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A Daily Summary of
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COURT ENFORCEMENT ACTIONS

APPEALS COURT REVERSES CONTINENTAL TOBACCO HOLDING. On June 2, 1972, the U. S. Court of Appeals for the Fifth Circuit reversed the decision in Securities and Exchange Commission v. Continental Tobacco Company of South Carolina, Inc., 326 F. Supp. 588 (S.D. Fla., 1971), holding that defendant Continental's 1969-1970 sale of unregistered securities constituted a public offering and thereby violated the registration provisions of the Securities Act of 1933. The Court of Appeals also remanded the case for the entry of the permanent injunction that the Commission had been seeking in its action. After noting that Continental had the burden of proving that its 1969-1970 offering was non-public, and thus exempt from registration, the Court declared that:

"The record does not establish that each offeree had a relationship with Continental giving access to the kind of information that registration would have disclosed. The offers of common stock were to dentists, physicians, housewives, and businessmen, who had no relationship with Continental other than that of shareholder once the purchases were made. None of the purchasers had any actual opportunity to inspect Continental's records or to verify for themselves statements made to them . . . Some of the purchasers had never met any officers of the company." The court concluded that since Continental had failed to present "explicit, exact" proof as to the relationship between Continental and "all offerees," it had failed to carry its burden. (Original emphasis.)

The Court recognized that almost all of the purchasers of Continental's stock signed "investment letters" acknowledging receipt of a detailed brochure about the company and the purchaser's satisfaction as to the amount of information provided therein and by Continental's management. The court did not, however, consider this fact to justify the district court's conclusion that the purchasers in fact had access to, adequate information about Continental. Such investment letters, said the court, cannot substitute for actual proof of access to registration-statement-type information. And, even if the purchasers had actually been provided with such information, "this would not suffice to establish the requisite relationship of those offerees to the Company." (The Court is quoting from the Commission's brief). "Mere disclosure," the Court stated, "does not assure exemption." To avail itself of the private offering exemption, the company was required to show that "all of the offerees . . . enjoyed a relationship with Continental making registration unnecessary." This the company failed to do.

In considering whether the Commission's request for a permanent injunction against registration violations should have been granted, the Court stated: "We must hold that Continental should be enjoined." The Court noted that in 1967 Continental had been preliminarily enjoined from registration violations involving a 1967 offering. Although by the time of the 1969-1970 offering Continental was under completely new management, the Court said the two offerings "should not be isolated and considered apart. . ." The Court observed that the new management was aware of the preliminary injunction and yet "essentially followed the 1967 procedures."

Because of the length of the opinion (63 pages), the Commission is unable to make copies available to the public.

UNIVERSAL OIL, OTHER ENJOINED. The SEC Fort Worth Regional Office announced June 7 that the Federal court in Shreveport, La. had permanently enjoined Universal Oil Corporation, of Shreveport, La., and William P. Maroski and Howard L. Carpenter, both of El Paso, Tex. from violations of the registration and antifraud provisions of the Federal securities laws in connection with the offer and sale of fractional undivided working interests in oil and gas leases located in Caddo Parish, La. The defendants consented to the court order without admitting the allegations. (LR-5416)

LEONARD N. TARR SENTENCED. The SEC New York Regional Office announced June 7 that the Federal court in Brooklyn, N. Y. had sentenced Leonard N. Tarr of Brooklyn, to two years imprisonment and \$5,000 fine in connection with an indictment charging him with conspiring to obstruct justice. (LR-5417)

GRAPHIC ARTS DATA SYSTEMS, OTHERS, ENJOINED. The SEC Fort Worth Regional Office announced May 30 that the Federal court in Dallas, Tex. (a) had permanently enjoined Graphic Arts Systems, Inc. (Graphic Arts), of Baton Rouge, La., and William Lee Folsie, of Dallas, Tex. from violations of the registration, anti-fraud and anti-manipulative provisions of the Federal securities laws; Richard A. Carrington, of Dallas, from violations of the registration provisions; Wilburn L. Stevens, of Amarillo and Dallas, Tex., Ben Harvey of Sanger, Tex., Leslie Clem Hackler, Jr., of Dallas, Tex., and Raymond Henry Starns, of Baton Rouge, La. from violations of the anti-manipulative provisions and (b) had preliminarily enjoined John B. Baird, of Dallas, Tex., from violations of the registration, antifraud and anti-manipulative provisions of the Federal securities laws, all in connection with the purchase and sale of Graphic Arts stock. The defendants consented to the court order without admitting or denying the allegations. (LR-5418)

OVER

CONTEMPT PROCEEDINGS FILED AGAINST C. H. WAGNER. The SEC Seattle Regional Office announced June 5 the filing of contempt proceedings in the Federal court in Portland, Ore., against Clarence H. Wagner, of Boston, Mass. The application for order to show cause alleges continuous violation of the court's preliminary injunction issued in September 1971 and the reinstatement of the preliminary injunction issued in November 1971 in that Wagner caused employees of C. H. Wagner & Co., Inc. and Wagner Funding Corporation, both Massachusetts corporations, to continue the sale and placement of certificates of deposit and savings with the payment of bonus interest to the public investors. The court issued a show cause order for July 6, 1972. (LR-5419)

INVESTMENT COMPANY ACT RELEASE

CONTINENTAL ASSURANCE COMPANY. The SEC has issued an order exempting Continental Assurance Company Separate Account (B) from the provisions of Section 22(d) of the Act so as to allow them to permit experience rating credits under group variable annuity contracts. (Rel. IC-7222)

HOLDING COMPANY ACT RELEASES

METROPOLITAN EDISON COMPANY. The SEC has issued a notice giving interested persons until June 30 to request a hearing upon an application of Metropolitan Edison Company, Berks County, Pa. subsidiary of General Public Utilities Corporation, to issue and sell 250,000 shares of its cumulative preferred stock. Net proceeds will be used to repay short-term borrowings (estimated at \$17,000,000) incurred in financing the company's construction program estimated at \$146,500,000 for 1972. (Rel. 35-17597)

HARTFORD ELECTRIC LIGHT CO. The SEC has issued a notice giving interested persons until June 27 to request a hearing upon a proposal of Hartford Electric Light Company, Wethersfield, Conn. a subsidiary of Northeast Utilities, a registered holding company, to issue and sell up to \$87 million of short-term notes to banks and commercial paper. The proceeds are to be applied to the subsidiary's construction expenditures estimated at \$91,500,000 and \$64,300,000 for 1972 and 1973, respectively. (Rel. 35-17598)

CONNECTICUT LIGHT AND POWER CO. The SEC has issued a notice giving interested persons until June 27 to request a hearing upon a proposal of the Connecticut Light and Power Company, Berlin, Conn. subsidiary of Northeast Utilities, to issue and sell up to \$164 million of short-term notes to banks and commercial paper. The subsidiary intends to utilize the proceeds of the note sales for construction expenditures estimated at \$129,500,000 for 1972 and \$120,900,000 for 1973. (Rel. 35-17599)

CENTRAL AND SOUTH WEST CORPORATION. The SEC has issued a notice giving interested persons until June 29 to request a hearing on an application by Central and South West Corporation, a registered holding company, and its subsidiary companies for Central to issue notes up to \$75,000,000 outstanding at any one time to banks and to a dealer in commercial paper and for the subsidiary companies to issue notes to Central. The proceeds of the proposed notes will be used to finance temporarily part of the costs of the 1972-1973 construction programs of the subsidiary companies. (Rel. 35-17600)

SECURITIES ACT REGISTRATIONS

BROWNING-FERRIS INDUSTRIES, INC., 1603 Fannin Bank Bldg., Houston, Tex. 77025, filed a registration statement on June 1 seeking registration of 8,060,000 shares of common stock reserved for issuance in connection with the acquisition of businesses and properties and 40,000 reserved for issuance upon exercise of options granted or to be granted pursuant to its Stock Option Plan of 1969, to be assumed in connection with the acquisition of another business. The company is engaged primarily in providing solid waste management services. (File 2-44495)

VIOMEDICAL DEVELOPMENT CORPORATION, 16 Pearl St., Metuchen, N. J. 08840, filed a registration statement on June 1 seeking registration of 150,000 shares of capital stock and warrants to purchase 75,000 shares, to be offered for public sale in units, each consisting of one share and one-half warrant. The offering is to be made (* at \$4 per unit maximum) through underwriters headed by L. C. Wegard & Co., Inc., U. S. Highway 130 & Levitt Parkway, Willingboro, N. J. 08046. The company established and has operated the Center for Laboratory Medicine, a regional reference clinical testing laboratory in Metuchen. Net proceeds will be used for working capital and other corporate purposes. (File 2-44499)

POPE & TALBOT, INC., 1700 S. W. 4th Ave., Portland, Ore. 97207, filed a registration statement on June 2 seeking registration of 225,000 shares of common stock issuable pursuant to the company's Qualified Stock Option Plan. (File 2-44505)

PACIFIC GAMBLE ROBINSON CO., 4103 Second Ave. South, Seattle, Wash. 98134, filed a registration statement on June 2 seeking registration of 241,785 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering is to be made (*at \$37 per share maximum) through underwriters headed by Blyth & Co., Inc., 555 California St., San Francisco, Calif. 94104. The company is primarily engaged in buying and selling fresh fruits and vegetables and the wholesale and retail distribution of fresh fruits and vegetables and grocery items. (File 2-44509)

MICHIGAN CONSOLIDATED GAS COMPANY, One Woodward Ave., Detroit, Mich. 48226, filed a registration statement on June 2 seeking registration of \$35 million of first mortgage bonds, due 1997, to be offered for public sale at competitive bidding. Net proceeds will be used to retire \$29 million of bank notes and to pay a portion of its 1972 construction costs, estimated at \$72 million. (File 2-44510)

AMERICAN FINANCIAL CORPORATION, One East Fourth St., Cincinnati, Ohio 45202, filed a registration statement on June 2 seeking registration of \$10 million of subordinated debentures, due 1987, to be offered for public sale at 100% of principal amount. No underwriting is involved. The company is engaged through subsidiaries in the residential construction, insurance, leasing and data processing, banking and publishing businesses. Net proceeds will be added to its working capital. (File 2-44511)

NEVADA POWER COMPANY, Fourth St. and Stewart Ave., Las Vegas, Nev. 89101, filed a registration statement on June 2 seeking registration of 500,000 shares of cumulative preferred stock (\$20 par), to be offered for public sale (*at \$20.50 per share maximum) through underwriters headed by White, Weld & Co. Inc., 20 Broad St., New York 10005. Net proceeds will be used to reduce short-term borrowings incurred for construction purposes (estimated at \$27 million at the time proceeds are received). Construction expenditures are estimated at \$33,900,000 for 1972 and \$125,000,000 for the three years 1972-1974. (File 2-44513)

DIAMONDHEAD CORPORATION, 200 Sheffield St., Mountainside, N. J. 07092, filed a registration statement on June 2 seeking registration of \$15 million of sinking fund bonds, due 1982, to be offered for public sale at 100% of principal amount through underwriters headed by Reynolds Securities Inc., 120 Broadway, New York 10005. The company is principally engaged in the real estate development and land sales business. Of the net proceeds of its bond sale, \$1,715,000 will be used to repay short-term indebtedness, \$4,400,000 to repay long-term indebtedness and the balance for other corporate purposes. (File 2-44514)

VICO CORPORATION, 4144 Lindell Blvd., St. Louis, Mo. 63108, filed a registration statement on June 2 seeking registration of 385,000 shares of common stock, to be offered for public sale (*at \$10 per share maximum) through underwriters headed by E. F. Hutton & Co., Inc., One Battery Park Plaza, New York 10004. The company markets a complete line of automobile insurance through Volkswagen dealers and by direct mail. Of the net proceeds of its stock sale, \$1,724,934 will be used to repay bank borrowings incurred to finance the 1970 acquisition of R. G. Hobelmann & Company, Inc. and to provide working capital, and the balance will be used for acquisitions and working capital purposes. (File 2-44515)

R. R. DONNELLEY & SONS COMPANY, 2223 Martin Luther King Dr., Chicago, Ill. 60616, filed a registration statement on June 2 seeking registration of 704,277 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering is to be made (*at \$26.75 per share maximum) through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, New York 10006. The company is a commercial printer. (File 2-44516)

SAXON FUNDS, INC. (the general partner), 600 First National Bank Bldg., Abilene, Tex. 79601, filed a registration statement on June 2 seeking registration of up to \$5 million of partnership interests in Saxon Funds-1972 Program Series Two, Ltd. (the Partnership), to be offered for public sale at \$5,000 per unit with a minimum required purchase of two units. No underwriting is involved. The Partnership will be formed for the purpose of engaging in oil and gas exploration. (File 2-44517)

RIDGEWOOD INDUSTRIES, INC., 1104-8 West Chestnut St., Burbank, Calif. 91506, filed a registration statement on June 2 seeking registration of 250,000 shares of common stock, to be offered for public sale at \$2 per share by Equidyne, Arrow Press Sq., Salt Lake City, Utah 84101, and Delphi Capital Corporation, 1700 Market St., Philadelphia, Pa. 19103. The company is engaged in the manufacture and sale of china. Of the net proceeds of its stock sale, \$110,000 will be used to purchase and install automatic and semi-automatic production equipment and the balance for working capital and other corporate purposes. (File 2-44518)

TSI DUAL-PURPOSE FUND (the Partnership), 1901 Avenue of the Stars, Los Angeles, Calif. 90067, filed a registration statement on June 2 seeking registration of \$5 million of 10% subordinated debentures, due 1982 (convertible prior to December 31, 1977), to be offered for public sale at 100% of principal amount by TSI Securities Corporation. The Partnership will invest primarily in income producing real properties and unimproved real estate held for development into income producing properties. Philip Gardner and TSI Management Company are the general partners. (File 2-44521)

In a separate statement, the Partnership seeks registration of \$5 million of partnership interests, to be offered for public sale at \$100 per unit by TSI Securities Corp. (File 2-44520)

MISCELLANEOUS

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of (a) over-the-counter trading in the securities of First World Corporation for the further ten-day period June 9-18, inclusive, (b) over-the-counter trading in the common stock of LDS Dental Supplies, Inc., for the further ten-day period June 10-19, inclusive, (c) over-the-counter trading in the common stock of Clinton Oil Company for the further ten-day period June 11-20, inclusive, and (d) exchange and over-the-counter trading in the common stock of Ecological Science Corporation for the further ten-day period June 12-21, inclusive.

OVER

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicate and responding to the item of the form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the June 8 News Digest.

<u>8K Reports for Feb '72</u>		<u>Amended 8K Reports</u>	
Vikoa Inc (13)	1-5300-2	Kaiser Cement & Gypsum Corp #1 for Dec 71 (13)	1-4598-2
Oregon Trail Savings & Loan Association (13)	0-5800-2	Pacific Lighting Corp #1 for Jun 71 (13)	1-40-2
Anderson Inds Inc (13)	0-3931-2	Cypress Communcations Corp #2 for Nov 71 (4)	0-3289-2
Chemed Corp (14)	2-38883-2	Sikes Corp #1 for Feb 72 (10,11,12,13)	1-6559-2
Pacific Electricord Corp (8)	0-2999-2	E I Du Pont De Nemours & Co #1 for Oct 71 (7,14)	1-815-2
Skyline Corp Mar 72 (12)	1-4714-2	Product Applications Inc #1 for Nov 71 (2,7,13)	1-6459-2
The United Piece Dye Works Dec 71 (8)	1-4962-2	HI-Shear Corp #1 for Feb 72 (9)	1-6283-2
First Midwest Corp Mar 72 pursuant to Sec 12(g2 of '34 Act (13,14)	0-6191-2	Beverly Enterprises #1 for Dec 71 (12)	1-5894-2
Warner Natl Corp (2)	0-3897-2	Calif Medical Centers #1 for Nov 71 (1)	0-3661-2
United Penn Corp (11,13)	0-4626-2	Curtis Hooker Corp' #1 for Dec 71 (7)	0-4830-2
Airwick Inds Inc (7)	1-5783-2		
Law Research Service Inc(3,13)	0-3301-2		
<u>Amended 8K Reports</u>			
First Natl Charter C orp #1 for Dec 71 (7)	0-4257-2	Southern California Mortgage & Loan Corp #1 for Feb 72 (13)	2-41621-2
#1 for Jan 71 (7)	0-4257-2		
Leasco Corp #1 for Feb 72 (11)	1-5288-2		
Carolina Power & Light Co #1 for Jan 72 (7)	1-3382-2	John B Stetson Co #1 for Dec 71 (2,13)	0-2163-2

SECURITIES ACT REGISTRATIONS. Effective June 8: The Ambassador Co., 2-43689 (90 days); Analogdevices, Inc., 2-44293 (90 days); Betz Laboratories, Inc., 2-44387; Braniff Airways, Inc., 2-43940; Browning-Ferris Industries, Inc., 2-44495; Casco Northern Corp., 2-42684 (90 days); Columbus and Southern Ohio Electric Co., 2-44303; Duquesne Light Co., 2-44352; Empire Industrial Systems Corp., 2-43454 (90 days); Generics Corp. of America, 2-43669 (40 days); Jetero Corp., 2-43400 (90 days); Life Investors Inc., 2-44439 (90 days); Lydenvurg Platinum Ltd. (First National City Bank), 2-44437; Martin Marietta Aluminum, Inc., 2-44092; Memorex Corp., 2-43615; Mid-America Industries, Inc., 2-43508 (90 days); Midwest Systems Corp., 2-43616; Moduline International, Inc., 2-44180 (90 days); MRX Sales and Service Corp., 2-43617; Omni Spectra, Inc., 2-44153; The Reit Income Fund Inc., 2-42213; Service Master Industries, Inc., 2-38022; Servomation Corp., 2-43685; Transworld Investment Corp., 2-42478 (90 days); White Motor Corp., 2-44225; Winkelhak Mines Ltd., 2-44331; Zenith National Insurance Corp., 2-44078.

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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