

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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DECISIONS IN ADMINISTRATIVE PROCEEDINGS

STEIN BROS. O/C TRADING SUSPENDED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8922) in which it ordered that the principal office of Stein Bros. & Boyce, Inc., located in Baltimore, Md., be suspended from initiating or soliciting transactions in over-the-counter securities for ten days, beginning July 6. The action was based upon a Commission finding that the firm had "failed to exercise reasonable supervision" with a view to preventing certain securities violations involving the stock of Computer Counseling, Inc. In an offer of settlement, which the Commission accepted, the firm waived a hearing and, without admitting or denying the allegations, consented to the finding and to the sanction.

According to the Commission's decision, Stein Bros. & Boyce failed to exercise supervision with a view to preventing violations of the anti-fraud provisions of the Federal securities laws in connection with transactions in stock of Computer Financing between January and July 1969. Among other things, the Commission stated, certain employees of registrant dominated, controlled and manipulated the market for Computer securities and made untrue and misleading statements concerning a prospective rise in the price of Computer stock, the speculative nature of and listing on the American Stock Exchange of such stock, the financial condition, future earnings, and identity of the management of Computer, and proposed mergers and acquisitions of other companies by it.

There are certain limited exceptions to the ban imposed on the firm's over-the-counter trading; but the order provides that the firm shall forego all commissions on any transactions permitted under the exceptions. In accepting the firm's settlement offer, the Commission considered various mitigative factors, including advice given by the firm to all customers who purchased the securities to submit claims for losses suffered, which has caused restitution of \$183,153 to be made, in connection with which the firm sustained a net loss of \$52,456. It is still investigating additional claims for about \$40,000.

PAUL M. KAUFMAN DISQUALIFIED FROM COMMISSION PRACTICE. The SEC today announced a decision in which it disqualified Paul M. Kaufman, a member of the New York bar, from practicing before it pending disposition of his appeal from convictions for violation of the Securities Act and the Federal Conspiracy Statute.

Kaufman had been found guilty in the United States District Court for the Southern District of New York of charges that in 1963, pursuant to arrangement with an officer of Donbar Developing Corporation, Kaufman and others offered and paid secret compensation to securities brokers and others to induce purchases of the officer's Donbar stock, effected and induced purchases of Donbar stock through nominee accounts and otherwise for the purpose of manipulating the market price of the stock, and made and caused to be made representations to customers that were false and misleading in failing to disclose the payment of such compensation and the fact that the price of the stock was being manipulated. The Court had sentenced and fined Kaufman but he took an appeal and obtained a stay of the Court's action.

The Commission rejected Kaufman's argument that because of his pending appeal his convictions were not "final" and could not be considered evidence of lack of character or integrity warranting disqualification from practice as an attorney under the Commission's Rules of Practice. The Commission noted that willful violations of the federal conspiracy statute and of the antifraud section of the Securities Act are federal felonies, and that conviction of them or of other crimes involving moral turpitude are ground for disbarment. It stated: "If the public is to be protected and the public's confidence in the legal profession and in this Commission maintained, an attorney convicted of a serious crime such as securities fraud should not be permitted to hold himself out as entitled to represent others in securities matters before us merely because an appeal is pending . . . Once the judgment of conviction was entered, respondent was no longer entitled to the presumption of innocence, as he stands convicted until such time as the conviction is reversed or set aside." The Commission's order provided that if Kaufman's conviction is affirmed on any of the counts on which he was found guilty, it would enter an order permanently disqualifying him from practice, but that in the event of reversal it would, upon application, reinstate him to practice. (Release 34-8925)

COMMISSION ANNOUNCEMENTS

SEC SCHEDULES HEARING ON PROPOSED NEW MINIMUM COMMISSION RATES OF NYSE. The SEC announced on July 2 that its commission rate structure hearings will reconvene at 10:00 a.m., July 20, 1970, at the Commission's headquarters, 500 North Capitol Street, Washington, D. C., to receive testimony and other relevant data concerning the proposed new minimum commission rates of the New York Stock Exchange, which have been published in Exchange Act Release No. 8920, and other proposals which have been or may be presented. The Commission has requested representatives of the New York Stock Exchange to appear at that time to present such testimony and relevant data. The Commission invites the other exchanges and other interested persons to submit their views and requests any persons who may wish to present testimony or data to file appropriate summaries of their proposed presentations with the Secretary of the Commission.

OVER

TRADING IN COMPUTRONIC INDUSTRIES SUSPENDED. The SEC has ordered the suspension of over-the-counter trading in securities of Computronic Industries Corp., of Denver, for the ten-day period beginning July 6. The suspension will terminate at the close of business July 15. The suspension was ordered because adequate and accurate information concerning Computronic, its operations, financial condition and prospects, is not available to public investors. It will provide an opportunity for public dissemination of the information related herein before trading may resume in Computronic shares. At the present time, Computronic appears to be insolvent and without any operations. The company and its subsidiaries have outstanding bank loans exceeding \$2,000,000. Approximately \$750,000 of these loans are currently in default and interest and principal payments are delinquent on certain of the other loans. The company has been unable to conduct business operations because of its inability to meet current expenses; it also is delinquent on its Federal withholding tax payments. Computronic serves as its own transfer agent and the disorder of its books and the lack of personnel have resulted in the company's inability to record stock transfers. Approximately 9,000,000 shares are outstanding; on June 30, 1970, they were quoted at 7¢ bid, 13¢ asked. Computronic's securities have not been registered with the Commission under the Securities Act of 1933 or the Securities Exchange Act of 1934. (Release 34-8921)

NEALY BAR ORDER PERMANENT. Jesse H. Nealy, former manager of the Phoenix branch office of Pickard & Co., Inc., did not seek Commission review of the decision of an SEC hearing examiner which barred him from association with any securities firm by reason of his violations of the registration, anti-fraud and anti-manipulative provisions of the Federal securities laws in the offer and sale of stock of Dyna Ray Corporation (formerly Tobin Craft, Inc.) in 1967-68 (see News Digest of June 5). Accordingly, the decision and bar order have become final.

INVESTMENT COMPANY ACT RELEASES

MINISTERS VARIABLE ACCOUNT SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6101) giving interested persons until July 28 to request a hearing upon an application of Ministers Life Variable Annuity Account ("Ministers"), Minneapolis, for an order declaring that it has ceased to be an investment company as defined in the Act. Ministers was established in January 1968 by The Ministers Life and Casualty Union as a separate account for variable annuity contracts. Ministers represents that it no longer intends to make a public offering of contracts and that none of the contracts has been sold.

CAL-WESTERN SEPARATE ACCOUNT A SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6103) giving interested persons until July 24 to request a hearing upon an application of California-Western States Life Insurance Company ("Cal-West") and Cal-Western Separate Account A ("Separate Account"), for exemption from the "pricing" provisions of Section 22(d) of the Act. Cal-West established Separate Account as the facility through which it sets aside and invests assets attributable to variable annuity contracts issued to persons who qualify for certain tax deferred benefits under Sections 401 and 403(b) of the Internal Revenue Code.

SECURITIES ACT REGISTRATIONS

TOPPER SHARES IN REGISTRATION. Topper Corporation, 107 Trumbull St., Elizabeth, N. J. 07206, filed a registration statement (File 2-37821) with the SEC on June 29 seeking registration of 206,250 shares of common stock. These shares are issuable pursuant to stock options granted under the company's stock option plans.

LSL CORP. TO SELL STOCK. LSL Corporation, 1806 Beaumont, Denton, Tex. 76201, filed a registration statement (File 2-37825) with the SEC on June 29 seeking registration of 1,500,000 shares of common stock, to be offered for public sale on a best efforts basis by Affiliated Securities Corporation, First State Bank Bldg., Denton, Tex. 76201. The offering price (\$3.20 per share maximum*) and underwriting terms are to be supplied by amendment.

The company was recently organized by persons connected with Lifetime Security Life Insurance Co. ("Lifetime Security") for the purpose of forming or acquiring life insurance companies. Recently, the company purchased 124,750 shares of common stock of Lifetime Security at \$10 per share from Founders of American Investment Corporation (for \$374,000 cash plus the company's note for \$873,500). Of the net proceeds of its stock sale, \$1,000,000 will be used to organize a life insurance subsidiary, \$475,000 to pay a note payment with interest to Founders of American Investment, a portion to purchase additional shares of Lifetime Security (in which the company has a 26.2% stock interest) and up to \$2,000,000 to form or acquire two additional life insurance subsidiaries; the balance will be added to the company's general funds and used for general corporate purposes. The company has outstanding 1,252,963 common shares, of which Charles D. Adams, president, owns 16.2% and management officials as a group 47.8%.

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:

Loctite Corporation, Newington, Conn. 06111 (File 2-37818) - 15,000 shares
 Gray Advertising Inc., New York 10017 (File 2-37822) - 237,932 shares
 Giddings & Lewis, Inc., Fond du Lac, Wis. 54935 (File 2-37823) - 150,000 shares
 Commercial State Corporation, St. Louis, Mo. 63103 (File 2-37824) - 25,000 shares

TRANS-INTERNATIONAL COMPUTER PROPOSES OFFER. Trans-International Computer Investment Corporation, 100 Commerce Circle, Sacramento, Calif. 95815, filed a registration statement (File 2-37803) with the SEC on June 29 seeking registration of \$2,464,451 of 6½% convertible subordinated debentures, due 1985, and \$2,464,451 of non-transferable subordinated promissory notes, due 1973. It is proposed to offer either the debentures or the notes to holders of 2,324,954 outstanding shares of the company's 6% cumulative convertible preferred stock (\$1 par) (sold in September 1969), in the ratio of either \$1 principal amount of debentures or \$1 principal amount of notes for each share of preferred stock, together, in each case, with such principal amount of debentures or notes as would be substantially equivalent to the amount of dividends which would have accrued with respect to a share of preferred stock. Although certificates evidencing said preferred shares have not been issued, the consideration therefor has been received by the company. According to the prospectus, such shares may have been offered and subscriptions and consideration therefor may have been accepted in violation of the registration requirements of the Securities Act of 1933.

Organized in May 1969, the company through subsidiaries engages in systems analysis and hardware development in various fields, including communications, data transmission, data processing, marine and shipping activities, postal automation services, image enhancement and image interpretation as applied to environmental control. Of the net proceeds of the company's sale of preferred stock, \$322,000 has been held by the company in cash and short-term investments, \$1,033,000 has been used for investments in subsidiaries and affiliates, \$203,000 for loans to others, and \$370,000 for company operations. In addition to preferred stock, the company has outstanding 500,000 Class A and 998,946 Class B common shares. Of the Class A shares, Emanuel Fthenakis, president, owns 25%, management officials as a group 50%, and Larry F. Vance and Richard L. Nelson 25% each.

ZINSCO PRODUCTS FILES. Zinsco Electrical Products of Mississippi, Inc., 750 Boling St., Jackson, Miss. 39209, filed a registration statement (File 2-37811) seeking registration of its obligations under \$400,000 of 8% industrial revenue bonds to be issued by the City of Jackson. Sale of the bonds is for the purpose of enlarging a manufacturing facility in Jackson leased by the company. Interest and principal on the bonds are payable solely from and secured by a pledge of the income and revenue derived from the lease of the project.

COASTLINE HELICOPTERS PROPOSES OFFERING. Coastline Helicopters, Inc., Opa Locka Airport, Opa Locka, Fla., filed a registration statement (File 2-37812) with the SEC on June 29 seeking registration of 30,000 shares of common stock and 30,000 common stock purchase warrants, to be offered for public sale in units of one share and one warrant and at \$6 per unit. The offering is to be made on a best efforts, all or none basis by Nagler, Weissman & Coe, Inc., 462 East Tremont Ave. Bronx, N. Y., whose selling commission is to be supplied by amendment. The underwriter will be entitled to purchase 1,000 shares at 1¢ per share.

Organized in November 1969, the company proposes to offer charter and leasing services on helicopters, which it will remanufacture. Of the net proceeds of its offering, \$60,000 will be used for the remanufacture of six helicopters and the balance for promotional and other purposes. The company has outstanding 224,700 common shares, of which 200,000 shares were issued to Medic Home Leasing Corporation, of Asbury Park, N.J., in exchange for assets valued at \$201,617. Purchasers of the shares being registered will sustain an immediate dilution of \$4.48 in per share book value from the offering price.

AETNA SHARES IN REGISTRATION. Aetna Life and Casualty Company, 151 Farmington Ave., Hartford, Conn. 06115, filed a registration statement (File 2-37813) with the SEC on June 29 seeking registration of 1,299,962 shares of common capital stock. These shares were issued by Aetna to former shareholders of Urban Investment and Development Co. in connection with Aetna's acquisition of that company on March 10, 1970.

AMERICAN NUCLEAR SHARES IN REGISTRATION. American Nuclear Corporation, 410 Grand Avenue, Laramie, Wyoming 82070, filed a registration statement (File 2-37814) with the SEC on June 29 seeking registration of 750,000 shares of common stock. Of this stock, 350,000 are issuable upon conversion of outstanding debentures. Holders or recipients of the shares being registered may offer the shares for sale, at prices current at the time of sale (\$3.25 per share maximum*). The identity of the prospective selling stockholders is to be supplied by amendment. The company is a 40% partner in Federal-American Partners, engaged in mining and milling of uranium ores and the production of uranium oxide in concentrates for sale to commercial purchasers. It has outstanding 2,570,530 common shares, of which management officials own 13.64%. Cotter Ferguson is president.

CONTINENTAL CAN SHARES IN REGISTRATION. Continental Can Company, Inc., 633 Third Avenue, New York, N. Y. 10017, filed a registration statement (File 2-37815) with the SEC on June 29 seeking registration of 53,170 shares of common stock. These shares were issued by the company in connection with its acquisition of stock of Schmalbach-Lubeca-Werke A.G. and are owned by members of the Schmalbach family and by a trust of which certain members are beneficiaries. Continental Can has outstanding 19,899,927 shares.

STANNDCO DEVELOPERS FILES OFFERING PROPOSAL. Stanndco Developers, Inc., 40 Wildbriar Road, Rochester, N. Y. 14623, filed a registration statement (File 2-37816) with the SEC on June 29 seeking registration of 310,000 common shares, to be offered for public sale at \$4 per share. No underwriting is involved; a 40¢ per share selling commission will be paid to participating NASD dealers.

The company is engaged in the construction of multi-family dwelling projects, the construction and sale of single-family residences, the management of apartment projects, the construction and sale of public housing units, land purchases and sales, and the planning and execution of a number of other projects. The net proceeds of its stock sale will be used for various of these purposes. In addition to indebtedness, the company has outstanding 2,940,000 shares (with a 13¢ per share book value), of which David J. Quigley, president and board chairman, and two other officers own 1/3 each. Purchasers of the shares being registered will sustain an immediate dilution of \$3.56 in per share book value from the offering price.

OPTICAL SCANNING TO SELL DEBENTURES. Optical Scanning Corporation, P.O. Box 40, Newtown, Pa. 18940, filed a registration statement (File 2-37817) with the SEC on June 29 seeking registration of \$7,700,000 of convertible subordinated debentures, due 1985. The debentures are to be offered for public sale through underwriters headed by Clark, Dodge & Co., Inc., of 61 Wall St., New York, N. Y.; the interest rate, offering price and underwriting terms are to be supplied by amendment.

The company manufactures, sells and leases a family of mark sensing systems which electro-optically read pencil and printed marks from input forms for the collection and automatic transfer of information into data processing systems. It has experienced decreases in working capital from operations because most customers choose to lease rather than purchase the company's products; to mitigate this effect on working capital, the company sells most of its leased systems directly to Optical Scanning Leasing, Inc., a subsidiary of PepsiCo Service Industries Leasing Corporation. Of the net proceeds of its debenture sale, the company will invest \$3,000,000 in a subordinated term note of OSL, which will use the funds and additional borrowings for continued purchases of the company's systems. An additional \$1,300,000 will be used to repay short term bank borrowings and the balance will be used for working capital. The company has outstanding 547,550 common shares, of which John W. Busby, board chairman, owns 8.1% and American Research and Development Corp. 30.7%. John N. Veale is president and chief executive officer.

EASTSTATES GAS PRODUCING FILES PROPOSALS. Eaststates Gas Producing Co., 14701 Detroit Avenue, Lakewood, Ohio 44107, filed a registration statement (File 2-37819) with the SEC on June 29 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$10 per share. No underwriting is involved; participating NASD dealers will receive a selling commission of \$1 per share. In a separate registration statement (File 2-37820), the company proposes the offering of an additional 200,000 shares in exchange for certain oil and gas programs which it has managed and operated.

The company is engaged primarily in the organization, management and operation of oil and gas drilling programs for participating investors, and in providing services, equipment and leases for such programs. In March it acquired all of the outstanding stock of Ashley Petroleum, Inc., for which it issued 156,645 common shares. The net proceeds of the company's stock sale will be used for the retirement of \$200,000 of bank debt (which is guaranteed by certain officials and shareholders), for additional equipment, for field operating expenses, and for working capital. The company has outstanding 400,000 common shares, of which George Shiarella owns 39.2%, Gerard N. Altieri, Board chairman, and Donald H. Vernau, a vice president, 19.6% each, and management officials as a group 40.2%. W.W. Collins is president.

ATMOSPHERIC CONTROL INDUSTRIES PROPOSES OFFERING. Atmospheric Control Industries, Inc., 62 Keap St., Brooklyn N. Y. 11211, filed a registration statement (File 2-37826) with the SEC on June 29 seeking registration of \$1,200,000 of convertible subordinated debentures, due 1978, to be offered for public sale at 100% of principal amount. The offering is to be made on a best efforts, all or none basis by Nagler, Weissman & Co., Inc., 462 East Tremont Avenue, Bronx, N. Y., which will receive a 10% selling commission plus \$20,000 for expenses. The company has agreed to sell the Nagler firm, for \$150, five-year warrants to purchase 15,000 shares. Also included in this statement are 22,000 outstanding common shares and 18,000 outstanding common stock purchase warrants which may be offered for sale from time to time by the holders thereof.

Organized in August 1968, the company is engaged in the development, manufacture, maintenance and distribution of equipment in the heating, ventilating and air conditioning fields and in the installation and construction of air conditioning and heating systems. Of the net proceeds of its debenture sale, \$700,000 will be used to repay outstanding indebtedness and the balance will be added to the company's working capital. The company has outstanding 479,000 common shares (with a \$1.76 per share net tangible book value), of which Arthur Milgram, president and board chairman, owns 23.6% and Sidney Siegel, secretary-treasurer, 13.5%. Emanuel Gruss may sell 20,000 shares and two others the remaining shares being registered; Shaskan & Co., Inc. may sell 9,000 warrants and three others (associated or formerly associated with the Shaskan firm) the remaining warrants being registered.

SECURITIES ACT REGISTRATIONS. Effective July 2: Comet Petroleum Corp., 2-35983 (90 days); Energy Conversion Devices, Inc., 2-37697; McGraw-Hill, Inc., 2-37284; John Nuveen & Co., Inc., 2-37630; Minnesota Mining and Manufacturing Co., 2-37828; Owens-Illinois, Inc., 2-37744; Papercraft Corp., 2-37669; Prudential Building Maintenance Corp., 2-37186; The Rothchilds Co., 2-37144 (90 days); Service Fund, Inc., 2-34028.

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.

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