

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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**CENTRAL SERVICE LIFE FILES EXCHANGE PROPOSAL.** Central Service Life Insurance Company, 772 Commercial St., S. E., Salem, Oregon, filed a registration statement (File 2-24059) with the SEC on September 27 seeking registration of 5,340,238 shares of common stock. Of this stock, 4,340,238 shares are to be offered in exchange for capital stock of Federated Security Insurance Company (Federated) and Oregon National Life Insurance Co. (Oregon), at the rate of three company shares for each of Federated's 556,486 outstanding shares, and one company share for each of Oregon's 3,645,780 outstanding shares. The remaining 1,000,000 shares are to be offered for public sale on a "best efforts" basis through Oregon Underwriters, Inc., Box 716, Salem, Ore., which will receive a selling commission of 15%. The public offering price (\$3.50 per share maximum\*) is to be supplied by amendment. The underwriter is also to receive warrants to purchase up to 416,922 common shares for services in solicitation of shareholder approval and tender of shares for exchange. The company is also registering options to purchase 395,690 common shares, to be exchanged for outstanding Federated and Oregon options. The registration statement includes the common stock underlying such warrants and options.

Organized under Oregon law in September 1965, the company intends to engage in the business of writing life, accident and health insurance and to act as a parent corporation to provide centralized management for the companies to be acquired as subsidiaries and for any subsidiaries hereafter acquired or formed. Oregon (located in Salem, Ore.) was organized under Oregon law as a life insurance company in 1964 and Federated (located in Salt Lake City, Utah) is a stock insurance company organized under Utah law in 1950. Through a subsidiary, Oregon controls 58% of the outstanding stock of Federated. Net proceeds from the company's stock sale will be added to capital and surplus and used in the conduct of its insurance business. Walter C. Leth and Lincoln Hanks are chairman and president, respectively, of the company and Oregon.

**GREAT FIDELITY INVESTMENT PROPOSES OFFERING.** The Great Fidelity Investment Company, 4315 North MacArthur, Oklahoma City, Okla., filed a registration statement (File 2-24076) with the SEC on September 28 seeking registration of 750,000 shares of common stock. The stock is to be offered for public sale on a best efforts basis by All Stock Investors, Inc., of the Oklahoma City address, for which it will receive a selling commission of \$1.50 per share (plus up to 2% as reimbursement for expenses).

Organized in February 1962, the company is engaged in the insurance business through subsidiaries: Cattlemen's Life Insurance Company of Texas, in which it has a 54.5% equity interest, and The Great Fidelity Life Insurance Company, of Oklahoma, in which it has a 99.5% equity interest. Net proceeds of this financing are to be added to the company's working capital to provide for the purchase of existing insurance business, the purchase of controlling interest in additional life insurance companies and/or the charter and operation of new insurance company subsidiaries. Some \$150,000 may be invested in Great Fidelity Life and \$300,000 in Cattlemen's Life. The company now has outstanding 487,822 common shares, of which management officials own 43.1% (Lee R. Baker, president, and Robert O. Hall, secretary-treasurer, each owns 10.8%). Sale of the new shares would increase the book value of common shares from 74¢ to \$5.29. After such sale, existing shareholders will own 487,822 shares (39.4% of shares then outstanding) for which the company was paid \$449,218.50 during 1962-64 (before payment of underwriting commissions and expenses). The existing stockholders include promoters and management officials who own 343,617 shares for which the company received \$169,308.50. The new public investors will own 750,000 shares (60.6% of the then outstanding shares) which will have been acquired by them at a cost of \$7,500,000.

**MISSOURI NATIONAL LIFE PROPOSES OFFERING.** Missouri National Life Insurance Company, 1006 Grand Avenue, Kansas City 6, Mo., filed a registration statement (File 2-24077) with the SEC on September 28 seeking registration of 303,875 shares of capital stock, to be offered for public sale through underwriters headed by Orvis Brothers & Co., of 30 Broad St., New York 4, N.Y. The public offering price (\$5 per share maximum\*) and underwriting terms are to be supplied by amendment. An additional 66,150 shares are being registered for sale under the company's Restricted Stock Option Plan.

The company writes life and accident and health insurance. Net proceeds of its stock sale will be added to capital and surplus and will be employed in the company's business to absorb the cost of writing new insurance, including the reserves thereon, and will enable the company to expand its business and retain a greater percentage of risks undertaken. The company now has outstanding 449,975 shares, of which some 30% is owned by management officials. Daniel H. Shteamer is president and board chairman.

**NATIONAL VARIABLE ANNUITY CO. OF FLA. SEEKS ORDER.** National Variable Annuity Company of Florida Separate Account (Separate Account), Jacksonville, Fla., has applied to the SEC for an exemption order under the Investment Company Act permitting it to sell group variable annuity contracts at a price equal to the current value of the accumulation units plus a combined charge of 6% (exclusive of any applicable state premium taxes) for sales and administrative expenses and the minimum death benefit

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before retirement. The Commission has issued an order (Release IC-4364) giving interested persons until October 21 to request a hearing thereon. According to the application, Separate Account was organized in August 1965, as a subsidiary of National Variable Annuity Company of Florida, to fund variable annuity contracts. Section 22(d) of the Act provides, in pertinent part, that no registered investment company shall sell any redeemable security issued by it to any person except at the current offering price described in the prospectus. Applicant represents that it is unable to state precisely the amount of the combined charge of 6% which is applicable to sales load. In addition, the group variable annuity contracts also contain provisions for experience rating credits, under which the actual sales and administrative expenses and the minimum death benefit before retirement costs applicable to that contract are determined annually and each participant receives a credit for his share of the excess, if any, of the amounts deducted for such expenses over such actual costs. No additional charge is made to the participant's account if the costs exceed the amounts deducted. Applicant has reserved the right to increase the combined charge to 9%, the maximum sales load which may be charged under Section 27(a) of the Act by applicant on its periodic payment plan certificates.

**GULF POWER SEEKS ORDER.** Gulf Power Company, an electric-utility subsidiary of The Southern Co., has applied to the SEC for an order under the Holding Company Act extending to July 1, 1966, the period which it is authorized to sell \$10,000,000 of notes to banks; and the Commission has issued an order (Release 35-15318) giving interested persons until October 27 to request a hearing thereon. By order of March 11 the Commission authorized the sale of such notes from time to time prior to November 1, 1965, all of which were to be paid by the end of 1965 through the sale of long-term securities. Gulf Power states that the proposed extension will enable it to consolidate its sale of first mortgage bonds originally planned for late 1965 with the sale of long-term securities to take place around mid-1966, and thus avoid certain duplicate costs associated with two offerings. Proceeds from the note sale will be used in connection with Gulf Power's construction program, estimated to cost \$12,500,000 in 1965 and \$20,400,000 in 1966.

**MERCURY CHEMICAL PROPOSES OFFERING.** Mercury Chemical Corporation, U. S. Highway #1, Metuchen, N. J., filed a registration statement (File 2-24062) with the SEC on September 28 seeking registration of 80,000 shares of common stock, to be offered for public sale through Myron A. Lomasney & Co., 67 Broad St., New York 4, N.Y. The public offering price (\$7.50 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to sell to the underwriter, for \$80, transferable five-year warrants to purchase 8,000 common shares.

The company is engaged in marketing and distributing organic chemicals. Of the net proceeds from its stock sale, approximately \$15,500 will be used to acquire real property in Madison Township, N. J., and \$220,000 to construct new office, laboratory, and warehouse facilities. The balance may be used for financing additional inventory, employment of additional sales and technical personnel, or other purposes. The company has outstanding 160,000 Class A common shares, all of which is owned by management officials. Philip L. Meisel is president.

**PROGRESSIVE AMERICAN LIFE PROPOSES OFFERING.** Progressive American Life Insurance Company, 1050 Fifth Ave., Huntington, W. Va. 25725, filed a registration statement (File 2-24069) with the SEC on September 28 seeking registration of 500,000 shares of common stock. The stock is to be offered for public sale at \$5 per share through selected broker-dealers, which will receive a \$.75-per-share commission.

Organized under West Virginia law in 1960, the company engages in the selling and underwriting of life insurance and accident and health insurance in the States of West Virginia and Virginia. Of the net proceeds from its stock sale, some \$66,000 will be used to retire certain indebtedness, and the balance will be added to capital and surplus and used in the conduct of its insurance business. The company has outstanding 1,198,898 common shares, of which management officials own 9,540 shares. Hubert D. Dawson is president.

**NEES SEEKS ORDER.** New England Electric System, Boston, Mass., registered holding company, and certain of its public-utility subsidiaries, namely, Massachusetts Electric Company, Lawrence Gas Company, North Shore Gas Company, and Norwood Gas Company, have applied to the SEC for an order under the Holding Company Act authorizing the subsidiaries to increase their sale of notes to banks and/or NEES from time to time through December 31, 1965, by an aggregate of \$3,325,000 (or to a maximum aggregate of \$31,305,000 of notes outstanding at any one time). The Commission has issued an order (Release 35-15317) giving interested persons until October 22 to request a hearing thereon. On February 15, 1965, the Commission authorized the sale of such notes in an amount not to exceed \$27,980,000 at any one time outstanding. According to the application, the increase is requested to pay for increased construction expenditures of the subsidiaries or to reimburse their treasuries therefor.

**INVESTORS SECURITY PROPOSES OFFERING.** Investors Security Corporation, 311 S. State Rd., Arlington Heights, Ill., filed a registration statement (File 2-24067) with the SEC on September 28 seeking registration of 700,000 shares of Class A stock. The stock is to be offered for public sale at \$4 per share, on a best-efforts basis, through Combined Plans, Inc., 311 South State Road, Arlington Heights, Ill., which will receive a \$.40-per-share selling commission.

Organized under Illinois law in 1963, the company (formerly known as International Holding Corporation) is the survivor of a merger in May 1965 of Trans-States Investment Corp. and Incorporators Investment Co. into the company. Each of such corporations held as its principal asset the common stock of Investors

Security Life Insurance Co., an Illinois stock life insurance company organized in 1959. The company now owns 38% of its outstanding stock. Of the net proceeds from its stock sale, \$75,000 will be used to repay short-term indebtedness; \$1,000,000 will be used to purchase the common stock of International Security Life Insurance Co., organized by the company under Ohio law in May 1965; the balance will be invested in other insurance companies or in the two named companies. The company has outstanding 1,814,888 Class A shares and 1,250,000 Class B shares, of which James H. Hall (board chairman of the company and of Investors Life) owns 24% and 45%, respectively, and H. E. Garrett (president of the company and of Investors Life) owns 11% and 45%, respectively. Such shares were issued to Hall and Garrett in the merger in exchange for stock of the predecessor corporations. Management officials as a group own 50% of the outstanding Class A shares and 97% of the Class B shares.

**GUARDIAN CENTRAL TRUST PROPOSES RIGHTS OFFERING.** Guardian Central Trust, Inc., 44 N. Second St., Memphis, Tenn., filed a registration statement (File 2-24078) with the SEC on September 28 seeking registration of 104,100 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each seven shares held. Unsubscribed shares are to be offered for public sale through an underwriter (the name of which is to be supplied by amendment). The record date, offering price (\$8 per share maximum\*), and underwriting terms are also to be supplied by amendment.

The primary business of the company is conducted through its wholly-owned subsidiaries, including the Memphis Bank & Trust Co. (engaged in general banking business in Memphis, Tenn.), Guardian Discount Co. (engaged in installment sales and other type financing), and Central Guardian Life Insurance Co. (a Mississippi corporation engaged in the credit life and health and accident reinsurance business). Of the net proceeds from its stock sale, approximately \$100,000 will be used to repay a short-term loan incurred for the purpose of providing Memphis Bank & Trust with additional capital funds, and the balance will be contributed to that subsidiary and Guardian Discount Co. In addition to indebtedness, the company has outstanding 728,700 common shares, of which management officials own 23.7% (including 11.7% owned by John A. Parsons, president).

**KROGER CO. FILES STOCK PLAN.** The Kroger Co., 1014 Vine St., Cincinnati, Ohio 45201, filed a registration statement (File 2-24080) with the SEC on September 29 seeking registration of 300,000 shares, to be offered under its 1965 Stock Option Plan.

**PETTIBONE MULLIKEN FILES FOR OFFERING AND SECONDARY.** Pettibone Mulliken Corporation, 4700 West Division St., Chicago, Ill. 60651, filed a registration statement (File 2-24079) with the SEC on September 29 seeking registration of 249,912 shares of common stock. Of this stock, 200,000 shares are to be offered for public sale by the company and 49,912 shares (being outstanding stock) by the holder thereof. The public offering price (\$30 per share maximum\*) and underwriting terms are to be supplied by amendment. Eastman Dillon, Union Securities & Co., of One Chase Manhattan Plaza, New York, N.Y. 10005, and Glore Forgan, Wm. R. Staats Inc., of 135 South LaSalle St., Chicago, Ill. 60603, are listed as the principal underwriters.

The company's principal business is the manufacture and distribution of material handling and processing equipment, foundry machinery, railway track materials, forgings, and miscellaneous metal fabricated products. Net proceeds of its sale of additional stock will be added to the company's general funds and will be available for various corporate purposes, principally additional working capital. In addition to indebtedness and preferred stock, the company now has outstanding 786,284 common shares, of which management officials own some 20%. The selling stockholder is The Cleveland Trust Company, as Trustee under two trusts established by the late S. Livingston Mather, a former director, which proposes to sell all but 6,000 shares of its holdings in the company. The prospectus lists E. J. Seifert as president.

**NATIONAL EQUITY LIFE PROPOSES OFFERING.** National Equity Life Insurance Company, 14 North Robinson, Oklahoma City, Okla., filed a registration statement (File 2-24081) with the SEC on September 29 seeking registration of 2,450,000 shares of common stock. The stock is to be offered for public sale at \$1 per share, the offering to be made on a best-efforts basis by Shoemaker & Co., Inc., of 22 Park Avenue Bldg., Oklahoma City, for which it will receive an 11¢ per share selling commission.

The company was organized under Oklahoma law in September 1964 and is licensed as a life, accident and health insurance company in that state. It is still in the organizational stages and has not yet commenced business as an insurer. It is undertaking the recruitment of an insurance agency force and is seeking space for its executive offices in Tulsa. Of the net proceeds of this stock offering, up to \$100,000 will be needed to finance the recruitment and training program; and the balance will be used in the conduct of the insurance business. The company now has outstanding 1,125,000 common shares; according to the prospectus these shares were sold at 20¢ per share in September 1964 to 23 investors, including promoters, company officials and others closely associated with the promoters. Assuming the sale of the 2,450,000 new shares, public investors will have acquired 68.5% of the then outstanding shares at a cost of \$2,450,000 while the promoters and others will own the remaining 31.5% at a cost of \$225,000. The prospectus lists Jess P. Odom as board chairman and Charles G. Abel as president. Odom owns 62.2% of the outstanding stock and other officials 7.8%.

**ALDRICH CHEMICAL FILES FOR SECONDARY.** Aldrich Chemical Company, Inc., 2371 N. 30th St., Milwaukee, Wisc., filed a registration statement (File 2-24064) with the SEC on September 28 seeking registration of 100,000 outstanding shares of common stock. The stock is to be offered for public sale by the present holders thereof through The Marshall Co., 111 E. Wisconsin Ave., Milwaukee, Wisc. 53202. The public

offering price (\$10 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the manufacture and purchase for sale of organic chemicals for use in chemical research. It has outstanding 632,500 common shares. The prospectus lists the selling stockholders as Alfred R. Bader (president), his wife, and trusts for their children, who presently own 94% of the company's outstanding stock.

**J F HARRELL ACQUITTED.** The SEC Atlanta Regional Office announced September 24 (LR-3327) that a "not guilty" verdict had been returned in the trial (USDC, Columbus, Ga.) of John F. Harrell of Nashville, Tenn., on charges of violating the Securities Act anti-fraud provisions in the sale of stock.

**AMERICAN & SOUTHERN ENJOINED.** The SEC New York Regional Office and Atlanta Regional Office announced September 24 (LR-3328) that American and Southern Corp., of Miami, Fla., had been permanently enjoined from further violations of the Securities Act registration provisions in the sale of its common stock. Consent judgments of preliminary injunctions also were issued against Joseph Tanous and Joseph Lombardi (both of Mexico) and George J. Korge (of Miami).

**SEC COMPLAINT NAMES R. E. CLOUD.** The SEC Forth Worth Regional Office announced September 21 (LR-3329) the filing of court action (USDC, Tyler, Texas) seeking to enjoin further violations of the Securities Act registration provisions by Robert E. Cloud, d.b.a. Dubello Exploration Company, of Longview, Texas, in the offer and sale of oil interests on properties in Bowie, Shelby, Cherokee, Smith, Anderson, Van Zandt and Wood Counties, Texas.

**PUCKETT AND LOUGH FILE PLEAS.** The SEC Forth Worth Regional Office and Ohio Securities Commissioner announced September 23 (LR-3330) that Floyd C. Puckett of Chanute and Clare L. Lough of Ashville, O., had entered guilty pleas to indictments charging violations of the Ohio State Securities Laws in the sale of oil and gas leases on properties in southeastern Kansas. Both defendants were placed on three-year probation and ordered to pay costs of the prosecutions, and Puckett was ordered to make restitution to investors in Pickaway County, Ohio.

**NICK COMERESKI FILES PLEA.** The SEC San Francisco Regional Office announced September 23 (LR-3331) that Nick Comereski of Citrus Heights, Calif., had filed a "nolo" plea to two counts of indictment charging fraud in the sale of stock of North American Development Company. Sentencing deferred.

**LORD & RODES ENJOINED.** The SEC Chicago Regional Office announced September 23 (LR-3332) that Lord & Rodes, Inc., of Peoria, Ill., and its president, George P. Rodes, were enjoined by Federal court order (USDC, SD Ill., S.D.) from violating the Commission's net capital rule and engaging in the securities business while insolvent. Court also appointed a receiver for the firm.

**FIRST BANKERS ENJOINED.** The SEC Boston Regional Office announced September 27 (LR-3333) that an order of preliminary injunction (USDC Boston) had been issued against First Bankers Corporation, J. Harlan Pease, and William B. Pease, restraining violations of the Securities Act anti-fraud provisions in the sale of 8% certificates of deposit and investment contracts.

**ROY L. GREENE & CO. RESTRAINED.** The SEC Chicago Regional Office announced September 28 (LR-3334) the entry of a Federal court order (USDC, ND Iowa) restraining Roy L. Greene & Co., a registered broker-dealer, and its president, Roy L. Greene, from violating the SEC net capital rule and doing business while insolvent. A hearing on a motion for preliminary injunction is scheduled for October 5.

**SUBPOENA ENFORCEMENT ACTION FILED.** The SEC Chicago Regional Office announced September 13 (LR-3313A) the filing of court action (USDC, Indianapolis) to enforce compliance with subpoenas directing the production of records by the following in connection with an SEC investigation: (1) Robert S. Chappell and Investment Corporation of America; (2) Bennie L. Ritchison and Chappell Securities Corporation; (3) David Mayne and Securities Services, Inc.; (4) Bert Chesnut and Commercial Capital Corporation; and in five of the applications, Bert Chesnut and Bert Chesnut and Company. All of the respondents are of Indianapolis, Indiana.

Previously, on application of the Commission, the court ordered compliance with related subpoenas directing two accounting firms to produce their working papers and other records relating to Investment Corporation of America, of Indianapolis, and Air and Space Underwriters, Inc., of Muncie, Ind.

**SECURITIES ACT REGISTRATIONS.** Effective September 29: GCA Corp., 2-24010 (Nov 9); General Baking Co., 2-23906; Indiana Bell Telephone Co., Inc., 2-24011; Jim Walter Corp., 2-24007. Effective September 30: Amoco Oil Holdings S.A., 2-24021 (90 days); Mountain National Corp., 2-23861 (40 days). Withdrawn September 29: Western Equities, Inc., 2-23336.

**CORRECTION.** A registration statement filed by Arvin Industries, Inc. (File 2-23971) was declared effective by the Commission on September 29 not September 28 as reported in the News Digest of September 29.

**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.