

THE **Insiders'** CHRONICLE

and The Commercial and Financial Chronicle

Founded in 1839

\$2.00 Copy

INSIDER ALERT

Shareholder votes on recapitalization crucial to Arden-Mayfair book value

By **RICHARD D. MORAN**
Chronicle Staff

What turmoil surrounding Arden-Mayfair. The West Coast supermarket and dairy products concern is being investigated by the SEC for allegedly rebating some \$4.4 million to its wholesale milk customers without adequately disclosing the payments on the books. ARDN has had a court action filed against it by a corporation run by a large shareholder seeking to annul the election of the board of directors which occurred at the annual meeting of stockholders on April 20, 1976. The suit was amended in July 1977 by the shareholder, Mr. Marshall Kass, alleging that as the rebates were not disclosed in the proxy material, the last election of the board was further suspect.

Moreover, Louart Corp. (controlled by Mr. Kass) has filed an action in the Superior Court of Los Angeles attempting to compel Arden-Mayfair under Section 2115 of the new California Corporations Code to again elect an entire new board of directors and adopt cumulative voting at its annual meetings commencing in 1977. As things now stand, Arden-Mayfair is incorporated in Delaware, and consequently the election of a board member must be accomplished by his obtaining a majority of the proxies. Thus, even though Mr. Kass controls some 18 per cent of Arden common and 14 per cent of its preferred, he has been unable to elect a director on the company's board. But if Arden were forced to comply with Section 1515, a cumulative voting procedure would be required for the next board vote and Mr. Kass would presumably be able to at least obtain a proportionate representation on the board.

However, Section 2115 itself was declared unconstitutional by a trial judge on August 5, 1977. The judge said the U.S. Constitution requires that full faith and credit be given to the Delaware laws which permit Arden to have a classified board of directors and straight voting instead of cumulative voting. It is expected that Louart will now seek appellate review of all issues decided by the trial judge.

And just to add to the fun, Arden-Mayfair has filed a registration statement with the SEC to clear the way for a reorganization of the company. Under the

plan, Arden-Mayfair would become a wholly owned subsidiary of a newly formed parent company (Teleautograph, Inc.) after a one-for-one swap of Arden common stock for Teleautograph stock. There are also refinancing proposals concerning Arden preferred stock (with dividends in arrears) and its six per cent subordinated income debentures (with a lot of unpaid interest).

Mr. Kass aspires to be chairman of Arden-Mayfair, and says the new plan is ridiculous and has no chance of being approved by the shareholders. We hear that the meeting of shareholders for this

See "ALERT" page 18

Contents

Insider Alert.	1
Robert Genetski	2
Eliot Janeway.	3
Insider Trading.	1
Milton Moskowitz.	7
Greer Kandel Report.	9
Wine Connoisseur.	15
144 Letter Stock.	14
The Investigators.	13
Wall Street Summary.	19

Insider Trading

Sales

Alco Standard Corp. 12,600 common shares at \$21.375 private sale on Aug. 31. 42,486. Myron S. Gelbach Jr., director and vice chairman.

Amdahl Corp. 15,000 common shares at \$32-\$32½ open market sales on Aug. 1, 5, and 9. 50,000. Eugene R. White, president and director.

Amdahl Corp. 22,000 common shares at \$36½-\$37¼ open market sales on Aug. 15. 115,581. Gene M. Amdahl, chairman of the board and director.

Amdahl Corp. 2,000 common shares at \$36½-\$37½ open market sales on Aug. 15. 4,000. Richard B. Sayford, officer.

American Broadcasting Companies, Inc. 6,000 common shares at \$44¾ open market sale on Aug. 4. Frederick S. Pierce, director.

American Broadcasting Companies, Inc. 625 common shares at \$44¾-\$44½ open market sales on Aug. 5. James L. Abernathy, vice president.

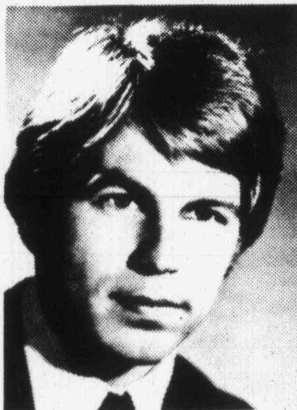
Anchor Hocking Corp. 500 common shares at \$27.50 open market sale on Aug. 19. 29. William E. Russell, vice president.

Atlanta National Real Estate Trust 700 shares of beneficial interest at \$3.625 open market sale on June 24. 2,000. William A. Fickling Jr., chairman of the board of trustees.

SALES, continued on page 4

Largest transactions reported last week

Sales	Shares	Total Reported Transactions	Total \$\$\$ Amount
Hayden Island, Inc.	109,317	1	1,967,706
People's Gas Co.	36,935	2	1,852,302
Amdahl Corp.	37,000	2	1,293,310
Purchases			
Bank Shares, Inc.	193,276	3	2,995,778
Blue Chip Stamps	17,000	1	278,375
Far West Financial Corp., Ltd.	25,000	3	250,000
Kellogg Co.	10,000	1	248,100



Carter energy program a barrel of trouble

By DR. ROBERT J. GENETSKI

Economist
Harris Bank, Chicago

A comprehensive energy program with widespread implications for the economy is halfway through the Congress. Although the entire package is extremely complex, the overall economic impact of the legislation has become clear. Our analysis shows the energy bill will lead to lower productivity, slower real growth and higher inflation.

Higher energy taxes

One of the more prominent aspects of the energy legislation is its tax implications. The bill allows for tax increases totaling \$77 billion between 1978 and 1985. However, \$7 billion of this is to be returned in the form of rebates and tax reductions. This means that the bill contains a net tax increase of \$70 billion or approximately \$800 per worker over the next eight years. Provisions for the use of these taxes have not been determined. Also, since most of the taxes are levied at the initial stage of production, the tax increases will take the form of sharply higher prices.

Costs to the nation

Although higher taxes represent the direct cost of the energy program to individuals, they do not indicate the cost to society as a whole. The table shows the estimates of these costs that can be quantified.

The House Committee estimates that mandatory requirements for many utilities and industries to convert to coal will cost \$78 billion. Since this additional expense will not increase output, the money represents a cost to society. In a similar manner, subsidies to industries in the form of tax credits encourage more spending on particular items and less on others than is justified on the basis of existing costs and benefits. In addition, the Federal Government's cost to administer the highly complex program is determined by allowing for a 5 per cent per year increase in the amount of money currently spent on regulating energy. The total of these costs amounts to \$105.3 billion over the next eight years, approximately 20 per cent of the anticipated real growth in the U.S. economy.

Unquantifiable costs

In addition to those costs which can be quantified, there are a host of costs more difficult to measure. For example, distortion of market prices as a result of the legislation will lead to substantial misallocations of resources for which no reasonable estimates are available. Also the administrative costs to industry of assessing, reviewing and complying with the bill could be enormous.

Furthermore, there are many parts of the program which potentially could be very damaging. Among these is the risk of relying too heavily on coal for energy generation. Last January coal production fell 25 per cent from the previous year. Coal shipments came to a virtual standstill in many areas as the cold weather prevented coal supplies from reaching their destination. Recently, wildcat strikes have closed coal mines in West Virginia, Kentucky and Pennsylvania threatening spot shortages of coal at some utilities. While there is much to be said for diversifying energy requirements, a forced reliance on any one fuel could actually make the economy more, rather than less, vulnerable to future shocks.

While problems with the energy bill are far too extensive to be enumerated completely, the most significant could well be its impact on the future growth of productive investments. Initially, corporate profits are likely to decrease because business will find it difficult to pass through all of the higher taxes placed on its inputs. Since corporate profits are used for investment in future facilities and equipment, lower profits will mean less capital expenditures. But even more im-

portant from a longer-term perspective will be the reduction in business investment because of the increased uncertainty associated with extensive Government regulation. As new Government regulations concerning energy are introduced and altered, the risk that is normally associated with a long-term investment will become greater. With the increase in risk, investors will decide against pursuing many projects which would have been attractive in a less uncertain environment.

The bottom line

Our analysis shows that the full costs of the proposed energy bill will reduce anticipated real growth by more than 30 per cent over the next eight years. Aside from the impact on real growth, the energy legislation has both short and long-term inflationary implications. The immediate inflationary impact will come from the tax increases which will add significant amounts to the cost of various products. The longer-term inflationary impact depends primarily on the Federal Reserve's monetary policy. Slower real growth stemming from the energy program could well provide pressures for rapid increases in the money supply in an effort to offset the negative effects of the legislation. In this event, the program could easily lead to a return to double digit inflation rates.

The costs of the energy bill to consumers are far in excess of what it would cost if energy prices were simply decontrolled. Deregulating energy would ensure that consumers would not pay more for energy than is justified by world energy prices. In addition, deregulation would stimulate domestic production of oil and gas and thereby provide further benefits that are not available with the energy bill.

In summary, if approved, the current energy legislation will have a major negative impact on the future course of the economy. The projected growth in demand for oil and natural gas would be reduced significantly, but consumers and investors would pay an extraordinary price for such conservation.

QUANTIFIABLE COSTS OF THE ENERGY BILL TO THE NATION (Billions of Dollars)

	1978-85
Industry and Utility conversion to coal *	\$ 78.0
Subsidies to industries through tax credits *	5.8
Federal administrative costs * *	21.5
	\$105.3

* Source: House Committee estimates for these categories.

* * Assumes a 5 per cent annual increase in expenditures for Federal energy regulation to allow for administration of the energy program.



Eliot Janeway

Lagging nickel demand's stock market warning

Special to the Chronicle

The downward trend of the stock and bond markets is being complicated by the strange crosscurrent of rising short-term interest rates. Wall Street, always on the lookout for someone outside the market who "must know something," is still speculating that this paradox is part of a new recovery, not the old recession. The simplest way to cut through the confusion is to find a "litmus paper" business whose operations correspond at the industry level to the activities of a stereotypical consumer.

The wife of a blue-collar worker in Dayton, Ohio, was made famous as the "Mrs. John Q. Public" of the 1970s. Her prejudices and preferences were the focus of "The Real Majority," the hard-hitting book on the sociology of polling by Dick Scammon and Ben Wattenberg. Her opposite number in American industry resides in Davenport, Iowa.

Arant Sherman operates a small business called Alloy Metal Products. Just across the Mississippi from the industrial base of the giant John Deere Company, his one-plant operation is doing about \$1.5 million a month, which is the bare minimum needed to stay ahead of today's brutal overhead cost and still generate enough cash and support enough credit to feed a facility that needs constant financial fueling. Sherman's business is really a proprietorship, although he followed the fashion of "going public"; 20 per cent of its stock is traded over the counter.

The focus on Alloy Metal Products illustrates an old theory of mine about nickel, developed in an article written for the Harvard Business Review at the height of the confusion brought on by the Korean War boom. Its thrust was that nickel is the lowest common denominator of production requirements for modern military, as well as commercial, technology. So basic to the functioning of our industry is nickel, that the practicality of the theory has survived the drastic deflation of military demand for industrial basics.

Sherman is a secondary supplier of nickel to the country's utility, steel, engineering and automotive industries. He is a buyer of scrap which still "makes the market" as it did a generation ago when market-makers in Wall Street set their sights by the scrap market movements in Pittsburgh, Chicago and Detroit.

One half of his business comes from the utilities whose expansion had been

monotonously automatic, until this year when environmental regulations began to force a rash of cancellations — especially of nuclear projects, which take more high-nickel-bearing components.

Another 20 per cent is accounted for by the low-nickel-bearing alloys produced by the stainless-steel mills, which have been swamped by import dumping entirely financed by foreign governments paying transportation and insurance charges and willing to wait for collections until after the importers have made a sale.

The automobile plants, which are now swinging into their new model year, take another 10 per cent, and the manufacturers of heavy engineering equipment, which are being flooded with long-time export orders on terms they are dictating, round out the score, except for the miscellaneous flow of replacement business that comes in over every transom.

When all this is taken together, Sherman's product reaches a cross section of America's economic gearbox. Sherman came into the new industrial year that began on Labor Day not nearly as well fixed as his heavy machinery manufacturing customers; no one can match their bulging order books, which reflect their recycling of supposedly departed petrodollars and belie Secretary Blumenthal's alarm over the dollar. But Sherman is doing better than the steel mills, the farm implement makers, and most of the auto and utility plants his kind of business services, not to mention the producers of the basic materials he uses.

Sherman has a 30-day order book half the size of the order book he had a year ago, when operating costs were lower. He is on a two-shift schedule, instead of the three-shift schedule in force last year; the one-third cutback pinpoints the pessimism of the utilities about expansion of their power loads. Sherman has just completed the only capital investment he needs: a doubling in furnace capacity as insurance for his customers against breakdowns. Finally, he has run off his scrap inventory and isn't buying.

A quick look at the basic nickel producers confirms what Sherman's cutbacks indicate and what the stock market suspects. In Canada, where America's nickel comes from, Falconbridge, the No. 2 producer, has shut down. In Wall Street, International Nickel, the bluest of blue chips, rescinded its first price

cut ever, and its stock is still bottomless, 42 per cent under its 1976 high. International Nickel, a symbol of expansion-mindedness, is grumbling that its mammoth development project in Indonesia will be the last for a long time. The economy is giving the stock market plenty of reason to go down and is giving interest rates no reason whatsoever to go up, much less to stay up.

The Securities and Exchange Commission requires officers, directors and those who hold 10 per cent or more of the shares of a publicly-held company to report, within 10 days after the month in which the transaction took place; any sale, purchase, redemption, etc. by them in the stock of their company.

The figure after the transaction date represents the total number of shares now held by the person involved in the transaction.

These reports are a matter of public record and are made public by the SEC and by the Exchange with which they are filed.

THE Insiders' CHRONICLE

and The Commercial & Financial Chronicle
Serving the Financial Community since 1839

NATIONAL NEWS SERVICE, INC.
120 Broadway Suite 1515
New York, N.Y. 10005
(212) 344-4242

BOSTON OFFICE
1660 Soldiers Field Rd.
Boston, Mass. 02135
(617) 787-0707

Submit all Changes
of Address
4 Weeks in
Advance to

SUBSCRIPTION SERVICE DEPT.
P.O. Box 460
Whitinsville, MA 01588

DAVID G. MUGAR
Chairman of the Board
and President

C. PETER JORGENSEN
Publisher

© 1977 National News Service, Inc.

Published by National News Service, Inc., 120 Broadway, N.Y. 10005. Entered as Second Class Postage Weekly. Paid at New York, N.Y., and at additional mailing offices. Information and prices are obtained from sources considered reliable, but their accuracy is not guaranteed. Neither the information, nor any opinion which may be expressed, constitutes a solicitation for the purchase or sale of any securities referred to herein.

\$2.00 per copy. Annual subscription \$57 for The Insiders Chronicle and \$95 for the combined edition in the United States, and \$67 for The Insiders Chronicle, \$115 for the combined edition in Canada and all other countries.

Insider Trading

Sales

Continued from page 1

Avery International Corp. 100 common shares at \$23 open market sale on June 27. 1,100. Harry C. Donkers, vice president and general counsel.

Babcock & Wilcox Co. 7,149 capital shares at \$57¼-\$57¾ open market sales on Aug. 24. 0. Leon B. Wohlgemuth, vice president.

Barth-Spencer Corp. 206,375 common shares at \$6 private sale on Aug. 11. 0. Sol Levitt, director.

BBDO International, Inc. 1,200 common shares at \$29.50-\$29.75 sales on Aug. 3. 9,000. John H. McQuade, treasurer.

Blair (John) & Co. 2,250 common shares at \$18.375-\$18.75 open market sales on Aug. 24 and 25. 825. James A. Jurist, vice president and treasurer.

Braun Engineering Co. 150 common shares at \$30.125 sale on June 14. 350. George E. Ferber, director.

Bristol-Myers Co. 4,300 common shares at \$33.75 open market sale on Aug. 26. 700. Michael E. Autera, vice president.

Brockway Glass Co., Inc. 749 common shares at \$28.25 open market sale on Aug. 19. 3,600. Phillip B. Burnaman, secretary and corporate counsel.

Budd Co. 3,400 common shares at \$22¾-\$22½ open market sales on Aug. 5. 100. A. Richard Rosavage, vice president.

Budd Co. 15,000 common shares at \$21¾-\$22¼ open market sales on Aug. 11 and 12. 2,500. Gilbert F. Richards, chairman, chief executive officer and director.

Budd Co. 14,000 common shares at \$21.75-\$22.25 open market sales on Aug. 11 and 12. 201. James H. McNeal Jr., president and director.

Budd Co. 13,200 common shares at \$21¾-\$22¼ open market sales on Aug. 11 and 12. 5,400. Dudley A. Ward, vice chairman and director.

Buffalo Forge Co. 150 common shares at \$35.50 open market sale on June 21. Jack L. Sherman, controller.

Campbell Taggart, Inc. 11,000 common shares at \$21-\$21¼ open market sales on Aug. 5. 8,046. Robert H. Stewart III, director.

Capital Corp. of America 3,500 common shares at \$0.40 private sale on June 23.

23,887. Martin M. Newman, president and director.

Carboline Co. 1,500 common shares at \$18.25-\$18.75 open market sales on Aug. 10 and 16. 21,425. Robert R. Rosenthal Jr., vice president.

Carpenter Paper Co. of Nebraska 398 common shares at \$12.75 open market sale on June 28. 16,659. Arthur Spence, vice president, treasurer and director.

Celanese Corp. 10,400 common shares at \$44.25 sale on Aug. 22. 0. Ira B. Wheeler Jr., vice president.

Certain-teed Corp. 5,000 common shares at \$26½ open market sale on Aug. 10. 15,180. Franklin R. Winnert, senior vice president.

Chamberlain Manufacturing Corp. 1,500 common shares at \$16⅞-\$16½ open market sales between Aug. 2 and 19. 48,165. Richard E. Lynch, director.

Chessie System, Inc. 713 common shares at \$36.25 open market sale on Aug. 8. 50. Doyle S. Morris, assistant vice president and general counsel.

Chicago & North Western Transportation Co. 3,500 class A common shares at \$10½ open market sale on Aug. 1. 22,500. Ronald L. Schardt, treasurer.

Christiana Companies 1,000 common shares at \$3¾-\$4⅞ sales between June 1 and 30. 108,860. Jacob Albert, director.

Citizens Utilities Co. 132 series A common shares at \$36.50 open market sale on June 30. 0. Charles J. Weiss, assistant vice president and assistant secretary.

Clevpak Corp. 4,300 common shares at \$13 open market sales on July 19 and 20. 56,100. Leonard Dalsemer, director.

Clevpak Corp. 5,000 common shares at \$12½-\$12½ open market sales on Aug. 3, 4, and 5. 77,000. Hubert J. McPherson, director and chairman of the executive committee.

Columbia Chase Corp. 1,200 shares (type - not specified) at \$4¼-\$4⅞ open market sales between June 2 and 13. 140,751. Nikit Ordjanian, director and vice president.

Columbia Chase Corp. 455 voting common shares at \$4 and \$4.25 open market sales on June 22 and 30. 680,976. Edward L. Chase, president.

Control Data Corp. 800 common shares at \$21 open market sale on Aug. 15. 17,452. William R. Keye, director and vice chairman.

Cordura Corp. 800 common shares at \$4¼ open market sale on June 20. 1,100. Robert G. Sims, director.

Crum & Forster 2,000 common shares at \$33⅞ open market sale on Aug. 11. 1,760. Antoinette C. Bentley, officer.

Damon Creations, Inc. 2,000 common shares at \$1.50 private sale on April 18. 4,000. Victor Coopersmith, vice president.

Dan River, Inc. 400 common shares at \$11⅞ sale on June 24. 700. Paul M. Carruthers, vice president and secretary.

Dataproducts Corp. 10,000 common shares at \$14¼ open market sale on Aug. 16. 210,531. Erwin Tomash, chairman of the board.

Dataproducts Corp. 13,000 common shares at \$15¼ sale on Aug. 18. 1,616. Robert E. Harlan, vice president.

Dayton Power & Light Co. 3,000 common shares at \$22 open market sale on Aug. 1. 3,145. Pauline M. Easter, assistant secretary.

Dexter Corp. 5,000 common shares at \$26.25-\$28.75 open market sales on June 1, 2, and 6. 753,671. Dexter D. Coffin Jr., over ten per cent beneficial stockholder.

Diamond Shamrock Corp. 1,600 common shares at \$31.125 open market sale on Aug. 25. 6,600. J.L. Fordham, vice president.

Dibrell Brothers, Inc. 100 common capital shares at \$20.25 open market sale on June 28. 400. H. Peyton Green III, assistant vice president.

Dominion Bankshares Corp. 3,710 common shares at \$14.25-\$14.50 open market sales on Aug. 2 and 11. 599. Martin B. Williams Jr., group senior vice president.

Dorsey Corp. 2,000 common shares at \$15-\$15.125 sales on Aug. 12, 15, and 16. 12,800. George L. Collier, vice president.

Dover Corp. 1,000 common shares at \$40.50 open market sale on Aug. 18. 232,002. George L. Ohrstrom, director.

Eastern Gas & Fuel Associates 3,800 common shares at \$21 sale on Aug. 26. 3,647. Guido A. Rothrauff, senior vice president and general counsel.

Eckerd (Jack) Corp. 100 common shares at \$23¾ open market sale on June 21. 12,500. Charles N. Stallings, director.

Energy Conversion Devices, Inc. 800 common shares at \$26-\$26¼ open market sales on March 1. Iris M. Ovshinsky, director and vice president.

Energy Ventures, Inc. 12,000 common shares at \$9½ and \$11½ open market sales on Aug. 8 and 22. 0. William F. Morton, director.

Esmark, Inc. 13,000 common shares at \$31.125 open market sale on Aug. 4. 240,040. J.A. Vickers, director.

Exxon Corp. 4,400 capital shares at \$51 $\frac{1}{8}$ -\$52 open market sales on Aug. 4 and 5. 2,678. F.A.L. Holloway, vice president.

Exxon Corp. 1,600 capital shares at \$49 $\frac{1}{2}$ -\$49 $\frac{3}{4}$ open market sales on Aug. 18. 586. T.A. Kirkley, vice president.

Foremost-McKesson, Inc. 10,075 common shares at \$18 $\frac{1}{2}$ -\$18 $\frac{5}{8}$ open market sales on Aug. 10. 500. William W. Morison, president and chief executive officer.

Franklin Realty & Mortgage Trust 983 shares of beneficial interest at \$4 $\frac{1}{8}$ -\$4 $\frac{1}{4}$ open market sales on June 8 and 9. 9,161. Harold H. Gebert, president, chairman of the board and trustee.

General Foods Corp. 521 common shares at \$33.62 open market sale on Aug. 24. 0. David M. Brush, officer.

Genuine Parts Co. 6,000 common shares at \$33.75 open market sale on Aug. 5. 28,429. Ben R. Garvin, vice president.

Genuine Parts Co. 5,000 common shares at \$34 open market sale on Aug. 18. 185,149. William M. Spencer III, director.

Gilford Instrument Laboratories, Inc. 13,500 common shares at \$11-\$11.625 sales between July 25 and Aug. 12. 392,526. Saul R. Gilford, director and president.

Hayden Island, Inc. 109,317 common shares at \$18 private sale on Aug. 17. 79,649. Leonard Lundgren, over ten per cent beneficial stockholder.

Hotel Investors 500 shares of beneficial interest at \$12 $\frac{1}{2}$ rule 144 sale on June 8. 2,300. Samuel J. Rea, vice president.

Hydro Optics, Inc. 1,000 common shares at \$3 sale on May 3. 5,800. Robert B. Garey, treasurer and director.

ICM Realty 200 shares of beneficial interest at \$5.50 open market sale on July 5. 1,150. Elizabeth T. Branch, secretary.

Ideal Toy Corp. 266 common shares at \$9 sale on June 22. 0. A. L. Blinder, director.

Inexo Oil Co. 4,009 common shares at \$23 $\frac{3}{4}$ -\$23 $\frac{7}{8}$ open market sales on Aug. 24. 31,000. Michael J. August, director and vice president.

Inexo Oil Co. 1,527 common shares at \$23.75-\$23.87 open market sales on Aug. 24. William N. Shaefer, controller.

Information Magnetics Corp. 4,900 common shares at \$6.25 open market sales on Aug. 15. 4,600. Richard M. Troutte, vice president.

Inland Steel Co. 700 common shares at

\$38 $\frac{5}{8}$ open market sale on Aug. 1. 5,132. William R. Wilson, vice president.

Instrumentation Laboratory, Inc. 126 common shares at \$12 open market sale on June 30. 627. Keith H. Reynolds, assistant treasurer.

Interway Corp. 1,500 common shares at \$25.75-\$27.625 sales on Aug. 16, 18, and 19. 0. Robert L. Trenchard, vice president.

Jones (J.A.) Construction Co. 2,400 common shares at \$18.41 and 19.27 private sales on June 29 and Aug. 29. 116,282. Raymond A. Jones Jr., director and executive vice president.

Koehring Co. 2,800 common shares at \$15.875-\$16 open market sales on Aug. 12, 15, and 16. 1,250. John Radomsky, officer.

Koger Properties, Inc. 2,000 common shares at \$14.25 rule 144 sale on Aug. 1. 4,040. Allen R. Ransom, comptroller.

Kroger Co. 2,600 common shares at \$27.75 open market sale on Aug. 4. 4,130. Lyle J. Everingham, senior vice president and director.

Kroy Industries, Inc. 2,100 common shares at \$12 private sale (date not given, but statement dated for August, 1977). 18,300. Robert J. Johnson, secretary.

Malone & Hyde, Inc. 113 common shares at \$17.32 sale on July 6. 11,307. John C. Saviore, vice president.

Marriott Corp. 2,000 common shares at \$10 and \$10 $\frac{1}{2}$ open market sales on Aug. 24 and 30. 322,568. Woodrow D. Marriott, senior vice president.

Marshall Field & Co. 5,000 common shares at \$19 $\frac{1}{2}$ open market sale on Aug. 11. 101,811. Robert L. Paterson, vice president.

McGraw-Hill, Inc. 20,000 common shares at \$19 $\frac{1}{4}$ -\$19 $\frac{5}{8}$ open market sales on Aug. 12, 15, and 16. George R. Webster, director.

McKee (Arthur G.) & Co. 2,000 common shares at \$17.25 open market sales on July 18. 9,599. Raymond B. Aufmuth, group vice president.

Mellon National Corp. 13,900 common shares at \$54 $\frac{1}{2}$ -\$55 $\frac{1}{2}$ open market sales between Aug. 9 and 23. 331,682. Richard M. Scaife, director.

Merit Corp. 4,954 common shares at \$7.5625 sale on Aug. 12. 30,752. John A. DeCell, former president and director.

Metex Corp. 3,350 common shares at \$7 $\frac{1}{8}$ -\$7 $\frac{7}{8}$ open market sales on Aug. 19 and 22. 79,233. Jules J. Bressler, director.

Microwave Associates, Inc. 400 common shares at \$25.25-\$25.75 sales on Aug. 30. 14,088. Joseph C. Bothwell Jr., vice president.

Midland Capital Corp. 500 common shares at \$2 $\frac{3}{8}$ open market sale on June 27. 0. Northrup R. Knox, director.

Millipore Corp. 900 common shares at \$22.625 open market sale on Aug. 15. 1,500. Alfred S. Kent, vice president.

Millipore Corp. 30,000 common shares at \$22-\$22.375 open market sales between Aug. 2 and 23. 130,296. John H. Bush, chairman of the board and director.

Molex, Inc. 1,000 common shares at \$23.25 open market sale on Aug. 9. 186,611. Frederick A. Krehbiel, director, executive vice president international, and over ten per cent beneficial stockholder.

Monfort of Colorado, Inc. 16,667 common shares at \$4.50 private sale on Aug. 3. 812,194. Margery M. Wilson, director and over ten per cent stockholder.

Monsanto Co. 1,800 common shares at \$63.125 open market sale on Aug. 8. 9,253. Tom K. Smith Jr., director and group vice president.

Moran Brothers, Inc. 57,500 common shares at \$11.60 (net) public sale on Aug. 17. 571,545. Richard J. Moran, president and director.

Nalco Chemical Co. 7,700 common shares at \$30.50 open market sale on Aug. 2. 18,860. Robert T. Powers, chairman of the board.

National CSS, Inc. 3,000 common shares at \$23 $\frac{5}{8}$ -\$23 $\frac{3}{4}$ open market sales on Aug. 16. 100. David A. Winer, director.

National CSS, Inc. 3,000 common shares at \$23 $\frac{1}{8}$ -\$24 open market sales on Aug. 16 and 17. 300. Thomas E. Singer, director.

Continued on the next page

Dividend on common shares

The Board of Directors of Columbus and Southern Ohio Electric Company, on September 1, 1977, declared a dividend of fifty-eight cents (58¢) per share on the outstanding Common Shares of the Corporation, payable on October 10, 1977 to shareholders of record at the close of business on September 15, 1977.

R. M. McMorro
Secretary


Columbus
Southern
COLUMBUS AND SOUTHERN OHIO ELECTRIC COMPANY

Insider Trading

Sales

(Continued from the previous page)

National Health Enterprises, Inc. 2,600 common shares at \$7½ private sale to issuer on Aug. 2. 107,391. Carolyn J. Rosenkranz, wife of vice president and secretary.

National Medical Enterprises, Inc. 10,000 common shares at \$11-\$11½ sales on Aug. 5, 6, and 16. 1,604. Howard F. Nachtman, director.

National Service Industries, Inc. 56,048 common shares at \$14-\$14½ sales on Jan. 15 and July 29. 237,606. Robert J. Freeman, vice president and director.

New York State Electric & Gas Corp. 100 common shares at \$20¾ open market sale on June 28. 36. Matthew F. Felo Jr., assistant treasurer.

NL Industries, Inc. 4,000 common shares at \$19.625-\$20.25 sales between Aug. 4 and 25. 464,815. Clarence J. Woodard, director.

Nucor Corp. 800 common shares at \$22.25-\$22.75 open market sales on Aug. 4, 5, and 9. 72,266. F. Kenneth Iverson, president and director.

Olin Corp. 927 common shares at \$40¾-\$40½ sales on July 29. 0. Lawrence H. Staples, vice president.

Peoples Gas Co. 26,500 common shares at \$50.875 open market sale on Aug. 3. Robert M. Dreves, chairman of the board and director.

Peoples Gas Co. 10,435 common shares at \$47.875-\$48.75 open market sales between Aug. 9 and 29. 9,025. Orval C. Davis, president and director.

Public Service Co. of New Mexico 100 common shares at \$21½ open market sale on June 14. 875. Ronald F. Mershon, vice president.

Raytheon Co. 1,800 common shares at \$28¼ open market sale on Aug. 17. 3,640. Eric M. Levi, vice president.

Reichhold Chemicals, Inc. 150 common shares at \$18.75 sale on April 1. 2,983. George C. Sweet, vice president.

Reliance Group, Inc. 2,500 common shares at \$21¾-\$23¾ sales on June 23, 24, and 28. 6,349. Michael F. Morrell, vice president.

Reliance Group, Inc. 2,500 common shares at \$24.25-\$26.50 sales between July 11 and 25. 74,385. Robert M. Steinberg, senior vice president.

Resistoflex Corp. 100 common shares at \$24 open market sale on June 10. 805. Werner Freundlich, vice president.

Revlon, Inc. 6,000 common shares at \$41.25 open market sale on Aug. 12. 8,656. Paul P. Woolard, director and senior executive vice president.

Rockwell International 1,500 common shares at \$31¾ sale on Aug. 12. 365. W.L. Neely, treasurer.

Rom-Amer Pharmaceuticals, Ltd. 564,000 common shares at \$1 private sale on Aug. 23. 436,000. Marvin Kratter, chairman of the board, president and ten per cent beneficial stockholder.

Rubbermaid, Inc. 5,100 common shares at \$22.40 and \$22.625 open market sales on Aug. 1 and 2. Robert P. Ingram, director.

Rubbermaid, Inc. 1,500 common shares at \$22.50 open market sale on Aug. 5. Robert O. Ebert, director.

Sampson Corp. 2,000 common shares at \$0.75 open market sale on June 2. 6,250. Stephen A. Farner, vice president and consultant.

Santa Fe International Corp. 1,000 common shares at \$49.375 sale on Aug. 17. Stuart T. Peeler, senior vice president, general counsel and director.

Save-On-Drugs, Inc. 800 common shares at \$6 open market sale on June 30. 316,800. Ira D. Brown, director, chairman and chief executive officer.

Save-Way Industries, Inc. 8,000 common shares at \$6.75-\$7 open market sales on Aug. 12, 25, and 26. 77,338. Marilyn Sager, director.

Sears, Roebuck & Co. 3,000 common shares at \$32 sale on Aug. 22. 8,154. William F. McCurdy, vice president.

SmithKline Corp. 6,880 common shares at \$38¼-\$39½ open market sales on Aug. 8 and 10. 1,000. Peter Hickman, vice president.

SmithKline Corp. 1,600 common shares at \$40-\$40¾ open market sales on Aug. 24 and 25. 110. Richard V. Holmes, vice president and secretary.

Solid State Technology, Inc. 300 common shares at \$4¾-\$5¼ open market sales on June 1, 20, and 27. 58,020. Robert J. Santoro, vice president and director.

Southland Corp. 3,132 common shares at \$21.625-\$27.25 open market sales between Jan. 17 and July 19. 24,904. Mark L. Lemon, director.

Southland Royalty Co. 5,000 common shares at \$40.50-\$41.25 open market sales on Aug. 12, 16, and 17. 14,158. I. Jon Brumley, director, president and chief executive officer.

Southwest Bancshares, Inc. 2,100 common shares at \$23½ open market sales on Aug. 22. 1,274. Robert Stewart Jr., vice chairman and director.

Sterchi Brothers Stores, Inc. 11,000 common shares at \$9.091 private sale on Aug. 24. 70,000. James G. Sterchi III, director.

Sterling Drug, Inc. 100 common shares at \$14¾ open market sale on June 15. 5,065. William A. Heike Jr., vice president.

Sullair Corp. 340 common shares at \$13½ open market sale on May 15. 3,488. Robert C. Turk, vice president.

Texas Eastern Corp. 870 common shares at \$43.75 sale on Aug. 12. 574. Roland E. Moore, vice president and chief engineer of subsidiary.

Texasgulf, Inc. 2,800 common shares at \$23¼ open market sales on Aug. 18. 2,045. Kenneth J. Kutz, vice president.

Timken Co. 900 common shares at \$54 private sale on Aug. 12. 227,616. W.R. Timken, director and vice chairman of the board of directors.

Trans World Airlines, Inc. 129 common shares at \$10 open market sale on May 27. 0. Melvin A. Brenner, vice president.

Tucson Gas & Electric Co. 200 common shares at \$16.50 open market sale on June 24. J. Robert Johnston, vice president, treasurer and assistant secretary.

Tymshare, Inc. 5,000 common shares at \$22 open market sale on Aug. 23. 86,757. Bernard Goldstein, vice president and director.

Valmont Industries, Inc. 4,500 common shares at \$11¾-\$12½ sales between Aug. 1 and 12. 577,348. Robert B. Daugherty, chairman of the board, chief executive officer and director.

Warner Communications, Inc. 3,000 common shares at \$29.125 open market sale on Aug. 15. 0. S. Gerard Benford, vice president.

Wetterau, Inc. 8,000 common shares at \$17.25 open market sale on May 12. 133,259. Gene K. Davis, director.

Wiener Corp. 10,000 common shares at \$7¾ open market sale on Aug. 15. 202,696. N. Sidney Wiener, chairman of the board and director.

Wisconsin Power & Light Co. 61 common shares at \$21¾ open market sale on June 13. 0. Thomas C. Webb, treasurer.

Continued on page 8



Milton Moskowitz

Procter & Gamble packs most advertising punch

Which company spends the most money to persuade us to buy its products?

The answer, not surprising to anyone who follows the advertising wars on television, is Cincinnati's Procter & Gamble (P&G). One reason it spends so heavily is that it has so many products to promote. Another reason is that a large proportion of its products are winners. And winners need to be backed to keep them before your TV-viewing eyes.

If you wanted to break into advertising, you might logically head for New York, where most of the big ad agencies are headquartered. But you wouldn't be off base if you made a beeline for Cincinnati, a source for a good chunk of the advertising executed by the big agencies. Of the 32 largest ad agencies in the nation, 10 work for P&G.

P&G is the perennial leader of the advertising parade and it has now moved so far out in front that it's virtually in a class by itself.

When the industry trade publication, *Advertising Age*, appeared recently with its annual rankings of national advertisers, P&G occupied its usual position at the top of the list with a 1976 expenditure estimated at a cool \$445 million, up \$85 million from what it spent in 1975.

To appreciate the magnitude of those figures, note the following:

—There are only some 400 companies in America which collect that much money in annual sales. P&G's ad budget is greater than the sales of such companies as Fairchild Camera, Hughes Tool, Jonathan Logan, Gerber Products and Wm. Wrigley Jr.

—P&G's ad total is 55 per cent greater than the budget of the No. 2 advertiser, General Motors.

—P&G's 1976 advertising increase — \$85 million — exceeded the total ad budgets of such companies as Eastman Kodak, Goodyear Tire, Campbell Soup, Kellogg, Revlon and Volkswagen.

As overpowering as its ad budget is the army of P&G products supported by this promotional expenditure. Here's the P&G roster of brand names:

Tide, Ivory, Salvo, Comet, Dash, Bold, Camay, Top Job, Mr. Clean, Cascade, Downy, Bounce, Dreft, Biz, Zest, Gain, Cheer, Era, Spic & Span, Duz, Lava, Dawn, Joy, Oxydol, Bonus, Safeguard, Coast, Thrill, Crest, Gleem, Scope, Secret, Sure, Head & Shoulders, Prell, Duncan Hines,

Crisco, Jif, Folger's, Pringle's, Pampers, Charmin, Bounty, Lilt and Puffs.

Looking at those 45 brands, nearly all of them familiar household names, you may begin to understand why P&G needs to ante up \$445 million of advertising monies.

The five most potent brands in that group are Tide, Ivory, Crest, Crisco and Pampers. Each is a market leader. The youngest of this quintet is Pampers (10 years old), the oldest Ivory (97 years old). Tide has long been the top-selling detergent in the U.S. market. Crest does more than a third of the toothpaste business. Pampers holds 70 per cent of the disposable diaper market.

All of the generated sales of \$7.2 billion in the year ended last June 30, and on that volume P&G netted \$461 million, which is roughly what it spent on advertising in the United States.

Procter & Gamble is the single most important bankroller of commercial television. The tube gets three out of every four advertising dollars invested by the Cincinnati colossus.

Passport to poorhouse

The key to successful selling is to make it easy for the customer to buy. Thanks to the credit card, banks have now grasped that key. And as they turn it, they are well on their way to opening the door to bankruptcy — for us.

The messages banks direct at us, in their ads and other published materials, make it appear as if they are in the public service business. We're almost expected to respond "Thank you."

In point of fact, of course, banks are as much in business as an apparel company or food processor. They, too, have a product to sell. They, too, hope to sell that product at a profit.

The product banks have to sell is money. They buy it from you and me and others at one rate — say, in the form of savings accounts, the quarterly interest you receive being the price you're getting for your money. And then they loan it out at a higher interest rate. The bulge between what they pay for their money and what they get for loaning it represents their profit margin.

It's a relatively simple business, and since everyone needs money it's a nice business to be in.

Prior to the advent of the credit card, if you wanted to borrow money from a bank, you had to go there and fill out a long application form. It was a cumbersome affair, and bankers were never famous for making the small borrower feel comfortable.

Today, with millions of plastic bank credit cards in our wallets, the bankers have made it easy for us to become instant borrowers. Just go to a store or hotel or car rental agency or airline ticket counter, flash your card and — presto — you have the product or service you desire.

Naturally, you receive a bill every month. And yes, if you pay the balance in full right away, it doesn't cost you anything extra. But in practice two out of three cardholders cannot — or do not — pay in full. And what we don't pay immediately becomes a loan — at 18 per cent annual interest.

At first the bank credit card business proceeded along two tracks. There was one group that issued BankAmericard while another group issued Master Charge. Now, though, the business has taken a wild turn. Banks that issued BankAmericards (this name is being changed to Visa) can now issue Master Charge cards. And Master Charge banks are free to issue Visa cards.

As a result, banks are now hustling to get their cards into your hands. The nation's largest bank, The Bank of America, has some 4.5 million Visa cardholders in the State of California. On Feb. 15 it began issuing Master Charge cards as well. It has already issued 800,000 Master Charge cards. It's no wonder, then, that in the second quarter of this year its bank card sales hit a record \$666 million, up from \$518 million a year earlier.

That's not all. While commercial banks are generally restricted to offices in one state, there's apparently nothing to stop them from issuing credit cards to residents of other states. And New York's aggressive Citibank is doing just that. Citibank, the nation's largest issuer of Master Charge cards, has sent letters to residents in 25 states, offering them the Visa card.

More than 65 million bank credit cards are already in the possession of American consumers. The present drive by the banks to sign up cardholders can expand that total by two or three times. It's now easy for you to get your hands on two, three, four cards.

You will then be able to play the credit game with a vengeance. When your limit is close to the top on one card, you can start using another card. And later you can switch to a third card.

The banks don't care that you don't pay off the balances. They're quite willing to accept a minimum payment. The smaller the payment, the bigger the interest on the outstanding balance.

In their zeal to sell credit, the bankers will make deadbeats of us all.

Insider Trading

Purchases

Continued from page 6

Advance Circuits, Inc. 20,000 common shares at \$2 private purchase on Aug. 12. 22,500. Thomas F. Leahy, president and director.

Affiliated Bank Corp. 125 common shares at \$15 open market purchase on June 8. 2,000. Paul M. Berge, director and vice president.

Affiliated Bank Corp. 283 common shares at \$15 open market purchase on June 8. 1,833. Neal H. Brunner, president and director.

American Service Corp. 1,100 class A common shares at \$1.50-\$1.55 purchases on June 17 and 20. 101,500. Isadore Herskowitz, chairman of the board, assistant treasurer and over ten per cent stockholder.

Analog Devices, Inc. 100 common shares at \$13¾ purchase on June 14. 425. David H. Jaquith, director.

Anderson Industries, Inc. 10,000 common shares at \$3 3-16 open market purchase on Aug. 1. 73,675. Alfred DeLoach Martin Jr., director.

Banister Continental Ltd. 5,000 common shares at \$10.75-\$11.50 open market purchases between Aug. 15 and 19. 8,000. Hugh N. Bowker, corporate secretary.

Bank Securities, Inc. 300 common capital shares at \$15 private purchase on June 20. 540. Henry W. Lindsey, assistant treasurer.

Bank Shares, Inc. 98,276 common shares at \$15.50 private purchase on Aug. 10. 167,550. Carl R. Pohlad, president and director.

Bank Shares, Inc. 65,000 common shares at \$15.50 private purchase on Aug. 10. 72,850. Helen P. Quinn, treasurer and director.

Bank Shares, Inc. 30,000 common shares at \$15.50 private purchase on Aug. 10. 79,520. Edward H. Stotesbery, vice president and director.

Berkshire Hathaway, Inc. 330 common shares at \$103 open market purchases on Aug. 5 and 24. 524,760. Warren E. Buffett, director and over ten per cent direct or indirect beneficial stockholder.

Beverage Management, Inc. 600 common shares at \$17.25-\$18 purchases on July 22 and 27. 7,800. John B. Gerlach, director.

Bird & Son, Inc. 100 common shares at \$30.50 open market purchase on June 29. 400. Donald E. Frazier, vice president.

Blasius Industries, Inc. 1,500 common shares at \$1.75 open market purchase on July 9. 1,500. James F. Olmsted, director.

Blue Chip Stamps 17,000 common shares at \$16¾ open market purchases between Aug. 8 and 30. 3,372,545. Warren E. Buffett, director and over ten per cent direct or indirect beneficial stockholder.

Bobbie Brooks, Inc. 1,000 common shares at \$3.125 open market purchase on June 27. 1,000. Emory Williams, director.

Buring Food Group, Inc. 100 common shares at \$13.375 open market purchase on March 1. 600. Jack L. Markowitz, treasurer and assistant secretary.

Campbell Industries 20,000 common shares at \$5 private purchase on Aug. 18. 186,084. Paul I. Stevens, president and director.

Cannon Shoe Co. 1,000 common shares at \$2.75 open market purchases on June 3 and 20. 31,058. Daniel J. Bryan, director.

Capital Corp. of America 3,500 common shares at \$0.40 private purchase on June 23. 45,190. Barton M. Banks, chairman of the board, secretary and director.

Care Centers, Inc. 2,000 common shares at \$1 private purchase on June 22. 324,124. Hastings W. Baker, director and president.

Cedar Point, Inc. 100 common shares at \$16.50 open market purchase on June 15. 666. Joseph L. von der Weis, vice president.

Charter Medical Corp. 1,000 common shares at \$4.25 open market purchases on June 2 and 3. 403,073. William A. Fickling Jr., president and chairman of the board of directors.

Chesapeake Industries, Inc. 500 common shares at \$2 open market purchase on June 29. 9,035. James L. Foreman, director.

Chittenden Corp. 100 common shares at \$12 open market purchase on June 9. 2,294. Frank J. Heinrich, director.

Chittenden Corp. 200 common shares at \$13½ open market purchases on June 15. 3,321. Hilton A. Wick, director and president.

Chittenden Corp. 100 common shares at \$13.25 open market purchases on June 23. 442. Edward R. Eurich, director.

Chittenden Corp. 100 common shares at \$13¼ open market purchase on June 30. 519. J. Robert Goodrich, director.

Commerce Bancshares 100 common shares at \$24.75 purchase on June 1. 4,004. Morton I. Sosland, director.

Community Banks of Florida, Inc. 842 common shares at \$4.75-\$5 open market purchases on June 8 and 20. 53,455. Lawrence J. Hennessy, director.

Computer Usage Co. 1,000 common shares at \$2½ open market purchase on June 9. 30,100. Victor E. Bartoletti, director and president.

Consolidated Natural Gas Co. 38 common shares at \$43.02 open market purchase on June 8. 628. Dudley J. Taw, director.

Consolidated Oil & Gas, Inc. 2,700 common shares at \$10.50-\$10.75 open market purchases between Aug. 17 and 23. 130,071. Harry A. Trueblood Jr., president and chairman of the board.

Cullum Companies, Inc. 200 common shares at \$13 open market purchase on June 28. 4,561. Houston E. Holmes Jr., officer and director.

Decision Data Computer Corp. 2,000 common shares at \$2.125 open market purchase on June 10. 6,200. G. M. Herzfeld, vice president.

Dow Chemical Co. 100 common shares at \$33.875 open market purchase on June 7. 642,424. Carl A. Gerstacker, director.

Dynamics Corp. of America 300 common shares at \$5¼ open market purchase on June 24. 300. Henry V. Kensing, director.

Earth Resources Co. 1,000 common shares at \$17½ open market purchase on Aug. 26. 16,000. Harold Decker, director.

Educators Investment Co. of Kansas, Inc. 120 common shares at \$7.50 open market purchase on June 20. 24,635. Oliver H. Hughes, vice president, director and over ten per cent beneficial stockholder.

Elder-Beerman Stores Corp. 3,672 common shares at \$6½ purchase on Aug. 8. 25,442. Richard J. Jacob, director.

Entex, Inc. 500 common shares at \$33¾ open market purchase on June 6. 4,749. William W. Bryan, vice president.

Equitable Bancorporation 200 common shares at \$15.75 private purchase on June 10. 754. Douglas N. Wootten, director.

Equitable Bancorporation 4,000 common shares at \$16.875 purchase on Aug. 5. 65,245. John A. Luetkemeyer, director.

Equitable Bancorporation 3,000 shares (type - not specified) at \$17 open market purchases on Aug. 22, 23, and 29. 7,004. James C. Alban Jr., director.

Far West Financial Corp. Ltd. 5,000 capital shares at \$10 private purchase on Aug. 29. 276,867. Hyman Belzberg, director and over ten per cent beneficial stockholder.

Continued on page 10



The Greer Kandel Report

Fingerhut trusts folks-- and it's paying off too

Philip Greer and Mike Kandel

Fingerhut Corp., one of the country's largest direct marketing companies, is turning in record profits these days by trusting the American people.

Despite widespread fears about the declining morality of Americans, the \$190 million-a-year company, based in a suburb of Minneapolis, is willing to send substantial items of merchandise — mainly clothing — to brand-new customers who respond to its mail solicitation, without insisting that they pay for them in advance. And it collects payment without difficulty from more than 11 out of 12 of its mail-order customers.

In addition to a fundamental belief in the honesty of Americans, Fingerhut has one big ace in the hole — a sophisticated computer system that helps pre-screen categories of potential customers before credit is extended in advance. It not only weeds out those with a history of non-payment, but it also indicates which groups are likely to buy — and pay for the items they order.

"Last year, 92.2 per cent of the people we extended credit to paid for the merchandise they ordered," Theodore Deikel, the Lincolnshire-bearded president and chief executive officer of Fingerhut, told us. "That was no accident. First, we deliver merchandise that's as good as we say it is. And then we spent \$6.5 million last year — that's 3 per cent of sales — on our computer operation. That enables us to carefully test the categories of people whose business we're soliciting."

Only a cynic would point out that Fingerhut's 7.8 per cent rate of non-payers amounted to a quarter-million deadbeat customers. But Deikel had an answer to that one, too. The present percentage of non-payers, he said, has declined from a high of 13 per cent in 1975. That was a recession year, he noted, and the company's computerized screening and testing techniques were not as refined as they are today. "The \$6.5 million we're spending is paying off," he asserted.

Like all companies that sell by direct mail, percentages are what counts in Fingerhut's business. By figuring the cost of its mailings, the cost of the merchandise it is offering and the expected rate of non-payment, the company knows the percentage of orders per thousand it needs for a profitable promotion. It differs from some other direct mailers in the intensive way it tests and analyzes any new list of names it rents.

Even though the rented list — which usually includes the names of those who have bought products by mail from other companies — may number in the millions, Fingerhut will take a relatively small portion, perhaps a representative sampling of 50,000 names, and make a promotional mailing. The results are carefully studied for over-all response and then for the percentage of non-payers among those who ordered on credit.

If the list proves out, increasingly larger portions of it are mailed to over a period of time. But the computer always keeps track of how the responses and payments are doing.

To cut down on the risk involved in mailing to unknown prospects, Fingerhut offers a lower-priced item in its initial mailings, one costing, say, between \$20 and \$40, compared to its average order of \$47. Therefore, if a customer turns out to be a non-payer, the company's loss is not as great. In addition, mailings of catalogues and multiple offers are reserved for proven customers.

Despite the availability of credit (for which Fingerhut's customers pay an average interest rate of 18 to 20 per cent), half of those ordering for the first time pay in full with their first payment, observed Edward S. St. Mary, vice president and chief financial officer. For old customers, that figure declines to less than a third.

The average Fingerhut customer, according to Deikel, represents the widest range of middle Americans, although the breakdown by states generally parallels that of the country's population. "He's 44 and one-half years old, with a family income of about \$16,000, a 'working wife' who's 42 and two children, one in high school and one not quite," he said. "Eighty per cent of them own their own homes and they lean more to rural areas than urban. And they're basically very honest."

NYC econometrics

A number of large companies are teaming up with two universities to develop a computer model of New York City and the surrounding metropolitan region that might help answer some questions about the Big Apple's future.

Although the model will cover only what is called that standard statistical area of New York — the city, Long Island, most of Northern New Jersey, upstate suburban areas and nearby Connecticut — the answers it produces will be important to

businesses all over the country because of New York's place in commerce and finance.

There have been other regional models built before, and six of them are at work now. But the model being prepared by Pace University and the Wharton School at the University of Pennsylvania marks the first time that private industry has become a working partner. According to one of the developers, this could be the most realistic model yet — and produce more realistic and workable answers than the others have done so far.

A mathematical model reduces economic, financial and social factors to mathematics, which can then be run through computers to project the effects of changes in tax laws, business conditions, social patterns and other things that make up an area's economy.

"It's something I've wanted to do for several years," Dr. William Lawrence of Pace said. Lawrence, born, raised and educated in New York, is building the model of the public sector. Wharton Econometric Forecasting Associates, headed by Dr. Lawrence Klein, who was Jimmy Carter's chief economic advisor in last year's presidential campaign, is reproducing the private business sector. Wharton also has a model of the national economy, which will be used for input to the New York model.

"The difference in this model," Lawrence told us, "and the thing that gives me great confidence in its reliability, is the involvement of the private companies."

Lawrence said he's had four meetings with the sponsors — which include big banks, the New York Times, the Federal Reserve Bank of New York, and the area's major utilities. "They give us insights into their own businesses that we could never get on our own."

"For instance," he said, "what happens if you raise the income tax on commuters? There are 700,000 people who come in from the suburbs to the city's work force. Would enough of them keep coming in or would you lose so many that you'd end up with fewer jobs and lower tax revenue? Without a model, you can only guess at the effects."

Construction of the model will cost \$300,000, with the money coming in grants from the Ford Foundation and the Rockefeller Brothers Foundation. The model should be ready to start making preliminary projections by late spring next year.

Insider Trading

Purchases

Continued from page 8

Far West Financial Corp. Ltd. 11,500 capital shares at \$10 private purchase on Aug. 29. 277,116. Samuel Belzberg, director, president and over ten per cent beneficial stockholder.

Far West Financial Corp. Ltd. 8,500 capital shares at \$10 private purchase on Aug. 29. 277,217. William Belzberg, director and over ten per cent beneficial stockholder.

Federated Purchaser, Inc. 2,000 common shares at \$0.5625 open market purchase on June 13. 19,000. Arthur C. Kammerman, director.

Fidelity American Bankshares, Inc. 100 common shares at \$15.25 open market purchase on June 14. 4,109. Edward H. Brownfield, director.

Fidelity American Bankshares, Inc. 125 common shares at \$15.25 open market purchase on June 21. 4,771. B. C. Baldwin Jr., director.

Financial General Bankshares, Inc. 200 common shares at \$10 open market purchase on June 29. 200. William K. Van Allen, director.

First Abilene Bankshares, Inc. 400 common shares at \$41 open market purchase on Aug. 16. 10,902. Wayne V. Ramsey Jr., director.

First Artists Production Co., Inc. 500 capital shares at \$4 open market purchase on June 10. 54,000. Philip Feldman, president, chairman of the board and director.

First Community Bancorporation 300 common shares at \$17.375 private purchase on June 2. 6,921. William S. Schwab Jr., director.

First Continental Life Group, Inc. 200 common shares at \$7.75 open market purchase on March 22. 16,585. Fentress Bracewell, director and chairman of the board of directors.

First Kentucky National Corp. 1,650 common shares at \$27½-\$27¾ open market purchases on Aug. 8 and 12. 12,561. James W. Stites Jr., director.

First United, Inc. 1,544 common shares at \$1.50 and \$1.75 purchases on June 7 and 16. 13,367. Melvin R. Schock, director and president.

Fleetwood Enterprises, Inc. 100 common shares at \$10.25 purchase on June 13. 1,600.

Glenn F. Kummer, executive vice president.

Furr's Cafeterias, Inc. 550 common shares at \$8.75 purchase on June 3. 1,150. C. Wayne Smith, officer and director.

Genstar Ltd. 3,500 common shares at \$26.375-\$26.875 open market purchases on Aug. 22, 23, and 25. 29,500. William S. Ziegler, director.

Gulf Resources & Chemical Corp. 300 common shares at \$17.375 open market purchase on June 9. 300. Donald P. deBrier, vice president, general counsel and director.

Hall (W.F.) Printing Co. 200 common shares at \$20¾ purchase on May 18. 200. Raymond L. Knight, vice president.

Houghton Mifflin Co. 100 common shares at \$16 open market purchase on June 30. 12,510. Harold T. Miller, president and director.

Household Finance Corp. 100 common shares at \$19.875 open market purchase on June 23. 100. Mary J. Head, director.

Hunt Manufacturing Co. 100 common shares at \$14 open market purchase on June 13. 100. Ronald J. Naples, vice president.

Illinois Power Co. 100 common shares at \$25½ open market purchase on June 2. 100. Larry D. Haab, vice president.

Imperial American Energy, Inc. 1,000 common shares at \$10.50 purchase on Aug. 26. 1,000. Clark W. Breeding, director.

Insilco Corp. 1,000 common shares at \$14¾ open market purchase on Aug. 8. 8,000. Fred W. Lessing, vice president and director.

Integrated Resources, Inc. 1,200 common shares at \$1¾ open market purchases on June 3 and 8. 20,200. John Ellis, director.

Intermed, Inc. 5,225 common shares at \$3 purchase on Aug. 31. 20,000. James H. Barrett, director.

International Basic Economy Corp. 17,000 common shares at \$1¾-\$1¾ purchases on Aug. 16, 19, and 30. 31,292. Arthur M. Dubow, director.

International Business Machines Corp. 100 capital shares at \$266¾ open market purchase on Aug. 26. 500. Irving S. Shapiro, director.

Intext, Inc. 1,805 common shares at \$2½ private purchase on Aug. 24. 24,205. Richard W. Kislik, chairman of the board,

president, chief executive officer and director.

Johnson Products Co., Inc. 200 common shares at \$5.375 purchase on June 30. 1,373. Melvin D. Jefferson, director.

Kane-Miller Corp. 200 common shares at \$9 open market purchase on May 31. 2,196. Richard W. Hughes, vice president and treasurer.

Kaufman & Broad, Inc. 9,000 common shares at \$5.50-\$10.50 purchases at various times up to present (statement dated for August, 1977). 15,000. R. Robert Zisette, vice president.

Kellogg Co. 10,000 common shares at \$24¾-\$24¾ open market purchases on Aug. 17. 176,200. Lyle C. Roll, vice chairman of the board and director.

Kroy Industries, Inc. 3,000 common shares at \$12 private purchase on Aug. 30. 100,050. Donald W. Gustafson, director, president and chairman.

Lastarmco, Inc. 1,000 common shares at \$60 private purchase on Aug. 5. 1,000. Frank M. Beatty, director.

Liggett Group, Inc. 150 common shares at \$30 open market purchases on June 10. 150. Roger W. Hooker Jr., vice president and secretary.

Loctite Corp. 2,000 common shares at \$18¾-\$19 purchases on Aug. 29. 2,000. Ernest R. Eggers, president and director.

Lomas & Nettleton Mortgage Investors 900 shares of beneficial interest at \$18½ open market purchase on Aug. 29. 1,100. Gene H. Bishop, trustee.

Lowenstein & Sons, Inc. 2,000 common shares at \$12 open market purchase on Aug. 8. 2,000. Alexander R. Oliver, senior vice president.

Lucky Stores, Inc. 100 common shares at \$14.875 open market purchase on April 20. Kenneth W. Cope, vice president.

Marathon Manufacturing Co. 5,000 common shares at \$17¾ open market purchase on Aug. 4. 13,600. C.A. Duncan Jr., dir

Marathon Manufacturing Co. 5,000 common shares at \$17¾ open market purchase on Aug. 4. 13,600. C.A. Duncan Jr., director.

Maxco, Inc. 2,000 common shares at \$1.35 private purchase on June 1. 21,020. George A. Barnes, vice president.

Mays (J.W.), Inc. 500 common shares at \$2.875 open market purchase on June 7. Max L. Shulman, president and chairman of the board.

Medcom, Inc. 1,500 common shares at \$0 15-16 open market purchase on June 16. 9,200. Tom H. Rosenwald, vice president and director.

Medcom, Inc. 1,450 common shares at \$1 open market purchase on July 7. 50,025. Stanley Kramer, director and executive vice president.

Metromedia, Inc. 1,000 common shares at \$25³/₈ open market purchase on Aug. 9. 7,000. John P. Lomenzo, director.

Metropolitan Industries 500 common shares at \$2.50 purchase on May 31. 1,000. T. Raymond Gregory, director.

Michigan National Corp. 100 common shares at \$26¹/₄ open market purchase on June 21. 9,873. Richard J. Jacob, director.

Minnesota Power & Light Co. 100 common shares at \$21.50 purchase on June 3. 500. Howard T. Hagen, director.

Morgan's Restaurants, Inc. 1,350 shares (type - not specified) at \$0.75 purchases between June 6 and 23. 281,668. David J. Lavin, chairman.

Motorola, Inc. 96 common shares at \$37¹/₂-\$41¹/₈ open market purchases on June 1, 9, and 15. 238. Richard H. Weise, vice president, general counsel and secretary.

National Detroit Corp. 100 common shares at \$26 open market purchase on June 21. 11,703. Robert McC. Surdam, director and chairman of the board.

National Homes Corp. 800 common shares at \$4¹/₈ open market purchases on May 2 and 3. 15,400. Ralph C. Hinton, vice president.

Northeast Bankshare Association 300 common shares at \$12³/₄-\$13 open market purchases on June 8. 640. William H. Cummings, director.

Northern Utilities, Inc. 335 common shares at \$5 purchase on June 8. 40,830. Walter M. Jeffords Jr., chairman and director.

Northwestern Steel & Wire Co. 37 common shares at \$27.50 open market purchase on June 10. 214. John P. Conway, controller.

Oakbrook Consolidated, Inc. 12,500 common shares at \$4³/₈ open market purchase on Aug. 8. 113,490. David R. Hamilton, president and director.

Ohio Casualty Corp. 25 common shares at \$41.50 purchase on May 27. 5,075. Robert E. Ireland, vice president and controller.

Overmyer Corp. 200 common shares at \$4.50 open market purchase on June 1. 200. Pierre G. Roy, director.

Pacific Petroleum Ltd. 500 common shares at \$32¹/₂ open market purchase on July 13. Colin W. Webster, director.

Panax Corp. 600 common shares at \$4 private purchase on June 30. 189,983.

Continued on the next page

ARE YOU AFRAID TO SELL SHORT?

DON'T BE SCARED AWAY by the old wives' tale that there's something particularly dangerous about short selling. Of course, there is always a possibility of loss in the securities market, but when the proper precautions are taken and the trend is bearish (such as we feel is the case now), we believe that short selling can offer you less risk than going against the trend—as well as an opportunity to increase your capital.

Do You Know The Difference Between An "IDEAL SHORT" and a "SUCKER SHORT"?

THE PROFESSIONAL TAPE READER has published a very special booklet which deals with the **DO'S AND DON'TS OF SHORT SELLING** and covers such subjects as:

- How to Avoid the "SUCKER SHORT."
- How to Identify the "IDEAL SHORT."
- Is Short Selling Really **MORE DANGEROUS** Than Buying Stocks?
- Which **ONE RULE** Do We Feel You Must Consider Before Going Short?
- Which "**COMMON MISTAKE**" Should You Be Careful To Avoid When Shorting?
- When Is the "**RIGHT TIME**" to Short?
- How to Know Where to Place the **PROTECTIVE BUY STOP**.
- Can You Sell a Stock Short That Has Already Had a **SUBSTANTIAL DECLINE**?
- Ways of **REDUCING YOUR RISKS**.

How to Receive This Short Selling Booklet AT NO EXTRA COST

Here's an **EXTRA SPECIAL BARGAIN** for those of you interested in a long-term subscription to **THE PROFESSIONAL TAPE READER**: For just \$25 we'll send you a full quarterly subscription (regularly \$30) **PLUS** our **Short Selling Booklet** described above (sold separately for \$10) **at no extra cost**. That's right—a **\$40 value for only \$25**. Don't wait, mail the coupon right now!

\$10 Trial Offer

If you have never seen **THE PROFESSIONAL TAPE READER** and would like to try a short-term (3 issue trial), send \$10 and find out which stocks we view as short sale candidates right now.

THE PROFESSIONAL TAPE READER

a Radcap, Inc. Publication

P.O. Box 96, Wall Street Station, New York, N.Y. 10005

- ☐ \$10 Enclosed. Please send me just the 3-issue trial subscription.
- ☐ \$10 Enclosed. Please send just your special booklet on **SHORT SELLING**
- ☐ \$25 Enclosed. Please send the special longer-term **BONUS** package above which includes the booklet on **SHORT SELLING** at no extra cost.

Payment **MUST** be enclosed with all orders. (Subscription fees are fully tax deductible.)

Name (print).....

Address

City.....State.....Zip.....

N.Y. residents please add applicable sales tax. (Not assignable without your consent.)

Insider Trading

Purchases

Continued from the previous page

Richard A. Jones, director and secretary.

Perkin-Elmer Corp. 70 common shares at \$20 private purchase on July 6. 4,258. James P. Gregory, general counsel and assistant secretary.

Philip Morris, Inc. 25 common shares at \$54 $\frac{1}{2}$ open market purchase on June 7. 5,765. F. Harrison Poole, treasurer.

Photo-Marker Corp. 4,000 common shares at \$0.66 purchases on June 13 and 29. 57,487. Jacob Yentis, president and director.

Physio-Control Corp. 1,000 common shares at \$19 open market purchase on Aug. 17. 18,090. Tedrowe Watkins, director.

Ponderosa System, Inc. 600 shares (type - not specified) at \$8 $\frac{7}{8}$ open market purchases on June 15. 1,400. John R. O'Bryan, executive vice president.

Prudent Real Estate Trust 400 shares of beneficial interest at \$2 $\frac{3}{8}$ open market purchases on June 2 and 3. 13,024. Simon Kaplan, associate managing trustee.

Pulte Home Corp. 15,500 common shares at \$7 $\frac{3}{4}$ -\$8 open market purchases between Aug. 2 and 26. 164,150. James Grosfeld, chairman.

Pulte Home Corp. 8,000 common shares at \$7 $\frac{3}{4}$ -\$8 open market purchases between Aug. 2 and 26. 46,750. C. Howard Johnson, president.

Regency National, Ltd. 2,000 class A common capital shares at \$1.125 open market purchase on Feb. 23. 8,215. Clarence H. Christiansen, general counsel and vice president.

Republic Steel Corp. 1,000 common shares at \$24 open market purchase on Aug. 1. 1,600. E. Bradley Jones, executive vice president.

RLC Corp. 1,550 common shares at \$15 $\frac{1}{4}$ open market purchase on Aug. 9. 88,250. Gary W. Rollins, director.

Rocor International 1,000 common shares at \$2 open market purchase on June 22. 1,300. Tommy L. Thompson, vice president.

Rom-Amer Pharmaceuticals, Ltd. 100,000 common shares at \$1 private purchase on Aug. 23. 100,000. Harold L. Feikes, director.

Rom-Amer Pharmaceuticals, Ltd. 100,000 common shares at \$1 private purchase on Aug. 23. 100,000. Wilbur A. Oehler, director.

San Jose Water Works 100 common shares at \$16 $\frac{1}{4}$ open market purchase on June 2. 1,100. John W. Weinhardt, president, chief executive officer, member of the executive committee and director.

Saul (B.F.) Real Estate Investment Trust 800 shares of beneficial interest at \$3.50-\$3.625 open market purchases between June 15 and 24. 800. John R. Neale, director

Security Financial Services, Inc. 162 common shares at \$28 $\frac{3}{4}$ open market purchase on June 7. 272. Arthur J. Zingsheim Jr., director.

Seiscom Delta, Inc. 600 common shares at \$3.25 open market purchase on June 14. 600. Gary R. Anderson, group vice president.

Shaw-Barton, Inc. 400 common shares at \$6.75 open market purchase on June 30. 25,006. Richard J. Finnegan, chairman and director.

Silicon General, Inc. 10,724 common shares at \$2.50 open market purchase on Aug. 8. 27,391. Arthur H. Bruno, president of Silicon General and director of parent company.

Smithfield Foods, Inc. 2,140 common shares at \$2 private purchase on June 16. 18,640. Joseph W. Luter III, chairman, president and chief executive officer.

Smithfield Foods, Inc. 2,000 common shares at \$2 private purchase on June 16. 9,000. Aaron D. Trub, vice president, secretary and treasurer.

Smithfield Foods, Inc. 2,000 common shares at \$2.125 open market purchase on June 21. 7,500. George E. Hamilton Jr., director.

Southeastern Michigan Gas Co. 100 common shares at \$17 open market purchase on June 21. 731. Henry Earle, director.

Southeastern Michigan Gas Co. 395 common shares at \$17.25 open market purchase on June 27. 745. M.E. Skinner, director.

Southern Bancorporation 127 common shares at \$31.50 purchase on Feb. 21. 128. Leslie B. Clark, administrative officer.

Southwestern Drug Corp. 100 shares (type - not specified) at \$10.75 private purchase on June 2. 1,112. Roy W. Nettles, director.

Standard Brands, Inc. 50 common shares at \$25 $\frac{5}{8}$ open market purchase on May 19. 11,400. Walter G. Dunnington Jr., director.

Stockton, White & Co. 2,352 common shares at \$17.25-\$20.79 purchases on Aug. 17. 3,100.

Furman P. Bodenheimer Jr., director and president.

Tennessee Valley Bancorp, Inc. 5,000 common shares at \$15 open market purchase on Aug. 4. 7,165. R. S. Brown, director.

Tensor Corp. 2,900 common shares at \$1.125 purchases between June 7 and 29. 4,900. Stephen I. Prigozy, vice president and director.

Thor Corp. 2,000 common shares at \$0.75 open market purchases on June 20, 22, and 23. 15,600. Howell P. Skoglund, director.

Three D Departments, Inc. 1,000 common shares at \$4 open market purchase on May 27. 4,000. Alan Gladstone, vice president.

Tonka Corp. 1,700 common shares at \$10.50 open market purchase on Aug. 22. 1,700. Charles J. Weinschreider, executive vice president.

Tootsie Roll Industries, Inc. 200 common shares at \$6 $\frac{7}{8}$ open market purchase on June 2. 657,927. Ellen R. Gordon, director, senior vice president, secretary and over ten per cent beneficial stockholder.

Tremco, Inc. 2,000 common shares at \$17.126-\$17.25 open market purchases on Aug. 12 and 16. 3,468. Charles W.L. Foreman, director.

Unarco Industries, Inc. 3,575 common shares at \$10 $\frac{3}{4}$ -\$11 $\frac{3}{8}$ open market purchases between Aug. 2 and 24. 18,000. Charles W. Lubin, director.

United Kentucky, Inc. 110 common shares at \$16 purchase on June 21. 1,001. Paul D. McCandless, director.

U.S. Bancorp Realty & Mortgage Trust 200 voting shares of beneficial interest at \$9 open market purchase on June 14. 3,000. Garnett E. Cannon, treasurer and trustee.

UTL Corp. 1,000 common shares at \$2.625 open market purchase on June 3. 2,300. Isaac J. Benson, officer.

Whiting Corp. 70 common shares at \$24 $\frac{3}{8}$ open market purchase on June 9. 1,007. Robert E. Florine, vice president, international.

Wisconsin Finance Corp. 200 common shares at \$11.50 open market purchase on June 10. 800. Bernard S. Kubale, director

Wisconsin Gas Co. 100 common shares at \$20 $\frac{7}{8}$ open market purchase on June 15. 100. Nicholas J. Lesselyoung, vice president and secretary.

Wright (Wm. E.) Co. 1,000 common shares at \$4 open market purchase on Feb. 22. 276,100. John T. Wright, director, chairman of the board and over ten per cent beneficial stockholder.



The Investigators

Legal aftermath for swine flu program

Jack Cloherty and Bob Owens

WASHINGTON — The ill-fated swine flu program is just a memory to most Americans now, but it is still a major problem for Uncle Sam.

A check by this column reveals that the government is stuck with between 80 and 90 million doses of the swine flu vaccine and is facing \$1.3 billion worth of legal claims for deaths and injuries resulting from the program.

Neil Peterson, the Justice Department lawyer who is handling the program's legal problems, told us that most of the nearly 800 claims filed so far have not yet been settled.

The government, which assumed a major share of liability for the program in order to get it off the ground last fall, has been hit with 64 "wrongful death" claims totaling \$1.031 billion and 712 personal injury claims amounting to \$325 million. The death claims include one single claim for \$1 billion.

Several claims for ruined shirts or blouses caused by the administering of the shot were ruled out immediately. But the medical review process, which precedes a Justice Department recommendation for settlement, is often slow.

The government, according to Peterson, will not settle a claim unless there is evidence that the injury falls outside of the

warning notice that people signed before getting the shot and that the medical cause is related to the shot.

"Many, many cases are squarely within the parameters of the warning," Peterson said. People are trying to collect for doctors' bills, prescriptions, and x-rays that were needed because of reactions to the shots. These claims also included lost pay for missing two to three days of work.

Other cases are more complicated. For example, Peterson told us that he has "deliberately not" decided how to rule on the Guillain-Barre paralysis cases that have been filed, "because we are trying to get more information" on the medical facts.

Most of the "wrongful death" claims do not involve the publicized Guillain-Barre syndrome, however. Rather, they involve heart attacks or some other kind of coronary problem. Tracing the relationship to the shot is difficult in some cases because the patients had previous histories of heart problems.

There have even been a couple of claims resulting from car accidents that allegedly occurred because the driver fainted after receiving the vaccine.

The Justice Department is allowed six months to consider a claim. If it is not handled in that time frame, the govern-

ment can be sued.

Peterson conceded that the claim settlement process has been dragging. "We started behind the eight ball...we were backed up," he said, adding that the project will be assigned seven more lawyers in the next few weeks.

According to Peterson, "the biggest time lapse is in the medical review." Peterson says that his office can usually make a settlement recommendation within two weeks of receiving the medical evaluation.

So far, the government has paid out only a handful of very minor awards, around \$50, in which an unsterile condition contributed to a local reaction to the shot. With more and more lawyers filing claims and the six-month deadline running out on many claims, Peterson expects that there will "probably be a lot of litigation."

Meanwhile, the House Health Subcommittee, chaired by Rep. Paul Roger, D-Fla., will begin oversight hearings on the controversial program beginning September 16. An aide explained that the hearings would "focus on the public policy issues" of running a mass inoculation program. He said the debate over whether this particular swine flu program should have been undertaken will probably never be resolved.

Subscribe Today

THE Insiders' CHRONICLE

1660 Soldiers Field Rd., Boston, Mass. 02135

Please enter my subscription to THE CHRONICLE as indicated below.

☐ One Year - 52 Issues - \$57.00
(editorial editions only)

☐ Bill Me - Firm
(circle one)

Name _____

Firm _____

Address _____

City _____ State _____ Zip _____

QNE-D9CF4X

Have the Insiders' Chronicle on your desk each week. Over 400 purchases & sales by corporate "insiders" and intents to sell "144 Letter Stock" — As an important a tool as p-e ratios, yields, management strength...Shouldn't you know what the "insiders" reported to the S.E.C. last week?

52 issues a year — only \$57.00.

144 Letter Stock

Allright Auto Parks, Inc. 3,500 common shares at \$38,500 — intended sale August 31, 1977 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in 1962 from the company. Durrell M. Carothers, chairman of the board.

American Motor Inns, Inc. 20,000 common shares at \$120,000 — intended sale as soon as practicable (SEC stamp September 6, 1977) through Paine, Webber, Jackson & Curtis, Inc. Acquired in October 1970 from the company. Herbert M. Trayer.

American Pacific International, Inc. 6,732 common shares at \$50,490 — intended sale September 6, 1977 through Merrill Lynch, Pierce, Fenner & Smith Inc. Acquired in February 1972 from the company. Arnold Exploration, Ltd.

American Pacific International, Inc. 10,098 common shares at \$75,735 — intended sale September 6, 1977 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in February 1972 from the company. Corbin J. Robertson and Wilhelmina Cullen Robertson.

American Pacific International, Inc. 12,240 common shares at \$91,800 — intended sale September 6, 1977 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in February 1972 from the company. Robertson Exploration, Ltd.

Applied Digital Data Systems, Inc. 5,400 common shares at \$99,225 — intended sale August 31, 1977 through Bateman Eichler, Hill Richards, Inc. Acquired in July 1968 from Lowin Data Fund. George H. Baird.

Applied Digital Data Systems, Inc. 6,366 common shares at \$117,771 — intended sale August 31, 1977 through Bateman Eichler, Hill Richards, Inc. Acquired in July 1968 from Lowin Data Fund. George H. and Dorothea M. Baird.

Applied Digital Data Systems, Inc. 3,000 common shares at \$55,800 — intended sale August 30, 1977 through Bateman Eichler, Hill Richards Inc. Acquired in June 1971 from Lowin Data Fund. Ms. Sasha Gottlieb.

Ashland Oil, Inc. 1,824 common shares at \$57,456 — intended sale as soon as practicable (SEC stamp September 6, 1977) through Paine, Webber, Jackson & Curtis, Inc. Acquired in February 1977 from the company. Eugene W. Erickson.

Aztech International, Ltd. 9,909 common shares at \$25,000 — intended sale September 1, 1977 through B. J. Leonard & Company. Acquired in August 1973 from the company. J. Richard Carter.

Baxter Travenol Laboratories, Inc. 800 common shares at \$28,800 — intended sale August 24, 1977 through E. F. Hutton & Company, Inc. Acquired in December 1976 from the company. Renata E. Cathou.

Bell & Howell 4,900 common shares at \$98,000 — intended sale within 90 days (SEC stamp September 6, 1977) through Smith Barney, Harris Upham & Co., nc. Acquired in April 1973 from the company. Catherine Gage and Mary Evelyn Hobbins, copersonal representatives of the Estate of Mary E. Blaney.

Billings Energy Corp. 4,000 common shares at \$26,500 — intended sale August 30, 1977 through Wilson-Davis & Co. Acquired in September 1973 from the company. Leo P. Vernon.

H & R Block, Inc. 15,000 common shares at \$339,375 — intended sale August 30, 1977 through George K. Baum & Company Inc. Acquired in June 1970 from Henry W. Bloch. Henry W. Bloch Trust.

H & R Block, Inc. 1,800 common shares at \$40,500 — intended sale September 1, 1977 through George K. Baum & Company Inc. Acquired in June 1970 from Henry W. Bloch. Henry W. Bloch Trust.

Bonanza International, Inc. 7,301 common shares at \$29,200 — intended sale September 2, 1977 through White, Wed & Co., Inc. Acquired in July 1973 from Connecticut Restaurant Corp. R. Wayne Newkirk.

Bradford National Corporation 40,000 common shares at \$365,000 — intended sale August 31, 1977 through L. F. Rothschild, Unterberg, Towbin. Acquired in July 1969 from predecessor to company. International Paper Company.

Brooks & Perkins, Incorporated 5,700 common shares at \$97,000 — intended sale August 30, 1977 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in

1970 from the Estate of E. Howard Perkins. E. H. Perkins, Jr.

Tom Brown, Inc. 2,755 common shares at \$93,670 — intended sale as soon as practicable (SEC stamp September 6, 1977) through Blyth Eastman Dillon & Co. Inc. Acquired in March 1969 from the company. Frances N. Barton.

Champion Spark Plug Company 4,025 common shares at \$44,275 — intended sale September 2, 1977 through Roose, Wade & Co. Acquired in November and December 1976 from Stephen Stranahan. The University of Toledo Corporation, donee of Stephen Stranahan, an affiliate of the issuer.

Church's Fried Chicken, Inc. 1,800 common shares at \$51,300 — intended sale August 31, 1977 through Rotan Mosle Inc. Acquired in February 1968 from the company. James R. Hale, secretary.

Collins Foods International, Inc. 2,750 common shares at \$27,500 — intended sale September 6, 1977 through Shearson Hayden Stone Inc. Acquired in December 1975 from the company. Joseph F. O'Hara, an employee.

Combined Communications Corporation 5,400 common shares at \$120,000 — intended sale September 1, 1977 through A.G.F. Securities (Canada) Inc. Acquired in February 1973 from the company. Charles Baker, Jr.

Combustion Equipment Associates, Inc. 2,233 common shares at \$46,893 — intended sale August 24, 1977 through Bear, Stearns & Co. Acquired from May to December 1976 from Robert M. Beningson. Jewish Home for the Elderly of Fairfield County, Incorporated.

Combustion Equipment Associates, Inc. 5,967 common shares at \$120,000 — intended sale August 1, 1977 through Doft & Co., Inc. Acquired in December 1976 from Robert M. Beningson et al. United Jewish Federation of Stamford, Conn.

Continued on the next page

Largest transactions reported last week

Sales	Shares	Total Reported Transactions	Total \$\$ Amount
SmithKline Corporation	40,000	2	\$1,616,000
Revlon Inc.	30,060	1	1,300,500
Federated Department Stores	25,000	1	1,021,875
Adolph Coors Company	50,000	1	787,500
Houston Oil & Minerals Corp.	15,000	1	562,500
Metromedia, Inc.	15,000	1	405,000
H&R Block, Inc.	16,800	2	379,875
Bradford National Corporation	40,000	1	365,000
Rollins, Inc.	19,100	2	360,512
Prime Computer, Inc.	15,633	1	310,000

Continued from the previous page

Computer Network Corporation 3,000 common shares at \$27,000 — intended sale as soon as practicable (SEC stamp September 6, 1977) through Bear, Stearns & Co. Acquired in May 1971 from the company. Jerry C. Spellman.

Computer Products, Inc. 3,000 common shares at \$24,375 — intended sale September 2, 1977 through First Florida Securities, Inc. Acquired in February 1971 from Daniel S. Wiper and Dave Yoder. Keith F. Vreeland, vice president-finance.

Adolph Coors Company 50,000 class B non-voting common shares at \$787,500 — intended sale August 30, 1977 through Goldman, Sachs & Co. Acquired in May 1976 from Gertrude S. Coors. Gertrude S. Coors Irrevocable Trust, 2.14 per cent shareholder.

Cray Research, Inc. 2,000 common shares at \$57,000 — intended sale August 30, 1977 through Piper, Jaffray & Hopwood, Inc. Acquired in April 1975 from the company. First Midwest Capital Corporation.

Damson Oil Corporation 4,537 common shares at \$38,564.50 — intended sale September 6, 1977 through Merrill Lynch, Pierce, Fenner & Smith Inc. Acquired in December 1973 from the company. Harry H. Cullen.

Damson Oil Corporation 2,500 common shares at \$21,250 — intended sale September 6, 1977 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in December 1973 from the company. Roy H. Cullen.

Damson Oil Corporation 6,250 common shares at \$53,125 — intended sale September 6, 1977 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in December 1973 from the company. Cornelia Cullen Long.

Damson Oil Corporation 17,813 common shares at \$151,410.50 — intended sale September 6, 1977 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in December 1973 from the company. Corbin J. Robertson and Wilhelmina Cullen Robertson.

Dart Industries Inc. 1,000 preferred shares at \$37,500 — intended sale September 1, 1977 through Smith, Hague & Co. Acquired in April 1971 on the open market. William T. Gossett, a director, through Gossett Investment Co. as nominee of the William T. Gossett Trust.

Den-Tal-Ez, Inc. 4,000 common shares at \$66,000 — intended sale August 26, 1977 through R. G. Dickinson & Co. Acquired in 1969 from the company. Irvin V. Gerlich.

Federated Department Stores 25,000 common shares at \$1,021,875 — intended sale as soon as practical (SEC stamp



The Wine Connoisseur

A golden masterpiece wine from Monterey

Robert Lawrence Balzer

Even among experts, there is seldom an absolute answer found to that ever-present question, "What is the most perfect wine?" Recently, at a tasting of wines produced from the Sauvignon Blanc grape, I came upon a likely candidate for such a nomination in the white wine category, produced by Dr. Richard Peterson of The Monterey Vineyard. My enthusiasm, however, was not shared by the panel of winemaking peers who were also rendering judgment and evaluation. My 20-point perfect score for 1975 California Botrytis Sauvignon Blanc — Casks 126 & 127 (\$7.50), produced and bottled by The Monterey Vineyard, Gonzales, Calif., had other supporters with high scores, but there were also some low scores, tumbling the average, from highly reputed winemasters. Taste is forever controversial, even when the most objective procedures are brought to bear.

At the well-attended National Wine Educators Conference, held in mid-August at the University of California at Davis, one seminar session had six winemakers fielding questions from the assembly of wine educators.

Winemaker Richard Peterson was asked why so many wineries continue to plant an almost indiscriminate number of grape varieties in one climate-soil zone, releasing a wholesale roster of different wines, none of which may be particularly suited to that area.

Peterson, now of The Monterey Vineyard (formerly the winemaker at Beaulieu Vineyard in the Napa Valley, succeeding Andre Tchelistcheff) was ready with an answer: "When I first arrived at Beaulieu, I found that they had 11 different grape varieties planted on Ranch III. I thought it was ridiculous and said so. Andre Tchelistcheff told me, 'Young man, when I came here, there were 33 varieties in that vineyard!' We are still a young wine country with only 200 years of experience. In Europe they have had more than 2,000 years to learn which grapes belong in which area. No one plants Pinot Noir in

Bordeaux; it is known to belong in Burgundy. In Monterey, we have planted blocks of perhaps 20 to 30 varieties side by side to discover which is best suited to this new wineland county."

A listener then interjected a question occurring to many about the regional taste to many Monterey County wines: "Would you explain the vegetative (sic) quality of Monterey County wines?" To some, apparently, certain Monterey red wines seem to have a bell pepper or cabbage backlash in taste.

Peterson addressed himself to this concept directly: "That bell pepper or vegetable quality to which you refer occurs sometimes rather strongly in Merlot, we have found, and somewhat in Cabernet. Cabernet Sauvignon and Sauvignon Blanc both have the same botanical structure in taste elements as bell pepper. All these different flavors — eucalyptus, asparagus, mint and bell pepper — are structurally taste-related. The specific differences come into prominence in relationship to the microclimate in which the variety is planted. We are only now learning, from each new vintage, more and more about these flavor-intensive varieties in Monterey County."

Here was possibly an answer to some of the lower scorings on Peterson's 1975 Botrytis Sauvignon Blanc, but I hold to my 20-point perfect score. I found this 15.7 per cent-alcohol-by-volume golden dessert wine a flawless masterpiece of vinification, richly balanced in all components. The sweetness from the "noble rot" of Botrytis concentrated the residual grape sugars, with clean total acidity eliminating any cloying or overbearing sweetness. There are unique flavors and savors which I found intriguing and appealing, more refreshing than, in my opinion, those of Chateau d'Yquem of a great vintage.

The wine will cellar-age well for years, but is already a stunning achievement elevating even further California's claim to pre-eminence in the ranking of the world's finest wines.

September 7, 1977) through Goldman, Sachs & Co. Acquired in October 1976 from the company. The Rich Foundation, Inc. Foundation may be deemed an affiliate.

Fischbach and Moore, Incorporated 3,000 common shares at \$93,000 — intended sale September 1, 1977 through Prescott, Ball &

Turben. Acquired in April 1973 from the company. Clark Investment Co.

Fischbach and Moore, Incorporated 1,000 common shares at \$29,500 — intended sale September 2, 1977 through Blyth Eastman Dillon & Co., Inc. Acquired in October 1974

Continued on the next page

144 Letter Stock

Continued from the previous page

from Tibbetts Plumbing & Heating Corp. Jerome Siebert.

John Fluke Manufacturing Company 2,500 common shares at \$42,500 — intended sale August 31, 1977 through Dean Witter & Co., Inc. Acquired in October 1975 from Roger Clive Palmer. Christine M. Palmer.

Foster Wheeler Corporation 1,000 common shares at \$27,500 — intended sale August 30, 1977 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired from 1965 to 1971 on the open market and from the company. John H. Stamm, treasurer.

General Semiconductor Industries, Inc. 7,655 common shares at \$42,100 — intended sale as soon as possible (SEC stamp September 7, 1977) through Bear, Stearns & Co. Acquired in 1969 from the company. Donald C. Seibert, a director.

Golden West Financial 9,000 cumulative convertible preferred shares at \$180,000 — intended sale September 2, 1977 through Goldman, Sachs & Co. Acquired in October 1975 from the company. Louis J. Galen, an officer and director.

Graphic Scanning Corp. 3,000 common shares at \$74,000 — intended sale within three months (SEC stamp September 6, 1977) through D. H. Blair & Company. Acquired from the company. Azurite Corp. Ltd. President of issuer is sole shareholder.

Houston Oil & Minerals Corp. 15,000 common shares at \$562,500 — intended sale August 1, 1977 through Bache Halsey Stuart Shields, Inc. Acquired from 1972 to 1974 from the company. Robert F. Baker, an employee.

Information International, Inc. 5,000 common shares at \$55,000 — intended sale August 30, 1977 through Crowell, Weedon & Co. Acquired in March 1965 from the company. Robert W. Waller, vice president and director.

Inland Steel Company 1,200 common shares at \$43,200 — intended sale September 1, 1977 through White, Weld & Co., Inc. Acquired in February 1977 from the company. Derrick L. Brewster, an officer.

The Interpublic Group of Companies, Inc. 1,022 common shares at \$36,500 — intended sale September 6, 1977 through Paine, Webber, Jackson & Curtis, Inc. Acquired in May 1975 from Jessie C. Gage. Shawmut First Bank and Trust Co., Agent under the agreement with Sally G. Olmstead.

Intersil Inc. 6,000 common shares at \$45,000 — intended sale August 8, 9 and 10, 1977 through E. F. Hutton & Company, Inc.

Acquired in 1975 and 1976 on the open market. Roger Smullen, senior vice president.

Itel Corporation 5,000 common shares at \$100,000 — intended sale within 90 days (SEC stamp September 6, 1977) through Shearson Hayden Stone Inc. Acquired in December 1972 from Eugene M. Stabile. Eugene M. Stabile.

J. B.'s Big Boy Family Restaurants 11,000 common shares at \$44,000 — intended sale August 30, 1977 through Thomson McKinnon Securities Inc. Acquired in December 1971 from the company. Eldon C. Davis.

Johnson and Johnson 3,000 common shares at \$219,750 — intended sale August 29, 1977 through Goldman, Sachs & Co. Acquired in August 1973 from the company. Apollo Corporation Limited.

Joslyn Mfg. and Supply Co. 2,000 common shares at \$32,250 — intended sale August 26, 1977 through Goldman, Sachs & Co. Acquired over two years ago on the open market. Trustee, Employees' Savings and Profit Sharing Fund of Joslyn Mfg. and Supply Co. Employee benefit trust.

Kemper Corporation 6,000 common shares at \$210,000 — intended sale as soon as practicable (SEC stamp September 2, 1977) through Jefferies & Company. Acquired at various dates from James S. Kemper, Sr. James S. Kemper for Rosemary Kemper Trust, Fund 2.

Walter Kidde & Company Inc. 1,000 common shares at \$25,000 — intended sale August 30, 1977 through Hornblower & Weeks, Noyes & Trask. Acquired in February 1970 from Walter Kidde. Walter L. Kidde, director emeritus.

Knight-Ridder Newspapers, Inc. 842 common shares at \$29,259.50 — intended sale August 2, 1977 through Reynolds Securities, Inc. Acquired in December 1976 from Alvah H. Chapman, Jr. Dale Chapman Webb.

Leaseway Transportation Corp. 1,000 common shares at \$31,875 — intended sale August 31 through September 8, 1977 through Prescott, Ball & Turben. Acquired in August 1977 from The O'Neill Brothers Foundation. St. Vincent Charity Hospital, donee of affiliated issuer.

Libbey-Owens-Ford Company 2,200 common shares at \$63,800 — intended sale September 2, 1977 through Foster Bros. Weber & Co. Acquired from July 1969 to January 1972 from the company. Robert G. Wingarter, chairman of the board and chief executive officer.

... Summarized below are significant notices of intent to sell or sales of restricted securities (also known as letter stock) recently filed on SEC Form 144. The date of sale given indicates an intent to sell the amount of shares listed on the date. It does not necessarily mean that the sale will be executed either in full or in part.

... Restricted securities are issued directly by a company to so-called "sophisticated investors," who do not require information usually disclosed in a securities registration statement. These securities are usually sold at a discount to investors who are listed below as sellers. Also, the securities must be held for a certain period of time, usually two years.

... Upon the filing of Form 144, these securities, when resold to the public, are no longer restricted. They are then included in this number of publicly-held outstanding shares.

... Securities firms that handle these transactions almost always act as brokers, receiving their customary and traditional commission.

Liggett Group 2,000 common shares at \$64,000 — intended sale September 2, 1977 through J. C. Bradford & Co. Acquired in February 1977 from the company. Ira J. Silberman, division officer.

Lowe's Companies, Inc. 2,000 common shares at \$44,500 — intended sale (date not given - SEC stamp September 6, 1977) through Thomson McKinnon Securities, Inc. Acquired in April 1975 from the company. Bill J. Cockerham, retired employee.

Lowe's Companies, Inc. 3,000 common shares at \$69,000 — intended sale as soon as practicable (SEC stamp September 6, 1977) through Paine, Webber, Jackson & Curtis, Inc. Acquired in March 1973 from the company. A. Lee Deal.

Marvin Josephson Associates, Inc. 2,000 common shares at \$26,500 — intended sale September 2, 1977 through Neuberger Securities Corp. Acquired in 1969 from the company. Gary Nardino.

McDonald's Corporation 2,172 common shares at \$109,415 — intended sale August 29, 1977 through White, Weld & Co., Inc. Acquired in February 1973 from the company. Charles A. Micale.

McDonald's Corporation 1,291 common shares at \$63,743.12 — intended sale September 1, 1977 through Dean Witter & Co., Inc. Acquired in December 1976 from Maurice J. Sullivan. St. Louis-Chaminade Education Center.

Continued on the next page

Continued from the previous page

McDonald's Corporation 500 common shares at \$25,000 — intended sale August 29, 1977 through Robert W. Baird & Co., Inc. Acquired in June 1971 from the company. Frank P. Teufel.

McFarland Energy, Inc. 10,000 common shares at \$40,000 — intended sale September 2, 1977 through Dean Witter & Co., Inc. Acquired in February 1972 from the company. G. Scott Miller.

Memorex Corporation 3,000 common shares at \$96,000 — intended sale September 1, 1977 through Dean Witter & Co., Inc. Acquired in July 1976 from the company. Marcelo A. Gumucio, an officer.

Memorex Corporation 6,000 common shares at \$150,000 — intended sale August 22, 1977 through Bear, Stearns & Co. Acquired in April 1977 from the company. William R. Lennartz.

Metromedia, Inc. 15,000 common shares at \$405,000 — intended sale as soon as practicable (SEC stamp September 6, 1977) through Reynolds Securities Inc. Acquired in July 1976 on the open market. John P. Crisconi, a director.

Minerals Engineering Company 10,000 common shares at \$30,000 — intended sale August 15, 1977 (SEC stamp September 8, 1977) through Reynolds Securities Inc. Acquired in August 9 1975 from Robert Hall. Patricia M. Hall.

Molex Inc. 2,800 common shares at \$75,600 — intended sale September 15, 1977 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in 1972 from the company. Robert W. Sebastian, an employee.

Nord Resources Corporation 12,371 common shares at \$145,359 — intended sale September 2, 1977 through Green & Ladd-Cowen & Co. Acquired in January 1971 from the company. William H. Leach.

Nordstrom, Inc. 10,000 common shares at \$195,000 — intended sale August 29, 1977 through Foster & Marshall, Inc. Acquired in 1966 from Lloyd and Illsley Nordstrom. Loyal McMillan.

Norris Oil Company 17,000 common shares at \$85,000 — intended sale August 4, 1977 (SEC stamp September 6, 1977) through Kall & Company. Acquired in May 1971 from the company. The Cypress Investment Company.

Oceaneering International, Inc. 5,000 common shares at \$35,000 — intended sale August 31, 1977 through Lehman Brothers Incorporated. Acquired prior to 1970 from the company. Kevin Lengyel.

Old Republic International Corporation 1,000 common shares at \$29,000 — intended sale September 1, 1977 through Reynolds Securities Inc. Acquired before June 1974

from William Wood Turner. Marcia T. Kreyling, wife of director.

Pennzoil Company 5,000 common shares at \$149,375 — intended sale October 15, 1977 through Hefren-Tillotson, Inc. Acquired in January 1973 from the company. Thomas F. Beck, an employee.

Pertec Computer Corporation 15,000 common shares at \$138,750 — intended sale September 2, 1977 through Schneider, Bernet & Hickman, Inc. Acquired in 1977 from the company. H. Edward Roberts, division vice president.

Petrolane, Inc. 2,000 common shares at \$57,000 — intended sale in August 1977 (SEC stamp September 6, 1977) through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in June 1953 from Lehman Brothers. F. Russell Wade, trustee u-a dated 1-3-77 by F. Russell Wade. Director.

Pioneer Standard Electronics Inc. 2,500 common shares at \$30,625 — intended sale September 1, 1977 through Dean Witter & Co., Inc. Acquired in May 1971 from the company. James G. Stanforth, financial vice president and director.

Prime Computer Inc. 15,633 common shares at \$310,000 — intended sale August 30, 1977 through Smith Barney, Harris Upham & Co., Inc. Acquired in August 1977 from Sutter Hill Ventures. Genstar Pacific Corporation.

Purolator, Inc. 5,000 common shares at \$120,000 — intended sale August 29, 1977 through Drexel Burnham Lambert Inc. Acquired from 1956 to 1962 on the open market. Fidelity Union Trust Company, trustee Employees Thrift Plan.

Rahall Communications Corp. 2,100 common shares at \$36,750 — intended sale August 15, 1977 (SEC stamp September 6, 1977) through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in December 1969 from the company. Lincoln H. Braude.

Revlon Inc. 30,060 common shares at \$1,300,500 — intended sale August 31, 1977 through L. F. Rothschild, Unterberg, Towbin. Acquired from January 1971 to December 1976 from the company. Robert W. Armstrong, a director.

Rollins, Inc. 15,600 common shares at \$294,450 — intended sale within 90 days (SEC stamp September 7, 1977) through The Robinson-Humphrey Company, Inc. Acquired in 1977 from John W. Rollins. Jefferic Enterprises, Inc.

Rollins, Inc. 3,500 common shares at \$66,062 — intended sale within 90 days (SEC stamp September 7, 1977) through The Robinson-Humphrey Company, Inc. Acquired in 1976 from John W. Rollins. Rollins Jamaica, Ltd.

The Ryland Group, Inc. 2,200 common shares at \$28,600 — intended sale August 31, 1977 through Alex. Brown & Sons. Acquired in June 1970 from the company. Kenneth W. Carlson, senior vice president.

Service Master Industries, Inc. 9,000 common shares at \$249,750 — intended sale September 1, 1977 through R. G. Dickinson & Co. Acquired in August 1977 from Joseph Rosenfield. Grinnell College.

SmithKline Corporation 25,000 common shares at \$1,000,000 — intended sale August 31, 1977 through Smith Barney, Harris Upham & Co., Inc. Acquired in March 1972 from the company. Dr. Josef Krautkramer.

SmithKline Corporation 15,000 common shares at \$615,000 — intended sale September 1, 1977 through Smith Barney, Harris Upham & Co., Inc. Acquired in April 1972 from the company. Dr. Josef Krautkramer.

Texas Instruments Incorporated 1,000 common shares at \$92,250 — intended sale August 24, 1977 through Merrill Lynch, Pierce, Fenner & Smith Inc. Acquired in May 1966 from the company and in December 1976 from P. E. Haggerty. Sheila Haggerty Turner, daughter of director.

Unicare Services, Inc. 33,000 common shares at \$66,000 — intended sale August 19, 1977 (SEC stamp September 6, 1977) through Bache Halsey Stuart Shields, Inc. Acquired in 1969 from Phillip Cohen. Mrs. Phyllis Abraham, daughter of Phillip Cohen.

Unimax Group, Inc. 14,258 common shares at \$128,000 — intended sale September 1, 1977 through Lehman Bros., Inc. Acquired in July 1973 from predecessor to company. Albert Finkel.

U. S. Energy Corp. 24,000 common shares at \$132,000 — intended sale August 20, 1977 (SEC stamp September 6, 1977) through Securities Clearing of Colorado. Acquired in July 1974 from Keystone, Ltd. Hodgell Farms, Inc.

Vipont Chemical Company 10,000 common shares at \$30,000 — intended sale September 15, 1977 through Hanifen, Imhoff & Samford, Inc. Acquired in January 1973 from the company. Charles D. Gill.

Volunteer Capital Corporation 3,000 common shares at \$34,500 — intended sale January 11, 1977 (SEC stamp September 6, 1977) through Stonegate Securities. Acquired in August 1971 from the company. Merry A. Maney, secretary and treasurer.

Wal-Mart Stores Inc. 1,500 common shares at \$23,500 — intended sale September 15, 1977 through Paine, Webber, Jackson & Curtis, Inc. Acquired from October 1975 to January 1977 from James L. Walton and Audrey Walton. Ann Walton Kroenke, daughter of director.

INSIDER ALERT

Continued from page 1

vote won't occur before November of this year. Management people at Arden-Mayfair (who do not want Mr. Kass to become chairman) say that he doesn't know what he's talking about, and is furthermore unqualified to run the company. Mr. Kass says the reorganization plan is simply designed to further entrench the power of management. Management says the plan is in the best interests of the shareholders. And so on and so forth.

We chanced to poke our nose into this hornet's nest by inquiring about some insider buying in stock of Arden-Mayfair (OTC). 3,900 common shares at \$2 $\frac{3}{8}$ open market purchase on June 17 by Chester I. Lappen, director, to hold 29,712 shares. Mr. Lappen also purchased 2,000 common shares at \$1 $\frac{7}{8}$ -\$2 $\frac{1}{4}$ open market on May 6 and 19, and another 3,000 common shares at \$1 $\frac{7}{8}$ open market on April 5 and 7. 6,000 common shares at \$2.3125-\$2.375 open market purchases on June 5 and 17 by Bernard Briskin, director, to hold 167,293 shares. Mr. Briskin also purchased 11,300 common shares at \$1.56 on December 28, 1976 in a private purchase, after having sold 11,300 common shares in a private sale on November 10, 1976 at \$1.50. Louart Corp. also purchased stock between October 1976 and February 1977 — common and preferred. For example, it picked up 129,000 common shares in a private purchase on September 10, 1976 at \$2.25. Mr. Charles N. Mathewson, an Arden-Mayfair director since retired, sold 129,000 common shares open market in September. Also, Louart Corp. purchased ARDN subordinated income debentures worth \$1,853 on February 11.

Mr. Kass, the president of Louart Corp., said that he purchased the 129,000 shares from Mr. Mathewson. And Mr. Mathewson confirmed that, although he simply sold them through a broker, he believed the buyer was Mr. Kass. Mr. Kass apparently made some money on that February 11 debenture purchase, at which time the bid on the debts was around \$17. The company a week later announced its swap plan for the debts, and the bid for the bonds subsequently jumped to \$29. Mr. Kass said he didn't know anything about the impending announcement, and his purchase of the bonds at that time was a coincidence. "If I had known about this plan I would have tried to stop it," he said.

Mr. Lappen said he's been buying the stock all along, and added that the purchases "weren't based upon the reorganization being effected." Mr. Lappen said he has "no idea" whether the reorganization plan will eventually be approved by the shareholders, and added he has "no feeling" concerning whether or not the debenture holders will approve their swap plan. Mr. Briskin said his purchases and sale were done for "personal reasons."

Reorganization

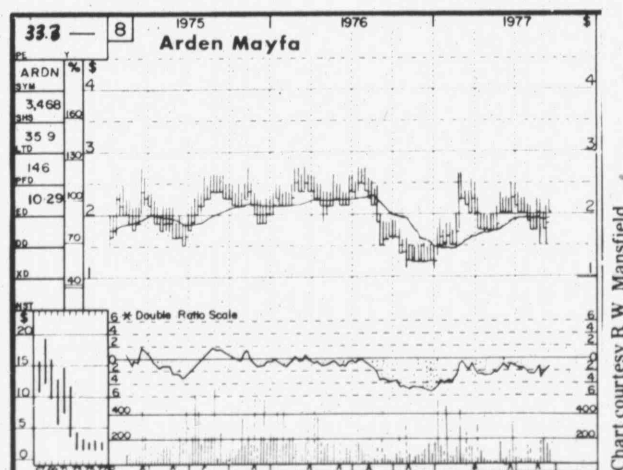
Arden-Mayfair now has outstanding liability of \$21,900,000 on its six per cent subordinated income debentures. As of

March 1, 1977 the total accrued cumulative interest on the debentures in arrears amounted to \$5,256,048. This accrued interest is carried on the balance sheet as a long-term liability. Also as of March 1, 1977, the arrearage on Arden-Mayfair's preferred stock amounted to \$1.6 million, the dividends on the preferred not having been paid since August, 1973. Arden has not paid any interest on the debts since March 1, 1973. The company says in its registration statement that "it cannot be determined when interest payments on the income debentures will be resumed."

Under the old indenture on the debts, the payment of principal and interest is subordinated to payment in full to all prior debt. As of March 1, 1977 the aggregate amount of prior debt was \$4,994,000 — most

Teleautograph. For the common stock, this deal would entail a one-for-one swap. In return for their surrender of old Arden-Mayfair preferred stock (which has dividends in arrears), shareholders would under the plan receive \$5 a share and a new convertible preferred stock. One share of the new preferred would be convertible into three shares of the new common, with the ground rules for the conversion yet to be announced.

Now the currently outstanding preferred stock has a stated value of \$40, and with 145,807 shares outstanding is carried on the balance sheet under stockholders' equity valued at \$5,832,280. The stock to be swapped for this preferred would carry a par value of \$15, and be carried on the balance sheet of the newly-



of it we understand owed to insurance companies.

Arden-Mayfair is seeking consents for changes in the covenants on the old debentures whereby holders would be able to swap their \$100 principal amount for \$10 in cash and \$40 principal amount of nine per cent subordinated sinking fund debentures. If all the outstanding income fund debentures are swapped (which is considered unlikely) the principal amount on debentures would drop from that \$21.9 million to \$8.7 million.

The debenture swap, if approved, would also result in a decrease in Arden's annual pre-tax interest expense. If all the debentures are swapped, the annual pre-tax interest expense would decline by \$525,605. If half of them are swapped, the drop in interest expense is estimated in the registration statement to be \$153,301 annually. Institution of the debenture swap requires approval of holders controlling 66 per cent of the outstanding issue.

Curtis H. Palmer, Arden-Mayfair chairman, says "we feel the deal will go through or we wouldn't have proposed it." He notes: "We can't pay interest on the debentures with a lagging insurance company loan — and we still owe them over \$3 million. But we're talking to the banks now." Mr. Palmer says the company may borrow money from banks, pay down the insurance company debt, and then pay the swapping debenture holders and the swapping preferred shareholders.

That latter swap, on the preferred stock, arises out of Arden-Mayfair's proposed restructuring under Delaware incorporated parent company

merged company (same number of shares) at \$2,187,105. In calculating the book value of the company's common stock, the par value of the preferred stock outstanding is subtracted from the net worth (stockholders' equity) of the corporation, which is in turn divided by the number of common shares outstanding.

Arden-Mayfair's book value as of January 1, 1977 was around \$3.35. Assuming consummation of the merger and exchange of Arden's preferred stock, the exchange of 50 per cent of the income debentures would result in the newly-formed corporation's book value standing around \$5.43. Assuming a 100 per cent swap of the debentures, the book value would increase to \$7.08. Stockholder's equity for Arden-Mayfair as of January 1, 1977 was \$19.2 million. A 50 per cent swap increases that to \$26.9 million; a 100 per cent swap to \$34.4 million. These figures are based upon the Form S-1 filed by Arden-Mayfair with the SEC. The stock last we looked was quoted \$2-\$2 $\frac{1}{4}$.

Will it go?

The merger proposal requires approval of holders of over 50 per cent of the total outstanding common and preferred shares. The debenture swap requires approval of those controlling 66 per cent of the total outstanding debenture issue. These two proposals are separate, with one capable of being approved without the other.

Will the merger be approved? Mr. Kass doesn't think so. "For our proxy fight at the '76 annual meeting only 110,000 of the 145,000 preferred shareholders voted at

See "ALERT" page 20

Wall Street Summary

First Penn: Ongoing muni bond rally

The municipal bond market has continued to make steady progress this year while most sectors of the bond market reached their highs last December, notes a September 8 report from First Pennsylvania. Two weeks ago, new issue yields were the lowest in three and one-half years. Fire and casualty insurance companies are investing heavily, and the introduction of municipal bond mutual funds has caused individual investors to channel billions of dollars into tax-exempts. The fire and casualty insurers have rates set by public regulators, and during inflationary periods the rate increases usually lag the increase in losses resulting from claims. Companies then petition regulators to set higher rates, which incorporate the high inflation rates already experienced and anticipate more inflation in the future. When the inflation rate drops, as it has over the past two years, the insurers' cash flow increases and is fed into tax-exempts. Should inflation flare up, it would undoubtedly put an end to the long-lived muni bond rally.

Provident: uninspiring chemicals picture

The downside vulnerability of chemical stocks may not now be great but time will be needed to form a base before any sustained advance can be expected, states an August report from Provident National Bank. New capacity coupled with less than historic demand is producing a cost-price squeeze, as the industry is unable to effect price increases that fully recover increased capital, feedstock and other costs. Consequently, margins could continue to reflect some erosion. The upstream petrochemicals sector appears particularly vulnerable to overcapacity as the oil companies increase their participation in this area. The S&P 400 has declined about nine per cent since December 31, 1976 while Provident's Master List Chemical stocks have fallen about 20 per cent. Over the next 12-18 months, Provident does not expect the industry to outperform the market and recommends average or slightly less than average portfolio exposure in this area.

Chemical: Brief inventory correction

During the next 18 months, states an August 31 memo from Chemical Bank, the economic expansion will undergo a number of tests of its staying power but will continue to grow at a convincing pace. Growth will be slowed in the third (and possibly fourth) quarter of this year by a brief inventory correction. It will get by a typically cyclical contraction of residential construction in the middle part of next year and, hopefully, it will overcome the drag of an uninspired consumer at the end of 1978. Until the fourth quarter of next year, however, consistently solid growth in disposable personal income will induce the consumer to provide a solid base to the expansion around which the more cyclical elements of the economy will expand and contract. By end-1978, if current indications prove correct, healthy business plant and equipment spending will provide a further offset to the less ebullient sectors of the economy, states Chemical.

Morgan: Stock market's dour view

From the spread between the yield on high-grade long-term bonds and the yield provided by present-day dividends, it does appear that the market is taking an exceedingly dour view of the future. A September report from Morgan Guaranty states that, because of the recent downtrend in stock prices at a time when dividends have grown, dividend yields have moved up sharply — to over 4.5 per cent based on the S&P 500. That measure of market attitude is closer to the sentiment of the immediate postwar years than to that of the mid-1960s. Moreover, the rise in dividends in the recent past has been enough to leave current yields about where they were in early 1975 when share prices were at a 12-year low.

Argus: Lackluster tire industry

The tire stocks seem fairly priced at current levels, notes a September 6 report from Argus Research, which foresees no development likely to produce a better-than-average market performance in the intermediate future. A good portion of the apparent strength in tire demand following the 1976 strike resulted from the need to rebuild depleted inventories and to refill distribution pipelines. Subsequently, demand began to soften and, given the existence of the industry's excess capacity, selling prices weakened and profit margin pressure heightened. Also, growing use of radial tires has reduced the rate of growth in replacement demand. Foreign markets, which usually contribute about one third of earnings, have also been weak. Earnings comparisons could make stocks vulnerable near-term, says Argus, but downside risk should be limited by the group's above-market six per cent dividend yield.

Salmon: from energy to tax reform

The recent paralysis in business spending plans relative to new plant has been largely the result of uncertainties associated with energy legislation, notes a September 2 memo from Salomon Brothers. The same sort of paralysis is now occurring in the security markets as investors grapple with the possible dislocations in their investment strategies which might result from tax reform. Even though the Administration's proposals will shortly be announced, a considerable amount of uncertainty is likely to continue to affect the market generally. Political realities ensure that Congress will consume an extended period of time in studying these proposals. Salomon feels that positive tax incentives for equities are needed to help overcome competition from various of the investment alternatives which have been made available to the public in recent years.

Merrill: Leading indicators caveat

It would be extremely unwise to draw recessionary conclusions from the latest three month drop in the Commerce Department's index of leading indicators, states an August 31 memo from Merrill Lynch. The leading indicator series must be handled with extreme care. The reported July decrease of 0.2 percentage points was accompanied by an upward revision of 0.5 points in the level of the June index. Thus, the three-month decline of 0.6 per cent is less than the previously reported two-month decline of 0.8 per cent. Also, at the end of October, 1976 a substantial two-month drop of 2.3 per cent was reported (from July through September). At the end of November revisions changed the drop to a decline of 1.7 per cent. By end December, the decline became a three-month decrease of 0.9 per cent (from June through September). As of the latest report, the decrease during that period last year was nothing more than the merest slip-page of 0.3 per cent (from July through September).

INSIDER ALERT

Continued from page 18

all," he says. "To get the merger approved management will need 73,000 voting in favor. And for the common stockholders only 2.6 or 2.7 million voted out of 3.5 million. Now there's four million out, so they'll need two million or better to vote yes. Twenty per cent don't vote come hell or high water." Mr. Kass adds, "The plan is dead in my opinion."

Mr. Mathewson, former chairman and director of Arden-Mayfair (whose 129,000 share block was apparently purchased by Mr. Kass) said: "I didn't want to sign my name to the registration statement for the merger. I've simply had it with all the litigation, and the problems, and all that." Do you think the merger plan will be approved? "Well if I did I'd still be in the stock, and I'm not."

Arden-Mayfair management insists that the plan is a sound one drawn up by a well-respected house (Bear, Stearns). Mr. Lappen says the shareholder turnout for the last vote can't be used as a guide for the next vote. "This is a merger proposal," he stresses. "And shareholders who didn't vote last time may vote this time." Mr. Briskin says he can't predict whether the merger will be approved. "But if we don't know," he says. "I don't see how anyone else does."

Mr. Kass says he feels the courts will overturn the last proxy vote. "We'll have another proxy solicitation at the next meeting," he says. Mr. Kass is also considering launching another lawsuit, or amending a pending one, to void the voting rights on 560,000 common shares which the company placed privately last February. "I would have paid more for those shares," he said. "Management didn't get the highest price possible." He also feels these votes might go against him in a proxy fight. Mr. Lappen says these were unregistered shares which were sold at a premium to market, which is very unusual.

Arden-Mayfair lost 54 cents a share in 1975 and \$1.14 in 1976. For the six months ended July 2, 1977 net per share came in at a loss of four cents vs. yearago loss of \$1.20. The S-1 states that: "It is anticipated that, subject to the impact of general and local industry conditions over which Arden has no control, the last three quarters of the 1977 fiscal year, taken as a whole, should show a marked improvement in operating results over the comparable period in 1976. However, in the past Arden has not had a good record in projecting future financial results."

Chairman Palmer says: "We've reached the turnaround point. It's time to recapitalize and go forward."

Oakbrook Consol. buys

The story on Oakbrook Consolidated is much simpler. If the company acquires another concern the stock should go up. If it doesn't, the stock should either stay where it is (OTC quote \$4½-\$5) or drop. That, anyway, is what the company's president told us.

OKCO president and some other in-

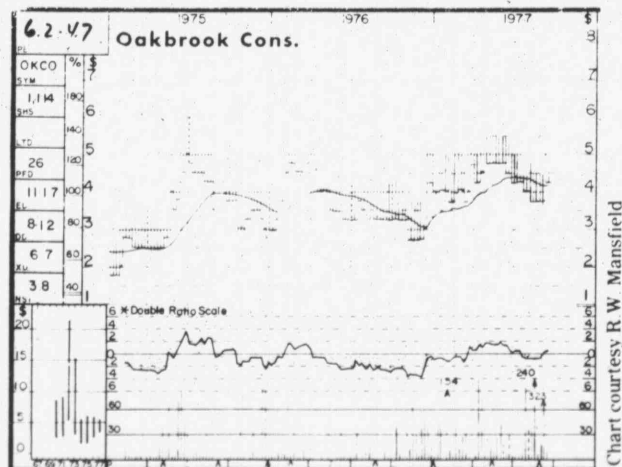
siders have been on the buy side. 12,500 common shares at \$4¾ open market purchase on August 8 by David R. Hamilton, president and director, to hold 113,490 shares. Mr. Hamilton also purchased 3,240 common shares at \$4½ open market purchase on June 17; 9,000 common shares at \$3.37 open market November 5 to 8; 3,000 common shares at \$3.75 open

halls and similar eateries for a variety of institutional clients. This business is steady but unexciting. OKCO per share 65 cents in '74, 65 cents again in '75 and 66 cents in '77. EPS for nine months through June '77 essentially flat when considered regardless of some extraordinary credits rung up on sale of some land and an office building.

But if Oakbrook's food service business

NEWSPAPER

Do Not Delay - Timely Stock Market Data



market purchase on October 13, 1976; 1,500 common shares at \$4.00 open market purchase on September 16, 1976 and 5,000 common shares at \$4.00 open market purchase on June 25, 1976. 500 common shares at \$4¾ open market purchase on July 5 by Peter Cowles, vice president and secretary, to hold 1,500 shares. Mr. Cowles also purchased 1,000 common shares open market at \$4.37 on September 13, 1976. 1,000 common shares at \$3.25 open market purchase on November 17, 1976 by William T. Nihil, officer, to hold 3,000 shares. 10,000 common shares open market purchase at \$5.38 October 13, 1976 by George McFadden, director, to hold 80,000 shares. Mr. McFadden sold 5,000 common shares at \$4.00 on December 20, 1976. 700 common shares at \$3.50 open market purchase on October 15, 1976 by Fred P. Slivon, director, to hold 2,000 shares. Also another sale: 10,000 common shares open market sale November 3, 1976 by Joseph C. Scabo, director, at \$5.38, to hold directly 318,798 shares.

Mr. McFadden said he sold the 5,000 shares for tax purposes, and then bought the 5,000 back in January. He said he now owns 93,000 Oakbrook Consolidated shares directly, having purchased some more stock since January. Mr. Hamilton said he picks Oakbrook stock up whenever he has a little cash and the stock is "down in the low four's."

Oakbrook Consolidated is into manual and automated food service management. It operates under contract college dining

isn't exciting, its cash position is. The company has no long- or short-term debt. And as of June 30, 1977 it was carrying cash and marketable securities valued at \$7.356 million (up from yearago \$5.219 million). Current ratio as of June 30, 1977 of 1.47 vs. yearago 1.29. Tangible book of \$6.57, intangible book of \$8.40.

"I'd say the stock is fairly well priced here relative to the industry at six or seven times earnings," says president Hamilton. "If we use the cash and go ahead with an acquisition the price should go up. But it's a question of timing. We're being careful and patient about what we buy. We might acquire a company next month, or it could take two years. We're not trying to pump up the stock with an acquisition. Anything we do will have to make long-term sense."

Mr. Hamilton says they're looking at consumer and capital goods-related manufacturing concerns, wholesale distributing businesses, and service industries. "We want any company we consider to be relatively stable," he says. "It may or may not be fast growing." He says Oakbrook is not interested in high-technology companies, which he feels offer too much risk. "We want it to have good cash flow, a good balance sheet and offer a good return on invested capital," says Mr. Hamilton. "We're conservative, I guess. The Graham and Dodd type."

Mr. Hamilton points out that over 50 per cent of Oakbrook Consolidated's stock is controlled by insiders, so the company is not a takeover play.