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September 26, 1973

COMMISSION TO STUDY FOREIGN ACCESS TO U.S. SECURITIES MARKETS

In an address before the Boston Stock Exchange last night, Chairman Ray Garrett, Jr. said the SEC expects to issue a release in the near future requesting public comment on a number of issues believed crucial to the resolution of the problems of foreign access to U.S. securities markets.

"Since 1960, foreigners have purchased more U.S. securities than they sold in all but two years; the total net investment for the 12 years through 1972 is estimated at almost \$10 billion," Mr. Garrett said. He noted that foreign brokers who are excluded from exchange membership by the New York and the American Stock Exchanges have directed commission business to exchange members often in return for other types of business. "These foreign firms," Mr. Garrett noted, "are aggressively seeking direct access to all trading markets to reduce the amount of commission dollars they or their customers must pay to U.S. firms." "The SEC has the matter under study," Mr. Garrett said.

Mr. Garrett outlined some of the questions raised in considering foreign access to U.S. securities markets:

- (1) Can the problems of surveillance and enforcement be resolved, especially in view of the diverse foreign laws governing foreign brokers? Such problems involve access to information abroad to determine where foreign broker transactions are for their customers or themselves, the policing, where appropriate, of foreign broker relationships with customers to ensure compliance with applicable U.S. laws, such as suitability and custody rules, the extent to which foreign courts would honor judgments rendered by U.S. courts against foreign brokers doing business here.
- (2) While there are still fixed commission rates, should the question of the availability of the non-member discount be treated differently from the question of membership on U.S. exchanges in the case of foreign brokers or foreign-owned U.S. brokers?
- (3) Should all exchanges be required to resolve the surveillance and commission rate questions in a uniform manner, or should they be permitted to formulate separate resolutions of the foreign membership problems, subject to the general parameters established by the Commission?

Mr. Garrett said the analysis of these foreign access questions can be completed only with the help of the international investment community and its unique knowledge of the practical aspects of the international brokerage business.

Mr. Garrett also indicated that U.S. citizens may become interested in investing in foreign securities again if the Interest Equalization Tax is repealed and other restrictions are lifted. The Equalization Tax could well be repealed as a result of the favorable turn in the U.S. balance of payments deficit in recent years, he said.

Others areas under the active scrutiny of the Commission are questions involving activities of international investment companies, programs of international corporate finance, and the impact on our securities markets and national economy of foreign investors, Mr. Garrett stated.

COMMISSION ANNOUNCEMENTS

WORKING CAPITAL OF NONFINANCIAL U.S. CORPORATIONS ROSE IN SECOND QUARTER. The net working capital of nonfinancial U.S. corporations rose \$6.5 billion in the second quarter of 1973, according to estimates released by the Securities and Exchange Commission. This gain in working capital compares with \$6.9 billion the previous quarter and \$5.5 billion a year earlier. Net working capital--the excess of business investment in current assets over current liabilities--totaled \$237.8 billion at the end of June 30, 1973. For further details, see the Statistical Bulletin for September 26, 1973.

COURT ENFORCEMENT ACTIONS

HOME-STAKE FILES FOR BANKRUPTCY. The SEC Fort Worth Regional Office announced that Home-Stake Production Company, Tulsa, Oklahoma on September 20 filed a petition under Chapter X of the federal bankruptcy laws in Federal District Court at Tulsa. Retired Federal Judge Royce H. Savage was appointed trustee in bankruptcy for Home-Stake Production Company, and A. F. Ringold as attorney for the trustee. (LR-6077)

HOME-STAKE COMPANIES ENJOINED. The SEC Fort Worth Regional Office announced that a Federal District Judge at Oklahoma City, Oklahoma on September 17 permanently enjoined by consent Home-Stake Production Company, Tulsa, Oklahoma, and its wholly owned subsidiaries, Home-Stake Program Operating Corporations, 1964 through 1972 and Home-Stake Securities Company, all of Tulsa. The order permanently enjoined the 10 companies from violations of various provisions of the securities laws in the offer and sale of securities issued by Home-Stake Production Company and the 1964 through 1972 Program Operating Corporations. All of the companies consented to the entry of the order without admitting or denying the allegations in the Commission's complaint. (LR-6071)

THOS. J. GRAY PLEADS NOLO CONTENDERE. The SEC Fort Worth Regional Office announced that Thomas J. Gray of Wichita Falls, Texas, formerly of Oklahoma City, Oklahoma, an ex-vice president of Four Seasons Nursing Centers of America, Inc., pleaded nolo contendere to one count of securities fraud on September 19, involving securities issued by Four Seasons Nursing Centers of America, Inc. Sentencing of Gray was deferred. (LR-6073)

CHAS. J. ALLEN, CHAS. H. FARR FOUND NOT GUILTY. The SEC Fort Worth Regional Office announced that a Federal district court jury on Friday, September 14 returned verdicts of not guilty on one count of sale of unregistered securities in the trial of Charles I. Allen, Oklahoma City, Oklahoma and Charles H. Farr, Norman, Oklahoma, after a three day trial involving securities issued by United Australian Oil, Inc. (LR-6074)

SEC COMPLAINT NAMES BANKERS TRUST COMPANY, INC. OF NEW MEXICO, CENTENNIAL INVESTMENT ASSOCIATES, INC. OF TEXAS, OTHERS. The SEC Denver Regional Office announced on September 21 the filing of a complaint in the Federal District Court, El Paso, Texas, seeking to enjoin Bankers Trust Company, Inc. of New Mexico, Albuquerque, New Mexico, Centennial Investment Associates, Inc. of Texas, El Paso, Texas, Frank Annunziato and Ernie W. Totten of El Paso, Texas, Donald W. Chave, William Annos and Arthur Herzberg of Phoenix, Arizona, and Jerry A. McFarland of Denver, Colorado. The complaint seeks to enjoin all defendants from violating the registration and antifraud provisions of the securities laws in the offer and sale of beneficial interests in trust funds, investment contracts, notes and evidences of indebtedness issued by Bankers Trust Company, Inc. and Centennial Investment Associates, Inc. (LR-6075)

MACCLAIN SENTENCED. The Denver Regional Office announced on September 21, that Eddie L. MacClain of Denver, Colorado, was sentenced by the U. S. District Court at Denver to four and one-half years imprisonment and five years probation, to be served consecutively. The sentences followed his conviction on four counts of securities fraud and one count of mail fraud in the offer and sale of common stock of Cherry Creek International, Ltd. and its successor corporation, House of Knowledge, Inc. (LR-6076)

INVESTMENT COMPANY ACT RELEASES

CHANNING COMPANY. A notice has been issued giving interested persons until October 23 to request a hearing on an application of Channing Company, Inc., principal distributor for the shares of Equity Growth Fund of America, Inc., Equity Progress Fund, Inc., and Fund of America, Inc. (Funds) for an order exempting from certain provisions of the Act a one-time reinvestment privilege without sales charges by Fund shareholder within 15 days of a redemption. (Rel. IC-8003)

HOLDING COMPANY ACT RELEASES

THE ROCKY RIVER REALTY COMPANY. An order has been issued authorizing The Rocky River Realty Company, a non-utility subsidiary of Northeast Utilities, to purchase improved realty near Newington, Connecticut, and to lease it to Northeast Utilities Service Company, a service subsidiary of Northeast. Rocky River proposes to acquire this improved realty (i) by assuming four mortgages on various portions of the land and/or building with unpaid principal amounts as of October 1, 1973 (the closing date) aggregating \$795,317.12; (ii) by assuming sewer liens aggregating \$29,094.39; and, (iii) by placing with the sellers an unsecured purchase money note for \$441,962.67 bearing interest at 6% from September 1, 1973 and maturing January 2, 1974. (Rel. 35-18021)

MONTAUP ELECTRIC COMPANY. An order has been issued authorizing Montaup Electric Company, subsidiary of Eastern Utilities Associates (EUA), to sell \$21 million of common stock and debentures to Blackstone Valley Electric Company, Brockton Edison Company and Fall River Electric Light Company, which are also EUA subsidiaries and together own all of Montaup's common stock. (Rel. 35-18103)

MISCELLANEOUS

SECURITIES ACT REGISTRATIONS. Effective September 25: ADR for ordinary shares for Hartebeestfontein Gold Mining Company Limited, 2-49012; Exchange Bancorporation, Inc., 2-48178; First National Financial Corporation, 2-48800; Household Finance Corporation, 2-49045; Jack Eckerd Corporation, 2-48281; Nabisco, Inc., 2-49008, National Bank of Detroit Employees' Profit-Sharing Plan and National Detroit Corporation 2-48046; Transjersey Bancorp., 2-47299; Virginia Electric and Power Company, 2-48900.

RECENT FORM 8-K FILINGS

Form 8K is a report which must be filed with the SEC by the 10th of the month after any of the following important events or changes in control of the registrant, acquisition or disposition of assets, legal proceedings, changes in securities (i.e., collateral for registered securities); defaults upon senior securities, increase or decrease in the amount of securities outstanding, options to purchase securities; revaluation of assets; submission of matters to a vote of security holders

The companies listed below have filed Form 8-K reports for the month indicated, responding to the item of the form specified. Photocopies may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An index of the captions of the items of the form was included in Monday's News Digest.

COMPANY	ITEM NO.	MONTH
NORIN CORP	2,3,14	08/73
NORLIN INDUSTRIES INC	2	08/73
NORTHWEST NITRO CHEMICALS LTD	3	08/73
NUCLEAR DATA INC	6,8,13,14	08/73
OFFSHORE CO	3	08/73
OLD REPUBLIC INTERNATIONAL CORP	3	08/73
OLSHEN OVERSEAS INC	11	08/73
ORBITEX INC	2,14	08/73
OWENS ILLINOIS INC	3	08/73
PARAMOUNT PACKAGING CORP	13	08/73
PATRICIAN PAPER CO INC	1,7,8	08/73
PATRICK OIL & GAS CORP 1970 72 DRILLING	7,13	08/73
PAVELLE CORP	3,14	08/73
PAY N PAK STORES INC	13	08/73
PENNZOIL OFFSHORE GAS OPERATORS INC	3	08/73
PEOPLES GAS LIGHT & LUKE CO	3	08/73
PETERSON HOWELL & HEATHER INC	3,8,11	08/73

PHELPS JUDGE CORP	7,14	08/73
PIONEER NATURAL GAS CO	2,14	08/73
PIONEER NURSING CENTERS INC	2,7,14	08/73
PIZZA HUT INC	7,11,14	08/73
PRECISION INSTRUMENT CO	6	08/73
PROFESSIONAL CARE SERVICES INC	3	08/73
PROVIDENT FINANCIAL CORP	1,14	08/73
PUBLIC SERVICE ELECTRIC & GAS CO	13,14	08/73
PUGET SOUND POWER & LIGHT CO	3	08/73
RCA CORP	3	08/73
READING & BATES OFFSHORE DRILLING CO	7	08/73
REDWOOD BANCPRP	13	08/73
RELIANCE INDUSTRIES INC	3,7	08/73
RELIANCE INSURANCE CO	2,3	08/73
RESERS FINE FOODS INC	11	08/73
REUTER INC	13	08/73
RILEY CO	3	08/73
RIO GRANDE INDUSTRIES INC	8	08/73
RIVIERE REALTY TRUST	2,14	08/73
KUBLIN INDUSTRIES INC	3,13,14	08/73
KUTRON INC	2,7,8,14	08/73
KUOSE CO	7	08/73
KUWE FURNITURE CORP	2,14	08/73
KUBBERMAID INC	7	08/73
SAFEGUARD INDUSTRIES INC	3	08/73
SAGA ADMINISTRATIVE CORP	13	08/73
SERVICE CORP INTERNATIONAL	7	08/73
SERVOMATION CORP	3	08/73
SIGNAL COMPANIES INC	3	08/73
SILVER BELL INDUSTRIES INC	11	08/73
SIMON NORTON INC	3	08/73
SIMPLICITY PATTERN CO INC	13,14	08/73
SKELLY OIL CO	13	08/73
SKY CITY STORES INC	13	08/73
SOUTH CAROLINA NATIONAL CORP	7	08/73
SOUTHEAST BANKING CORP	7	08/73
SOUTHERN CALIFORNIA EDISON CO	7,13,14	08/73
SOUTHERN NEW ENGLAND TELEPHONE CO	11,14	08/73
SPACEWAYS INC	6,7,9,11,14	08/73
SPIRAL METAL CO INC	3	08/73
SPRINGER CORP	1,11,13	08/73
STANDARD OIL CO OF CALIFORNIA	13	08/73
STANKAY CORP	10,13,14	08/73
STOCKER & YALE INC	2,14	08/73
STRATEGIC MEDICAL RESEARCH CORP	9	08/73
STRUTHERS WELLS CORP	8	08/73
STUDEBAKER WORTHINGTON INC	3	08/73
SUMMER & CO	13	08/73
SUN CHEMICAL CORP	3	08/73
SUSQUEHANNA CORP	3,6,13,14	08/73
SW INDUSTRIES INC	7,8	08/73
TAFT BROADCASTING CO	4,14	08/73
TALLEY INDUSTRIES INC	11	08/73

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Copies of registration statements may be ordered from the Commission's Public Reference Section. All other referenced material is available in the issue of the SEC Docket indicated in parentheses below the News Digest Issue No. Both the News Digest (\$33.00 a year, first class mail; \$8.25 additional for foreign mailing; \$25.00 additional for air mail) and the SEC Docket (\$17.00 a year, first class mail; \$4.25 additional for foreign mailing) are for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.