the offering price); present stockholders will then own 75%, for which they paid \$27,580 (the company has agreed to pay National Computer \$50,000 for the right to franchise National Computer's systems, which obligation exceeds the entire investment of present stockholders).

ADRs FOR BRITISH PETROLEUM FILED. Morgan Guaranty Trust Company of New York, 23 Wall Street, New York filed a registration statement (File 2-36068) with the SEC on January 23 seeking registration of 500,000 American Depositary Receipts for ordinary stock of The British Petroleum Company Limited, a British Corporation

MICHIGAN BELL TO SELL DEBENTURES. Michigan Bell Telephone Company, 1365 Cass Ave., Detroit, Mich. 48226, filed a registration statement (File 2-36069) with the SEC on January 23 seeking registration of \$150,000,000 of debentures, due 2010, to be offered for public sale at competitive bidding. A subsidiary of AT&T, the company will apply the net proceeds of its bond sale to the reduction of some \$83,000,000 of advances from AT&T and \$104,000,000 of notes payable. Construction expenditures are estimated at \$243,000,000 for 1969.

SPACE-GUARD TO SELL STOCK. Space-Guard, Inc., 820 64th St., Brooklyn, New York, filed a registration statement (File 2-36070) with the SEC on January 23 seeking registration of 105,000 shares of common stock, to be offered for public sale at \$3 per share. The offering is to be made on a "best efforts all or none" basis through Daniel S. Brier & Co., Inc. 80 Broad St., New York 10004, which will receive a 30¢ per share selling commission plus \$10,000 for expenses. The company has agreed to sell the underwriter 10,500 shares at 1¢ per share.

The company was organized in August 1967 to engage in the business of designing, assembling and selling various types of vehicle siren alarm systems and home and industrial burglar/fire alarm systems. Net proceeds of its stock sale will be added to the company's working capital and used for general corporate purposes. The company has outstanding 161,000 common shares, of which Paul Grossman, president, and Larry Grossman, board chairman, own 49.7% each. Purchasers of the shares being registered will acquire a 39.5% stock interest in the company for their investment of \$315,000; present shareholders will then own 60.5%, for which they paid \$1,610 or 1¢ per share.

ASHLAND OIL TO SELL DEBENTURES. Ashland Oil & Refining Company, 1409 Winchester Ave., Ashland, Ky. 41101, filed a registration statement (File 2-36071) with the SEC on January 23 seeking registration of \$75,000,000 of sinking fund debentures, due 2000, to be offered for public sale through underwriters headed by Dillon, Read & Co. Inc., 46 William Street, New York, and Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, New York. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company and subsidiaries are engaged in producing, refining and distributing petroleum products and related items. Net proceeds of its debenture sale will be used to repay \$48,000,000 borrowed under a revolving credit arrangement and for general corporate purposes, including capital expenditures which are expected to be incurred in 1970. Funds drawn under the revolving credit arrangement were used for general corporate purposes, including capital expenditures which amounted to \$90,000,000 in 1968 and \$110,000,000 in 1969. Capital expenditures are estimated at not less than \$75,000,000 in 1970, and funds therefor will be drawn from internally generated cash as well as from the sale of debentures. In addition to indebtedness and preferred stock, the company has outstanding 21,110,239 common shares.

STV FILES FOR OFFERING AND SECONDARY. STV, Inc., First Federal Bldg., High and Hanover Sts., Pottstown, Pa. 19464, filed a registration statement (File 2-36072) with the SEC on January 23 seeking registration of 259,783 shares of common stock, of which 250,000 are to be offered for public sale by the company and 9,783 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Auchincloss, Parker & Redpath, Two Broadway, New York; the offering price (\$14 per share maximum*) and underwriting terms are to be supplied by amendment.

The company was organized in December 1967 to acquire two companies formed in 1946 and 1948, respectively. It provides comprehensive design and engineering consulting services and surveillance of construction of diversified projects; in addition, it designs and manufactures, assembles and installs metal finishing and processing equipment for steel and aluminum producers and large users of sheet or strip steel and aluminum.

Of the net proceeds of its stock sale, \$2,050,000 will be used to reduce outstanding bank indebtedness (of which \$1,050,000 was incurred to reacquire 70,000 shares of the company's common stock); the balance will be used for working capital purposes. In addition to indebtedness, the company has outstanding 707,056 common shares, of which Whitney A. Sanders, president and board chairman, owns 11.8%, management officials as a group 13.4%, the A. R. Thomas Estate 11.7% and Penn-Pacific Corp. 9.9%. The Chester E. Voorhis Estate proposes to sell the 9,783 shares being registered; these shares were acquired in exchange for all the outstanding stock of Edwin S. Voorhis & Son, Inc. an engineering and land surveying company.

HOUSTON SCIENCE PROPOSES OFFERING. Houston Science and Medical Corporation, 7120 Harwin Drive, Houston, Texas 77036, filed a registration statement (File 2-36075) with the SEC on January 26 seeking registration of 210,000 shares of common stock and 210,000 common stock purchase warrants, to be offered for public sale at \$5 per unit. The offering is to be made through underwriters headed by Parker, Bishop & Welsh, Inc., 100 Park Ave., Oklahoma City, Oklahoma 73102, which will receive a 50¢ per unit commission plus \$10,000 for expenses. The company has agreed to sell the Parker firm, at 25¢ per warrant, five-year warrants to purchase 21,000 shares, exercisable after one year at from 107% to 128% of the offering price.

Organized in June 1968, the company through subsidiaries (formed in 1965, 1966 and 1968) is engaged in the design, manufacture and sale of a line of computer-communication remote data terminals and other computer data acquisition systems, in the design, manufacture, sale and service of medical electronic products for use in mass patient screening and diagnostic applications, and in the marketing of specialized computer business services, data processing and facilities management. Of the net proceeds of its stock sale, \$190,000 will be used to repay short-term bank borrowings, \$135,000 to repay indebtedness to a principal stockholder and \$250,000 to purchase inventory and implement increased production of existing products; the balance will be added to the company's working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 257,057 common shares (with a \$1.29 per share net tangible book deficit) of which Stanley Marsh 3, a director, owns 13.7% and management officials as a group 31.1%. Purchasers of the shares being registered will acquire a 45% stock interest in the company for their investment of \$1,155,000*; present shareholders will then own 55%, for which the company received \$686,240, or \$2.67 per share. William J. Gallagher is board chairman and John A. Schrader president.

MASTER HOSTS PROPOSES RIGHTS OFFERING. Master Hosts International, Inc., 9808 Wilshire Blvd., Beverly Hills, Calif. 90212, filed a registration statement (File 2-36076) with the SEC on January 26 seeking registration of 440,000 shares of common stock. Of these shares, 325,000 are to be offered for subscription by Charter Franchisees at \$3 per share, with maximum of 10,000 shares allowed for each charter franchise held. Following expiration of the subscription period, any remaining shares (of the 325,000) are to be offered for public sale at \$4 per share. The offering is to be made through Sterling, Grace Securities Corporation, which will receive a 15¢ per share commission plus an additional 15¢ for each share not purchased by franchisees. In September 1969, the company sold an affiliate of the underwriter for \$10,000, a warrant to purchase 20,000 shares, exercisable only on the effective date of the registration statement at \$3.50 per share. Also included in this offering are 115,000 outstanding common shares which may be offered for sale from time to time by the present holders thereof at prices current at the time of sale.

The company was organized in September 1969 to acquire all the business and assets of Master Hosts Inns, Inc., and for generally engaging in operating, developing, and franchising motor inns and hotels. Net proceeds will be added to the company's general funds and used for general corporate purposes, including acquisition or construction of motor inns and hotel properties. The company has outstanding 2,378,015 common shares, of which International Industries, Inc., owns 93%. Robert J. Emmons is president. Names of the selling stockholders are to be supplied by amendment.

COMMENT PERIOD ON COMMISSION RATE STRUCTURE QUESTIONS EXTENDED. The SEC today announced a 10-day extension, to February 12, 1970, of the period within which argument may be submitted upon the exchange commission rate structure questions propounded in Release 34-8791.

SECURITIES ACT REGISTRATIONS. Effective January 26: Advanced Technology Consultants Corp., 2-33616 (90 days); Ajay Enterprises Corp., 2-35533 (90 days); Herzing Institutes, Inc., 2-34343 (Apr 26); Minnesota Mining & Manufacturing Co., 2-35967. Withdrawn January 23: Celebrity Systems, Inc., 2-33444.

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.