

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



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DECISION IN ADMINISTRATION PROCEEDING

BUONGIORNO, J.A.B. SECURITIES SUSPENDED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8870) in which it ordered the 90-day suspension for securities violations, of "retail trading" by J. A. B. Securities Company, Inc., of New York, effective at the opening of business April 27. Joseph A. Buongiorno, president and sole stockholder, who previously operated under the name J. A. B. Securities Company, a sole proprietorship (substantially all of whose business was taken over by the corporation in July 1967), was suspended from association with a broker-dealer firm for the same period, and the sole proprietorship's registration was similarly suspended. In an offer of settlement, the respondents waived a hearing and consented to imposition of the sanctions, without admitting or denying the violations.

According to the Commission's decision, during the period January 1965 through August 1967, the respondents violated the anti-fraud provisions of the Federal securities laws by selling securities at prices which were not reasonably related to the market prices of such securities; and during the period August 31 to November 12, 1968, the corporation, aided and abetted by Buongiorno, violated the Commission's record-keeping requirements by failing to make and keep current certain of its books and records.

In the offer of settlement, the respondents represented that the books and records of the two firms are now fully posted; and they gave assurances that they would be so maintained in the future, including an undertaking to submit a financial statement for each of the next thirteen months together with an affidavit of compliance. During the period of the suspension, the firms may not initiate or solicit any transactions with retail customers and will accept and effect only unsolicited orders for liquidating transactions. Buongiorno may visit the offices at times other than during trading hours for the purpose of supervising back-office operations, shall not receive no remuneration or compensation, and shall relinquish his share of profits to certain designated charities.

HOLDING COMPANY ACT RELEASES

APPALACHIAN POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16696) authorizing Appalachian Power Company, Roanoke subsidiary of American Electric Power Company, Inc., to issue and sell \$70,000,000 of first mortgage bonds, due 1995, at competitive bidding. Appalachian will use the net proceeds of its bond sale (and an aggregate of \$30,000,000 of capital contribution by the parent) to pay, at maturity, its then outstanding commercial paper notes, to pay, in part, for the cost of its construction program (estimated at \$177,600,000 for 1970), to prepay short-term notes to banks (of which an estimated \$39,141,500 will be outstanding at the date of the issuance of the bonds) and for other corporate purposes.

HARTFORD ELECTRIC LIGHT RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16694) authorizing The Hartford Electric Light Company ("HELCO"), Wethersfield, Conn., subsidiary of Northeast Utilities, to issue and sell \$20,000,000 of first mortgage bonds, due 2000, and 200,000 shares of \$50 par preferred stock at competitive bidding. HELCO will use the net proceeds of its offering to finance its construction program, to supply funds for its investment in nuclear generating companies and to repay short-term borrowings which were incurred for these and other similar purposes. Construction expenditures are estimated at \$66,500,000 for 1970.

CONSOLIDATED NATURAL GAS CO. SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16695) giving interested persons until May 14 to request a hearing upon an application of Consolidated Natural Gas Company ("Consolidated"), New York, to make up to \$157,000,000 of open account advances to subsidiaries (\$82,000,000 for construction purposes, \$55,000,000 for gas storage inventories and \$20,000,000 for working capital purposes), as follows: Consolidated Gas Supply Corporation, The East Ohio Gas Company, The Peoples Natural Gas Company, West Ohio Gas Company, and The River Gas Company. Consolidated plans to issue and sell debentures during 1970 and, following such sale, the open account advances to subsidiaries for construction will be converted into long term notes of such subsidiaries. It also proposes to issue and sell up to \$55,000,000 of short-term notes to a group of banks during 1970, proceeds of which will be used to finance the seasonal increase in gas storage inventories of the subsidiaries. Consolidated further proposes to purchase 49,000 capital shares (\$100 par) of Gas Supply and 17,000 capital shares (\$100 par) of Peoples; the subsidiaries will use the proceeds for construction purposes. Construction expenditures for the subsidiaries for 1970 are estimated at \$48,270,000 for Gas Supply, \$18,590,000 for East Ohio, \$16,640,000 for Peoples, \$480,000 for River and \$1,335,000 for West Ohio. Consolidated also proposes to issue and sell up to \$50,000,000 of commercial paper to a commercial paper dealer (which may include up to \$25,000,000 of short-term notes to banks) from time to time up to May 15, 1971. The proceeds of such financing will be used to provide up to \$20 million of the working capital advances to subsidiaries and up to \$30 million of working capital requirements of Consolidated.

OVER

INVESTMENT COMPANY ACT RELEASE

REGENCY FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6033) declaring that Regency Fund, Inc., New York, has ceased to be an investment company as defined in the Act.

SECURITIES ACT REGISTRATIONS

ROTHSCHILDS CO. PROPOSES OFFERING. The Rothschilds Company (the "Partnership"), 19 $\frac{1}{2}$ East 62nd St., New York 10021, filed a registration statement (File 2-37144) with the SEC on April 22 seeking registration of \$850,000 of limited partnership interests, to be offered for public sale at \$17,000 per unit. The Partnership is to be formed for the purpose of producing a dramatico-musical play, presently entitled "The Rothschilds," based upon a biography by Frederick Morton which tells the story of the growth of the internationally known investment banking family, the Rothschilds. Sherman Yellen is the author of the book of the musical and Hillard Elkins the co-author. Jerry Bock and Sheldon Harnick are the composer and lyricist of the score. Elkins Productions International Corporation ("EPIC") and Lester Osterman Productions Inc. ("LOPI") are the general partners. All of/outstanding stock of EPIC is owned by Hillard Elkins, president; 80% of the outstanding stock of LOPI is owned by Lester Osterman, president, and 20% by Richard Horner, vice president.

SOUTHERN INDIANA GAS & ELECTRIC TO SELL BONDS. Southern Indiana Gas and Electric Company, 20-24 N. W. Fourth St., Evansville, Ind. 47701, filed a registration statement (File 2-37145) with the SEC on April 22 seeking registration of \$8,000,000 of first mortgage bonds, to be offered for public sale at competitive bidding. A public utility, the company will use the net proceeds of its bond sale to provide a portion of the funds required for the construction or acquisition of property additions or improvements or to reimburse its treasury in part for expenditures made for such purposes. Construction expenditures are estimated at \$15,000,000 for 1970.

OHIO EDISON TO SELL BONDS. Ohio Edison Company, 47 N. Main St., Akron, Ohio 44308, filed a registration statement (File 2-37146) with the SEC on April 22 seeking registration of \$45,000,000 of first mortgage bonds, due 2000, to be offered for public sale at competitive bidding. An electric utility, the company will use the net proceeds of its bond sale to return \$41,136,483 of deposits to The Cleveland Electric Illuminating Company (under a 1965 agreement in connection with the company's construction of Unit No. 6 at its W. H. Sammis Plant, and of certain related transmission facilities and for construction by the Illuminating Company of a similarly sized unit at its Avon Lake Plant), to make advances to The Quarto Mining Company, a wholly-owned subsidiary of The North American Coal Company, in connection with the development of a new coal mine, to the construction and acquisition of new facilities and for the betterment of existing facilities, and to reimburse its treasury in part for monies expended for such purposes. Construction expenditures are estimated at \$91,335,000 for 1970.

ALUMINUM CO. TO SELL DEBENTURES. Aluminum Company of America, 1501 Alcoa Bldg., Pittsburgh, Pa. 15219, filed a registration statement (File 2-37147) with the SEC on April 22 seeking registration of \$150,000,000 of sinking fund debentures, due 1995, to be offered for public sale through underwriters headed by The First Boston Corp., 20 Exchange Pl., New York 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is the largest integrated producer of primary aluminum and fabricated aluminum products. Net proceeds of its debenture sale will be applied to repayment of bank borrowings and the balance will be added to the company's working capital. At April 1, the company had borrowings of \$111 million under a bank credit agreement. In addition to indebtedness and preferred stock, the company has outstanding 21,505,837 common shares. Frederick J. Close is board chairman and John D. Harper president.

MILLIPORE SHARES IN REGISTRATION. Millipore Corporation, Ashby Rd., Bedford, Mass. 01730, filed a registration statement (File 2-37149) with the SEC on April 22 seeking registration of 100,000 shares of common stock. These shares have been issued or are issuable to employees pursuant to the company's restricted and qualified stock option plans.

CONSOLIDATED EDISON PROPOSES RIGHTS OFFERING. Consolidated Edison Company of New York, Inc., 4 Irving Pl., New York 10003, filed a registration statement (File 2-37150) with the SEC on April 22 seeking registration of 3,300,000 shares of common stock, to be offered for subscription by common stockholders of record on May 21, 1970, at the rate of one new share for each 12 shares held. The subscription price (\$30 per share maximum*) and underwriting terms are to be supplied by amendment. The offering is to be underwritten by underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, 70 Pine St., New York 10005, and two other firms. An electric utility, the company will use the net proceeds of its stock sale for the construction of utility plant and to repay from time to time at or before maturity short-term obligations (estimated at \$65,000,000 at May 30, 1970) incurred as a result of its construction program. Construction expenditures were \$305,000,000 for 1969 and \$1,995,000,000 for 1970-1974.

GENERAL TELEPHONE (KY.) TO SELL BONDS. General Telephone Company of Kentucky, 2001 Harrodsburg Rd., Lexington, Ky. 40507, filed a registration statement (File 2-37151) with the SEC on April 22 seeking registration of \$14,000,000 of first mortgage bonds, due 2000, to be offered for public sale through underwriters headed by Paine, Webber, Jackson & Curtis, 140 Broadway, and Stone, Webster Securities Corp., 90 Broad St., both of New York. The interest rate, offering price and underwriting terms are to be supplied by amendment.

A subsidiary of General Telephone & Electronics Corporation, the company will apply the net proceeds of its bond sale toward payment of short term loans owing to banks and its parent and commercial paper (estimated not to exceed \$22,000,000 at the time of such application), obtained for the purpose of financing the company's construction program. Construction expenditures are estimated at \$21,200,000 for 1970.

LOMAS & NETTLETON MORTGAGE INVESTORS PROPOSES OFFERING. Lomas & Nettleton Mortgage Investors (the "Trust"), 1111 Hartford Bldg., Dallas, Tex. 75201, filed a registration statement (File 2-37152) with the SEC on April 22 seeking registration of 800,000 shares of beneficial interest, to be offered for public sale through underwriters headed by Dominick & Dominick, Inc., 14 Wall St., New York 10005, and Rauscher Pierce & Co., Inc., 1200 Mercantile Dallas Bldg., Dallas, Tex. 75201. The offering price (\$31.625 per share maximum*) and underwriting terms are to be supplied by amendment.

The Trust intends to qualify as a real estate investment trust, has invested and intends to continue to invest, primarily in first mortgage construction and development loans which finance the acquisition of sites for, and construction of, income producing properties, such as shopping centers, apartment houses and offices, commercial and industrial buildings, as well as residential properties. L&N Management, Inc., a wholly-owned subsidiary of Lomas & Nettleton Financial Corporation, will serve as manager of the Trust. Jess Hay is president of the Trust and board chairman of the manager and of its parent; Gene H. Bishop is president of the manager and of its parent.

CAPROCK FEEDING FUND PROPOSES OFFERING. Caprock Feeding Fund, Inc. (the general partner), 816 Bank of the Southwest, Amarillo, Tex. 79109, filed a registration statement (File 2-37153) with the SEC on April 22 seeking registration of \$10,000,000 of pre-organization subscription units in limited partnerships which are to engage in Cattle Feeding Programs, to be offered for public sale in units, each consisting of a \$2500 limited partnership interest and a warrant to purchase 50 common shares of Caprock Industries, Inc. ("Industries") at \$10 per share. The units are to be offered for public sale at \$2,500 each; no underwriting is involved, but participating NASD members will receive a selling commission, the amount of which is to be by amendment. The general partner is a wholly-owned subsidiary of Industries, which owns and operates two cattle custom feeding lots. The principal activities of the partnerships will consist of the acquisition of cattle and the feeding of such cattle at Industries' commercial feedlots. Dean Cluck is president of the general partner.

MEDIAN MORTGAGE INVESTORS PROPOSES OFFERING. Median Mortgage Investors (the "Trust"), 30 Federal St., Boston, Mass. 02110, filed a registration statement (File 2-37154) with the SEC on April 22 seeking registration of 3,000,000 shares of beneficial interest, \$20,000,000 of senior debentures, due 1976, and warrants to purchase 1,000,000 shares of beneficial interest, to be offered for public sale in units, each consisting of 30 shares, a \$200 debenture and warrants to purchase 10 shares. The offering is to be made at \$500 per unit through underwriters headed by Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, and Paine, Webber, Jackson & Curtis, 140 Broadway, both of New York 10005; the underwriting terms are to be supplied by amendment.

The Trust intends to invest in a broad range of mortgage loans and other real property interests with more than half of its invested assets consisting of intermediate-term and long-term conventional first mortgage loans on income-producing properties. It intends to invest the remainder of its assets primarily in mortgage loans with maturities of three years or less, including wrap-around and other junior mortgage loans, warehousing loans and land loans, and in participations in construction and development loans originated by others. The Trust plans to qualify as a real estate investment trust under the Internal Revenue Code. Median Mortgage Advisory Corporation, a wholly-owned subsidiary of First Realty Investment Corporation, will serve as adviser. Jack R. Courshon, Arthur H. Courshon and Stanley J. Magenheimer, trustees of the Trust, are the principal officers of the adviser.

STOCK PLANS FILED. The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

- Burndy Corporation, Norwalk, Conn. 06852 (File 2-37137) - 279,170 shares
- Warner-Lambert Pharmaceutical Company, Morris Plains, N. J. 07950 (File 2-37138) - 445,195 shares
- TRW Inc., Cleveland, Ohio 44117 (File 2-37139) - 441,176 shares
- GPC International Inc., Englewood Cliffs, N. J. 07632 (File 2-37148) - 500,000 shares

MISCELLANEOUS

CONTINENTAL VENDING TRADING BAN CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Continental Vending Machine Corporation for the further ten-day period April 27, 1970 to May 6, 1970, inclusive.

SECURITIES ACT REGISTRATIONS. Effective April 22: Liberty Loan Corp., 2-37064; Valcan Materials Co., 2-37060. Effective April 23: Automatic Discount Card, Inc., 2-33752 (90 days); Boston Gas Co., 2-36752 (40 days); Colonial Penn Group, Inc., 2-36495 (90 days); Compugraphic Corp., 2-35905 (40 days); Continental Copper & Steel Industries, Inc., 2-34929 (40 days); Lektromatic Compu-Sciences, Inc., 2-33469 (90 days); McDonnell Douglas Corp., 2-35993; John Nuveen & Co., 2-36685; Old Line Funding Corp., 2-35675 (90 days); Palomar Financial, 2-34704 (June 2).

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

*As estimated for purposes of computing the registration fee.