

# 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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## COMMISSION ANNOUNCEMENTS

**SEC CITES TWENTY-FOUR FIRMS.** The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving twenty-four registered broker-dealer firms. As to the following, the proceedings are based upon allegations of the Commission's staff that each of the respondent firms failed to file the required report of financial condition for 1969:

1. L. J. Berman & Co., Inc., Canoga Park, Calif.
2. Daniel S. Brier & Co., Inc., Greenlawn, N. Y.
3. Max Choueka, Brooklyn, N. Y.
4. Fidelity International Securities Corporation, Goleta, Calif.
5. John P. Fox, Mt. Vernon, N. Y.
6. Robert Melvin Green, d/b/a Financial Planning Services and American Option Company, East Palo Alto, Calif.
7. Louis Guiducci, New York, N. Y.
8. Albert A. Hans, New York, N. Y.
9. Alex Kajouras, d/b/a Alex Kajouras & Co., New York, N. Y.
10. David T. Kleinman, New York, N. Y.
11. Manjira Mutual Funds, Inc., New York, N. Y.
12. Harry I. Nadler, d/b/a Harry I. Nadler & Company, Mason City, Iowa
13. James Robert Parker, d/b/a J. R. Parker & Company, Norfolk, Va.
14. John Ryerson & Co., Inc., Douglaston, N. Y.
15. Nathan Salinger, d/b/a Salinger Investment Company, Mahopac, N. Y.
16. Special Markets, Inc., White Plains, N. Y.

Each of the following is alleged by the staff to have failed to file the required financial report within five months of the effective date of its registration as a broker-dealer:

17. Acme Securities Co., Inc., New York, N. Y.
18. CDM Securities Corp., San Francisco, Calif.
19. Decade Distributing Corporation, Los Angeles, Calif.
20. A. J. Gary & Co., Inc., Brooklyn, N. Y.
21. JAS Investors Brokerage Corp., Brooklyn, N. Y.
22. V. L. Kashner, Inc., Bronx, N. Y.
23. Leader Securities Company, Inc., New York, N. Y.
24. Scott, Fletcher & Company, Inc., Ridgewood, N.J.

It is further alleged that the respondents named in 1, 4, 7, 9, 10, 17, 18, 19 and 24 also failed to comply with the Commission's qualification and fee requirements applicable to non-NASD member firms. Hearings will be held pursuant to further order to take evidence on the staff allegations and to afford the respective respondents an opportunity to offer any defenses thereto, for the purpose of determining whether there was a failure to comply with the reporting and/or other requirements, as alleged, and, if so, whether any action of a remedial nature is necessary or appropriate in the public interest.

**HYDROPONICS OFFERING SUSPENDED.** The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed public offering of stock by Hydroponics, Inc. (formerly Royal Garden Farms, Inc.), of Hurricane, Utah. The order provides an opportunity for hearing upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed on May 11, 1970, as later amended, Hydroponics proposed the offering of 2,645,000 common shares at 10¢ per share through First Fidelity Underwriters, Inc., of Salt Lake City. In its suspension order, the Commission asserts that it has reasonable cause to believe that the company's notification and offering circular are false and misleading in respect of certain material facts, particularly with reference to statements therein that eight parties were issued 25,000 shares each for loans of \$5,000 each, which loans were interest free, unsecured, and repayable from the proceeds of the public offering. It is alleged that Hydroponics failed to disclose that these shares were not all issued, and that the loans were convertible by each party into 50,000 shares included in the offering (an aggregate of 400,000 shares) over and above the initial 25,000 shares each. There also was a failure to disclose that the company suffered a \$43,000 loss in its first seven months of operation (contrary to reports that it was operating at a profit) and that its current liabilities exceeded its current assets.

OVER

HOLDING COMPANY ACT RELEASES

ALABAMA POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16895) authorizing Alabama Power Company, Birmingham subsidiary of The Southern Company, to issue and sell \$60,000,000 of first mortgage bonds and 100,000 shares of preferred stock (\$100 par) at competitive bidding. Alabama Power will use the net proceeds of its financing together with excess cash on hand and the proceeds from the sale of 240,000 shares of common stock to the parent, to finance its 1970 construction program (estimated at \$158,666,000), to pay outstanding short-term bank loans incurred for such purpose and for other purposes.

COLUMBIA GAS SERVICE SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16896) giving interested persons until November 25 to request a hearing upon an application of Columbia Gas System Service Corporation ("Service"), wholly-owned subsidiary of The Columbia Gas System, Inc., to issue and sell a maximum of 10,000 shares of common stock (\$100 par) to the parent for \$1,000,000, and to issue from time to time through 1974 a maximum of \$2,500,000 principal amount of unsecured promissory notes, also to the parent. Service will apply the net proceeds of its financing toward the reduction of overhead clearing accounts (\$231,000), towards payment of construction requirements (estimated at \$1,840,000 during 1970-1971), toward meeting current maturities on installment promissory notes (\$377,000 during 1970-1971), and to provide additional working capital for the years 1970-1974 (\$1,600,000).

MICHIGAN POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16897) authorizing Michigan Power Company, Three Rivers, Mich., subsidiary of American Electric Power Company, Inc., to sell, for \$617,693 (the approximate cost of construction) 93,000 feet of steel pipeline together with all appurtenances, right of way and regulator stations, to Northern Natural Gas Company, a nonassociate company. The pipeline section extends from Northern's facilities in Carp Lake Township, Mich., to Michigan Power's distribution facilities in Ontonagon Township, Mich.

LOUISIANA POWER & LIGHT SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16898) giving interested persons until November 30 to request a hearing upon an application by Louisiana Power & Light Company, a subsidiary of Middle South Utilities, Inc., to issue and sell \$40,000,000 of short term notes (including commercial paper). The proceeds of the sale of the notes will be used for construction and other corporate expenditures. The company also proposes to transfer \$3,125,000 from its retained earnings account to its common capital stock account for the stated purpose of strengthening Louisiana's capital structure for the benefit of holders of all classes of its securities. The company's construction program contemplates expenditures of \$75,700,000 for 1970, \$110,000,000 for 1971 and \$120,000,000 for 1972.

INVESTMENT COMPANY ACT RELEASES

CARTER GROUP WITHDRAWS APPLICATION. The SEC has issued an order under the Investment Company Act (Release IC-6235) discontinuing proceedings on an application by The Carter Group, New York, with respect to its proposed investment in Goodbody and Company, a New York member firm. Carter Group has withdrawn its application, stating that its proposed investment is no longer contemplated because Goodbody has entered into a transaction with Merrill Lynch, Pierce, Fenner & Smith, Inc.

FRANK A. WEIL RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-6236) permitting Frank A. Weil, New York, a general partner of Loeb, Rhoades & Co., New York, to continue to serve as an official of Abacus Fund Inc., despite any restrictions arising from a November 1968 court order of injunction against Loeb, Rhoades and its partners involving the sale of stock of Lynbar Mining Corporation.

COURT ENFORCEMENT ACTION

MAURICE OLEN SENTENCED. The SEC Atlanta Regional Office announced November 6 (LR-4803) that Maurice E. Olen, Mobile, Ala. pleaded guilty in Federal court in New Orleans to two counts of securities and mail fraud in connection with the sale of stock of Louisiana Investment and Loan Corporation. The court suspended imposition of prison sentence and Olen was placed on active probation for a period of five years and prohibited from soliciting or accepting funds for investment purposes, or accepting any fees or commission for the procurement of funds for investment in any form of security.

SECURITIES ACT REGISTRATIONS

STOCK PLANS FILED. The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

Mammoth Mart, Inc., West Bridgewater, Mass. 02379 (File 2-38765) - 186,626 shares  
Automatic Data Processing, Inc., Clifton, N. J. 07015 (File 2-38766) - 85,432 shares  
American International Group, Inc., New York, N. Y. 10005 (File 2-38768) - 125,000 shares

CONTINUED

**MERCANTILE STORES TO SELL DEBENTURES.** Mercantile Stores Company, Inc., 128 W. 31st St., New York, N. Y. 10001, filed a registration statement (File 2-38749) with the SEC on November 5 seeking registration of \$25,000,000 of sinking fund debentures, due 1995, to be offered for public sale through underwriters headed by White, Weld & Co., 20 Broad St., New York, N. Y. 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company conducts a general retail department store business in 18 states and the Province of Ontario, Canada. Of the net proceeds of its debenture sale, \$10,000,000 will be used to repay borrowings incurred in 1970 in connection with the company's current expansion program and the balance will be applied to such program during the remainder of 1970 and in 1971. Capital expenditures incurred for new stores, and related working capital, principally for inventories, are estimated at \$18,000,000 during the current year and \$30,000,000 during 1971. In addition to indebtedness, the company has outstanding 2,947,818 common shares, of which management officials as a group and their associates own 41.7%. Harold W. Jockers is board chairman and R. Nelson Shaw president.

**TANDY CORP. TO SELL STOCK.** Tandy Corporation, 2727 W. 7th St., Fort Worth, Tex. 76107, filed a registration statement (File 2-38752) with the SEC on November 5 seeking registration of 700,000 shares of common stock, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, New York, N. Y. 10005 and two other firms. The offering price (\$47 per share maximum) and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the marketing of leisure time products, including consumer electronics equipment and hobby and handicraft supplies. Net proceeds of its stock sale will initially be used to reduce the company's short-term borrowings from banks (\$32,555,000 at October 31), which borrowings were used primarily for working capital purposes, including increased inventories and receivables and the opening of new outlets. In addition to indebtedness, the company has outstanding 4,063,175 common shares, of which management officials as a group own 19.2%. Charles D. Tandy is board chairman and chief executive officer and James L. West president.

**FIDELITY MORTGAGE INVESTORS PROPOSES OFFERING.** Fidelity Mortgage Investors (the "Trust"), One Federal St., Boston, Mass. 02110, filed a registration statement (File 2-38753) with the SEC on November 5 seeking registration of \$25,000,000 of convertible subordinated debentures, due 1985, with warrants to purchase shares of beneficial interest, to be offered for public sale in units, each consisting of a \$1000 debenture and warrants, and at \$1,000 per unit. The offering is to be made through underwriters headed by Walston & Co., Inc., 77 Water St., New York, N. Y. 10005; the number of warrants and underwriting terms are to be supplied by amendment.

The Trust is a real estate investment trust which invests funds primarily in short-term construction and development loans secured by first mortgages. Performance Mortgage Advisors, Inc., serves as investment adviser. The Trust has outstanding 2,005,000 shares of beneficial interest. Laurence F. Lee, Jr., is board chairman and Roy B. Davis, Jr., president of the Trust and Donald L. Goetz is board chairman and Philip E. Alford president of the investment adviser.

**MISSISSIPPI POWER TO SELL BONDS.** Mississippi Power Company, 2992 West Beach, Gulfport, Miss. 39501, filed a registration statement (File 2-38755) with the SEC on November 6 seeking registration of \$15,000,000 of first mortgage bonds, to be offered for public sale at competitive bidding. A wholly-owned subsidiary of The Southern Company, the company will use the net proceeds of its bond sale, together with \$2,000,000 from the sale of common stock to the parent and approximately \$11,639,000 of funds derived from internal sources, to finance its 1970 construction expenditures of \$19,626,000 and to pay \$12,217,000 of notes expected to be outstanding at the time of the bond sale. Construction expenditures are estimated at \$105,660,000 through 1972.

**ROCKWELL MFG. TO SELL DEBENTURES.** Rockwell Manufacturing Company, 400 North Lexington Ave., Pittsburgh, Pa. 15208, filed a registration statement (File 2-38756) with the SEC on November 6 seeking registration of \$35,000,000 of sinking fund debentures, due 1995, to be offered for public sale through underwriters headed by Kuhn, Loeb & Co., 40 Wall St., New York, N. Y. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is a leading manufacturer of flow-measurement equipment and flow-control equipment. It also produces power tools and plumbing fittings. Net proceeds of its debenture sale will be used to retire certain of the company's bank borrowings incurred during the past five years to finance a portion of its capital improvement program, acquisitions and investments and to augment working capital. In addition to indebtedness, the company has outstanding 6,038,203 common shares, of which management officials as a group own 17%. Willard F. Rockwell is board chairman, Willard F. Rockwell, Jr. vice chairman and chief executive officer and Clark Daugherty president.

**NATIONAL STEEL TO SELL DEBENTURES.** National Steel Corporation, 2800 Grant Bldg., Pittsburgh, Pa. 15219, filed a registration statement (File 2-38757) with the SEC on November 6 seeking registration of \$90,000,000 of first mortgage bonds, due 1995, to be offered for public sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York, N. Y. 10005, and two other firms. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the production of steel. A portion of the net proceeds of its bond sale will be used to fully repay term bank loans in the aggregate principal amount of \$20,625,000 and short term bank loans. Such short-term bank loans presently aggregate \$22,000,000 and are expected to increase substantially prior to the bond sale. The balance will be added to the company's general funds and will be available for additional working capital and future capital outlays. Such borrowings were incurred in connection with capital additions. In addition to indebtedness, the company has outstanding 16,427,626 common shares. George A. Stinson is president.

**BURTONIAN THOROUGHBRED BREEDING TO SELL STOCK.** Burtonian Thoroughbred Breeding, Inc., 13501 Batterum Rd., Burton, Ohio 44021, filed a registration statement (File 2-39758) with the SEC on November 6 seeking registration of 250,000 shares of common stock, to be offered for public sale at \$5.50 per share. The offering is to be made through underwriters headed by Greese & Ladd, One Battery Park Plaza, New York, New York 10004, which will receive a 55¢ per share commission plus \$41,250 for expenses plus 25,000 common stock purchase warrants.

The company was organized in July 1969 to acquire the assets of the business of Harold Sobol, its president, which commenced operations in 1968 under the name Burtonian Farms. The company is engaged in breeding its own thoroughbred racing horses and selling the resulting offspring. Net proceeds of its stock sale will be used for these and related purposes. In addition to indebtedness, the company has outstanding 500,000 common shares (with a \$1.06 per share book value), of which Sobol owns 45% and management officials as a group 66.3%. Purchasers of the shares being registered will sustain an immediate dilution of \$3.14 in per share book value from the offering price.

**PACIFIC GAS TRANSMISSION PROPOSES RIGHTS OFFERING.** Pacific Gas Transmission Company, 245 Market St., San Francisco, Calif. 94106, filed a registration statement (File 2-38759) with the SEC on November 6 seeking registration of 1,046,067 shares of common stock. It is proposed to offer these shares for subscription by common stockholders of record December 8, at the rate of one new share for each three shares held. The subscription price (\$13 per share maximum\*) is to be supplied by amendment.

The company owns and operates a natural gas transmission pipeline extending from the international boundary between Canada and the United States to the California border. Net proceeds of its stock sale will be used to retire a portion of the short-term notes issued for temporary financing of plant additions, expected to approximate \$35,000,000 at the time such proceeds are received. In addition to indebtedness, the company has outstanding 2,973,224 common shares.

**DEVON APPAREL FILES FOR OFFERING AND SECONDARY.** Devon Apparel, Inc., 3300 Frankford Ave., Philadelphia, Pa., 19134, filed a registration statement (File 2-38760) with the SEC on November 6 seeking registration of 317,289 shares of common stock, of which 150,000 are to be offered for public sale by the company and 167,289 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Bache & Co., Incorporated, 36 Wall St., New York, N. Y. 10005; the offering price (\$26 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company designs, manufactures and sells women's coordinated apparel produced primarily from synthetic fibers. Its principal products are sweaters, slacks, skirts, vests, jackets and shirts. Of the net proceeds of its sale of additional stock, \$340,000 will be used by the company to purchase additional knitting and related equipment, \$202,000 to pay off a mortgage note, \$275,000 for the construction of a new warehouse and \$1,450,000 to eliminate temporarily bank loans incurred during the last year to provide working capital; the balance will be used for the company's working capital and for the possible purchase of additional manufacturing facilities and equipment. In addition to indebtedness, the company has outstanding 850,125 common shares, of which William Forcum, president, and Stanley Matzkin, executive vice president, own approximately 24.5% each. Each proposes to sell 60,000 shares of 208,728 and 208,218 shares held, respectively, and eight others the remaining shares being registered.

#### MISCELLANEOUS

**TRADING SUSPENSIONS CONTINUED.** The SEC has ordered the suspension of over-the-counter trading in the securities of Continental Vending Machine Corporation and Picture Island Computer Corporation for the further ten-day period November 12-21, inclusive.

**DELISTING GRANTED.** The SEC has issued an order under the Securities Exchange Act (Release 34-9020) granting an application of the American Stock Exchange to strike from listing and registration the common stock of Penrose Industries Corporation, effective at the opening of business on November 9, 1970. Trading in the company's common stock on the Exchange has been suspended since July 28, 1967 because of its failure to publish and distribute an annual report for its fiscal year ended January 31, 1967 and the resultant lack of current information available to the public concerning its financial condition. In October 1967, the company published a fiscal 1967 annual report which reflected a loss of \$6.9 million and a net worth deficit of \$5.9 million. The company has not published or distributed annual reports for fiscal 1968 or 1969, but the Exchange has been furnished with audited reports for those years, both of which reflected continuing losses, and a deficit of \$8,430,497 in net worth and net tangible assets as of January 31, 1969.

**SECURITIES ACT REGISTRATIONS.** Effective November 9: Agway Inc., 2-38615; Allegheny Power System, Inc., 2-38559; Amrep Corp., 2-38568; Associated Products, Inc., 2-37221; Citizens Utilities Co., 2-38567; Presidio Oil Funds, Inc., 2-37164 (90 days); USP Real Estate Investment Trust, 2-37029; Wabash Magnetics, Inc., 2-37614 (40 days).  
Withdrawn November 6: Nationwide Vault Corp., 2-38030.

**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.