

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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. 67-213)

FOR RELEASE November 3, 1967

**REHEARING PETITIONS DENIED.** The SEC today announced the issuance of an order under the Securities Exchange Act (Release 34-8187) denying requests of the following for rehearing with respect to the Commission's July 14 decision in Century Securities Company which, among other things, barred petitioners from being associated with any broker or dealer: David T. Fleischman, a partner of Century (whose broker-dealer registration was revoked), and the following salesmen of that firm: William Reigel, Robert W. Needs, Pierre Pambrun and Jay B. Cook.

**NATIONAL EXHIBITION HEARING TRANSFERRED.** The hearing scheduled for November 13, 1967, upon an application of National Exhibition Company, owner of the San Francisco Giants Baseball Team, for exemption from the registration provisions of Section 12(g) of the Securities Exchange Act, has been transferred on request of the Company to the Commission's New York Regional Office, 225 Broadway, New York City.

**WEST PENN POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15886) authorizing West Penn Power Company, Greensburg, Pa., subsidiary of Allegheny Power System, Inc., to issue and sell at competitive bidding \$25,000,000 of first mortgage bonds, due 1997, and 100,000 shares of \$100 par preferred stock, Series D. Net proceeds of this financing will be used to finance the construction program of West Penn and its subsidiaries (including repayment of some \$20,000,000 of bank loans incurred therefor). Construction expenditures for the three years 1967-69 are estimated at \$165,000,000.

**SCRIPPS-HOWARD INVESTMENT SEEKS ORDER.** The Scripps-Howard Investment Company ("Scripps-Howard"), Cincinnati, Ohio, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposed sale to Pittsburgh Press Company ("Pittsburgh"), a Pennsylvania corporation, of 17,450 shares of Pittsburgh preferred stock at \$100 per share, pursuant to an Invitation for Tenders; and the Commission has issued an order (Release IC-5154) giving interested persons until November 21 to request a hearing thereon. Scripps-Howard owns 29,800 common voting shares, 44,000 Class A common shares, and 22,175 preference shares of Pittsburgh; therefore, Pittsburgh is an affiliated person of Scripps-Howard. Section 17(a) of the Act makes it unlawful for an affiliate of a registered investment company to purchase from such investment company any security or other property unless the Commission grants an exemption therefrom.

**TWO TRADING BANS CONTINUED.** The SEC has issued orders under the Securities Exchange Act suspending exchange and/or over-the-counter trading in securities of Interamerican Industries, Ltd. and Penrose Industries Corp., for the further ten-day period November 5-14, 1967, inclusive.

**FLYING TIGER LINE PROPOSES OFFERING.** The Flying Tiger Line Inc., 7401 World Way West, International Airport, Los Angeles, Calif., filed a registration statement (File 2-27597) with the SEC on November 1 seeking registration of \$35,000,000 of equipment trust certificates, 1967 Series B, due 1981, and \$21,000,000 of convertible subordinated debentures, due 1992. It is proposed to offer these securities for public sale in units, each consisting of \$1,000 of certificates and \$600 of debentures. The offering is to be made through underwriters headed by Dominick & Dominick, Inc., 14 Wall St., New York 10005; the offering price and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the scheduled common carriage and charter transportation of property and mail (including air express). Net proceeds of the sale of the certificates will be used to pay up to 80% of the total purchase price of five new DC-8-63F aircraft, the first of which is scheduled for delivery in early 1969, and 20 Pratt & Whitney Model JT3D-7 jet engines which will be originally installed on the aircraft. Such aircraft and engines, costing an estimated total of \$50,000,000, will comprise the trust equipment pursuant to the Equipment Trust Agreement under which the certificates will be issued. Of the net proceeds of the debenture sale, (a) \$9,000,000 will be used to pay the company's portion of the total purchase price of the trust equipment, (b) \$10,000,000 to purchase either (i) a sixth DC-8-63F or (ii) as part payment of the sixth and a seventh DC-8-63F, and (c) the balance will be used for general corporate purposes, including increased working capital requirements. In addition to indebtedness, the company has outstanding 4,538,138 shares, of which management officials own 34,132 shares. Wayne M. Hoffman is board chairman and Robert W. Prescott is president.

**INTERPHOTO CORP. FILES FOR OFFERING AND SECONDARY.** Interphoto Corporation, 45-17 Pearson St., Long Island City, New York 11101, filed a registration statement (File 2-27598) with the SEC on November 1 seeking registration of 149,999 shares of common stock. Of this stock, 100,000 shares are to be offered for public sale by the company and 38,275 (being outstanding shares) by the present holders thereof. The public offering price (\$50.00 per share maximum\*) and underwriting terms are to be supplied by amendment. C. E. Unterberg, Towbin Co., 61 Broadway, and Arnhold and S. Bleichroeder, Inc., 30 Broad St., both of New York, are listed as the principal underwriters. The prospectus also covers 11,724 outstanding common shares owned by John B. Coleman (a director) which will not be sold until March 16, 1968, after which date such shares may be offered for sale from time to time on the American Stock Exchange or otherwise at prices then prevailing.

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The company is engaged in the importing, merchandising and wholesale distribution of a broad range of photographic equipment and supplies and a limited variety of audio equipment and other electronic home entertainment products. Net proceeds of its sale of additional stock will be used to reduce short-term borrowings incurred for working capital purposes. In addition to indebtedness, the company has outstanding 859,942 common shares, of which management officials own 41.7% (including 14.2% owned by Berthold C. Behrendt, honorary board chairman and 13.5% owned by Fritz R. Schoenheimer, board chairman). The prospectus lists four selling stockholders. Samuel Ross and Shirley Ross, as joint tenants, propose to offer 16,949 of their holdings of 67,798 shares, George W. Lutz, 11,724 of 46,896, Business Capital Corporation, 7,484 of 29,936, and Edward J. Ross, 2,118 of 8,474 shares. These shares were issued in exchange for stock of Ross Electronics Corporation upon its acquisition by the company.

HENRY'S DRIVE-IN PROPOSES DEBENTURE OFFERING. Henry's Drive-In, Inc., 1 East Wacker Dr., Chicago, Ill. 60601, filed a registration statement (File 2-27600) with the SEC on November 1 seeking registration of \$3,000,000 of 6-1/2% convertible subordinated debentures, due 1982, and 460,000 two-year common stock purchase warrants, exercisable at \$9.00 per share. It is proposed to offer these securities for public sale in units, each consisting of \$1,000 of debentures and 100 warrants, at \$1,000 per unit. The offering is to be made through underwriters headed by Charles Plohn & Co., 200 Park Ave., New York, which will receive a \$90 per unit commission. Upon completion of the offering, the company has agreed to sell to the underwriter, for \$1,600, 160,000 two-year common stock purchase warrants, exercisable at \$9.00 per share, and to pay to the underwriter \$15,000 for expenses.

The company is engaged in the business of franchising, constructing, selling, leasing, and operating drive-in restaurants. Of the net proceeds of its debenture sale, \$550,000 will be used to repay short-term obligations to banks and others and \$60,000 to meet the mandatory prepayment of an outstanding 7% subordinated note; the balance will be added to working capital and used, together with funds obtained from mortgage financing, to construct new drive-in units. In addition to indebtedness, the company has outstanding 497,705 common shares, of which The Jupiter Corporation owns 29.5% and management officials 9.1%. Harold M. Rich is president and Arthur Sadoff is board chairman.

SEC CLEARS PROPOSED EASTERN GAS ACQUISITION. In a 3 to 1 decision under the Holding Company Act (Release 35-15887) issued today, the Commission granted the application of Eastern Gas and Fuel Associates ("Eastern"), a Boston holding company, for permission to seek to acquire outstanding common shares of Brockton Taunton Gas Company ("Brockton"). Eastern's stated objective is to acquire sufficient stock or control of Brockton as will enable Eastern to coordinate and integrate Brockton's operations with those of Boston Gas Company, a wholly owned subsidiary of Eastern. Brockton opposed the application. Commissioner Budge filed a dissenting opinion; Commissioner Smith did not participate.

In June 1965, Eastern, which then owned 18,766 shares or 4.9% of Brockton's outstanding stock, acquired an option, limited in time to December 31, 1965, and subject to Commission approval, to purchase an additional 16,101 Brockton shares (4.2%) from an institutional investor. When Eastern became convinced that Commission approval would not be obtained by the expiration date of the option in view of the opposition of Brockton's management to any combination of Boston Gas and Brockton, and upon the institutional investor's unwillingness to extend the option, Eastern arranged for the transfer of the option to, and its exercise by Brockton Trust, a trust organized to acquire and hold the optioned shares subject to a further four year option that the Trust gave Eastern. Under the agreement with the Trust, Eastern could direct the sale of the optioned shares and undertook to hold the Trust harmless against any loss. Eastern thereupon filed its application with the Commission seeking permission to exercise its option as well as to acquire additional shares from other Brockton shareholders by means of a cash tender offer.

The Commission found that the proposed acquisition of control of Brockton would meet the requirements of Section 10 of the Holding Company Act, and that such acquisition would serve the public interest by tending towards the economical and efficient development of an integrated gas public-utility system. The Commission also found that the proposed cash tender price of not less than \$39 nor more than \$45 per Brockton share was fair and reasonable. The Commission conditioned its approval of Eastern's application on Eastern's acquiring sufficient stock or achieving sufficient support at Brockton's annual stockholders' meetings to indicate a reasonable prospect of achieving control and coordinated operations as soon as practical under Brockton's system of staggered elections of directors.

The Commission also considered certain questions regarding the legality of Eastern's actions with respect to the assignment of the original option for 16,101 Brockton shares and the effect of those actions on the present application. It noted that the Commission's staff took the position that the assignment and exercise of the original option went beyond the permissible preliminaries to a transaction subject to Commission approval. The Commission in its decision held that it was unnecessary to make a definitive finding regarding the propriety of the option transaction, concluding that even if it were to assume that the option procedures were improper, the application should be approved subject to appropriate conditions. In reaching this decision, which followed the recommendation of the Commission's staff, the Commission took into account, among others, the fact that Eastern appeared to have acted in good faith and filed its application for Commission approval promptly after execution of the agreement; that the questioned transaction had been entered into as a means of consummating a transaction with a single institutional investor that wished to dispose of its holdings at that time and did not involve any change of position on the part of other Brockton security holders or otherwise impede the Commission's determination of the fundamental issues raised by the application; and that full evidentiary hearings had been held and the record established that the proposed acquisitions otherwise satisfied all applicable statutory standards.

Among the conditions imposed by the Commission was that Eastern report within ten days after the completion of its cash tender offer the number of shares acquired pursuant to that offer, and report within 30 days of each Brockton annual shareholder meeting the results of all elections for seats on Brockton's board of directors. The Commission pointed out, however, that its granting of Eastern's application was not a recommendation either to accept or reject Eastern's proposed tender offer; that decision must be made by each stockholder himself.

Commissioner Budge in his dissenting opinion stated that for reasons similar to those set forth in his dissent in American Electric Power, Inc., approval of the subject application was not in compliance with the statute and was contrary to a basic purpose of the Act, namely, to prevent acquisitions of this nature until the Commission has determined that they are in the public interest. Noting that under its arrangements with the trust Eastern could direct the sale of the optioned stock and agreed to save the trust harmless from any loss, Commissioner Budge concluded that Eastern had obtained dominion and control over the optioned shares which constituted an "acquisition." He was of the view that since these arrangements were entered into without the requisite prior approval of the Commission, they constituted a violation of the Act which the Commission should not "ratify and implement."

Commissioner Budge also disagreed in two other areas. Noting that the Act requires an affirmative finding that the acquisition would serve the public interest by tending toward the economic and efficient development of an integrated public utility system, he stated that it appeared to him the bulk of the claimed savings resulting from integration of the two gas companies would be offset by other indicated increases in costs. He was unable to conclude that the resultant savings would be "substantial" within the meaning of the Act. Commissioner Budge also expressed concern that the procedure adopted by the majority in imposing the condition that Eastern obtain a majority of the votes cast at each stockholder's meeting at which directors are to be elected until such time as Eastern secures a majority of the board would serve to prolong the controversy and would adversely affect the operations of both companies.

ADOBE INVESTMENT PROPOSES OFFERING. Adobe Investment Corporation, 601 Wilkinson-Foster Bldg., Midland, Texas 79701, filed a registration statement (File 2-27601) with the SEC on November 1 seeking registration of 18,000 shares of common stock, to be offered for public sale at \$5.00 per unit. The offering is to be made by company representatives, without commission.

Organized under Texas law on October 16, 1967, the company will engage in the general oil and gas business (including the development, operation or sale of presently owned properties), as well as the acquisition of additional properties for exploration, development and operation. Net proceeds of its stock sale will be used to pay operating expenses of the company. It has outstanding 72,000 common shares, all owned by Adobe Oil Company. B. J. Pevehouse is president of both the company and Adobe Oil.

NORTHERN NATURAL GAS PROPOSES DEBENTURE OFFERING. Northern Natural Gas Company, 2223 Dodge St., Omaha, Nebr. 68102, filed a registration statement (File 2-27603) with the SEC on November 2 seeking registration of \$40,000,000 of sinking fund debentures, due 1987. The debentures are to be offered for public sale through underwriters headed by Blyth & Co., Inc., 14 Wall St., New York 10005. The interest rate, public offering price, and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the transmission, distribution and sale of natural gas. It is also engaged in the production, transportation and sale of liquefied petroleum gas, natural gasoline, helium and chemicals. Net proceeds of the company's debenture sale will be used to pay a portion of the costs of its 1967 expansion program, including repayment of a portion of the \$67,000,000 of short-term loans incurred therefor. Construction expenditures for 1967 are estimated at \$156,000,000. W. A. Strauss is president and board chairman.

GENERAL TELEPHONE CO. (CALIF.) PROPOSES BOND OFFERING. General Telephone Company of California, 2020 Santa Monica Blvd., Santa Monica, Calif. 90404, filed a registration statement (File 2-27606) with the SEC on November 2 seeking registration of \$55,000,000 of first mortgage bonds, Series T, due 1997, to be offered for public sale at competitive bidding.

Net proceeds of the company's bond sale will be used to retire some \$30,000,000 of short-term bank loans and \$12,000,000 of commercial paper borrowings incurred in connection with its construction program; the balance will be added to treasury funds to be available for the construction, completion, extension and/or improvement of its facilities in 1967. Construction expenditures for 1967 and 1968 are estimated at \$165,801,000 and \$179,486,000, respectively. R. Parker Sullivan is president.

SEC COMPLAINT NAMES PAUL CARLIN ASSN. The SEC Fort Worth Regional Office announced October 31 (LR-3842) the filing of a complaint in the Federal court in Houston, Texas seeking to enjoin Paul Carlin Evangelistic Association, Inc., a Texas corporation, and Paul Warner Carlin, Sr., of Houston, from further violations of the anti-fraud provisions of the Securities Act, in the offer and sale of Association bonds.

PENROSE INDUSTRIES, OTHERS, ENJOINED. The SEC today announced that the Federal court in Philadelphia had issued an order of preliminary injunction, directing Penrose Industries Corporation, of Philadelphia, and Harry S. Sylk, William H. Sylk and Sidney Goldstein, officers and directors of the defendant company, to file certain corporate reports required under the Securities Exchange Act. (LR-3843)

FLORIDA P&L PROPOSES BOND OFFERING. Florida Power & Light Company, 4200 Flagler St., Miami, Fla. 33134, filed a registration statement (File 2-27612) with the SEC on November 3 seeking registration of \$60,000,000 of first mortgage bonds, due 1997, to be offered for public sale at competitive bidding.

Net proceeds of the company's bond sale will be used to provide additional electric facilities and for other corporate purposes, including repayment of some \$38,000,000 of short-term bank loans incurred therefor. Its 1967-68 construction program is estimated at \$294,600,000, of which \$126,600,000 will be expended in 1967. McGregor Smith is board chairman and Robert H. Fite is president.

**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's "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 November 2 News Digest.

Adirondack Ind Inc Jun 67 (1)	0-21-2
Allied Artists Pictures Corp May 67 (7,8,13)	1-2965-2
Amalgamated Leather Co Inc Sept 67 (7)	0-811-2
Ames Department Stores Inc Sept 67 (7,8)	1-5380-2
Atlanta Motor Lodges Inc Aug 67 (7,13)	0-1995-2
CBF Ind Inc Oct 67 (2,13)	1-3096-2
California Jockey Club Jul 67 (7)	0-1288-2
Commonwealth Assurance Co Sept 67 (2,4,9,11,13)	2-23644-2
Consolidated Leasing Corp of Amer Sept 67 (7,8,13)	1-5201-2
Diamond Laboratories Inc Mar 67 (12)	0-1965-2
Economy Bookbinding Corp Jan 67(7,13)	0-143-2
Freedom Holding Corp Aug 67 (7)	2-23123-2
Great Equity Life Ins Co Sept 67 (12,13)	2-15668-2
Intercontinental Ind Inc Sept 67 (3)	1-4538-2
Palabora Mining Co Ltd Oct 67 (6K)	2-22241-2
Rohm & Hass Co Sept 67 (4,13)	1-3507-2
Saladmaster Corp Oct 67 (12,13)	0-30-2
Scholz Homes Inc Jul 67 (2,13)	0-1156-2
Sheller-Globe Corp Sept 67 (3,7,13)	1-4172-2
Smith Ind International Inc Jul 67 (12)	0-1124-2
Southeastern Public Service Co Oct 67 (7,13)	1-4351-2
Towle Mfg Co Aug 67 (3)	0-454-2
Transcontinental Bus System Inc Sept 67 (11,13)	0-1481-2
Tyco Laboratories Inc Sept 67 (11)	0-2847-2
University Comptuing Co Jul 67 (2,7,12,13)	0-2170-2
Computing & Software Inc Amend #1 to 8K for Sept 66 (13)	0-2417-2
Amend #1 to 8K for Oct 66 (13)	0-2417-2
Great Lakes Chemical Corp Amend #1 to 8K for Mar 66 (13)	1-2630-2
King Bros Ind Inc Amend #1 to 8K for Feb 66 (13)	0-1801-2
Superscope Inc Amend #1 to 8K for Sept 67 (7)	1-5307-2

**SECURITIES ACT REGISTRATIONS.** Effective November 2: Atco Chemical-Industrial Products, Inc., 2-26967 (40 days); Bache & Co. Inc., Hornblower & Weeks-Hemphill Noyes & Goodbody & Co., Sponsors of Municipal Investment Trust Fund, Series I, 2-27131; Borg-Warner Corp., 2-27482 & 27483; Electronic Modules Corp., 2-27351 (90 days); El Paso Natural Gas Co., 2-27370; Garland Corp., 2-27224; Glasrock Products, Inc., 2-27400 (40 days); Magic Chef, Inc., 2-27428; Mauchly Associates, Inc., 2-27122 (90 days); Medtronic, Inc., 2-27229; Oxford Industries, Inc., 2-26100; Pacific Southwest Airlines, 2-27326 (40 days); Rex-Noreco, Inc., 2-27311 (90 days); SCM Corp., 2-27427.

**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.