

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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FOR RELEASE May 26, 1966

INVESTMENT ADVISER AUDIT RULES CLARIFIED. The SEC today published a statement of procedures which should be followed in the required annual audit of registered investment advisers by independent public accountants and in the preparation of his certificate to be filed with the Commission (Release IA-201). Under Commission rules applicable to investment advisers, those who maintain custody or possession of funds and/or securities of any client must maintain certain prescribed records; and the rules contain prohibitions against any action by the adviser with respect to the funds or securities unless, among other things, the securities are segregated and held in safekeeping and the funds are deposited in one or more bank accounts in the name of the adviser as agent or trustee for the client, the client is given an itemized statement at least quarterly showing the debits, credits and the funds or securities held at the end of the period, and at least once each calendar year all such funds and securities are verified in an unannounced examination by an independent public accountant and a certificate of the accountant reporting on such examination is filed with the Commission. The Commission's statement makes it clear, among other things, that the accountant shall make such examination "at a date chosen by him and without prior notice to the investment adviser," should obtain confirmation of funds on deposit in banks, and should reconcile the physical count and confirmations to the books and records, which should be verified by adequate examination. In addition, the accountant's certificate shall set forth (a) the date of the physical count and confirmation of balances of clients' accounts, (b) a clear designation of the place and manner in which funds and securities are maintained, (c) whether the examination was made without prior notice to the adviser, and (d) whether the adviser has maintained compliance with certain Commission's rules governing custody of clients' funds and securities.

COASTAL CHEMICAL FILES FOR OFFERING AND SECONDARY. Coastal Chemical Corporation, Yazoo City, Miss., filed a registration statement (File 2-25041) with the SEC on May 23 seeking registration of 40,000 shares of Class A common stock, 100,000 shares of Class D common stock, and \$4,000,000 of 5% certificates of indebtedness (1966 series). The stock is to be offered principally to farmers and other users of fertilizer materials, at \$35 per Class A share and \$30 per Class D share. The certificates are to be offered for public sale. The offerings are to be made through company employees and by Mississippi Chemical Corp. (MCC) as underwriter on a best efforts basis. The estimated cost for the sale of the securities is \$.33 per share and a total of \$40,000 for the certificates of indebtedness. Of the Class D stock being registered, 33,334 shares (being outstanding stock) are to be offered by MCC, the present holder thereof.

The company provides fertilizer materials and other products to stockholders. A portion of the company's facilities are owned and operated under a partnership agreement with MCC. Net proceeds of this financing will be used for working capital requirements, to finance the company's interest in the partnership agreement with MCC, and for construction of property additions. In addition to indebtedness, the company has outstanding 465,984 Class A, 2,500,000 Class B, 99,802 Class C, and 487,970 Class D common shares. MCC owns approximately 71% of the voting rights of all of the outstanding stock. After the proposed stock sale, the selling stockholder will own 3,572 Class A shares, all of the Class B shares, and one Class C share. Owen Cooper and LeRoy P. Percy are president and board chairman, respectively, of the company and MCC.

SKAGIT VALLEY TELEPHONE HEARING CANCELLED. The SEC has cancelled the hearing scheduled for June 1 on the application of Skagit Valley Telephone Company, Mt. Vernon, Wash., for exemption from the registration provisions of Section 12(g) of the Securities Exchange Act. The company has agreed to withdraw its exemption application and file a registration statement if within 75 days following publication of notice of an agreed settlement of the Commission's injunctive action against that company and others (USDC WD Wash.) the company has in excess of 300 shareholders of record. It also has agreed to send a letter to shareholders informing them of recent developments in the affairs of the company and of their rights under the settlement agreement.

JOSE SWANN ENJOINED. The SEC Washington Regional Office announced May 24 (LR-3513) the entry of a Federal court order (USDC, DC) enjoining Jose Alex Swann of Alexandria, Va., from further violations of the Securities Act registration provisions in the sale of stock of College Life, Inc. Swann consented to the entry of the order.

COMMERCIAL SOLVENTS PROPOSES DEBENTURE OFFERING. Commercial Solvents Corporation, 260 Madison Ave., New York 10016, filed a registration statement (File 2-25045) with the SEC on May 25 seeking registration of \$20,000,000 of convertible subordinated debentures (due 1991). The debentures are to be offered for public sale through underwriters headed by Lehman Brothers, One William St., New York 10004, and Shields & Co. Inc., 44 Wall St., New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company's manufacturing operations are based on high-pressure syntheses chemistry, using natural gas as the principal raw material, and on fermentation chemistry, using agricultural products as raw material. Net proceeds of its debenture sale will be applied to the company's program for expansion and capital improvements, including the construction of an anhydrous ammonia plant at Sterlington, La. In addition to indebtedness and preferred stock, the company has outstanding 2,994,599 common shares. Maynard C. Wheeler is president and Jeremiah Milbank, Jr., is chairman of the executive committee.

OVER

GORTON CORP. FILES FOR OFFERING AND SECONDARY. The Gorton Corporation, 327 Main St., Gloucester, Mass. 01931, filed a registration statement (File 2-25046) with the SEC on May 25 seeking registration of 150,000 shares of common stock. Of this stock, 100,000 shares are to be offered for public sale by the company and 50,000 shares (being outstanding stock) by the present holders thereof. The offering is to be made through underwriters headed by Dominick & Dominick, Inc., 14 Wall St., New York 10005. The public offering price (\$20 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and sale of processed seafood products. Of the net proceeds of its sale of additional stock, approximately \$700,000 will be used to purchase equipment for the company's domestic frozen seafood processing plants, and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 839,484 common shares, of which management officials and members of their/families own 36% and United Fruit Co. owns 13.7%. The prospectus lists nine selling stockholders (the number of shares to be sold are to be supplied by amendment). Frederick M. Bundy is board chairman and E. Robert Kinney (one of the selling stockholders) is president.

COASTAL FILM INDUSTRIES FILES FINANCING PROPOSAL. Coastal Film Industries, Inc., 45 W. 45th St., New York 10036, filed a registration statement (File 2-25051) with the SEC on May 25 seeking registration of 225,000 shares of common stock and \$600,000 of 6% convertible subordinated debentures (due 1976). The stock is to be offered for public sale at \$4 per share and the debentures at 100% of the principal amount. The offerings are to be made through underwriters headed by Brand, Grumet & Seigel, Inc., 49 W. 33rd St., New York 10001, which will receive commissions of \$.32 per share on the stock and 3% on the debentures. The company has agreed to sell to the underwriters, for \$300, five-year warrants to purchase 30,000 common shares at \$4.40 per share and to pay the underwriting group a maximum of \$20,000 for expenses. For her services as a finder in connection with this offering, the company will also pay \$10,000 and issue 1,500 common shares to Helene De Z'Aimant.

The company (formerly Coastal Film Services Inc.) produces motion picture optical effects and, after the proposed merger of Technical Film Laboratories, Inc., into the company, will engage in processing motion picture film. Of the net proceeds of this financing, \$596,000 will be used to redeem 580,000 of the company's outstanding shares from certain stockholders; \$160,500 will be used to repay indebtedness to its stockholders; and \$90,000 will be used to repay other indebtedness. The company estimates that approximately \$400,000 will be used to purchase equipment for processing color film and \$100,000 will be expended to locate all its facilities in one building. In addition to indebtedness, the company has outstanding 243,500 common shares (after giving effect to said redemption of the 580,000 shares), all owned by management officials. Manuel A. Casiano, Jr., president, owns 179,500 shares.

CORRECTION RE EXCHANGE APPLICATION. The May 23 News Digest incorrectly reported that the Philadelphia-Baltimore-Washington Stock Exchange had applied for unlisted trading privileges in the common stock of Atlantic Richfield Co., whereas the Exchange seeks such privileges in the \$3 cumulative convertible preference stock of that company.

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 caption of the several items of the form was included in the May 4 News Digest.

American Can Co		Alleghany Corp	
April 1966 (11,13)	1-552-2	April 1966 (2,3,13)	1-2644-2
Assoc. Brewing Co		Boeing Co	
April 1966 (11)	1-909-2	April 1966 (7,10,11)	1-442-2
Blaw-Knox Co		Garlock Inc	
April 1966 (13)	1-3721-2	April 1966 (7)	1-4898-2
Bush Terminal Co		General Baking Co	
April 1966 (7,13)	1-3047-2	April 1966 (11)	1-1066-2
Gatineau Power Co		Hastings Mfg. Co	
April 1966 (11)	1-3012-2	April 1966 (11)	1-3574-2
Graniteville Co		Household Finance Corp	
April 1966 (11,13)	1-4630-2	April 1966 (4,7,11,13)	1-75-2
Helme Products Inc		Oregon Portland Cement Co	
April 1966 (4,7,8,11,13)	1-70-2	April 1966 (11,12 13)	0-6368-2
Owens Illinois, Inc		Penna. Power & Light Co	
April 1966 (7,11,13)	1-2454-2	April 1966 (11)	1-905-2
Pan American Sulphur Co		Princess Homes, Inc	
April 1966 (12)	1-4319-2	April 1966 (11,12,13)	0-2068-2
Pan American World Airways, Inc		Reed Roller Bit Co	
April 1966 (7)	1-3532-2	April 1966 (11,13)	1-1974-2
Parke Davis & Co		William H. Roer Inc	
April 1966 (11)	1-2365-2	April 1966 (11)	1-4791-2
Parvin-Dohrmann Co		Sangamo Elec. Co	
April 1966 (2,7,12,13)	1-2762-2	April 1966 (11,13)	1-4156-2
Richardson-Merrell, Inc		Scruggs-Vandervoort Barney, Inc	
April 1966 (3)	1-1029-2	April 1966 (11,13)	2-6892-2
Seaboard World Airlines, Inc		Sick's Rainier Brewing Co	
April 1966 (7,11,13)	1-3689-2	April 1966 (11)	0-648-2
Stanrock Uranium Mines, Ltd			
April 1966 (11)	1-4036-2		

CONTINUED

Alan Wood Steel Co April 1966 (7,11,13)	1-3999-2	Allegheny Airlines, Inc April 1966 (11,13)	1-3631-2
Allied Chemical Corp April 1966 (7,8)	1-1269-2	American Life Underwriters, Inc April 1966 (2,13)	0-1024-2
Allied Products Corp April 1966 (11,13)	1-2355-2	American St. Gobain Corp April 1966 (12,13)	0-541-2
American Machine & Foundry Co April 1966 (11)	1-785-2	Arkansas Missouri Power Co April 1966 (11)	0-1131-2
American Snuff Co April 1966 (11)	1-126-2	Arkansas Western Gas Co April 1966 (11)	0-517-2
Anthony Pools Inc April 1966 (11)	1-4290-2	Berkey Photo, Inc April 1966 (4,7,11,13)	1-4485-2
Baltimore Aircoil Co, Inc April 1966 (11,13)	0-2081-2	Blue Bell, Inc April 1966 (12)	0-105-2
Barber Oil Corp April 1966 (13)	1-3422-2	Brandywine Raceway Assoc., Inc April 1966 (8)	1-4510-2
Beneficial Standard Life Insur. Co April 1966 (9,13)	2-11459-2	Browning Arms, Inc April 1966 (11,13)	0-1275-2
Gardner-Denver Co April 1966 (11,13)	1-1182-2	Gar Wood Ind., Inc April 1966 (12)	1-2711-2
Gulf American Land Corp April 1966 (3,12,13)	1-4470-2	General Cable Corp April 1966 (4,7,10,11,13)	1-1094-2
Hecla Mining Co April 1966 (11,12)	1-1527-2	General Motors Corp April 1966 (3,13)	1-143-2
Olin Mathieson Chemical Corp April 1966 (11,13)	1-1070-2	B. F. Goodrich Co April 1966 (11,13)	1-892-2
Plaza Hotel Assoc. April 1966 (2,3,13)	2-14744-2	Great Northern Ry Co April 1966 (7,13)	1-2517-2
Pneumodynamics Copr April 1966 (7,11,13)	1-4875-2	Harvey Radio Co, Inc Jan. 1966 (4,7,13)	1-4626-2
Rose's Stores, Inc April 1966 (3,11)	0-631-2	Holiday Inns Co of America, Inc April 1966 (7)	1-4804-2
Aeronca Mfg. Corp April 1966 (2,11,13)	1-4005-2	Homsote Co April 1966 (4,7,11,12,13)	1-3786-2
Amer. Financial Corp April 1966 (11,13)	0-839-2	House of Vision, Inc April 1966 (11,13)	0-1087-2
American States Life Insurance Co April 1966 (11)	2-20001-2	Paramount Pictures Corp April 1966 (3,12,13)	1-3535-2
American Vitriified Products Co April 1966 (11)	2-21624-2	Phila. & Reading Corp April 1966 (7,8,13)	1-4355-2
Butler Mfg Co April 1966 (9,11,13)	0-603-2	Allegheny Pepsi Cola Bottling Co April 1966 (2,3,8,13)	0-1053-2
Brunswick Corp April 1966 (3, 7)	1-1043-2	American Crystal Sugar Co April 1966 (12)	1-114-2
Gas Service Co April 1966 (11,13)	0-328-2	American Republic Corp March 1966 (2,4,11,13)	0-1196-2
General Aniline & Film Corp April 1966 (11,13)	1-5026-2	Ampco Metal, Inc April 1966 (4,10,11,13)	1-4820-2
General Cinema Corp April 1966 (11,13)	1-4925-2	Arrow Electronics, Inc April 1966 (11)	1-4482-2
Giannini Controls Corp April 1966 (4,8,13)	1-4291-2	Boise Cascade Corp April 1966 (7,11,13)	1-5057-2
A. P. Green Refractories Co April 1966 (11)	1-5183-2	Borden Co April 1966 (11)	1-71-2
Hudson's Bay Oil & Gas Co Ltd April 1966 (11)	2-13574-2	Bunker Hill Co April 1966 (7)	1-5060-2
Pall Corp April 1966 (7)	1-4311-2	Hawthorne Financial Corp April 1966 (11)	0-1100-2
Panhandle Eastern Pipe Line Co April 1966 (13)	1-2921-2	Ohio Brass Co April 1966 (2,3,13)	1-47-2
Pubco Petroleum Corp April 1966 (11)	0-879-2	Owens-Corning Fiberglass Corp April 1966 (4,7,11,13)	1-3660-2
Reading & Bates Offshore Drilling Co April 1966 (7)	0-503-2	Pacific Automotive Corp April 1966 (11)	1-5121-2
Roosevelt Raceway, Inc April 1966 (11)	1-3966-2	Palomar Mortgage Co April 1966 (1,12,13)	0-1873-2
The Rowan Controller Co April 1966 (13)	2-18216-2	Peoples Gas Light & Coke Co April 1966 (11)	1-1573-2
Selas Corp of America April 1966 (11,13)	1-5005-2	H. K. Porter Co, Inc April 1966 (3,13)	1-4157-2

Public Service Elec. & Gas Co April 1966 (11)	1-973-2	Gibraltar Financial Corp of Calif. April 1966 (7)	1-4575-2
Schenley Industries, Inc April 1966 (3)	1-2377-2	Hamilton Mfg. Co April 1966 (11)	0-529-2
Sternco Industries, Inc April 1966 (11)	1-5193-2	Handelman Company April 1966 (12,13)	1-4808-2
Alcolac Chemical Corp April 1966 (7)	0-1871-2	Harley-Davidson Motor Co April 1966 (7,13)	0-2010-2
American Commercial Lines, Inc April 1966 (11,13)	1-4209-2	Hercules, Inc April 1966 (12)	1-496-2
Anchor Corp April 1966 (1)	0-215-2	Oak Electronics Corp April 1966 (11)	1-4474-2
Bloomfield Bldg. Ind., Inc March 1966 (12,13)	1-4608-2	Oberman Mfg. Co April 1966 (6,11,12,13)	2-6530-2
Hanover Insurance Co April 1966 (11,13)	2-11450-2	Patrician Paper Company April 1966 (11)	0-1261-2
Harvard Ind., Inc April 1966 (9,13)	1-1044-2	Peabody Coal Co April 1966 (11)	1-1468-2
Hertz Corp April 1966 (4,13)	1-1149-2	Phila. Elec. Power Co April 1966 (11,12,13)	1-1392-2
Howell Electric Motors Co April 1966 (1)	1-3450-2	Redwing Carriers, Inc April 1966 (11)	1-4806-2
Ohio Water Service Co April 1966 (3,11)	0-498-2	Ritter Pfaudler Corp April 1966 (7)	1-578-2
Penna Co April 1966 (11)	1-4954-2	Spartans Industries, Inc April 1966 (2,7,13)	1-4345-2
The Phila. Balt. & Wash. RR Co April 1966 (11)	1-1580-2	Acme Precision Products, Inc April 1966 (8,11)	1-3327-2
Pitts. Ft. Wayne & Chi Ry Co April 1966 (11)	1-1671-2	Bagdad Copper Corp March 1966 (7,12,13)	0-1163-2
Pitts. Youngstown & Ashtab la Ry Co April 1966 (11)	1-1262-2	Beauty Counselors Inc Apr 66(11)	0-394-2
Pocket Books Inc April 1966 (4,12,13)	00389-2	Binks Mfg Co Mar 66(11,13)	1-1416-2
Portland Gas Light Co April 1966 (2,7,9,12,13)	2-24369-2	Brown & Sharpe Mfg Co Apr 66(11)	1-5106-2
Quebec Natural Gas Corp April 1966 (7,8,13)	0-1919-2	George A Hormel & Co Apr 66(3,8, 13)	1-2402-2
Roblin Steel Corp April 1966 (7,8,11)	1-5213-2	Husky Oil Co Apr 66(7,13)	0-664-2
American Export Isbrandtsen Co, Inc April 1966 (11,13)	1-5054-2	Purolator Products Inc Apr 66(4, 11,13)	1-4728-2
American Gas Co May 1966 (12,13)	0-401-2	Rimrock Tidelands Inc Apr 66(11)	0-1228-2
Anchor Hocking Glass Corp April 1966 (7,13)	1-401-2	Allied Graphic Arts Inc Apr 66(2)	0-1232-2
Anken Chemical & Film Corp April 1966 (11,13)	1-4186-2	Allis-Chalmers Mfg Co Apr 66(3)	1-2199-2
Associated Truck Lines, Inc April 1966 (7)	0-901-2	American Electronics Inc Apr 66 (4,7,8)	1-3954-2
Associates Investment Co April 1966 (7,13)	1-1912-2	American Potash & Chemical Corp Apr 66(11,13)	1-3693-2
Blackstone Valley Elec. Co April 1966 (11)	2-1698-2	American Urethane Inc Apr 66(2)	0-216-2
General Foam Corp Jan. 1966 thru April 1966 (4,11,12, 13)	1-4664-2	Anheuser-Busch Inc Apr 66(11)	1-3718-2
		Automatic Steel Products Inc Apr 66(7)	1-2268-2
		Bowser Inc Apr 66(11,13)	1-4867-2
		Buffums' Apr 66(9,11)	0-1438-2
		Burton Mfg Co Apr 66(3)	0-1479-2
		General Public Utilities Corp Apr 66(4,11,13)	1-3292-2
		Globe-Wernicke Ind Inc Apr 66(11)	1-4172-2

SECURITIES ACT REGISTRATIONS. Effective May 25: Abbott Laboratories, 2-24885; Great Northern Paper Co., 2-24976; Leasco Data Processing Equipment Corp., 2-24848 (July 5); The Lubrizol Corp., 2-24811; McGraw Edison Co., 2-24854 (40 days); The Mountain States Telephone and Telegraph Co., 2-24967; Nashua Corp., 2-24900 (40 days); San Diego Gas & Electric Co., 2-24926.

Effective May 26: Eli Lilly and Co., 2-24837 (July 5); Richmond Newspapers, Inc., 2-24764 (Aug 24).

Withdrawn May 25: John Adams Life Insurance Co. of N. Y., 2-23278; Retirement Foundation, Inc., 2-21295.

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.