

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

DACEY & ASSOCIATES CENSURED. The SEC today announced an initial decision of its Hearing Examiner (Warren E. Blair) which provided for "censure" of Norman F. Dacey & Associates, Inc., Bridgeport, Conn., and its president, Norman F. Dacey, for "securities violations" in connection with their offering of shares of Dacey Trust Fund during January-July 1969. The Examiner issued his decision in private administrative proceedings under the Securities Exchange Act of 1934; no appeal from the decision having been filed, the Examiner's decision has become the final decision of the Commission.

According to the Examiner's decision, during the pendency of the Fund's registration statement the company and Dacey prepared a form letter which was used in answering some 87 inquiries concerning the Fund's prospective offering of shares. It was clear, the Examiner found, that the form letters constituted a first step of an effort to sell Fund shares and, as such, were "prospectuses" as defined in the Securities Act. Since they did not contain the information required to be included in a prospectus and were not accompanied or preceded by a prospectus meeting such requirements, their use by the respondents violated Section 5(b) of the Securities Act.

Moreover, according to the Examiner's decision, the form letters were "materially misleading" in that they implied an assurance that an investor's capital would increase but did not point out the market risks inherently involved in an investment in Fund shares. Also found misleading was the use in the form letters of a comparison of the Fund's performance with that of the market as represented by the Dow-Jones Industrial Average in that the letters failed to point out (1) that the particular index or average and period were selected by respondents; (2) that the results disclosed should be considered in the light of the Fund's investment policy and objectives, the characteristics and quality of the Fund's investments, and the period selected; (3) the material differences or similarities between the subjects of comparison; and (4) what the comparison is designed to show.

In view of certain mitigating circumstances, including the fact that no Fund shares had been sold and that, not appreciating the full scope of the definition of a "prospectus" within the meaning of the Securities Act, the respondents acted out of ignorance of the law rather than with intent to evade the regulatory provisions of the Act, the Examiner concluded that the sanction of "censure" was appropriate in the public interest rather than the 90-day suspension which had been urged by staff counsel.

HOLDING COMPANY ACT RELEASE

COLUMBIA GAS SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16709) giving interested persons until May 21 to request a hearing upon an application of The Manufacturers Light and Heat Company ("Manufacturers"), wholly-owned subsidiary of The Columbia Gas System, Inc. ("Columbia Gas"), to purchase certain utility assets from Cumberland and Allegheny Gas Company ("C&A"), also wholly-owned by Columbia Gas. Manufacturers proposes to purchase the northern segment of C&A's transmission facilities in West Virginia and production facilities in Maryland for the net original cost (\$3,478,000 at October 31, 1969).

INVESTMENT COMPANY ACT RELEASES

SCUDDER DUO-VEST RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6041) modifying its order of exemption of March 1967 (Release IC-4894) so as to permit the company to purchase common stock purchase warrants in units with notes or other securities of the same issuer.

NARRAGANSETT CAPITAL CORP. RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-6042), on application of Narragansett Capital Corporation, Providence, R. I. closed-end investment company, with respect to the proposed acquisition by Amtel, Inc., of the assets of The Thomson Corporation in exchange for 500,000 shares of Amtel common stock. Narragansett holds 339,350 shares, or 8.3%, of the 4,100,000 outstanding Amtel common shares. It also holds 25,000 or 50% of the 50,000 outstanding Thomson common shares. Upon consummation of the proposed transaction, Narragansett's percentage ownership of Amtel common stock would increase to 10%. Certain officials of Narragansett hold Amtel common stock and there are certain other intercompany affiliations.

GENERAL INTERNATIONAL CORP. RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6043) declaring that General International Corporation is engaged, through majority-owned and wholly-owned subsidiaries, in a business or businesses other than investing, reinvesting, owning, holding or trading in securities and that the company has ceased to be an investment company.

OVER

COURT ENFORCEMENT ACTION

INDICTMENT RETURNED IN SALE OF RAILWAY STOCK. The SEC Boston Regional Office announced April 27 the return of a Federal court indictment in Los Angeles, charging Gordon M. Copp, Allan L. D'Honau and Vincent Carrano with violations of the anti-manipulative provisions of the Securities Exchange Act in connection with their 1967 transactions in the 5% adjustment preferred stock of Eastern Mass. Street Railway Co. (LR-4600)

SECURITIES ACT REGISTRATIONS

RECRA-DEL TO SELL STOCK. Recra-Del Corporation, R.D. #1, Tobyhanna, Pa., filed a registration statement (File 2-37231) with the SEC on April 29 proposing the public offering of 200,000 shares of common stock. The offering price (\$10 per share maximum*) is to be supplied by amendment; no underwriting is involved.

Organized in April 1964 as Pocono Farms, Inc., the company is engaged in the acquisition, planning, development and sale of vacation home sites in the Pocono Mountains in northeastern Pennsylvania. Of the net proceeds of its stock sale, \$400,000 will be used for the construction of the remaining nine holes of an 18-hole golf course at Pocono Farms, a development of improved home sites, \$75,000 for reduction of purchase money mortgage on site of a proposed low-cost vacation community, \$200,000 for developmental costs of the proposed vacation community, \$100,000 for repayment of bank indebtedness, \$250,000 for construction of roads and utilities in undeveloped sections of Pocono Farms, \$65,000 for payment of mortgage on the condominium apartments, \$189,500 for construction of one garden apartment condominium unit and \$250,000 for a country club building for Pocono Farms; the balance will be added to the company's general funds and used for working capital purposes. The company has outstanding 448,674 common shares (with a 64¢ per share book value), of which management officials as a group own 75%. John C. McGregor is board chairman and W. V. Nixon president.

AMERICAN FINANCIAL FILES FOR OFFERING AND SECONDARY. American Financial Corporation, One East Fourth St., Cincinnati, Ohio 45202, filed a registration statement (File 2-37232) with the SEC on April 29 seeking registration of \$15,000,000 of convertible subordinated debentures, due 1990, and 75,000 outstanding shares of common stock. The debentures are to be offered for public sale by the company and the stock by the holder thereof; the offerings are to be made through underwriters headed by Shearson, Hammill & Co. Inc., 14 Wall St., New York 10005. The interest rate on the debentures, offering prices (\$23 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is a diversified, financial holding company with operating subsidiaries engaged in the fields of commercial banking, savings and loan, data processing, equipment leasing, life insurance and residential construction and office building operations. Of the net proceeds of its debenture sale, \$10,282,500 will be used to repay short-term borrowings incurred to retire \$10,000,000 of the company's 6-3/4% convertible subordinated debentures, due 1989, and the balance will be added to its working capital. In addition to indebtedness and preferred stock, the company has outstanding 5,761,989 common shares, of which Carl H. Lindner, board chairman and president, and Robert D. Lindner, vice president, together own 35.67% and management officials as a group 46.77%. Donald E. Cowgill proposes to sell 75,000 shares of 169,942 shares held.

CLEVELAND ELECTRIC TO SELL BONDS. The Cleveland Electric Illuminating Company, 55 Public Square, P. O. Box 5000, Cleveland, Ohio 44101, filed a registration statement (File 2-37235) with the SEC on April 30 seeking registration of \$75,000,000 of first mortgage bonds, due 1975, to be offered for public sale at competitive bidding. A public utility, the company will use part of the net proceeds of its bond sale to pay at maturity \$50,000,000 of first mortgage bonds, 3% Series, due 1970, and the balance to repay a portion of outstanding short-term bank loans and commercial paper (which amounted to \$58,950,000 at April 15) made and issued to finance temporarily the company's construction program. Construction expenditures are estimated at \$284,000,000 for the period 1970 through 1974.

SIMPLICITY PATTERN SHARES IN REGISTRATION. Simplicity Pattern Co. Inc., 200 Madison Ave., New York 10016, filed a registration statement (File 2-37238) with the SEC on April 30 seeking registration of 13,920 outstanding shares of common stock, issued in connection with the acquisition by the company of certain businesses. These shares may be offered for sale from time to time by the holders thereof at prices current at the time of sale (\$75 per share maximum*). The company manufactures paper patterns for home sewing of clothing. It has outstanding 4,389,566 common shares.

GREAT PLAINS RANCH PROPOSES OFFERING. Great Plains Western Ranch Company, Inc. ("general partner"), 11148 E. Whittier Blvd., Whittier, Calif. 90606, filed a registration statement (File 2-37239) with the SEC on April 30 seeking registration of \$5,000,000 of limited partnership interests in Circle Two Cattle Fund (the "Partnerships"), to be offered for public sale at \$1,000 per unit. The offering is to be made on a best efforts basis by Vanderbilt Management Company, 210 W. 7th St., Los Angeles, Calif., which will receive an 8% selling commission; Vanderbilt may reallow up to 7½% to participating dealers. A series of Partnerships are to be formed for the purpose of engaging in the cattle and ranching business. The general partner has outstanding 440,000 capital shares, of which Great Plains Western Corporation owns 91%. Richard C. Chapman is president.

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SAXONY INDUSTRIES PROPOSES OFFERING. Saxony Industries, Inc., 149 5th Ave., New York, filed a registration statement (File 2-37240) with the SEC on April 30 seeking registration of 110,000 shares of non-cumulative convertible preferred stock and 110,000 common stock purchase warrants, to be offered for public sale in units, each consisting of one share and one warrant and at \$6 per unit. The first 55,000 units will be offered for public sale on an all or nothing basis and the remainder on a best efforts basis by Victor Securities Corp., 200 Park Ave., New York 10017, which will receive a 60¢ per unit selling commission plus \$12,000 for expenses. The company has agreed to sell the underwriter, at \$.001 per warrant, four-year warrants to purchase up to 11,000 shares, exercisable after 13 months at 110% of the offering price.

The company designs, manufactures and sells tailored and washable uniforms for a variety of business and industrial enterprises; in addition, it designs, manufactures and sells a line of men's formal wear and evening clothes. Of the net proceeds of its stock sale, \$100,000 will be used for further development of Standardized Washable Permanent Press Uniforms (a company-designed product), \$190,000 to repay bank indebtedness and \$100,000 to meet outstanding accounts payable; the balance will be added to the company's working capital. The company has outstanding 350,000 common stock, of which Michael Saxon, president, owns 35.1% and Arthur Rubin, vice president, 34.6%.

EDUCOR SHARES IN REGISTRATION. Educor Inc., 103 N. Main St., Wichita, Ks. 67202, filed a registration statement (File 2-37242) with the SEC on April 30 seeking registration of 252,300 outstanding shares of common stock, which may be offered for sale from time to time by the holders thereof at prices current at the time of sale (\$7.50 per share maximum*). Also included in the statement are an additional 50,000 shares, to be offered to eligible key employees pursuant to the company's 1969 qualified stock option plan.

The company operates 13 trade and technical training schools. In addition to indebtedness, it has outstanding 915,318 common shares of which management officials as a group own 25.5%. Harry W. Dickerson is president. Samuel R. Penneys, a director, proposes to sell 50,000 of 84,000 shares held, SCI Capital, Inc., all of 35,000 shares held, and numerous others the balance of the shares being registered.

UNIFLEX FILES OFFERING PROPOSAL. Uniflex, Inc., 474 Grand Blvd., Westbury, N. Y. 11590, filed a registration statement (File 2-37243) with the SEC on April 30 seeking registration of 150,000 shares of common stock, to be offered for public sale at \$7 per share. The offering is to be made through Frank Ginberg & Co., Inc., 50 Broadway, New York, which will receive a 70¢ per share commission plus \$20,000 for expenses. The underwriter also will be entitled to purchase, for \$15, five-year warrants for the purchase of 15,000 shares, exercisable after one year at \$7.70 per share.

The company is engaged in the design, manufacture and sale of a variety of plastic handle bags as well as conventional polyethylene bags and wrapping materials used in packaging, promotion and retailing. Of the net proceeds of its stock sale, \$150,000 will be used to purchase equipment necessary to establish molding facilities in its plant, \$281,000 to repay borrowings incurred to finance accounts receivables, \$125,000 to prepay secured equipment purchase obligations, \$75,000 to purchase bag folding and sealing equipment and the balance for general corporate purposes. In addition to indebtedness, the company has outstanding 387,000 common shares (with a \$1.05 per share book value), of which CMNY Capital Co., Inc., owns (or will own upon the exercise of warrants) 24% and management officials as a group 65%. Warner J. Heuman is board chairman and Barry Reifler president. Purchasers of the shares being registered will sustain an immediate dilution of \$4.64 in per share book value from the offering price.

BUSINESS COMPUTERS FILES FOR OFFERING. Business Computers Incorporated, 10844 Shady Trail, Dallas, Texas 75220, filed a registration statement (File 2-37244) with the SEC on April 30 seeking registration of 200,000 shares of common stock, to be offered for public sale through underwriters headed by Provident Securities, Inc. The offering price (\$7.50 per share maximum*) and underwriting terms are to be supplied by amendment. The underwriters will be entitled to purchase, for \$200, five-year warrants for the purchase of 20,000 shares.

The company is engaged in the business of buying and selling used data processing equipment, both for its own account and as broker for others. Of the net proceeds of its stock sale, \$265,000 will be used to pay short-term indebtedness and \$1,035,000 will be added to working capital and used to purchase additional equipment for resale or lease. The company has outstanding 658,750 common shares, of which James W. Gehling, president and board chairman, owns 26.8% and management officials as a group 82%.

MANA GAS EXPLORATION FILES FOR OFFERING. Mana Resources Gas Exploration Fund, 1216 Hartford Building, Dallas, Texas 75201, filed a registration statement (File 2-37245) with the SEC on April 30 seeking registration of 1,000 limited partnership interests in the Fund, to be offered for public sale at \$5,000 per unit. Mana Resources, Inc., a Delaware corporation, and Talisman Ltd., a Texas partnership, are the general partners of the Fund. Piedmont Capital Corporation will act as agent and underwriter in the offering of units on a best efforts basis. Net proceeds of the offering will be used for gas exploration and related purposes. Mana Resources will perform the management functions of the Fund; Robert E. Aikman is its president and board chairman.

UNIVERSAL RESOURCES FILES FOR OFFERING AND SECONDARY. Universal Resources Corporation, First National Bank Building, Midland, Texas 79701, filed a registration statement (File 2-37246) with the SEC on April 30 seeking registration of 497,000 shares of common stock, of which 400,000 are to be offered for public sale by the company and 97,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by R. W. Pressprich & Co., Inc., and Watling, Lerchen & Co.; the offering price (\$12.50 per share maximum*) and underwriting terms are to be supplied by amendment. The Pressprich firm in June 1969 acquired 75,000 shares from principal stockholders of the company for \$100,000, or \$1.33 per share.

The company is primarily engaged in exploring for and producing crude oil and natural gas and in related operations. Organized in February 1969, it acquired from its president, Robert G. Brown, and others, oil and gas properties held by them in exchange for 1,500,000 common shares. Net proceeds of its stock sale will be used in its joint drilling program with the Trinity Drilling Fund, to repay short-term indebtedness incurred to finance current drilling activities, to repay long-term indebtedness incurred in the acquisition of certain oil and gas properties, and for other purposes. Of the outstanding 1,500,000 common shares (with a 97¢ per share book value), Robert Brown owns 23.9%, James G. Brown 21.2% and Hastings Harcourt, a director, 18.1%. James Brown purposes to sell 161,192 of 318,600 shares held; ten others will sell the balance of the shares being registered.

ATLANTIC DEPARTMENT STORES TO SELL STOCK. Atlantic Department Stores, Inc., 111 Eighth Avenue, New York, N. Y. 10011, filed a registration statement (File 2-37247) with the SEC on April 30 seeking registration of 1,500,000 shares of common stock, to be offered for public sale through underwriters headed by Shearson, Hammill & Co., Inc., 14 Wall St., New York, and Loeb, Rhodes & Co., 42 Wall Street, New York, 10005. The offering price (\$15.00 per share maximum*) and underwriting terms are to be supplied by amendment.

The company was organized in January to acquire from Spartans Industries, Inc., the latter's Spartan Department Stores division; such acquisition will take place simultaneously with the delivery to the underwriters of the shares being registered. That division operates 94 self-service discount department stores and two mini-marts, in 68 cities in 26 states. Of the net proceeds of the company's stock sale \$20,000,000 will be used to pay the cash portion of the purchase price thereof; the balance will be used for working capital purposes. Sidney Mittleman is president of the company.

MCGRAW-HILL SHARES IN REGISTRATION. McGraw-Hill, Inc. 330 West 42d St., New York, N. Y. 10036, filed a registration statement (File 2-37248) with the SEC on April 30 seeking registration of 6,888 shares of common stock. These shares were issued in connection with a recent acquisition.

COMPUTER LIVING SPACE FILES. Computer Living Space, Inc., 1900 Hempstead Turnpike, East Meadow, N. Y. filed a registration statement (File 2-37250) with the SEC on April 30 seeking registration of 100,000 shares of common stock, to be offered for public sale through Frank Ginberg & Co., Inc. The offering price (\$6 per share maximum*) and underwriting terms are to be supplied by amendment. The underwriter will be entitled to purchase an additional 9,500 shares at \$1 per share (non-transferrable for three years); 500 shares were issued to a finder at 2¢ per share.

The company was organized in November to engage in the sale, installation and servicing of home appliances, primarily under the "Co-op" brand to low and middle income cooperative housing owners and to develop the modular kitchen concept of Aharon Lieberman, its president. Of the net proceeds of its stock sale, the company will use \$200,000 for research, development and engineering, \$40,000 to repay notes and accounts payable, \$75,000 for an inventory of replacement appliances, and the balance for working capital. The company has outstanding 267,500 common shares (for which it received cash proceeds of \$71,000 and other property, mainly intangibles), of which Lieberman owns 55.9%.

BROCKTON TAUNTON GAS TO SELL NOTES. Brockton Taunton Gas Company, Brockton, Mass. 02401, filed a registration statement (File 2-37251) with the SEC on April 30 seeking registration of \$5,000,000 of Notes, due 1995, to be offered for public sale through Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine Street, New York. The interest rate, offering price and underwriting terms are to be supplied by amendment. Net proceeds of the company's note sale and of the proposed sale in June of 63,713 common shares will be used to reduce outstanding bank loans incurred in connection with the company's construction program and the retirement of \$1,360,000 of notes due May 1, 1970. On March 31 \$10,320,000 of bank loans were outstanding. Construction expenditures are estimated at \$13,814,000 for the period 1970-72.

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:

- Squibb Beech-Nut, Inc., New York 10022 (File 2-37229) - 225,000 shares
- Pacific Southwest Airlines, San Diego, Calif. 92101 (File 2-37236) - 100,000 shares
- Detroit Steel Corporation, Detroit, Mich. (File 2-37237) - 120,000 shares
- Continental Oil Company, New York 10020 (File 2-37241) - 500,000 shares
- National Information Systems Corporation, Valley Forge, Pa. 19481 (File 2-37249) - 150,000 shares

SECURITIES ACT REGISTRATIONS. Effective April 30: American National Income Fund, Inc., 2-35602; Boston Foundation Fund Inc., 2-37092; Ford Motor Co., 2-37159 & 2-37160; Fuqua Industries, Inc., 2-37021 (Jun 9); General American Transportation Corp., 2-37119; International Institute for Packaging Education, Ltd., 2-34047 (90 days); Lehigh Valley Electronics, Inc., 2-33869 (90 days). Effective May 1: Central Indiana Gas Co., 2-36735 (90 days); Chesebrough-Pond's, Inc., 2-36777 (40 days); Cities Service Co., 2-37028; Continental Oil Co., 2-37241; Cotter & Co., 2-36645; W. R. Grace & Co., 2-37183; Hawaiian Airlines, Inc., 2-35974 (Jun 10); National Steel Corp., 2-37063; Pennwalt Corp., 2-37087; Scott Paper Co., 2-36981; Society Corp., 2-36881 (40 days); Southeastern Exploration Ltd. (1970), 2-35758 (Jul 28); Union Carbide Corp., 2-37076; United Savings Life Insurance Co. of Okla., 2-36229 & 2-36963 (90 days); Ventron Corp., 2-36870; Western Union Corp., 2-37002.

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.