

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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FOR RELEASE February 24, 1969

BUDGE BECOMES SEC CHAIRMAN

Hamer H. Budge has assumed his duties as Chairman of the Securities and Exchange Commission. He was designated Chairman by President Nixon on February 22, 1969, succeeding Manuel F. Cohen who resigned that day as a Member and Chairman of the Commission.

Chairman Budge joined the Commission on July 8, 1964, having been appointed a Member of the Commission by former President Johnson for the term ending June 5, 1969. For more than three years prior thereto, he served as District Judge in Boise, Idaho; his native state. Prior to 1951, he had served for three sessions in the Idaho State Legislature, two as assistant Republican floor leader and one as majority floor leader. In November 1950 he was elected to the United States Congress from Idaho's Second Congressional District, which he represented for the ten-year period 1951-60 (during the 82d to 86th Congresses). In the House he was a member of the Rules Committee, Appropriations Committee, and Interior Committee.

Born in Pocatello on November 21, 1910, Chairman Budge attended the College of Idaho in Caldwell, received an A.B. degree from Stanford University, Palo Alto, Calif., majoring in political science, and an LL.B. degree from the University of Idaho in Moscow, Idaho. He practiced law in Boise from 1936 to 1951, except for 3½ years in the United States Navy (1942-1945), with final discharge as Lieutenant Commander. The Chairman is married to the former Jeanne Keithly, and they have one daughter.

RULES GOVERNING "CERTIFICATION" OF ACQUIRED COMPANIES CLARIFIED. The SEC today reported (Release 33-4950) that an increasing number of business acquisitions has led to numerous requests for relief from the requirements for certification of the financial statements of the acquired businesses on the representation that it is impossible to obtain certification. Generally, relief has been requested because no independent certified public accountant has observed the taking of inventory of the acquired company necessary for certification of financial statements for three years and alternative methods of verification were not available.

In considering requests for waiver of certification of the financial statements of acquired companies, the Commission considers the relationship of the following items of the acquired companies to those of the purchaser ("registrant") in determining whether relief should be granted: 1. gross sales and operating revenues; 2. net income; 3. total assets; 4. total stockholder equity; and 5. total purchase price compared to total assets of registrant. These items are evaluated as follows: A. If none of the items exceed 10 percent, certified statements will not be required; B. If any of the items exceed 10 percent but none exceed 25 percent, certification of the balance sheet and the income statement for not less than six months will be required; C. If any of the items exceed 25 percent but none exceed 45 percent, certification of the balance sheet and the income statement for at least twelve months will be required; D. If any of the items exceed 45 percent, certification of the balance sheet and the income statement for three years will be required, consistent with similar requirements as to the registrant.

PROPOSED RULES WOULD CLARIFY SECTION 12(g) REGISTRATIONS. The SEC today invited the submission of views and comments by March 20 on a proposed Rule 12g-2 under the Securities Exchange Act (Release 34-8532) which would provide that a class of securities exempt from registration under Section 12(g) of the Act (applicable to shares traded over-the-counter) because the securities were listed on an exchange or were issued by an investment company registered under the Investment Company Act shall be deemed to be registered under Section 12(g), upon termination of such exemption without the necessity of filing an additional registration statement, if at that time securities of the class are held of record by 300 or more persons.

JOHN WARE SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16289) giving interested persons until March 14 to request a hearing upon a proposal of John H. Ware of Oxford, Pa., and associates to purchase stock of North Penn Gas Company. Ware now owns about 90% of the stock of Penn Fuel Gas, Inc., and 100% of the stock of Oxford Gas Company. Ware and his associates propose to acquire from Kewanee Oil Company 232,478 or more of the common shares of North Penn at a price of \$18.50 per share. North Penn is engaged in supplying gas in portions of counties in northern Pennsylvania.

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According to the application, Ware now owns 3,450 shares of North Penn and members of his family and others own 17,850 shares. Their purchase of the 232,478 or more shares would result in their ownership of more than 56% of the North Penn stock. In the event of such purchase, Ware will eliminate the publicly-held minority interest in North Penn within two years.

LOUISIANA P & L RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16291) declaring that Louisiana Power & Light Company, New Orleans electric utility subsidiary of Middle South Utilities, Inc., has ceased to be a holding company. Pursuant to a Commission order of December 4 Louisiana Power & Light purchased the assets and assumed the liabilities of its subsidiary, Peoples Utilities, Inc., which is now in liquidation.

RECEIVER SOUGHT FOR PARAMOUNT GEN. CORP. The SEC San Francisco Regional Office announced February 14 (LR-4240) the filing of a motion with the U. S. District Court in Los Angeles seeking the appointment of a receiver for Paramount General Corporation/conservator its assets and secure compliance with an October 1968 court order directing the company to establish its books and records on a current and accurate basis and submit a certified financial statement to the court and the Commission in 90 days.

CHAMPION OIL, OTHERS ENJOINED. The SEC Seattle Regional Office announced February 18 (LR-4242) that the U. S. District Court (ED Wash.) had issued an order permanently enjoining violations of the Securities Act registration requirements by the following in the sale of stock of Champion Oil and Mining Company, of Reno, and Pasadena: Champion Oil, Allan F. Zalk, David E. Hoover, William Meyst, Bohn-Williams Securities Corporation, of Spokane, Ray G. Bohn and Donald J. Williams. Champion Oil, Zalk, Hoover and Meyst also were enjoined from the sale of such stock in violation of the anti-fraud provisions of the Act. Each defendant consented to the court order of injunction, but without admitting the violations alleged.

J. R. PHILLIPS ENJOINED. The SEC New York Regional Office announced February 19 (LR-4243) that the U. S. District Court in New York had permanently enjoined violations of the anti-fraud provisions of the Federal securities laws by Jerry R. Phillips (a/k/a Gerard R. de Filippo) in the offer and sale of securities of International Camra-Corder Corporation. Phillips consented to the injunction, but without admitting or denying the violations alleged. The company and six other individuals previously were enjoined.

FIVE INDICTED IN NEW ORLEANS. The SEC Atlanta Regional Office announced February 19 (LR-4244) that a Federal grand jury in New Orleans had returned an indictment charging the following with violations of the Securities Act registration and anti-fraud provisions in the sale of securities of Louisiana Loan and Thrift Corp.: Salvador Anzelmo and Charles H. Ritchey, of New Orleans, Joseph H. Kavanaugh and Jack P. F. Gremillion, of Baton Rouge, and Ernest A. Bartlett, of Fort Smith, Ark.

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of trading in securities of the following companies for the further ten-day period February 25 through March 6: Comstock-Keystone Mining Company n/k/a Memory Magnetics International, Inc., Dyna Ray Corporation, Mooney Aircraft, Inc., and United Australian Oil, Inc.

TRW PREFERRED DELISTED. The SEC has granted an application of the Midwest Stock Exchange to delist the 4% cumulative preferred stock of TRW, Inc., by reason of the absence of any trading interest therein.

WTC AIR FREIGHT FILES FOR OFFERING AND SECONDARY. WTC Air Freight, 5959 West Century Blvd., Los Angeles, Calif. 90045, filed a registration statement (File 2-31736) with the SEC on February 17 seeking registration of 292,500 shares of common stock, of which 100,000 are to be offered for public sale by the company and 192,500 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Glore Forgan, Wm. R. Staats Inc., 45 Wall St., New York; the offering price (\$32.50 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged principally in the business of air freight forwarding; it conducts its air freight forwarding business by offering service from its various terminals located at or near major airports throughout the United States and in Hong Kong to all points in the United States and the free world. Of the net proceeds of its sale of additional stock, the company anticipates that about \$2,250,000 will be used to construct and equip enlarged and improved terminal facilities for its air and surface freight forwarding operations and to add equipment to existing facilities; the balance will be used for general corporate purposes. The company now has outstanding 1,133,300 common shares, of which Western Truck Leasing Company of Los Angeles owns 634,100 and proposes to sell 100,000 shares. The E. L. McIntyre Trust proposes to sell 31,250 of 115,000 shares held; Harry M. Baker, a director, and Jean M. Baker propose to sell 15,625 shares each of 62,500 shares held each; and R. B. Meyers, board chairman and chief executive officer, proposes to sell 30,000 of 32,800 shares held. M. G. Montgomery is president.

STANDARD PRUDENTIAL FILES EXCHANGE OFFER. Standard Prudential Corporation, 277 Park Ave., New York 10017, filed a registration statement (File 2-31737) with the SEC on February 17 seeking registration of \$23,753,925 of 6½% convertible subordinated debentures, due 1990, and 175,955 stock purchase warrants (expiring December 31, 1983). Subject to approval by its shareholders at a meeting scheduled for March 7, Standard proposes to offer to exchange \$135 principal amount of debentures and one warrant in exchange for each share of stock of Sterling National Bank & Trust Company of New York. The debentures are convertible into Standard's common shares at \$15 per share; the warrants entitle the holders thereof to purchase Standard common at \$16.50 per share.

Also included in the statement are an additional \$15,795,000 of the 6½% debentures and 117,000 warrants; the company proposes to offer the holders of its preferred shares and common shares of record at the close of business March 3, the right to subscribe to units of \$135 of debentures and one warrant for a cash subscription price of \$120 per unit, and at the rate of one unit for each 45 common shares then held or issuable upon conversion of preferred shares; and stockholders also will be entitled to purchase such of the units issuable in the exchange offer as are not so issued.

Standard is a diversified company engaged in industrial, commercial and financial activities. On November 8, it acquired 51% of the common shares of Sterling from its principal shareholders (including Samuel H. Golding, Sterling's board chairman) at \$120 per share in cash, or an aggregate cost of \$22,000,000; and it has made a cash tender offer to purchase Sterling shares at \$120 per share to all other shareholders of Sterling. In addition to indebtedness and preferred stock, Standard has outstanding 3,763,542 common shares, of which Ezra J. Denerstein, president, owns 72,463.

EDUCATIONAL YOUTH DEVELOPMENT FILES. Educational Youth Development, Inc., Franklin Lakes, N. J. 07417, filed a registration statement (File 2-31738) with the SEC on February 17 seeking registration of 240,000 shares of common stock, to be offered for public sale at \$2.50 per share. The offering is to be made on a best efforts basis by Dunhill Securities Corporation, 21 West St., New York, which will receive a selling commission of 25¢ per share plus \$25,000 for expenses. The company also has agreed to sell to the underwriter, for \$.001 per warrant, five-year warrants to purchase 20,000 shares at \$2.50 per share. A finder's fee of \$5,000 is payable to W. K. Ledgard Jr.

Organized in October 1968, the company is in the planning stage and plans to operate children's nursery and music complexes providing educational services to pre-school children as well as music education and instruction to children enrolled in the nursery and other music students. Of the net proceeds of its stock sale, \$300,000 will be used for the purchase and construction of three nursery schools (60% is to be financed by mortgages); the balance of the proceeds will be used for the purchase of transportation vehicles, furnishings and other corporate purposes. The company now has outstanding 260,000 common shares (with a 16¢ per share book value), of which William E. Kayal, president and board chairman, owns 24%, Joseph R. Kayal, vice president, 13%, and Lorraine Kayal Ledgard, secretary-treasurer, 40%. Purchasers of the shares being registered will acquire a 48% stock interest in the company for an investment of \$600,000; present shareholders will then own 52%, for which they paid \$41,245.

UNION PACIFIC PROPOSES EXCHANGE OFFER. Union Pacific Corporation ("Holding Company"), 120 Broadway, New York 10005, filed a registration statement (File 2-31741) with the SEC on February 17 seeking registration of \$75,000,000 of 4-3/4% convertible debentures, due 1999, and 22,429,235 shares of common stock. It is proposed to offer these securities in exchange for outstanding preferred and common shares of Union Pacific Railroad Company ("Railroad"), at the rate of (a) \$10 principal amount of debentures (issuable in the minimum denomination of \$100) for each share of Railroad 4% preferred (\$10 par) and (b) one common share for each share of Railroad common. Effectiveness of the exchange offer is contingent upon acceptance by its holders of at least 90% of the outstanding preferred and 90% of the outstanding common of Railroad.

Holding Company was organized under Utah law on February 3 for the purpose of acquiring all the outstanding shares of and becoming the parent of Railroad, which is principally engaged as a common carrier by railroad subject to the Interstate Commerce Act. As a holding company, it would not be required to seek ICC approval on the issuance of stock or other securities and would be in a position to diversify. In addition to indebtedness and preferred stock, Railroad has outstanding 22,429,235 common shares. Frank E. Barnett is board chairman of Holding Company and of Railroad and James H. Evans is president of Holding Company and vice board chairman of Railroad.

STOCK PLANS FILED. The following have filed registration statements with the SEC seeking registration of securities to be offered under employee stock option and similar plans:

Schenuit Industries, Inc., Baltimore, Md. 21211 (File 2-31739) - 81,175 shares
 Harris-Intertype Corp., Cleveland, Ohio 44113 (File 2-31740) - 40,828 shares offered on exercise of options granted by R. F. Communications, Inc.
 Computing & Software, Inc., Panorama City, Calif. 91402 (File 2-31747) - \$857,964 of interests in plan

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the February 3 News Digest.

8K Reports for January

The Greater Nebraska Corp. (2,13)	0-537-2	Georgia International Corp. (12)	1-5768-2
Microwave Associates Inc. (11,13)	1-4236-2	Macke Company(7,8)	1-4341-2
Planning Research Corp.(7,10)	1-4941-2	Vassar Corporation(13)	0-3325-2
Public Service Co. of Indiana, Inc.(8)	1-3543-2	Allen Organ Co.(12,13)	0-275-2
Red Owl Stores, Inc.(12,13)	1-4463-2	Movie Star, Inc.(7)	1-4585-2
Trans-World Financial Co.(7)	1-4629-2	Omark Industries, Inc.(12,13)	1-5385-2
Weiman Co., Inc.(2,7,13)	1-2642-2	Potomac Electric Power Co. (13)	1-1072-2
Wetterau Foods, Inc.(7)	0-1451-2	Radio Corp. of America (12,13)	1-978-2
Argus, Inc.(12,13)	1-4544-2	Reuter, Incorporated (2,7,13)	0-1561-2
C.R. Bard, Inc.(2,13)	1-5705-2		

8K Reports for January 1969 Cont'd

Shawmut Association, Inc. (2,7,11,13)	0-2151-2	Poloron Products, Inc.(7,13)	1-3962-2
Standard Thomson Corp. (2,8,13)	1-3448-2	Potomac Edison Co.(11,13)	1-3376-2
Southwestern Investment Company(11,13)	1-5788-2	Service Pipe Line Co.(11)	1-3670-2
Talley Industries, Inc.(3)	1-4778-2	West Penn Power Co.(7,11,13)	1-255-2
Twentieth Century Engineering Corp.(2,7,13)	1-2535-2	Angelica Corp.(7)	1-5674-2
Tyco Laboratories, Inc. (2,4,7,13)	1-5482-2	Ashland Oil & Refining Co. (11,13)	1-2918-2
General Management Corp. (4,7,8,11,13)	0-2032-2	Commonwealth Oil Refining Co., Inc.(7)	1-4900-2
General Signal Corporation (7,8)	1-996-2	Midas-International Corp. (12)	0-1041-2
Georgia Power Co.(3)	0-392-2	The Soundsciber Corporation (2,3,7,8,13)	0-2286-2
Katz Drug Co.(9,13)	1-886-2	Bristol-Myers Co.(3)	1-1136-2
North American Rockwell Corp. (7,13)	1-1035-2	California Water Service Co. (8)	0-464-2
Pitney-Bowes, Inc.(7)	1-3579-2	Cameo-Parkway Records, Inc. (2,13)	1-4672-2
Rohr Corporation(7,8,10,12,13)	1-3801-2	Central Hudson Gas & Electric Corp.(7,13)	1-3268-2
Union Electric Co.(13)	1-2967-2	Craddock Terry Shoe Corp. (7,11,13)	0-542-2
Westmoreland Coal Co. (2,7,12,13)	0-752-2	Gladding Corporation(7)	1-5563-2
American Tobacco Co.(13)	1-92-2	Jayark Corp.(7,12,13)	0-3255-2
Camin Laboratories, Inc. (2,7,11,13)	2-27680-2	Jersey Central Power and Light Co.(12)	1-3141-2
Commonwealth Natural Gas Corp.(7,13)	0-266-2	Miller-Wohl Co., Inc.(13)	1-3256-2
International Textbook Co. (7,12)	0-800-2	Western Maryland Ry Co.(13)	1-766-2
Mem Co., Inc.(7)	1-5292-2	APL Corporation(4,11,13)	1-4285-2
		Equitable Leasing Corporation (7,12)	0-2963-2

SECURITIES ACT REGISTRATIONS. Effective February 20: Alabama Gas Corp., 2-31418; Chemical New York Corp., 2-30742; First at Orlando Corp., 2-31104 (40 days); Kinney National Service, Inc., 2-31644 (40 days); Home Oil Co. Ltd., 2-31591 (40 days); Ohio Power Co., 2-31625; Petroleum Exploration & Development Funds Inc., 2-31309 (90 days); Province of Nova Scotia, 2-31452; Russell Aluminum Corp., 2-31628; Supervised Investors Summit Fund, Inc., 2-29804; Texas Plastics, Inc., 2-30594 (90 days).
Withdrawn February 18: Kentucky Finance Co., Inc., 2-26989; Memorex Corp., 2-30971; Teco Industrial Manuals Inc. Withdrawn February 19: CTI International Inc., 2-29490; Hunting Oil Co. Inc., 2-29280.
Withdrawn February 20: Life Investors Inc., 2-29547.

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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