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MIDWEST TECHNICAL DEVELOPMENT SEEKS ORDER. Midwest Technical Development Corporation, Minneapolis registered closed-end investment company, Electra Scientific Corporation, and William Evans, a director of Electra, have applied to the SEC for exemption orders under the Investment Company Act with respect to certain past and proposed transactions; and the Commission has issued an order (Release IC-3654) scheduling a hearing thereon on April 9, 1963, in its Washington Office.

According to the application, the past transactions include an agreement in August 1960 between Midwest and Electra providing for the sale by Electra to Midwest of \$500,000 of 6½% debentures of Electra and 10-yr. warrants entitling Midwest to purchase 25,000 Electra shares at \$20 per share. Additionally, in January 1962, Midwest agreed with Electra to subordinate its holdings of the \$500,000 of debentures to the prior payment of \$300,000 of short-term bank loans which Electra then contemplated obtaining, such subordination to continue for the period that the payment of such bank loans was guaranteed by William Evans, who owns about 10% of the outstanding stock of Electra. In consideration of such guarantee, Evans was issued a warrant by Electra to purchase 2,500 shares at \$20 per share not later than March 1964; and Evans subsequently received another warrant to purchase an additional 7,500 shares at \$20 per share in consideration of his guarantee of an additional \$300,000 of bank loans of Electra.

The proposed transactions include the sale by Midwest to Evans of (1) \$100,000 of the 6½% debentures of Electra for \$100,000; (2) warrants to purchase 12,500 shares of Electra for \$4 per warrant; and (3) 10,000 Electra shares for \$150,000. Additionally, it is proposed to modify the loan agreement between Midwest and Electra in certain respects.

NATIONAL FUEL GAS SEEKS ORDER. National Fuel Gas Company, New York registered holding company, and ten subsidiaries, have applied to the SEC for an order under the Holding Company Act authorizing a proposed modification in the method of the allocation of the group's consolidated income tax liabilities which will give to each of the companies included in the consolidated tax returns of National and its subsidiaries the full investment credit each company contributes to the total investment credit allowed on the returns; and the Commission has issued an order (Release 35-14837) giving interested persons until April 16, 1963 to request a hearing thereon.

PENN FUEL GAS PROPOSES ACQUISITION. Penn Fuel Gas, Inc., Oxford, Pa. holding company, and John H. Ware, 3rd, its president (and owner of about 83% of its stock) have applied to the SEC for an order under the Holding Company Act authorizing Penn Fuel's proposed acquisition of all of the capital stock (150 shares) of Valley Gas Company (a proposed Pennsylvania company) at their \$100 per share par value; and the Commission has issued an order (Release 35-14838) giving interested persons until April 15, 1963 to request a hearing thereon. Penn Fuel has 20 Pennsylvania gas utility subsidiaries all operating entirely within that State. Valley Gas proposes to furnish natural gas service in certain boroughs in Blair County, Pa., in which areas no gas service (other than bottled gas) is now available; and it intends to apply \$133,780 of the proceeds received from the stock sale to Penn Fuel, together with advances from Penn Fuel, toward construction of initial facilities.

POTOMAC EDISON SEEKS ORDER. The Potomac Edison Company, Frederick, Md., registered holding company, and three subsidiaries have applied to the SEC for an order under the Holding Company Act authorizing the subsidiaries to sell to Potomac Edison capital shares as follows: Northern Virginia Power Company, 4,000 shares for \$400,000; Potomac Light and Power Company, 4,000 shares for \$400,000; and South Penn Power Company, 180,000 shares for \$900,000. The Commission has issued an order (Release 35-14839) giving interested persons until April 22, 1963 to request a hearing thereon. The proceeds will be used by the subsidiaries to finance, in part, necessary property additions and improvements. The estimated costs of the 1963 construction programs of such companies are \$1,420,400, \$1,298,900 and \$1,307,300, respectively.

FLEX-I-BRUSH 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 stock offering by Flex-I-Brush, Inc., 475 Westminister Place, Lodi, New Jersey.

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 November 27, 1961, Flex-I-Brush proposed the public offering of 100,000 common shares at \$3 per share. According to the order, the offering was commenced on January 31, 1962, of which 18,045 shares were sold for \$54,135; and to date no revised offering circular has been filed. The Commission asserts in its suspension order that it has reasonable cause to believe that the company's offering circular and notification were false and misleading in respect of certain material facts. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The alleged misrepresentations relate to (1) the false statement that the issuer leases its principal office and warehouse at 7400 N.W. 7th Avenue, Miami, Fla., whereas a small auto supply and repair shop is located at that address, one of whose employees, designated as a Vice-President and a director of the issuer,

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performed the sole activity for the issuer of forwarding mail to its New York address, (2) the failure to disclose the names and addresses of each predecessor and affiliate of the issuer (and the nature of such affiliation), as well as the failure to identify the issuer's predecessor corporation or to disclose that such predecessor had operated at a continuous loss until the time issuer acquired its assets and assumed its liabilities (and failure to describe the assets or state the amount of liabilities), (3) the statement that a cost analysis of the issuer's product indicates a cost of about 2.15¢ per unit while failing to disclose that this stated cost per unit was based on a projected value for the production of a quarter million units at full production, for which issuer had no capacity, (4) the statement that issuer had on hand orders for 281,000 units of its product, while failing to disclose that 250,000 were based on an order which expired or terminated on the actual date of the issuer's offering circular, as well as the fact that issuer had neither the capacity nor the resources necessary to deliver these products, (5) the failure to disclose salaries of and advances to officers and directors, as well as all material transactions between issuer and its management officials and promoters and companies owned or controlled by them (while falsely stating that, except as disclosed in the offering circular, there had been no material transactions between issuer and these insiders), and (6) the failure to disclose loans advanced to issuer by the underwriter (and a friend of the underwriter) and that part of the proceeds from the stock sale was to be used for a loan to a principal of the underwriter.

COMPLAINT CITES PRODUCTS DEVELOPMENT CORP. The SEC Atlanta Regional Office announced March 21 (LR-2558) the filing of court action (USDC, SD, Fla.) seeking to enjoin Products Development Corporation, Bill Bergens, Irving Goldstein, Jerome D. Cohen and Joseph Ehrlich, all of Miami, from further violations of the Securities Act registration and anti-fraud provisions in the offer and sale of common stock, notes and bonds of Products Development.

DICKINSON FILM PRODUCTIONS ENJOINED. The SEC Boston Regional Office announced March 25 (LR-2559) the entry of a Federal court order (USDC, Mass.) permanently enjoining Dickinson Film Productions, Inc., and its president George S. Balloch (both of Boston) from further violations of the Securities Act registration and anti-fraud provisions in the offer and sale of common and preferred stock of Dickinson. The defendants consented to entry of the order.

UNLISTED TRADING GRANTED. The SEC has granted an application of the Detroit Stock Exchange (Release 34-7045) for unlisted trading privileges in the common stock of Lear Siegler, Inc.

BUCKEYE CORP. DELISTED. The SEC has granted an application of the American Stock Exchange to delist the common stock of The Buckeye Corporation, effective at the close of business on April 6, 1963. (Release 34-7045)

MIDDLE SOUTH UTILITIES RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-14840) authorizing Middle South Utilities, Inc., New York registered holding company, to organize Middle South Services, Inc., as a subsidiary service company in its holding-company system and authorizing certain related transactions for a period of 30 months, or such longer period as the Commission may determine subject to further order.

DELAWARE FUND, ET AL SEEK ORDER. Delaware Fund, Inc., and Delaware Income Fund, Inc., both Philadelphia registered open-end investment companies, and Delaware Management Co., Inc., the investment adviser and principal underwriter to the Funds, have applied to the SEC for an exemption order under the Investment Company Act with respect to services provided to the Funds by the management company, during a period following the death of a controlling person of the management company, without approval by a majority of the outstanding voting securities of the Funds of new underwriting contracts or approval by a majority of the unaffiliated directors of the Funds of investment advisory and underwriting services provided during that time pursuant to oral agreements; and the Commission has issued an order (Release IC-3655) giving interested persons until April 12, 1963 to request a hearing thereon.

PRODUCTS DEVELOPMENT ENJOINED. The SEC Atlanta Regional Office announced March 25 (LR-2560) the entry of a Federal court order (USDC, SD, Fla.) permanently enjoining Products Development Corporation, Bill Bergens, Irving Goldstein, Jerome D. Cohen and Joseph Ehrlich, all of Miami, from further violations of the Securities Act registration and anti-fraud provisions in the offer and sale of stock of Products Development. The defendants consented to entry of the order.

UNITED SECURITY LIFE, ET AL. ENJOINED. The SEC Atlanta Regional Office announced March 26 (LR-2561) the entry of a Federal court order (USDC, ND, Ala.) permanently enjoining United Security Life Insurance Company, Security Discount Corporation, United Realty and Insurance Agency and N. C. Aspinwall, all of Birmingham, from further violations of the Securities Act registration provisions in the offer and sale of common stocks of United Security Life, Securities Savings Life Insurance Company, National Selective Life Insurance Company, Emergency Aid Life Insurance Company (all Alabama companies) and American Equity Life Insurance Company (a South Carolina company). The defendants, Security Discount, United Realty and Insurance, and Aspinwall, were also enjoined from further business as broker-dealers in violation of the Exchange Act registration requirements. Defendants consented to entry of the order.

COMPLAINT CITES ARROWHEAD OIL & GAS, OTHERS. The SEC Fort Worth Regional Office announced March 26 (LR-2562) the filing of court action (USDC, Dallas) seeking to enjoin Arrowhead Oil & Gas, Inc., a Delaware company, Marion Edmond Barnett and Marion Palmer Barnett (also known as M. P. Palmer), all of Dallas; Charles L. Gouse of Richardson, Texas; and Joy Nell Cook (also known as J. N. Mitchell), of Midwest City, Okla., from further violations of the registration and anti-fraud provisions of the Federal securities

laws in the offer and sale of unregistered fractional undivided working interests in oil and gas rights on leases situated on land located in certain counties of West Virginia and Louisiana.

COMPLAINT CITES AMERICAN BROKERAGE CO., OTHERS. The SEC Denver Regional Office announced March 26 (LR-2563) the filing of a court action (USDC, Cheyenne) seeking to enjoin American Brokerage Co., John R. Burrup, of Idaho Falls, Idaho, and Salt Lake City, Utah, and Jay Melvin Burrup, of Scottsdale, Arizona (formerly of Cheyenne) from further violations of the Securities Act anti-fraud provisions in the offer and sale of stock option certificates issued by Pacific-Atlantic Life Insurance Company, a Wyoming company.

ARKANSAS LOUISIANA GAS PROPOSES BOND OFFERING. Arkansas Louisiana Gas Company, Slattery Building, Shreveport, filed a registration statement (File 2-21208) with the SEC on March 25 seeking registration of \$45,000,000 of first mortgage bonds due 1983, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, N. Y. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The net proceeds from the bond sale will be used to finance in part the company's 1963 construction program (estimated at \$30,000,000); to prepay \$18,400,000 of long and short term bank borrowings incurred principally for construction purposes; and to make investments in and advances to wholly-owned subsidiaries, principally Arkansas Louisiana Finance Corporation, of about \$8,000,000.

CORRECTION RE ITEK CORP. The SEC News Digest of March 27 erroneously reported 2-21208 as the file number for the Itek Corporation registration statement filed March 25; the correct number is 2-21209.

NORTHERN STATES LIFE FILES FOR RIGHTS OFFERING. Northern States Life Insurance Corporation, 1840 North Farwell Avenue, Milwaukee, Wisc., filed a registration statement (File 2-21215) with the SEC on March 26 seeking registration of 280,000 shares of common stock. It is proposed to offer such stock for subscription by common stockholders at the rate of one new share for each $1\frac{1}{2}$ shares held. No underwriting is involved. The record date and subscription price (maximum \$2.50 per share*) are to be supplied by amendment. The statement also includes 125,000 common shares, to be offered pursuant to the company's 1963 agent Stock Option Plan.

The company is engaged in writing life insurance, offering a variety of individual policy forms, including straight life, term and endowment. The net proceeds from the stock sale will be initially invested in income-producing securities authorized for insurance companies. The company anticipates that such increased capital will enable it to write a larger volume of life insurance business and reduce the portion of its volume reinsured with others. The company has outstanding 418,484 shares of common stock, of which management officials as a group own 13%. A. Jack Nussbaum is president.

DOW CHEMICAL SHARES IN REGISTRATION. The Dow Chemical Company, Midland, Mich., filed a registration statement (File 2-21216) with the SEC on March 27 seeking registration of 250,000 shares of common stock, to be offered to employees of the company and certain of its subsidiaries and associated companies.

MISSOURI FIDELITY LIFE FILES FOR STOCK OFFERING. Missouri Fidelity Life Insurance Company, 2401 South Brentwood Blvd., St. Louis, Mo., filed a registration statement (File 2-21221) with the SEC on March 27 seeking registration of 300,000 shares of common stock, to be offered for public sale through underwriters headed by A. C. Allyn & Co., 122 S. LaSalle St., Chicago. The public offering price (maximum \$8.50 per share*) and underwriting terms are to be supplied by amendment. The statement also includes 20,200 shares to be sold to the underwriters and then repurchased by the company from the underwriters at the initial offering price, which shares will be held in the company's treasury for issuance from time to time upon exercise of outstanding stock purchase options.

The company is a legal reserve life insurance company licensed and qualified to do business in 13 states and has applications for licenses pending in an additional 6 states. At present, the company is actively soliciting insurance and developing general agencies only in Missouri, Illinois and Arkansas. The net proceeds from the stock sale (less the amount required to repurchase the 20,200 shares) will be employed from time to time in expansion of business, and to absorb the cost of writing new insurance, including the reserves thereon. Substantially all of the proceeds will be invested initially in securities eligible under Missouri law. The company has outstanding 392,896 shares of common stock, of which St. Louis Investment Club, Inc., owns 25.83%. Management officials of the company as a group own 46.6% of the outstanding stock of St. Louis Investment Club, including Charles N. Harris, a director, who owns 10.9%. Management officials as a group also own 9.04% of company stock. Jack L. Lewis is board chairman and president.

FLORI INVESTMENT FILES FOR STOCK OFFERING. Flori Investment Company, 700 West Campbell Ave., Phoenix, Ariz., filed a registration statement (File 2-21217) with the SEC on March 27 seeking registration of 400,000 shares of capital stock, to be offered for public sale at \$1.50 per share. No underwriting is involved. The company was organized in 1960 and is engaged principally in the business of dealing and investing in unimproved and improved real properties in Arizona, including buying, improving, holding for income, sub-dividing and/or re-selling such properties. The net proceeds from the stock sale will be used to pay \$235,000 of indebtedness and the balance for general corporate purposes, including payment of principal and interest on outstanding indebtedness, the costs of construction of improvements on properties now held by the company, and the purchase of new properties and mortgages. According to the prospectus, any reduction in indebtedness will be only temporary, and additional indebtedness will be created in order to finance improvements to real property owned by the company, to acquire additional properties and for other corporate purposes. In addition to certain indebtedness, the company has outstanding 543,000 shares of capital stock. The amounts held by present stockholders are to be supplied by amendment. Robert D. Flori is president.

STOP ORDER SUSPENDS DOMAN HELICOPTERS STATEMENT. In a decision and order announced today (Release 33-4594), the SEC suspended a registration statement under the Securities Act of 1933 filed by Doman Helicopters, Inc., a Delaware company. The statement was found by the Commission to be materially false and misleading. It proposed the public offering of 681,971 common shares, of which 418,680 shares were to be offered to the company's present stockholders, 189,291 shares to certain creditors in exchange for their claims, and an additional 74,000 outstanding shares to the general public by 17 selling stockholders.

According to the decision, the company was organized in 1945 principally to develop certain inventions of its president, Glidden S. Doman. Since its formation, the company has never engaged in any substantial manufacturing activity or earned a profit and its financial history has been marked by continuing difficulties and by steps both apart from and under the Bankruptcy Act which have repeatedly involved the conversion of creditors' rights into common stock positions. The company's accumulated losses through the fiscal year ended September 1961 amounted to \$5,715,076; as of January 1962 its liabilities amounted to \$392,446 as against assets stated at \$201,669; and as of the latter date its current liabilities amount to \$292,446 as against current assets of only \$13,178.

The company's plans for the future are predicated on a proposed helicopter to be called the Doman-Ambrosini D-10B ("D-10B"), which according to the Commission's decision, was described in the company's prospectus as though it were an existing and operational helicopter possessing superiority in specified respects over other helicopters offered on the market. The Commission found that the D-10B has never been flown or tested or even assembled in prototype form and that these crucial facts were not disclosed in the company's registration statement. The Commission ruled that in view of the embryonic state of the D-10B there was clearly no justification for the claim of superior operating economy of the company's product or for describing it as "the most attractive commercial machine being offered in the world today by considerable margins." Moreover, in light of the nascent and uncertificated status of the D-10B, the company's past lack of success in obtaining military contracts, its limited resources and existing financial condition, and the presence of competitors who enjoy the benefits and strength derived from major government contracts, the company's representation that it planned "to gear its sales and service activities to a goal of 10% of the United States market" conveyed a materially misleading impression that the specified goal had a sound and realistic basis. The Commission also ruled that unqualified claims in the registration statement, including the claim that the Coman rotor system "has been completely engineered and flight tested over fourteen years for thousands of hours in the air..." (the models were actually flown for a total of about 2000 hours since 1948) and the implication that this system is protected by an elaborate patent structure, were not warranted, and it was deceptive to describe the system, which had never been subjected to day-to-day use, as "fully developed and proven."

The Commission observed that the company's prospectus makes only a passing reference to the fact that the company unsuccessfully attempted to secure a military market for its helicopters, failing to disclose the nature of such attempts (described by the Commission as strenuous and persistent) and that the Department of Defense found "no significant advantages in the Doman rotor system over other types." The company argued that it was under no duty to disclose such findings because the persons who made them "were biased and technically incompetent and erred in their evaluation of the test data," and that disclosure was not required because the company did not intend to sell to the military. Without passing upon the validity of the findings of the Department of Defense (although noting that the record did not show any bias or incompetence), the Commission ruled that the company's failure to disclose that the Department of Defense had thoroughly considered the merits of its rotor system and had concluded that it was not superior to those of competitors was a material omission. It was important that investors be told those facts, the Commission stated. Not only do they strongly indicate that the company is unlikely to obtain any appreciable United States Government military business in the future, but they may well be an important if not a determining factor in the company's efforts to sell its proposed aircraft to commercial purchasers and to the military services of foreign nations.

The Commission also found that the prospectus failed to disclose the order of priority in which the proceeds would be applied and that the proceeds would first have to be applied to the liquidation of outstanding indebtedness, and payment of current expenses, thereby reducing and perhaps exhausting the funds that the prospectus stated would be allocated to the D-10B. The Commission also ruled that the prospectus should have disclosed certain dilution aspects of the offering.

The stop order has the effect of barring the public offering of stock by Doman Helicopters until the deficiencies are corrected to the satisfaction of the Commission and the stop order is lifted.

INDIVIDUALS' SAVING. The SEC announces (for March 29th Newspapers) that individuals saved more during 1962 than in any year in the post-war period. Net saving in financial form amounted to \$20.0 billion compared with \$16.2 billion in 1961 and \$16.7 billion in 1958, the previous post-war record. At the end of 1962 it was estimated that individuals' equity in financial assets, net of liabilities, totaled \$856 billion, a decline over the year reflecting lower market values of stock issues. During the closing months of 1962 the rapid accumulation of liquid assets by individuals continued, but a sharp rise in debts lowered the amount of net saving.

SECURITIES ACT REGISTRATIONS. Effective March 27: Anadite Inc. (File 2-21039); The Eagle Picher Co. (File 2-21108); Socony Mobile Oil Co., Inc. (File 2-21145); Tri-Continental Corp. (File 2-21122).
Withdrawn March 27: Dixie Lime & Stone Co. (File 2-20758); Jaap Penratt Associates, Inc. (File 2-19728).

*As estimated for purposes of computing the registration fee.