

# 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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**SUSPENSION OF SEABOARD SECURITIES PROPOSED.** SEC Hearing Examiner Irving Schiller has issued an initial decision in administrative proceedings involving Seaboard Securities Corporation and two individuals. The Examiner ruled that Seaboard Securities engaged in an "intensive campaign" to sell the stock of Vista Industries Corporation "by means of fraudulent and misleading representations," and by charging "unconscionable mark-ups" to customers, in violation of the anti-fraud provisions of the Federal securities laws. The firm's manner of conducting business, the Examiner stated, "had all the characteristics of a boiler room in which customers are consistently importuned to purchase low-priced speculative securities by unwarranted misrepresentations, concerted high pressure efforts by telephone to sell a large volume of such speculative security without concern for the customers' welfare." He concluded that revocation of its broker-dealer registration "will be required in the public interest," and that the firm's registration should be suspended until final determination on the question of revocation. Under Commission rules, Seaboard Securities has three days within which to petition the Commission for review of the Examiner's determination that its registration should be suspended. The Examiner also held that Leon Nash, president, and Harold Ignatoff, registered representative, participated in the violations by Seaboard Securities and should be barred from further association with any broker-dealer firm. They may petition the Commission for review within fifteen days.

**ENGINEERED ROYALTIES PROPOSES OFFERING.** Engineered Royalties, Inc., 4500 Campus Dr., Newport Beach, Calif. 92660, filed a registration statement (File 2-24734) with the SEC on March 28 seeking registration of 150 shares of common stock. The stock is to be offered for public sale on a best-efforts basis through Cruttenden & Co., Inc., 618 S. Spring St., Los Angeles, Calif. 90014. The public offering price (\$1,000 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized under California law in April 1965, the company proposes to act as a non-diversified investment company under the Investment Company Act. It intends to use most of the net proceeds of this offering to purchase an interest in a royalty and certain rights to future royalties owned by Edmund C. Pratt and to use the balance of the proceeds for general corporate purposes and for working capital. The royalty relates to and is dependent upon sales of a patented fire alarm for use principally in residences. While the company will not engage in the business of manufacturing and selling such fire alarms, the royalty income which the company may receive will be directly dependent upon such sales. W. W. Cruttenden, Jr., is president of the company and is board chairman of the underwriting firm.

**CAPITOL SECURITY LIFE PROPOSES OFFERING.** Capitol Security Life Insurance Company, 421 W. 18th St., Sioux Falls, S. D. 57105, filed a registration statement (File 2-24746) with the SEC on March 29 seeking registration of 100,000 shares of common capital stock, to be offered for public sale at \$5 per share. The offering is to be made through company officials and employees. The company is also registering 545,226 common shares, to be offered pursuant to stock options.

Organized under South Dakota law in 1960, the company began writing life insurance and accident and health insurance in 1962. Net proceeds of its stock sale will be added to capital and surplus and used in the conduct of such business. The company has outstanding 290,269.5 common shares, of which management officials own 24%. Robert M. Chamberlin is president and board chairman.

**WESTERN POWER FILES EXCHANGE PROPOSAL.** Western Power & Gas Company, Inc., 233 S. 10th St., Lincoln, Nebr. 68508, filed a registration statement (File 2-24749) with the SEC on March 30 seeking registration of 1,820,170 shares of common stock. The stock is to be offered in exchange for 1,516,809 of the 4,094,119 outstanding common shares of Central Telephone Co. (also of Lincoln), at the rate of one and two-tenths shares of Western Power for each share of Central. Western Power now holds 2,582,078 shares (approximately 63%) of Central. Dean Witter & Co., 45 Montgomery St., San Francisco, Calif., and Paine, Webber, Jackson & Curtis, as Dealer Managers, have agreed to use their best efforts to form and manage a group of soliciting dealers.

Western Power is the surviving corporation resulting from the merger in July 1965 of Western Power & Gas Co. into Western Light & Telephone Co., Inc. It owns and operates electric generating, transmission and distribution properties, natural gas distribution properties, and telephone and water properties. In addition to indebtedness and preferred stock, Western Power has outstanding 5,165,201 common shares. Judson Large is board chairman and president of Western Power.

**SCIENTIFIC DATA SYSTEMS FILES STOCK PLANS.** Scientific Data Systems, Inc., 1649 17th St., Santa Monica, Calif., filed a registration statement (File 2-24751) with the SEC on March 30 seeking registration of 216,763 shares of common stock, to be offered pursuant to its 1964, 1965, and 1966 Qualified Stock Option Plans, 1963 Restricted Stock Option Plan, and Restricted Stock Option Plan.

**C&P TELEPHONE FILES FOR DEBENTURE OFFERING.** The Chesapeake and Potomac Telephone Company of Virginia, 703 E. Grace St., Richmond, Va. 23219, filed a registration statement (File 2-24752) with the SEC on March 30 seeking registration of \$50,000,000 of 39-year debentures (due 2005), to be offered for public sale at competitive bidding. A subsidiary of American Telephone and Telegraph Co., the company will apply the net proceeds of its debenture sale to repayment of some \$78,000,000 of advances from the parent company. The company expects to expend about \$87,100,000 for construction during 1966.

OVER

**SEC DIVISIONS MOVE INTO NEW QUARTERS.** The SEC today announced that two of its Divisions will move during the coming week-end into the Commission's new quarters at 500 North Capitol Street, N. W. (the Capitol Mall North Building), Washington, D. C. 20549. They are the Division of Corporate Regulation and the Division of Trading and Markets. Their employees will be prepared to conduct business from their new offices at the opening of business Monday, April 4, 1966.

As additional floors of the new building are completed and released for occupancy, the remaining Divisions and Offices of the Commission, as well as its Executive Staff, will move into the new quarters. These additional moves, which are expected to occur on successive week-ends over the next two months, will be announced in the Commission's News Digest when tentatively-scheduled dates are confirmed.

A receptionist will be available in the new office to assist visitors who wish to confer with staff members who have been relocated. To the extent possible, each employee will continue to have the same telephone number assigned to him in the old building.

While construction continues in the new building, visitors and employees alike should exercise special care to avoid injury while on the premises.

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The mailing address of the Commission, on and after May 9, 1966, will be: Securities and Exchange Commission, 500 North Capitol Street, N. W., Washington, D. C. 20549.

**HOUSTON FEARLESS PROPOSES RIGHTS OFFERING.** Houston Fearless Corporation, 11801 W. Olympic Blvd., Los Angeles, Calif. 90064, filed a registration statement (File 2-24753) with the SEC on March 30 seeking registration of 5,500,000 shares of common stock. The stock is to be offered for subscription by common stockholders at the rate of one new share for each share held. The subscription price and record date are to be supplied by amendment. At the company's election, any stock not purchased under the rights offering may be sold at the subscription price to rightholders and holders of the company's outstanding notes and debentures in blocks of not less than 50,000 and not more than 600,000 shares."

The company is engaged principally in the development and manufacture and sale of film processing, information, interpretation and handling equipment; photographic laboratory installations; television studio equipment; and electric circuit connectors. Of the net proceeds of its stock sale, approximately \$500,000 will be used to finance increases in inventories, receivables, machinery and equipment; approximately \$1,500,000 will be used to reduce short-term bank borrowings; and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 5,185,455 common shares, of which management officials own 8.07% and Castilla Investment Corp. Ltd. owns 15.424%. Fred C. Mehner is board chairman and president.

**ILLINOIS TOOL WORKS FILES STOCK PLANS.** Illinois Tool Works Inc., 2501 N. Keeler Ave., Chicago, Ill. 60639, filed a registration statement (File 2-24754) with the SEC on March 30 seeking registration of 133,254 shares of common stock, to be offered under the company's Restricted Stock Option Plan approved by stockholders January 15, 1959, and its Restricted Stock Option Plan approved by stockholders August 10, 1961.

**HAVATAMPA CIGAR PROPOSES OFFERING.** Havatampa Cigar Corporation, 609 Cumberland Ave., Tampa, Fla., filed a registration statement (File 2-24755) with the SEC on March 30 seeking registration of 400,000 shares of common stock, to be offered for public sale through underwriters headed by Courts & Co., 11 Marietta St., Atlanta, Ga. The public offering price (\$10 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is primarily a distributing organization which sells cigars, cigarettes, candy, chewing gum, fountain supplies, and other items (manufactured by other companies) and it sells cigars manufactured by the company. Net proceeds of its stock sale will be used in the manufacture of cigars and for working capital. In addition to indebtedness, the company has outstanding 2,615,029 common shares, of which management officials own 63.66% (including 15.48% owned by D. H. Woodbery, president).

**BANGOR SUGAR FILES STOCK PLAN.** Bangor Punta Alegre Sugar Corporation, 84 Harlow St., Bangor, Me. 04401, filed a registration statement (File 2-24756) with the SEC on March 30 seeking registration of \$2,750,000 of interests in its Employees' Stock Purchase Plan, together with 97,377 shares of common stock which may be acquired pursuant thereto. The company also filed a registration statement (File 2-24757) covering 199,174 shares of common stock and 37,243 shares of \$1.25 convertible preference stock, to be offered under the company's 1960, 1962, and 1963 Stock Options; the 1961 and 1965 Stock Option Plan; and 1962 Incentive Stock Options.

**AUTOMATIC RETAILERS OF AMERICA FILES FOR SECONDARY.** Automatic Retailers of America, Inc., 10889 Wilshire Blvd., Los Angeles, Calif. 90024, filed a registration statement (File 2-24759) with the SEC on March 30 seeking registration of 133,329 outstanding shares of common stock. The present holders thereof propose to offer the stock for public sale through underwriters headed by White, Weld & Co. Inc., and Goldman, Sachs & Co., both of 20 Broad Street, New York 10005. The public offering price (\$51 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in selling products through coin-operated vending machines and in supplying institutional food services. In addition to indebtedness and preferred stock, the company has outstanding 3,429,333 common shares (as adjusted to give effect to the issuance of 190,476 common shares upon conversion of all of the company's 5% convertible subordinated debentures by April 5). Management officials own 12.45% of the company's outstanding common stock. The prospectus lists eight selling stockholders, including Continental Assurance Co., offering 24,761 shares, and Investors Variable Payment Fund, Inc., 38,095. The remaining selling stockholders are offering shares ranging in amounts from 3,809 to 19,047. The sellers acquired the shares being registered upon conversion of said debentures, and they are offering all of their common stock holdings in the company. Davre J. Davidson is board chairman and William S. Fishman is president of the company.

CONTINUED

**BUTES GAS & OIL FILES STOCK PLAN.** Buttes Gas & Oil Co., 2150 Franklin St., Oakland, Calif., filed a registration statement (File 2-24760) with the SEC on March 30 seeking registration of 185,000 shares of common stock, to be offered pursuant to its Incentive Stock Option Plan for Key Employees.

**AMERICAN-HAWAIIAN STEAMSHIP FILES EXCHANGE PROPOSAL.** American-Hawaiian Steamship Company, 360 Lexington Ave., New York 10017, filed a registration statement (File 2-24761) with the SEC on March 30 seeking registration of \$5,388,250 of 6½% subordinated debentures (due 1976). The debentures are to be offered in exchange for 21,553 shares of common stock of the company on the basis of \$250 principal amount of debentures for each common share.

The company is principally engaged in the business of financing promotional activities and has largely purchased securities of companies for which there was no ready market. According to the prospectus, one of its principal objectives has been to actively reenter the shipping business at such time as the Board of Directors considers advisable. To this end, the company has been developing a program for the construction of three vessels to engage in the intercoastal trade and has explored the possibility of obtaining additional financing, equipment, terminal facilities and other requisites for the project. In addition to indebtedness, the company has outstanding 196,432 common shares, of which management officials own 89.32% (including 89.03% owned by D. K. Ludwig, a director, by virtue of his ownership of all of the outstanding common stock of National Bulk Carriers, Inc., and American Tankers Corp. of Delaware). S. H. Moerman is board chairman and president of the company.

**BALI FILES FOR SECONDARY.** The Bali Corporation, 16 E. 34th St., New York 10016, filed a registration statement (File 2-24763) with the SEC on March 30 seeking registration of 251,750 outstanding shares of common stock. The present holders thereof propose to offer the stock for public sale through underwriters headed by E. F. Hutton & Co. Inc., One Chase Manhattan Plaza, New York 10005. The public offering price (\$15 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company manufactures brassieres. In addition to indebtedness and preferred stock, it has outstanding 272,325 common and 1,052,675 Class B common shares. The prospectus lists two selling stockholders, as follows: Sam Stein (board chairman), offering 220,681 common shares, and Mike Stein (president), 31,069. The sellers are offering their entire common-stock holdings in the company; they will retain an aggregate of 1,035,530 of the outstanding Class B common shares.

**JOSEPH MAGNIN CO. PROPOSES DEBENTURE OFFERING.** Joseph Magnin Co., Inc., Stockton and O'Farrell Streets, San Francisco, Calif. 94108, filed a registration statement (File 2-24758) with the SEC on March 30 seeking registration of \$3,000,000 of 15-year convertible subordinated debentures (due 1981). The debentures are to be offered for public sale through underwriters headed by Dean Witter & Co., 45 Montgomery St., San Francisco, Calif. 94106, and F. S. Smithers & Co., 45 Wall St., New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company operates women's specialty stores in California and Nevada. Net proceeds of its debenture sale will be used to acquire inventories, to carry accounts receivable and to add to working capital for the operation of four new stores presently being constructed. In addition to indebtedness and preferred stock, the company has outstanding 561,731 common shares, of which management officials own 57.13% (including 21.46% owned by Cyril I. Magnin, president).

**MOTOR CLUB OF AMERICA SHARES IN REGISTRATION.** Motor Club of America, 449 Central Ave., Newark, N. J. 07107, filed a registration statement (File 2-24762) with the SEC on March 30 seeking registration of 150,000 shares of common stock, to be offered for public sale by the company through underwriters headed by Auchincloss, Parker & Redpath, 60 Park Pl., Newark, N. J. The public offering price (\$6 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is also registering 271,385 outstanding common shares, which are the subject of a rescission offer. According to the prospectus, the company commenced an offering of its common shares in 1960 at a price of \$7.50 per share, in reliance on the "intrastate" exemption from registration which, the prospectus indicates, may not have been available. The shares were recently split two for one, and there are now outstanding 256,386 common shares which the company may be required to repurchase at \$3.75 per share. This right is extended to all holders of such shares, regardless of whether they acquired their shares directly from the company or its subsidiary or indirectly from a prior holder of such shares, and regardless of whether they are in fact parties to Subscription Agreements. Accordingly, the aggregate number of shares to which the rescission offer extends is 271,385.

The company provides insurance, financing and related services, and operates a motor club. Net proceeds of its stock sale will be invested in subsidiaries and added to working capital of the company. In addition to preferred stock, the company has outstanding 910,505 common shares, of which William Green (board chairman) and David Green (president) own 11.6% and 8.4%, respectively.

**RICHMOND NEWSPAPER FILES FOR OFFERING AND SECONDARY.** Richmond Newspapers, Incorporated, 333 E. Grace St., Richmond, Va. 23213, filed a registration statement (File 2-24764) with the SEC on March 30 seeking registration of 400,983 shares of Class A common stock. Of this stock, 50,000 shares are to be offered for public sale by the company and 350,983 shares (being outstanding stock) by the present holder thereof. The offering is to be made through underwriters headed by Lehman Brothers, 1 William St., New York, and two other firms. The public offering price (\$25 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company publishes the Richmond Times-Dispatch and The Richmond News Leader, and operates two radio stations in Richmond. It recently acquired a 52.2% interest in The Tribune Co., of Tampa, Fla. Net proceeds of its sale of additional stock will be added to working capital. In addition to indebtedness, the company has outstanding 1,238,423 Class A non-voting and 150,000 Class B voting shares, of which management officials

own 60% and 58.7%, respectively. The selling stockholder is D. Tennant Bryan (board chairman), who presently owns 687,863 Class A shares and is obligated by contract to purchase an additional 84,320 shares upon the death of their present owner. Bryan also owns 81,180 of the outstanding Class B shares and is obligated to purchase an additional 10,540 shares (which shares he now has the power to vote) upon the death of their present owner. Alan S. Donnahoe is president.

**WOOD NEWSPAPER MACHINERY FILES STOCK PLAN.** Wood Newspaper Machinery Corporation, 688 S. Second St., Plainsfield, N. J., filed a registration statement (File 2-24766) with the SEC on March 30 seeking registration of 50,750 shares of common stock, to be offered under the company's Qualified Stock Option Plan.

**STANLEY WARNER FILES STOCK PLANS.** Stanley Warner Corporation, 1585 Broadway, New York 10036, filed a registration statement (File 2-24767) with the SEC on March 30 seeking registration of 200,000 shares of common stock, to be offered pursuant to its 1958 Stock Option Plan and 1966 Qualified Stock Option Plan.

**WELLINGTON FUND RECEIVES ORDERS.** The SEC has issued orders under the Investment Company Act (Releases IC-4555 and IC-4556) authorizing the Wellington Fund, Inc., Philadelphia, Pa., open-end diversified management investment company, to issue its shares, without sales charge, for substantially all of the cash and securities of Sutro-Wheatley, Inc., and Dick Securities Corporation. According to the applications, the net assets of Sutro-Wheatley amounted to \$5,097,548 on December 31, 1965, and of Dick Securities \$4,183,000 on November 30, 1965.

**BARBARA LYNN STORES FILES FOR OFFERING AND SECONDARY.** Barbara Lynn Stores, Inc., 330 W. 34th St., New York 10001, filed a registration statement (File 2-24769) with the SEC on March 30 seeking registration of 310,000 shares of common stock. Of this stock, 155,000 shares are to be offered for public sale by the company and 155,000 shares (being outstanding stock) by the present holders thereof. The offering is to be made through underwriters headed by Blair & Co. Inc., 20 Broad St., New York. The public offering price (\$10 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is principally engaged in selling ready-to-wear apparel and accessories for women and for children and infants. Net proceeds of its sale of additional stock will be used to pay \$600,000 of bank notes and for working capital. In addition to indebtedness, the company has outstanding 673,500 common shares, all owned by management officials. The prospectus lists three selling stockholders, including Donald L. Jonas (president), who is offering 118,000 of 477,000 shares held.

**SEC - ONTARIO COMMISSION ISSUE STATEMENT.** The SEC and the Ontario Securities Commission (Toronto) reported today that certain unknown persons, falsely representing themselves to be officials of one or both agencies engaged in the conduct of an investigation, have recently telephoned residents of the United States and Canada. The recipients of the calls are shareholders of Consolidated Halliwell, Ltd., a mining stock listed on the Toronto Stock Exchange. The impersonators have claimed to be engaged in an inquiry into purportedly false statements issued by Consolidated Halliwell; in certain instances the shareholders were urged to sell their holdings of that company's stock because of the alleged investigation. Any shareholder of Consolidated Halliwell who receives a visit or telephone call from a person who claims to represent either of the two agencies and who does not establish his identity, by credentials or otherwise, should immediately inform one or both Commission or notify the Federal Bureau of Investigation in Washington, D. C.

**SECURITIES ACT REGISTRATIONS.** Effective March 30: Harnischfeger Corp., 2-24567 (40 days); The Seeburg Corp., 2-24557 (40 days); Sovereign Life Insurance Company of Calif., 2-24028 (May 9); State of Israel, 2-24450 (May 10).

**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.

**CORRECTION.** A registration statement filed by Electronic Memories, Inc. (File 2-24508) was declared effective by the Commission on March 29 not March 28 as reported in the News Digest of March 28.

\*As estimated for purposes of computing the registration fee.

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