

# 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 Publications Unit, cite number)

(Issue No. 65-9-1)

FOR RELEASE September 1, 1965

**SCHMIDT, SHARP, MCCABE & CO. REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7690) revoking the broker-dealer registration of Schmidt, Sharp, McCabe & Company, Inc., 315 S. Clarkson St., Denver, Colo. However, the firm's revocation was without prejudice to its reapplication for registration after sixty days and subject to a showing that the firm has adopted procedures to insure compliance with regulatory requirements in the future. Robert D. Schmidt (president), Ben T. Kumagai, and James W. Bates were each found to be a cause of the revocation order; but the Commission concluded, however, that it would not be necessary in the public interest to bar the individual respondents from being associated with any broker-dealer firm upon an appropriate showing that they will be employed in a non-managerial capacity under adequate supervision (as to Schmidt, such a showing would only be required if he desires to be employed prior to re-registration by the firm).

According to the decision, the firm, during November 1961-February 1962, acted as underwriter on a "best efforts" basis for a public offering of 60,000 shares of common stock of Autrol Corporation, a company organized in August 1961 to manufacture and sell a coin-operated machine to make and dispense plastic bags. A report filed on February 27, 1962, recited that 32,999 shares had been sold and that the offering had been discontinued on February 23, 1962. The Commission found that the firm, aided and abetted by said individuals, violated the anti-fraud provisions of the Federal securities laws in the sale of such stock through various untrue and misleading representations. It noted, however, that such violations did not involve a large number of flagrant misrepresentations and the record does not indicate that the firm engaged in the boiler-room type of operations or that "there was a deliberate scheme by the respondents to defraud." The Commission also found that the firm, during June 1961-December 1962, violated certain provisions of Regulation T in the improper extension of credit and that during August-October 1963 it failed to comply with the SEC record-keeping requirements. However, because of certain mitigating factors, the Commission concluded that its action as related above was appropriate.

**SEC CITES WONG, SCOTT & GOMEZ.** The SEC today announced (LR-3308) the filing of court action (USDC, Puerto Rico) seeking to enjoin further violations of provisions of the Investment Company Act and Securities Exchange Act by Quing N. Wong, Josiah M. Scott, former president and director, respectively, and Tomas R. Gomez, Jr., president of Puerto Rico Capital Corporation, a registered investment company. The complaint alleges that Wong and Scott, with assistance of Gomez, wrongfully caused PRCC to invest in companies owned or controlled by Wong and Scott, resulting in substantial losses to PRCC. Restoration of losses arising out of such investments is sought.

**ALLEGHENY POWER SYSTEM RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15299) authorizing the Allegheny Power System, Inc., New York registered holding company, to acquire from its public-utility subsidiary, The Potomac Edison Company, unsecured promissory notes aggregating a maximum of \$5,000,000 prior to December 31, 1966. According to the application, Potomac will use the proceeds from the note sale for the temporary financing of its 1965 and 1966 construction program, estimated to aggregate \$37,000,000.

**MANAGEMENT CAPITAL SEEKS ORDER.** Management Capital Corporation, 2101 N. Federal Highway, Ft. Lauderdale, Fla., has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-4339) giving interested persons until September 23 to request a hearing thereon. According to the application, the company has been completely liquidated and its assets have been distributed to its sole stockholder, Investment Corporation of Florida.

**BALDWIN SECURITIES RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4340) granting an exemption application of the Baldwin Securities Corporation, New York, closed-end non-diversified investment company, with respect to the proposed merger of its majority-owned subsidiary, General Industrial Enterprises, Inc., into Baldwin. According to the application, Baldwin presently owns approximately 93% of the outstanding stock of General Industrial, and Baldwin's five directors also serve on General Industrial's board. The president and director of Baldwin and General Industrial, two corporations of which he is a controlling stockholder, and three of his associates owned at January 15, 1965, 41.3% of the outstanding capital stock of Baldwin. The application states that the proposed merger is designed to effectuate compliance by Baldwin with the provisions of Section 12(d)(1) of the Act with respect to its relationship with General Industrial.

**PRODUCTOL CHEMICAL FILES FOR OFFERING AND SECONDARY.** Productol Chemical Company, Inc., 615 S. Flower St., Los Angeles, Calif. 90017, filed a registration statement (File 2-23974) with the SEC on August 30 seeking registration of \$735,000 of 6½% convertible subordinated debentures (due 1980) and 36,750 outstanding shares of common stock. The securities are to be offered for public sale in units consisting of \$1,000 principal amount of debentures and 50 common shares, at \$1,490 per unit. Blalack & Wells, Inc., 2375 Huntington Dr., San Marino, Calif., will head a group of underwriters, which will receive a \$119.20-per-unit commission.

OVER

Organized under California law in 1963, the company succeeded to the business of the Productol Division of Ehrhart & Associates, Inc., and is primarily engaged in the business of manufacturing and selling chemical products derived principally from petroleum source raw materials. The company will use the net proceeds of its debenture sale to purchase 74,960 common shares from the selling stockholders, which shares are to be retired. In addition to indebtedness, the company has outstanding 141,030 common shares, of which management officials own 19.9%. The prospectus lists 11 selling stockholders, including G. W. Ehrhart, offering 40,580 shares; J. B. Lester, 21,880; and E. M. Nelson, 35,600. Such holdings include the shares to be acquired by the company as well as the stock to be offered for public sale. Upon acquisition by the company of the 74,960 shares and completion of the public offering, the sellers will not own any stock of the company. The purchase price of the 111,710 shares being sold is \$9.80 per share; the sellers are to pay the entire underwriting discount of approximately 8% and up to \$46,440 of anticipated expenses of the offering. Ernest E. Chipman is president.

**MODERN FOODS FILES FOR OFFERING.** Modern Foods, Inc., 42nd St., Winter Haven, Fla., filed a registration statement (File 2-23978) with the SEC on August 30 seeking registration of 120,000 shares of common stock. The stock is to be offered for public sale through underwriters headed by Consolidated Securities Corp., 920 N. Federal Highway, Pompano Beach, Fla. The public offering price (\$6 per share maximum\*) and underwriting terms are to be supplied by amendment. The company is also registering 5,000 common shares to be offered pursuant to its Employees' Stock Purchase Plan.

Organized under Florida law in April 1965, the company is the successor to an egg business. It has acquired all of the outstanding stock of B & B Poultry (operated since 1961 by James R. Biggers, company board chairman and president); Conditioned Eggs, Inc.; and several other egg companies and a service company. Of the net proceeds from its stock sale, approximately \$415,000 will be used in the expansion of the company's business and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 384,967 common shares, of which management officials own 71% (including 46% owned by John A. Snively, Jr., a director). The company issued an aggregate of 370,491 of its common shares in exchange for assets of the predecessor companies.

**T. F. H. PUBLICATIONS FILES FOR SECONDARY.** T. F. H. Publications, Inc., 245 Cornelison Ave., Jersey City, N. J., filed a registration statement (File 2-23979) with the SEC on August 30 seeking registration of 35,223 outstanding shares of common stock and 19,300 outstanding warrants to purchase a like number of common shares (and the underlying stock). The present holders thereof may offer such stock and warrants for public sale in the over-the-counter market at prices then obtainable (\$20 per share maximum\*).

The company publishes and distributes books and magazines concerning pets, plants, flowers and hobbies; manufactures aquariums and accessories; operates printing and binding facilities; and breeds tropical fish for commercial distribution. In addition to indebtedness, it has outstanding 273,054 common shares, of which management officials own 58.7% (including 54.4% owned by Herbert R. Axelrod, president and board chairman). The prospectus lists eight selling stockholders, including Gulf Fish Hatchery, Inc., offering its entire holdings of 10,000 shares; and Herbert Axelrod, 12,000 of 144,455 shares held. Seven warrant holders are listed (each offering his entire warrant holdings). Arnold Malkan and Arnold Malkan & Co., Inc., are offering warrants covering 9,591 and 3,900 shares, respectively. The remaining sellers are offering stock ranging in amounts from 500 to 3,473 shares and warrants in amounts from 500 to 2,094. The warrants are exercisable at any time until October 15, 1966, at \$3.63 per share.

**FOXBORO CO. FILES FOR OFFERING AND SECONDARY.** The Foxboro Company, 38 Neponset Ave., Foxboro, Mass. 02035, filed a registration statement (File 2-23982) with the SEC on August 31 seeking registration of 450,000 shares of common stock. Of this stock, 250,000 shares are to be offered for public sale by the company and 200,000 shares (being outstanding stock) by the present holders thereof. Paine, Webber, Jackson & Curtis, 24 Federal St., Boston, Mass., is listed as the principal underwriter. The public offering price (\$37 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company manufactures industrial instruments for indicating, recording and controlling temperature, pressure, flow, humidity, liquid level and other process variables. Net proceeds from its sale of additional stock will be used for (1) construction of a building begun at Foxboro in March 1965 to house systems manufacturing activities at an estimated total cost of \$2,750,000, (2) modernization and expansion of machinery and equipment at various plants in an estimated amount of \$1,500,000, and (3) for additional working capital. In addition to indebtedness, the company has outstanding 3,662,709 common shares (reflecting a 3-for-2 split in June 1965). Management officials own 46.3% of the outstanding stock (including 26.4% owned by Benjamin H. Bristol, board chairman). The prospectus lists six selling stockholders, including Raxford A. Bristol (president), trustee under agreement of trust dated June 3, 1932, offering 100,000 of 432,096 shares held. The remaining shares are to be offered by May C. R. Bristol under five sub-trusts (20,000 from each trust's holdings of 81,000 shares).

**EUROPEAN INVESTMENT BANK PROPOSES BOND OFFERING.** European Investment Bank, 85, Boulevard de Waterloo, Brussels 1, Belgium, filed a registration statement (File 2-23985) with the SEC on August 31 seeking registration of \$20,000,000 of dollar bonds of 1965 (due 1985). The bonds are to be offered for public sale through underwriters headed by Kuhn, Loeb & Co. Inc., 30 Wall St., New York; The First Boston Corp., 20 Exchange Pl., New York; Lazard Freres & Co., 44 Wall St., New York; and the European Economic Community Banking Group. The interest rate, public offering price, and underwriting terms are to be supplied by amendment. The Bank was created by the Treaty establishing the European Economic Community ("EEC") signed in Rome on March 25, 1957 (the "Rome Treaty"), among the Kingdom of Belgium, the Federal Republic of Germany, the French Republic, the Italian Republic, the Grand Duchy of Luxembourg and the Kingdom of the Netherlands. Its purpose is to contribute to the balanced and orderly development of a common market among the EEC member states. Net proceeds from its bond sale will be used in the general operations of the Bank.

CONTINUED

**HAWAIIAN ELECTRIC PROPOSES RIGHTS OFFERING.** Hawaiian Electric Company, Inc., 900 Richards St., Honolulu, Hawaii, filed a registration statement (File 2-23986) with the SEC on August 31 seeking registration of 200,000 shares of common stock, to be offered for subscription by common stockholders and employees. The subscription rate, record date, and offering price (\$33 per share maximum\*) are to be supplied by amendment.

The company will apply the net proceeds from its stock sale toward the cost of its capital expenditure program, including the payment of any short-term bank loans obtained for such purpose. Its 1965 capital expenditure budget is estimated at \$18,200,000. In addition to indebtedness and preferred stock, the company has outstanding 3,473,032 common shares, of which management officials own 3.8%. P. E. Spalding is board chairman and Ralph B. Johnson is president.

**COLECO INDUSTRIES FILES FOR OFFERING AND SECONDARY.** Coleco Industries, Inc., 266 Pearl St., Hartford, Conn., filed a registration statement (File 2-23983) with the SEC on August 31 seeking registration of 150,000 shares of common stock. Of this stock, 135,000 shares (being outstanding stock) are to be offered for public sale by the present holders thereof and 15,000 shares by the company. The principal underwriters are White, Weld & Co. Inc., 20 Broad St., New York, and Cooley & Co., 100 Pearl St., Hartford, Conn. The public offering price (\$17 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company designs, manufactures, and markets recreational products including aboveground steel-wall swimming pools lined with vinyl plastic, vacuum-formed plastic playpools, and playboats. Net proceeds from its sale of additional stock will be used for working capital purposes. In addition to indebtedness, the company has outstanding 621,180 common shares, of which management officials own 68.1%. The prospectus lists five selling stockholders, including Maurice Greenberg (board chairman), offering 79,000 of 179,693 shares held; and Leonard E. Greenberg (president), 36,000 of 206,449. The remaining selling stockholders are offering shares ranging in amounts from 4,000 to 8,000.

**O/C REGISTRATIONS REPORTED.** The following issuers of securities traded over-the-counter have filed registration statements with the Commission pursuant to requirements of Section 12(g) of the Securities Exchange Act (companies which currently file annual and other periodic reports with the SEC are identified by "\*\*\*"):

File No.	Registrant	Location
1657	C. G. Conn, Ltd.	Elkhart, Ind.
1655	Coral Ridge Properties, Inc.**	Fort Lauderdale, Fla.
1660	Electro-Tec Corp.**	Ormond Beach, Fla.
1659	Esgro, Inc.**	Los Angeles, Cal.
1665	Executive House, Inc.**	Chicago, Ill.
1664	Louisiana-Delta Offshore Corp.**	New Orleans, La.
1658	Puerto Rico Brewing Co., Inc.**	San Juan, P.R.
1666	Savin Business Machines Corp.**	New York, N. Y.
1648	Infrared Industries, Inc. **	Carpinteria, Cal.
1647	Sawyer's Inc. **	Portland, Ore.

**SECURITIES ACT REGISTRATIONS.** Effective August 31: Consolidated Natural Gas Co., 2-23915. Effective September 1: Consolidated Oil & Gas, Inc., 2-23793 (Oct 11); Eastman Kodak Co., 2-23958; Fabri-Tek Inc., 2-23600 (Oct 12); Wayne National Life Insurance Co., 2-23750 (Dec 1).

**NOTE TO DEALERS.** The last date or 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.

---ooo0ooo---