

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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WOLF CORP. DECISION ISSUED. The SEC today announced a decision under the Securities Act (Release 33-4830) in which it held that a 1962 registration statement filed by The Wolf Corporation ("registrant") a New York "cash flow" real estate company, was materially deficient. According to the decision, the company's prospectus substantially overstated its cash flow, net income and assets, and failed adequately to disclose the company's relationship with its promoters, including Joseph Wolf, president and board chairman. However, subject to the company's undertaking to distribute to its shareholders and others a statement relating the true factual situation as set forth in the record of these proceedings, including a stipulation signed by the company, and in view of the fact that the statement did not become effective and the securities covered thereby were never sold, the Commission agreed to permit the company to withdraw its registration statement and to dismiss its proceedings.

The company's statement related to a proposed public offering of some \$5,000,000 of debentures and Class A shares. The prospectus stated that during the last half of 1961 registrant had made monthly cash distributions of 7¢ per share to its Class A stockholders; that the distribution rate had been increased to 8¢ per share at the beginning of 1962; and that registrant believed it would be able to continue to make a monthly distribution of 8¢ per share "out of operations." The prospectus further indicated that cash available for distributions for the period January 16, 1961, to March 31, 1962, amounted to \$529,814, while aggregate cash distributions to stockholders was \$517,766. However, registrant improperly included in the "cash available" figure amounts aggregating about \$320,000 representing overdue and largely uncollectible rental payments on several properties. Thus, registrant's operations had produced only \$209,323 in cash available for distributions. Moreover, by virtue of improper accounting registrant's balance sheets overstated its assets and understated its retained earnings by \$211,440 as of December 31, 1961, and \$282,805 as of March 31, 1962; and the net loss of \$144,788 shown for the 1961 period was understated by \$211,440 and the \$116,948 net loss shown for the first three months of 1962 was understated by \$71,365.

In agreeing to permit withdrawal of the statement, the Commission observed that the communication to be sent to shareholders would advise them of the "dismal record of the abortive financial program and the deceptive financial presentation of the registrant's earlier record of operations."

NASD EXPULSION OF FLORIDA FIRM SUSTAINED. The SEC has issued a decision under the Securities Exchange Act (Release 34-7880) upholding the NASD in its expulsion from membership of Mutual Funds Service of Florida, Inc. (MFS), of Hollywood, Fla., and its revocation of the registration of Alan S. Rader, its president, as a registered representative. MFS previously withdrew its registration with the Commission as a broker-dealer.

The NASD action was based upon the failure of MFS and Rader in 1962 to remit promptly a \$58 dividend on securities purchased for a customer; failure to honor a 1963 contract with another firm for the purchase of 500 mutual fund shares at 50¢ per share without justification; and failure to maintain adequate records of dividend receipts and securities positions. The Commission upheld the NASD findings that these activities were violative of its rules. The misconduct might have called for leniency, the Commission observed, particularly in view of the small dollar amounts involved, had Rader's and his firm's prior record been exemplary. But a series of four previous violations, involving censures, fines and a one-week suspension, "bespeaks either an inability or unwillingness to achieve compliance with regulatory requirements and standards," the Commission stated. Under the circumstances, the Commission concluded that it could not find the penalties imposed by the NASD are excessive or oppressive.

NUVEEN TAX-EXEMPT FUND RECEIVES EXEMPTION. The SEC has issued an order under the Investment Company Act (Release IC-4586) granting Nuveen Tax-Exempt Bond Fund, Series 11, Chicago, an exemption with respect to the \$100,000 minimum net capital requirements of the Act. According to the application, the fund proposes to offer for public sale 70,000 units (\$7,000,000) of undivided interest in the trust. The applicant is one of a series of eleven similar funds, named "Nuveen Tax-Exempt Bond Fund", organized pursuant to a Trust Indenture and Agreement between John Nuveen & Co. as sponsor and United States Trust Co. of New York as trustee.

ENTERPRISE SECURITIES SEEKS ORDER. Enterprises Securities Fund, Inc., St. Louis, Mo., open-end diversified management investment company, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company as defined in the Act; and the Commission has issued an order (Release IC-4589) giving interested persons until May 24 to request a hearing thereon. The applicant states that its securities are owned beneficially by 53 persons, and that it is not making and does not presently propose to make a public offering of its securities.

COLUMBIA GAS SEEKS ORDER. The Columbia Gas System, Inc., New York, has applied to the SEC for an order under the Holding Company Act authorizing it to sell by October 17, 1966, up to \$80,000,000 of its unsecured short-term notes to banks; and the Commission has issued an order (Release 35-15465) giving interested persons until May 23 to request a hearing thereon. The company will use the net proceeds of this financing to make open-account advances to certain of its subsidiaries to enable them to purchase inventory gas for sale during the 1966-1967 winter season.

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PIONEER AERODYNAMIC FILES FOR SECONDARY. Pioneer Aerodynamic Systems, Inc., Manchester, Conn., filed a registration statement (File 2-24915) with the SEC on April 27 seeking registration of 120,000 outstanding shares of common stock. The present holders thereof may offer the stock for public sale from time to time on the American Stock Exchange at prices prevailing at the time of the sale (\$14 per share maximum*).

The company manufactures parachutes. In addition to indebtedness, it has outstanding 938,004 common shares, of which management officials own approximately 28%. The prospectus lists four selling stockholders, including Miles Rubin (board chairman), who is offering 50,000 of 106,561 shares held, and Carl Rosen (director), 50,000 of 106,492. The remaining two sellers are offering 10,000 shares each. Michael G. Kagan is president.

NEW ENGLAND T&T PROPOSES RIGHTS OFFERING. New England Telephone and Telegraph Company, 185 Franklin St., Boston, Mass. 02107, filed a registration statement (File 2-24923) with the SEC on April 29 seeking registration of 3,411,929 shares of common stock. The stock is to be offered for subscription by stockholders at the rate of one new share for each eight shares held on May 24. It is expected that American Telephone and Telegraph Co. (the parent company), which owns 69.33% (18,923,630 shares) of the outstanding shares of the company, will purchase the 2,365,453 shares which represent its pro rata portion of the offering. The subscription price (\$46.13 per share maximum*) is to be supplied by amendment.

The company will use the net proceeds of its stock sale to repay some \$137,000,000 of advances from the parent company and for general corporate purposes, including property additions and improvements. It expended \$170,000,000 for construction purposes in 1965, and such expenditures for 1966 are expected to be somewhat higher. In addition to indebtedness, the company has outstanding 27,295,436 common shares. Allen G. Barry is president.

TRANS-CONTINENTAL TEL. & ELECTRONICS PROPOSES OFFERING. Trans-Continental Telephone & Electronics, Inc., 4633 N. Central Expressway, Dallas, Tex. 75205, filed a registration statement (File 2-24951) with the SEC on May 4 seeking registration of 600,000 shares of common stock. The stock is to be offered for public sale through underwriters headed by W. E. Hutton & Co., 14 Wall St., New York 10005, and Rauscher, Pierce & Co., Inc., 1200 Mercantile Dallas Bldg., Dallas, Tex. 75201. The public offering price (\$21 per share maximum*) and underwriting terms are to be supplied by amendment.

Organized under Texas law in 1961, the company is a holding company which, through its wholly-owned subsidiaries, is primarily engaged in the telephone business. Of the net proceeds of the company's stock sale, approximately \$6,500,000 will be applied to the repayment of short-term loans; \$3,375,000 will be used for payment of the balance of the purchase price of telephone properties under option to the company; and the balance will be used in connection with possible future acquisitions. In addition to indebtedness, the company has outstanding 1,130,000 common shares, of which management officials own 8.44%. Thomas L. Anderson is president and board chairman.

EIGHT STOCK PLANS FILED. Form S-8 registration statements have been filed with the SEC by the following companies, seeking registration of securities for offering under employee and/or officer stock plans:

- Standard Fruit and Steamship Company, 944 St. Charles Ave., New Orleans 70150 (File 2-24935)
(100,000 shares)
- Metromedia, Inc., 277 Park Ave., New York 10017 (File 2-24936) (320,000 shares)
- Interstate United Corporation, 4301 W. Touhy Ave., Lincolnwood, Ill. 60646 (File 2-24937) (94,710 shares)
- Royal Crown Cola Co., 1000 Ninth Ave., Columbus, Ga. 31902 (File 2-24938) (20,000 shares)
- This registration statement also covers an additional 60,000 shares which are reserved for issuance upon exercise of an individual option not granted under any plan.
- Pall Corporation, 30 Sea Cliff Ave., Glen Cove, N. Y. 11542 (File 2-24939) (55,000 shares)
- The International Silver Company, 500 S. Broad St., Meriden, Conn. (File 2-24940) (62,500 shares)
- Jackson National Life Insurance Company, 1514 Clinton Rd., Jackson, Mich. 49202 (File 2-24952)
(40,000 shares)

An additional stock plan was filed on Form S-1, as follows:

- The Cincinnati and Suburban Bell Telephone Company, 225 E. Fourth St., Cincinnati, Ohio 45202
(File 2-24950) (200,000 shares)

CALIFORNIA FUND PROPOSES OFFERING. California Fund, 7916 Girard, La Jolla, Calif., filed a registration statement (File 2-24914) with the SEC on April 27 seeking registration of 200,000 shares of common stock. The stock is to be offered for public sale at net asset value (\$10.00 per share maximum), plus an 8% maximum sales charge. Benitz-Lannan Management Co., Inc., 6515 Muirlands Dr., La Jolla, Calif., is the fund's distributor and investment adviser.

An open-end, diversified investment company, the objective of the fund is "to provide growth in the value of the shareholder's capital, together with reasonable current income." Paul Anthony Benitz and Russell Vincent Lannan are president and vice president, respectively, of the fund and of the investment adviser. Each owns 50% of the outstanding stock of the investment adviser.

CALDOR FILES FOR SECONDARY. Caldor, Inc., 20 Glover Ave., Norwalk, Conn., filed a registration statement (File 2-24949) with the SEC on March 3 seeking registration of 100,000 outstanding shares of common stock. The present holders thereof propose to offer the stock for public sale through underwriters headed by New York Securities Co., 52 Wall St., New York 10005. The public offering price (\$30 per share maximum*) and underwriting terms are to be supplied by amendment.

The company operates promotional department stores. In addition to indebtedness and preferred stock, it has outstanding 1,641,093 common shares, of which management officials own 60.2%. The prospectus lists two selling stockholders, as follows: Carl Bennett (president and board chairman), offering 82,000 of 673,452

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shares held, and Dorothy Bennett (director), 12,000 of 113,717. As trustee for the benefit of their children, each of the selling stockholders is also offering 3,000 shares of holdings of 86,363 and 93,413 shares, respectively.

COMPLAINT CITES NOLCO, INC., OTHERS. The SEC San Francisco Regional Office announced April 27 (LR-3500) the filing of a complaint (USDC, Nev.) seeking to enjoin Nolco, Inc., a/k/a Nevada Oil Lease Co., Trans Western Land, Inc., Western Oil Lands, Inc., and William N. Pennington and William V. Pennington, individually and as officers of such corporations, from further violations of the Securities Act registration and anti-fraud provisions in the sale of interests in oil and gas rights covering United States Government lands in Eastern Nevada. The defendants, without admitting or denying the allegations of the complaint, consented to the entry of the order and agreed that they would not accept any payments on installment contracts after April 1, 1966.

COLUMBIA GAS RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15463) authorizing certain financing transactions proposed by The Columbia Gas System, Inc., New York, and its wholly-owned subsidiaries. According to the application, the parent company intends to acquire from certain of its subsidiaries by March 31, 1967, installment notes aggregating \$30,125,000 and \$9,000,000 par value of common stock, and to make open-account advances to subsidiaries, from time to time during 1966, in the aggregate amount of \$57,420,000. The subsidiaries will use the proceeds of the sale of notes and common stock to finance a portion of their respective construction programs (estimated at \$57,963,900 for 1966). The proceeds of the open-account advances will be used by the subsidiaries to purchase natural gas for inventory.

AMERICAN-AMICABLE LIFE SEEKS ORDER. American-Amicable Life Insurance Company, Waco, Tex., has applied to the SEC for an exemption order under the Investment Company Act with respect to the transfer of 76,500 shares of stock of United Services Life Insurance Co. by American-Amicable to Insurance Securities Trust Fund (ISTF) in exchange for 85,770 shares of stock of Gulf Life Insurance Co. The Commission has issued an order (Release IC-4588) giving interested persons until May 20 to request a hearing thereon. According to the application, such exchange was effected in February 1964 and in order to resolve certain uncertainties caused by the transaction which may have been in violation of Section 17(a) of the Act, American Amicable is seeking a Commission order approving the exchange. At all times pertinent hereto, the applicant and ISTF, which is a registered investment company, were "affiliated persons" within the meaning of the Act.

PENNSYLVANIA P&L PROPOSES OFFERING. Pennsylvania Power & Light Company, 901 Hamilton St., Allentown, Pa. 18101, filed a registration statement (File 2-24954) with the SEC on May 4 seeking registration of \$30,000,000 of first mortgage bonds, due 1996. The bonds are to be offered for public sale at competitive bidding. The company will use the net proceeds of this financing in connection with its construction program, which is estimated to require \$424,000,000 during 1966-1970.

SECURITIES ACT REGISTRATIONS. Effective May 4: American Enka Corp., 2-24818; Certain-Teed Products Corp., 2-24823; First Investors Fund for Growth, Inc., 2-24388; Textron Inc., 2-24859. Effective May 5: Maine Sugar Industries, Inc., 2-24175 (90 days); Optical Scanning Corp., 2-24681 (90 days); Voss Engineering Co., 2-24522 (Aug 3).

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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