

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington 25, D.C.

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

(Issue No. 64-10-9)

FOR RELEASE October 14, 1964

**CAPITAL GAINS INSTITUTE REVOKED.** In a decision announced today (Release 34-7443) the SEC (1) revoked the investment adviser registration of Capital Gains Institute, Inc. ("CGI"), of Beverly Hills, Calif., and (2) permitted Patrick Clements (dba Patrick Clements & Associates), of Los Angeles, to withdraw from registration as a broker-dealer.

The Commission ruled that CGI and Clements, together with Karl N. Kaiser, president of CGI, and Louis M. Kurtin, George Russell Barber, and James Risser, associates of Clements, violated the anti-fraud provisions of the Federal securities laws in connection with their transactions in stock of California Growth Capital Inc. ("CGC"). According to the Commission's decision, they engaged in a scheme to interest investors in the purchase of CGC stock, through literature disseminated by CGI and otherwise. It was represented that the stock could be acquired from large holders at prices slightly over current market prices (said to be slightly under \$7 per share) and disposed of at \$11 per share. In fact, the market for the stock then ranged from 5 to 5 3/8 bid, 5 1/4 to 6 asked, which was substantially, rather than "slightly," under \$7 per share. References to the "cash rich" position of CGC also were held to be misleading.

The Commission also ruled that Clements violated its net capital and record-keeping rules; that GCI violated the anti-fraud provisions of the Investment Advisers Act by recommending the purchase of stock in another company without disclosing Kaiser's personal interest in the stock; and that GCI also violated the Commission's record-keeping rules.

In view of certain mitigating factors, including corrective action taken by Clements and his intention permanently to refrain from engaging in the securities business, the Commission determined to permit withdrawal of his registration.

**WATER INDUSTRIES CAPITAL RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4061) declaring that Water Industries Capital Corporation, 122 E. 42nd St., New York, has ceased to be an investment company.

**CONSOLIDATED NATURAL GAS RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15138) authorizing Consolidated Natural Gas Company of New York to make some \$1,000,000 of open-account advances to its subsidiary, Lake Shore Pipe Line Co., during the remainder of 1964. Lake Shore will use the funds to finance its 1964 construction program, estimated at \$1,175,000.

**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. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the October 2 News Digest.

Hotel Corp of Israel Sept. 1964 ( 11)

Arwood Corp Sept. 1964 ( 8,11,13)  
Hot Shoppes, Inc Sept. 1964 ( 12,13)

Savin Business Machines Corp Sept. 1964  
( 7,11,13)

Nebraska Consolidated Mills Co Sept. 1964  
( 1)

Foot, Cone & Belding, Inc Sept. 1964  
( 12,13)

Metal Bellows Corp May & Oct. 1963  
March, Apr. & June 1964 ( 7,11,12)  
(One Report)

Colonial Acceptance Corp Sept. 1964 ( 11)  
Handschy Chemical Co Sept. 1964 ( 11)  
Kent Washington, Inc June 1963 ( 12)  
Oct. 1963 ( 12) Nov. 1963 ( 12)  
Travelers Express Co, Inc May 1964 ( 11)  
North American Acceptance Corp  
Amend #1 to 8K for July 1964 ( 13)  
Horn Silver Mines Co Amend #1 to 8K for  
June 1964

Dymo Ind, Inc Sept. 1964 ( 12,13)  
Goddard Ind, Inc March 1964 ( 2,7,13)  
I. Gordon Realty Corp Aug. 1964 ( 2,7,13)

Hawaiian Electric Co Sept. 1964 ( 11,13)  
Levine's, Inc Sept. 1964 ( 12,13)

Chickasha Cotton Oil Co Sept. 1964 ( 8)  
Inland Life Insurance Co June 1964 ( 2,11,13)  
Leeds & Northrup Co Sept. 1964 ( 11)  
North American Car Corp Sept. 1964 ( 11,13)  
(Illinois)

Alaska Air Lines Inc Sept. 1964 ( 2,12,13)  
Commonwealth Edison Co Sept. 1964 ( 12,13)  
Occidental Petroleum Corp Sept. 1964  
( 2,3,7,11,13)  
Robert Reis & Co Sept. 1964 ( 6)

Deer Park Baking Co July 1964 ( 4,7,13)  
F. W. Woolworth Co Sept. 1964 ( 8,13)

Life Underwriters Insur. Co April 1960 ( 11)  
Mar. 1961 ( 11) May 1961 ( 11) Apr. 1962  
( 11) Mar. 1963 ( 11) Mar. 1964 ( 11)  
Woodward & Lothrop Inc Sept. 1964 ( 13)

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Edison Bros. Stores, Inc Sept. 1964  
( 4,7,13)

H. W. Rickel & Co Aug. 1964 ( 12)

Allegheny Power System, Inc Sept. 1964 ( 3)  
Chester Electronic Lab., Inc Sept. 1964  
( 11)

Coastal Chemical Corp Aug. 1964 ( 2,13)  
Famous Artists Schools, Inc Sept. 1964 ( 12)  
Mississippi Chemical Corp Aug. 1964 ( 12,13)  
Monongahela Power Co Sept. 1964 ( 3)  
Potomac Edison Co Sept. 1964 ( 3)  
Skyline Homes, Inc Sept. 1964 ( 4,7,11,12,13)  
Texas Ind, Inc Sept. 1964 ( 13)  
West Penn Power Co Sept. 1964 ( 3)

Duplan Corp Sept. 1964 ( 2,12,13)  
McCord Corp June 1964 ( 11,13)

Intermountain Gas Co April 1964 ( 11)  
Feb. 1964 ( 7) April 1963 ( 11,13)

The Alfred Hart Co Sept. 1964 ( 3,12)  
Campbell Soup Co Sept. 1964 ( 13)  
General Baking Co Sept. 1964 ( 12,13)  
Morse Shoe, Inc Aug. & Sept. 1962 ( 2,4,13)

Supermarkets Operating Co Amend #1 to 8K  
for May 1964 ( 4)

Food Fair Stores, Inc Amend #1 to 8K for  
Aug. 1964 ( 13)

United Foods, Inc Amend #1 to 8K for  
June 1964 ( 13)

Koehring Co Amend #2 to 8K for Dec. 1963  
( 13)

Federal Services Finance Corp Sept. 1964  
( 4,7,8,13)

Lone Star Gas Co ( Texas) Sept. 1964 ( 8)  
Marmon-Herrington Co, Inc Sept. 1964 ( 3,13)

Penna. Power Co Sept. 1964 ( 7)  
Vornado, Inc Sept. 1964 ( 1,12,13)

Burrus Mills, Inc Sept. 1964 ( 11)

Duke Power Co of North Carolina Sept. 1964  
( 11)

Roosevelt Raceway, Inc Sept. 1964 ( 3)

Universal Leaf Tobacco Co, Inc Sept. 1964  
( 13)

Thrift Plan of Reda Pump Co Sept. 1964  
( 7)

Sperry Rand Corp Sept. 1964 ( 13)

**DIALOC CORP. FILES OFFERING AND RESCISSION PROPOSAL.** Dialoc Corporation of America, 3120 46th Ave., N. St. Petersburg, Fla., filed a registration statement (File 2-22844) with the SEC on October 13 seeking registration of 135,000 shares of common stock, to be offered for public sale through underwriters headed by Aetna Securities Corp., 111 Broadway, New York. The public offering price (\$4 per share maximum\*) and underwriting terms are to be supplied by amendment. The registration statement also covers \$35,300 in principal amount 8% subordinated promissory notes and 149,000 common shares which were sold between May 1963 and September 1964. The sale of such securities "may have been made in violation of the Securities Act of 1933," according to the prospectus; and the company proposes to offer to the holders thereof the opportunity to either retain the securities or return them to the company for their cost plus interest.

Organized under Florida law in 1962, the company manufactures, assembles and sells a new-type locking device, called a dialoc, which has the outward appearance of a telephone dial. The principle of this lock is to dial a combination of numbers in the same manner as dialing a telephone in order to open the lock. Net proceeds from the sale of additional stock will be used as follows: \$25,000 to retire a loan, \$35,300 to retire the notes above referred to, \$105,000 for marketing and advertising, \$40,000 for additional research and development, \$20,000 to accounts payable, and the balance for working capital. In addition to indebtedness, the company has outstanding 301,500 common shares, of which management officials as a group own 52%. Prior to July 1963, 127,500 common shares were issued to Berwyn E. Etter (president) for services performed and expenses incurred in the initial research and development of the dialoc patent, for equipment and materials transferred to the company and for \$9,165. Stanley M. White (board chairman) was issued 5,000 common shares on October 31, 1963 for \$500.

**SECURITIES ACT REGISTRATIONS.** Effective October 13: Arkansas Power & Light Co. (File 2-22741); Atlas Credit Corp. (File 2-22742). Effective October 14: Southern California Edison Co. (File 2-22777).

\*As estimated for purposes of computing the registration fee.

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