

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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CORPORATE WORKING CAPITAL REPORTED. The SEC today announced that the net working capital of U. S. corporations increased \$1.6 billion in the second quarter of 1969. Working capital, which represents business investment in current assets in excess of current liabilities, totaled \$218.3 billion at the end of June, \$8.5 billion over the year earlier figure. The second quarter rise compares with increases of \$2.3 billion in the first quarter and \$3.8 billion in the corresponding quarter of 1968. For further details, see Stat. Release No. 2389.

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Rajac Industries, Inc., for the further ten-day period September 24 to October 3, 1969, inclusive.

UNLISTED TRADING SOUGHT. The SEC has issued orders under the Securities Exchange Act (Release 34-8703) giving interested persons until October 7 to request a hearing upon applications of the following exchanges for unlisted trading privileges in the common stocks or specified securities of the named companies:

Boston Stock Exchange - The Chase Manhattan Corporation

Lykes-Youngstown Corporation - Common stock and \$2.50 convertible preferred stock, Series A (\$1 par)

Detroit Stock Exchange - Wolverine World Wide, Inc.

Midwest Stock Exchange - Bucyrus-Erie Company, General Public Utilities Corporation, Union Pacific Corporation, International Telephone & Telegraph Corporation - \$4 convertible preferred stock, Series K

Philadelphia-Baltimore-Washington Stock Exchange - The Chase Manhattan Corporation

ART FUND PROPOSES OFFERING. The Art Fund, 24 Partridge Road, Lexington, Mass. 02173, filed a registration statement (File 2-34667) with the SEC on September 19 seeking registration of 1,000,000 shares of beneficial interest, to be offered for public sale at \$5 per share. Arts Management Corporation, Trustee to the Fund, will serve as distributor of the Fund's shares at no compensation; participating NASD members may receive a 6½% per share selling commission. In August, Lewis G. Pollock, president, and Michael Winer, treasurer, and founders of the Fund, acquired a total of 5,000 shares (all the outstanding shares) for \$25,000 and, for \$100, five-year warrants to purchase 80,000 shares, exercisable after one year at \$6 per share. The primary objective of the Fund will be the formation of a significant art collection of museum quality and stature, drawing from the mainstream of modern art over the past two centuries. Arts Management, as Trustee to the Fund, will administer its investment operations and act as advisor and consultant to it. Net proceeds of the Fund's sale of shares will be used to acquire paintings, sculpture, drawings, prints and other fine arts media of all periods, with special focus on works of living artists. Sam Hunter is board chairman.

NORTHEASTERN BANKSHARE PROPOSES EXCHANGE OFFER. Northeastern Bankshare Association, 35 Ash St., Lewiston, Me. 04240, filed a registration statement (File 2-34668) with the SEC on September 19 seeking registration of 953,854 shares of common stock. Of these shares, 600,000 are to be offered in exchange for the 250,000 outstanding shares of capital stock of First-Manufacturers National Bank of Lewiston and Auburn, 31,500 in exchange for the 1,500 outstanding shares of capital stock of The Peoples National Bank of Farmington, and 115,354 in exchange for all of the 21,350 outstanding shares of capital stock of Westbrook Trust Company, at the rate of 2.4 company shares for each share of First Bank stock, 21 company shares for each Peoples Bank share and 5.403 company shares for each Westbrook Trust share. The remaining 207,000 shares are to be distributed as a stock dividend on its presently outstanding common stock (200,000 shares), at the rate of 1.035 shares for each share outstanding. Effectiveness of the exchange offers is contingent upon acceptance by holders of at least 80% of the outstanding stock of the respective banks.

The company (formerly Eastern Trust Financial Associates) was organized in 1968 to provide a vehicle for the affiliation of banking corporations. Frederic S. Newman is board chairman and president. Upon consummation of the exchange offers, Stephen D. Trafton (formerly president of First Bank) will be nominated as board chairman and Woodbury C. Titcomb, president of First Bank, as president of the company.

CONSOLIDATED-TOMOKA LAND TO SELL STOCK. Consolidated-Tomoka Land Co., Florida State Road 17 South at U. S. Highway 27 South, Sebring, Fla. 33870, filed a registration statement (File 2-34669) with the SEC on September 19 seeking registration of 225,000 shares of common stock, to be offered for public sale through underwriters headed by Reynolds & Co., 120 Broadway, New York 10005. The offering price (\$15 per share maximum*) and underwriting terms ~~are~~ to be supplied by amendment.

The company owns and operates approximately 5,000 acres of orange and grapefruit groves in Highlands County, Fla. Of the net proceeds of its stock sale, \$500,000 will be used to repay 6½% demand notes issued to Consolidated Financial Corporation (of which Consolidated-Tomoka is a wholly-owned subsidiary) in connection with the financing of a motel and \$550,000 will be applied to the construction of warehouse buildings for rental to others, to the balance payable in constructing and equipping a new fresh fruit citrus packing plant and to the purchase of citrus production equipment; the balance will be added to the company's general funds and used for general corporate purposes. The company has outstanding 1,000,000 common shares. James Fentress is president.

OVER

AMERICAN MICRO-SYSTEMS PROPOSES RIGHTS OFFERING. American Micro-systems, Inc., 3800 Homestead Road, Santa Clara, Calif. 95051, filed a registration statement (File 2-34670) with the SEC on September 19 seeking registration of 171,796 shares of common stock, to be offered for subscription by common stockholders of record August 29 at the rate of one new share for each ten shares held. The subscription price (\$20 per share maximum*) is to be supplied by amendment.

Organized in June 1966, the company is engaged in the business of developing, designing and manufacturing metal-oxide-silicon ("MOS") field effect transistors and MOS large scale integrated arrays. Part of the net proceeds of its stock sale will be used to retire short-term bank debt, \$1,500,000 to acquire additional engineering and manufacturing equipment and \$313,250 to prepay 7% subordinated notes to shareholders; the balance will be used for general corporate purposes. The company has outstanding 1,717,955 common shares (with a \$2.76 per share book value), of which Howard S. Bobb, president and board chairman, owns 11.2% and management officials as a group 40.8%.

FIRST REAL ESTATE INVESTMENT TRUST PROPOSES OFFERING. First Real Estate Investment Trust, 421 Union St., Nashville, Tenn. 37219, filed a registration statement (File 2-34671) with the SEC on September 19 seeking registration of 600,000 guaranteed income certificates, 100,000 preferred income certificates and 150,000 shares of capital stock. The guaranteed and preferred income certificates are to be offered for public sale at \$1 per certificate and the capital shares at \$2 per share. No underwriting is involved.

First Real Estate Investment Trust is a business trust, whose duration will be for the life of certain named children of whom seven are under the age of ten years. The initial investment of the trust will be in the fee title to industrial property which is under option to the Trust from Mathews United, a partnership by and between R. C. Mathews and Robert C. H. Mathews, Jr., two of the initiators of the Trust. The Trust intends to qualify as a real estate investment trust. General Enterprises Management, Inc. (controlled by Robert C. H. Mathews, Jr.) will manage the Trust. John S. Bransford, Herschel L. Greer, R. C. Mathews and Joe D. Williams are Trustees.

FAMILY FINANCE TO SELL DEBENTURES. Family Finance Corporation, 919 Market St., Wilmington, Del. 19899, filed a registration statement (File 2-34673) with the SEC on September 19 seeking registration of \$50,000,000 of senior debentures, due 1989, to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York 10004. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the direct consumer loan business and related activities. Net proceeds of its debenture sale will be added to the company's general funds and will be available as additional working capital. Such working capital will be used for advances to subsidiaries as required for use in their businesses and for other general corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 4,414,285 common shares. William B. Paul, Jr., is board chairman and Joseph H. Louis president.

AFFILIATED HOSPITAL - UNITED INDUSTRIAL EXCHANGE PROPOSED. Affiliated Hospital Products, Inc., 1920 South Jefferson Ave., St. Louis, Mo. 63104, filed a registration statement (File 2-34672) with the SEC on September 19 seeking registration of 700,000 shares of common stock. United Industrial Corporation proposes to offer these Affiliated shares to holders of United's common stock and Series A convertible preferred stock (other than United officials), at the rate of one Affiliated common share for each United common share and one Affiliated common share for each United preferred share. Hirsch & Co. has agreed to head a group of dealers who will solicit acceptances of the exchange offer. United owns 1,621,378 shares, or approximately 92% of the outstanding common stock of Affiliated. Assuming the exchange offer is 100% accepted, United will then own 921,378 or approximately 52% of the outstanding Affiliated common stock.

Affiliated is engaged primarily in the manufacture and sale of sterile and non-sterile surgeons' latex gloves, surgical and obstetrical tables, hospital and nursing home furniture and equipment and disposable hypodermic and dental needles. Bernard Fein is president and board chairman of Affiliated and of United.

PENNZOIL UNITED PLAN APPROVED. The SEC today announced a decision under the Holding Company Act (Release 35-16481) approving a Section 11(e) plan filed by Pennzoil United, Inc., Houston, Tex., to effectuate compliance with order of the Commission dated February 7, 1968 directing Pennzoil Company (predecessor) and its then subsidiary gas utility company, United Gas Corporation, to dispose of all their direct and indirect interest in all of the gas utility assets then owned by United.

Under the plan, the retail gas distribution properties (excluding those serving the City of Monroe, La.) are to be transferred to a new company, United Gas, Inc.; in exchange therefor, Pennzoil United will receive \$62,000,000 of bonds, \$8,000,000 of debentures, and 4,056,714 shares of common stock of United Gas, Inc. The latter's common shares are to be offered by Pennzoil United for subscription pro rata by its stockholders; the rights offering will be underwritten, with any unsubscribed shares to be sold to the public. Pennzoil United will dispose of the bonds and debentures by February 7, 1970. A proposal will be filed later by Pennzoil United for the disposition of the retail gas system serving Monroe, La.

25 CITED FOR FUND BROKERAGE PRACTICES. The SEC has ordered administrative proceedings under the Federal securities laws involving the following:

- (a) Hertz, Warner & Co.
Irving Hertz and Norman Carney
Dishy, Easton & Co.
Bernard Dishy (see settlement offer of these two respondents, discussed below)
- (b) IOS Ltd., (S.A.)
Bernard Cornfeld and Edward Cowett
Investors Planning Corporation of America
Raymond Grant and Robert F. Sutner
- (c) Arthur Lipper Corporation
Arthur Lipper III
- (d) Provident Management Corporation
Porteous and Company, Inc.
Douglas K. Porteous and Jack S. Lautsbaugh
Douglas K. Porteous
Jack S. Lautsbaugh, d/b/a The Investor's Clinic
Harry C. Dackerman and Company, Inc.
Morris Waber, Harry C. Dackerman and Henry L. McKay
Newburger and Company
Frank L. Newberger, Jr., Richard L. Newburger and Alfred A. S. Whitaker

The proceedings are based upon allegations of the Commission's staff that the respondents engaged in practices designed to channel fund brokerage to or for the benefit of affiliated persons, in violation of provisions of the Federal securities laws and Commission rules thereunder. A hearing will be scheduled by further order to take evidence on the staff allegations and afford the respondents, except the two who made settlement offers, an opportunity to offer any defenses thereto, for the purpose of determining whether the allegations are true and, if so, whether any action of a remedial nature is necessary or appropriate in the public interest.

With respect to Dishy, Easton & Co. and Bernard Dishy, these two respondents made an offer of settlement, which the Commission accepted (Release 34-8702). Under the terms thereof, and without admitting or denying the allegations, that firm and individual consented to the issuance of an order by the Commission finding that they had engaged in activities violative of law, as alleged. Dishy, Easton & Co. also consented to a suspension of its business as a broker-dealer for fifteen days, commencing September 29; and Bernard Dishy consented to the issuance of an order barring him from association with a broker-dealer for the period September 29 to November 19, 1969, inclusive. Under the terms of ^{the} firm's offer of settlement, it may (during the suspension period) render floor brokerage services on the American Stock Exchange to other broker-dealers who maintain private wire connections with the firm for the purpose of obtaining executions on that Exchange and who do not maintain their own traders on the floor of the Exchange, provided that commissions earned on such services shall not be retained by the firm.

SECURITIES ACT REGISTRATION. Effective September 22: Astro-Era Corp., 2-31854 (90 days); Charter Capital Corp., 2-31906 (90 days); Commercial Capital Systems, Inc., 2-32846 (90 days); Gail Roberts, Inc., 2-33271 (90 days); Grolier Inc., 2-34586; Shenandoah Variable Annuity Fund A, 2-31076.

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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