

# 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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## COMMISSION ANNOUNCEMENT

**SEC ORDER CITES KEY SECURITIES.** The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of Key Securities, Inc. ("Key"), Wichita, Kansas. Also named as respondents were Agricultural and Industrial Development Inc. ("AID"), of Wichita, a publicly-owned company and sole owner of Key, Wayne G. Madill, AID's president, and Bill G. Whorton, president of Key and an officer-director and control stockholder of AID.

The proceedings are based upon staff allegations that during the period February 13, 1968, to date, in connection with the offer, sale and purchase of common stock of AID, Hi-Plains Enterprise, Inc., and Hays Land & Cattle Company, Key and the other respondents violated the anti-fraud and anti-manipulative provisions of the Federal securities laws. Violations of the Securities Act registration provisions in the sale of AID stock also are charged.

A hearing will be scheduled by further order to take evidence on the staff allegations and to afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the allegations are true and, if so, whether any action of a remedial nature should be ordered by the Commission.

## HOLDING COMPANY ACT RELEASES

**ALABAMA POWER SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16856) giving interested persons until November 5 to request a hearing upon an application of Alabama Power Company, Birmingham subsidiary of The Southern Company, to issue and sell \$60,000,000 of first mortgage bonds and 100,000 shares of preferred stock (\$100 par) at competitive bidding. Alabama Power will use the net proceeds of this financing, together with excess cash on hand and the proceeds of the sale of 240,000 shares of common stock to the parent (200,000 of which shares have been authorized by the Commission (Release 35-16596) and 40,000 are the subject of another filing) to finance its 1970 construction program estimated at \$158,666,000, to pay outstanding short-term bank loans incurred for such purposes, and for other corporate purposes.

**MICHIGAN POWER SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16862) giving interested persons until October 28 to request a hearing upon an application of Michigan Power Company ("MPC" - formerly known as Michigan Gas & Electric Company), Three Rivers, Mich., subsidiary of American Electric Power Company, Inc., to sell, for \$617,693, all of its rights, title and interest in 93,000 feet of pipeline (together with all appurtenances, right of way and regulator stations) to Northern Natural Gas Company ("Northern"), a non-associate company. The pipeline section, which extends from Northern's facilities in Carp Lake Township, Mich., to MPC's distribution facilities in Ontonagon Township, was contracted by MPC. On August 4, the Federal Power Commission ordered Northern to establish a physical connection with MPC's distribution facilities in Ontonagon, which Northern agreed to construct and operate. However, since MPC had already commenced construction of the line, MPC and Northern agreed to MPC's completing the line on a "turnkey basis" and then selling its interest therein to Northern.

**CONSOLIDATED NATURAL GAS SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16859) giving interested persons until November 2 to request a hearing upon a proposal of Consolidated Natural Gas Company ("Consolidated"), New York, to make \$5,000,000 of open-account advances to its subsidiary, Consolidated Gas Supply Corporation ("Gas Supply"), for the purpose of financing construction expenditures. This is in addition to the \$54,000,000 of open-account advances authorized by the Commission in May 1970 (Release 35-16729). Consolidated also proposes to issue up to \$10,000,000 of unsecured promissory notes to a bank, proceeds of which are to be used primarily for working capital purposes of Gas Supply. This is in addition to the \$50,000,000 of commercial paper notes which Consolidated was authorized to issue from time to time through May 15, 1971.

**COLUMBIA GAS RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16860) supplementing the order issued by the Commission May 15 (Release 35-16726) authorizing The Columbia Gas System, Inc., New York, to make open account advances to subsidiaries. In the new order Home Gas Company, one of the subsidiaries, is authorized to issue and sell \$2,600,000 of unsecured installment notes to Columbia, the proceeds to be used for construction purposes.

**APPALACHIAN POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16861) authorizing Appalachian Power Company, Roanoke, Va. subsidiary of American Electric Power Company, Inc. to issue and sell \$70,000,000 of first mortgage bonds at competitive bidding. Appalachian will apply the net proceeds of its bond sale to pay, at maturity, \$70,000,000 of first mortgage bonds, 3 $\frac{1}{2}$ % Series, due December 1, 1970.

OVER

INVESTMENT COMPANY ACT RELEASE

EQUITABLE LIFE RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6204) granting the application of the Equitable Life Assurance Society of the United States, New York, a mutual life insurance company, and Separate Account A of Equitable ("Account A") for an exemption from the provisions of the Act so as to permit the variation in the rate of deductions as between the single payment variable annuity contracts purchased under life insurance policies or annuity contracts issued by the Equitable, and the single payment variable annuity contracts otherwise purchased.

COURT ENFORCEMENT ACTION

COMPLAINT NAMES CAPITAL MANAGEMENT, OTHERS. The SEC Washington Regional Office announced October 5 (LR-4770) the filing of an action in Federal court in Philadelphia, seeking to enjoin violations of the registration and anti-fraud provisions of the Federal securities laws by the following in the offer and sale of partnership interests in the Blair Drilling Funds, Equipment Lessor Programs, Livestock Programs, Special Drilling Funds and Corporate Financing Programs and convertible subordinated notes of Capital Management Corporation: Capital Management Corporation and Harmon S. Spolan, of Philadelphia, Michael R. McClurg of Media, Pa., Oliver DeG. Vanderbilt of Wynnewood, Pa., William L. Haeberle of Bloomington, Ind., and Blair and Co., Inc., of New York.

SECURITIES ACT REGISTRATIONS

NORTHERN HOLDING TO SELL STOCK. Northern Holding and Development Co., Midland Bank Bldg., Minneapolis, Minn. 55401, filed a registration statement (File 2-38560) with the SEC on October 7 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on a best efforts basis by Teig, Ross, Klenert & Chica, Inc., 135 Southgate Office Plaza, Bloomington, Minn. 55431, which will receive a 50c per share selling commission plus up to \$3,000 for expenses. The company has agreed to sell the underwriter, for \$100, five-year warrants to purchase up to 10,000 shares, exercisable after one year at from \$5.35 to \$6.40 per share.

Organized in November 1967, the company is engaged primarily in the purchase, sale and development of undeveloped land located near the Minneapolis and St. Paul, Minn., metropolitan centers. Of the net proceeds of its stock sale, \$96,257 will be used to pay bank indebtedness incurred in connection with the Circle Star Development Co. (in which the company has a 50% partnership interest) and in connection with the Maple Grove properties, \$150,000 in connection with the development of the Circle Star Industrial Park and \$178,000 for mortgages and related costs in connection with the Circle Star and Maple Grove properties; the balance will be added to the company's working capital and used for general corporate purposes, including land acquisition. In addition to indebtedness, the company has outstanding 373,950 common shares (with a \$1.09 per share book value), of which Thomas E. Steinhaus, treasurer, owns 18.9% and management officials as a group 29.4%. Gary I. Freund is president. Purchasers of the shares being registered will acquire a 34.8% stock interest in the company for their investment of \$1,000,000 (they will sustain an immediate dilution of \$2.79 in per share book value from the offering price); company officials will then own 19.2% for which they paid \$82,000 in cash and donated services.

FORD MOTOR CREDIT CO. PROPOSES FINANCING. Ford Motor Credit Company, The American Road, Dearborn, Mich. 48121, filed a registration statement (File 2-38563) with the SEC on October 7 seeking registration of \$75,000,000 of debentures, due 1990, and \$125,000,000 of notes, due 1976, to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York 10004. The interest rates, offering prices and underwriting terms are to be supplied by amendment.

The company (a wholly-owned subsidiary of Ford Motor Company) provides wholesale financing to and purchases retail installment sales paper from Ford-product dealers. Net proceeds of its financing will be added to the company's general funds and will be available for the purchase of receivables and for loans and other corporate purposes. In addition to indebtedness, the company has outstanding 250,000 common shares. Robert S. Olson is board chairman and John C. Dean president.

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:

Hyatt Corporation, Burlingame, Calif. 94010 (File 2-38564) - 100,000 shares  
Scientific-Atlanta, Inc., Doraville (Atlanta), Ga. 30324 (File 2-38565) - 18,000 shares

SECURITIES ACT REGISTRATIONS. Effective October 8: Advanced Computer Systems, Inc., 2-34997 (90 days); Allergan Pharmaceuticals, 2-38222 (90 days); Circle Seal Corp., 2-38317; Fashion Fabrics, Inc., 2-38026 (90 days); Federal-Mogul Corp., 2-38430; General Builders Corp., 2-34342 (Nov 19); Hawkeye Bancorporation, 2-36891 (40 days); Northern States Power Co., 2-38287; The Pay-O-Matic Corp., 2-36149 (90 days); Southern California Gas Co., 2-38362 (40 days).

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.