

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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FOR RELEASE February 1, 1971

COMMISSION ANNOUNCEMENT

TWO REGULATION A OFFERINGS SUSPENDED. The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of stock by Tech-Ec Systems, Inc. ("Systems"), New York, N. Y., and At-Your-Service Leasing Corporation ("Leasing"), West New York, N. J. The orders provide an opportunity for hearing, upon request, on the question whether the suspensions should be vacated or made permanent.

At the time of the offerings in 1970, Regulation A provided a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount (now \$500,000). In separate notifications filed in 1969, Systems and Leasing each proposed the public offering of 100,000 common shares at \$3 per share, each offering to be made through TDA Securities, Inc., as underwriter. Under the terms of the respective offerings, unless a minimum number of shares were sold within 90 days, the offerings would be discontinued and the proceeds of all shares sold would be returned to purchasers. The Commission asserts in its suspension orders that (1) there was a failure to disclose in each company's offering circular that one Michael Hellerman would participate in the offering as an underwriter and that Hellerman had been enjoined by Federal court order from violations of the Securities Act registration provisions in the sale of stock of Trimatrix, Inc. (which fact operates to make a Regulation A exemption unavailable for each company's offering); and (2) despite the fact that less than the required minimum number of shares of each company's stock was sold within the 90-day period, each continued offering and sale of shares thereafter, none of the proceeds of shares sold during the 90-day period was returned to purchasers and, contrary to representations in each company's offering circular that its 100,000 shares would be issued only if payment in the amount of \$300,000 (less commissions and expenses of the underwriter) was received, only a small fraction of that amount was actually received by Systems and only \$127,500 was received by Leasing although each company issued and sold 100,000 shares. In addition, Leasing's offering circular failed to disclose that Systems would act as management consultant in connection with Leasing's stock offering and would receive a \$20,000 fee therefor (of which \$10,000 would be paid from the proceeds of the stock offering).

SEC ANNOUNCEMENT

MANAGEMENT ALERTED TO INVESTMENT COMPANY ACT REVISIONS. The SEC issued a statement (for February 2 newspapers) inviting the attention of all registered investment companies and their counsel to certain changes made in the Investment Company Act of 1940 by the Investment Company Act amendments of 1970 concerning approval of investment advisory contracts and other matters which should be considered by registrants in connection with the 1971 annual meetings. While the amendments do not become effective until December 14, 1971, it may be necessary unless certain steps are taken at the 1971 Annual Meeting, for registered investment companies to hold special shareholder meetings to comply with the new requirements prior to December 14, 1971. For details, See Release IC-6336.

HOLDING COMPANY ACT RELEASE

MIDDLE SOUTH UTILITIES RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16983) authorizing Middle South Utilities, Inc., New York holding company, to issue and sell unsecured promissory notes not to exceed \$20,000,000 outstanding at any one time (under an \$80,000,000 revolving credit agreement) to a group of four banks. Middle South will use the \$20,000,000 proceeds to purchase an additional 1,600,000 common shares of Arkansas Power & Light Company, a subsidiary. Arkansas P&L will use the net proceeds of its stock sale for payment of bank loans and commercial paper indebtedness, for the construction of new facilities, for the extension and improvement of present facilities and for other corporate purposes. Its construction expenditures are estimated at \$124,050,000 for 1971.

INVESTMENT COMPANY ACT RELEASES

MARK TWAIN SECURITIES RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6337) declaring that Mark Twain Securities, Inc., Jefferson City, Mo. is primarily engaged in a business other than that of investing, reinvesting, owning, holding or trading in securities either directly or through majority owned subsidiaries, or through controlled companies conducting similar types of businesses.

TERMINATION OF INVESTORS TRADING REGISTRATION PROPOSED. The SEC has issued an order under the Investment Company Act (Release IC-6338) giving interested persons until February 25 to request a hearing upon a proposal of the Commission to issue an order declaring that Investors Trading Company, Denver, Colo. mutual fund, has ceased to be an investment company. The Fund has no shareholders and has not nor does it propose to make a public offering of its securities.

OVER

SECURITIES ACT REGISTRATIONS

CREATIVE CASSETTES TO SELL STOCK. Creative Cassettes Corp., 111 East 56th St., New York 10022, filed a registration statement (File 2-39299) with the SEC on January 28 seeking registration of 75,000 shares of common stock and 75,000 common stock purchase warrants, to be offered for public sale in units of one share and one warrant. The offering is to be made by Reinert & Co., Inc., 67 Broad St., New York; the offering price (\$3 per unit maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the underwriter \$7,500 for expenses and to sell to it, at 1c each, five-year warrants to purchase 7,500 shares, exercisable after one year at \$3.30 per share. In 1970 the company issued to 23 persons (for investment) a total of 174,350 shares at an average price of 24c per share.

The company was organized in December 1969 for the purpose of creating, producing and marketing educational, informative and non-musical entertainment recordings on cassette tapes. It has produced one program and has test marketed it in limited geographical areas. Net proceeds of its stock sale will be added to the company's working capital and used for general corporate purposes. The company has outstanding 174,350 common shares (with a 14c negative book value), of which Hal A. Salzman, president, owns 71.7% and management officials as a group 84.9%. Purchasers of the shares being registered will acquire a 30.1% stock interest in the company for their investment of \$225,000*; company officials will then own 59.4%, for which they paid an average of 19c per share.

AMERICAN-EDUCATION TO SELL STOCK. American-Education and Recreation Corp., 1400 E. Willow Grove Ave., Wyndmoor, Pa. 19118, filed a registration statement (File 2-39300) with the SEC on January 28 seeking registration of 151,250 shares of common stock, to be offered for public sale at \$10 per share. The offering is to be made through underwriters headed by Smith, Jackson & Co. Inc., 17 Battery Pl., New York 10004, which will receive a \$1 per share commission plus \$57,500 for expenses. The company has agreed to sell the Smith, Jackson firm 15,000 shares at \$4.50 per share (nontransferable for three years), payable by the issuance to the company, for its investment account, at \$4.50 per share, of 15,000 common shares of ADA Financial Service Corporation, parent of Smith Jackson. The company has also agreed to pay \$7,500 to Henry Wilf of Burnham & Company for his services as finder.

The company is engaged in the operation of nursery schools, Montessori schools and day care centers for pre-school age children, summer day camps and a Montessori teacher training program. Of the net proceeds of its stock sale, \$300,000 will be applied to establishing the company in the business of distribution and sale of Montessori type equipment and teaching aids, \$100,000 will be used for research and development for the production of guides and programs for use by the staff and for publication and sale as training and teaching aids, and \$450,000 to fund the program for the acquisition and/or development of additional facilities; the balance will be added to the company's working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 151,250 common shares (with a 29c per share net tangible book value), of which Bessie Boodman, president, and Benjamin Boodman own 82.6% and management officials as a group 91%. Purchasers of the shares being registered will acquire a 47.6% stock interest in the company for their investment of \$1,512,500 (they will sustain an immediate dilution of \$5.94 in per share book value from the offering price); and present shareholders will then own 47.6%, for which they will have paid \$74,500, or an average of 49c per share.

MAURLEE MODULAR TO SELL STOCK. Maurlee Modular Corporation, Hancock and Huntingdon Sts., Philadelphia, filed a registration statement (File 2-39301) with the SEC on January 28 seeking registration of 125,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on a "best efforts, all or none" basis through underwriters headed by A. J. Carno Co., Inc., 42 Broadway, New York, which will receive a 50c per share selling commission plus \$16,000 for expenses. The company has agreed to sell the Carno firm, for \$125, five-year warrants to purchase 12,500 shares, exercisable after one year at \$5.50 per share.

The company through a subsidiary is principally engaged in the manufacture and sale of standardized metal modules for use in heating, air-conditioning, roof drainage and rain carrying systems for residential and light commercial and industrial buildings. Of the net proceeds of its stock sale, \$268,000 will be used to pay a part of existing debt and interest due Samuel Schecter, a promoter of the company, in connection with its acquisition of Schecter Brothers and the real estate and factory building used in its operations, and \$100,000 to purchase additional machinery and equipment for the company's plant; the balance will be added to the company's working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 187,000 common shares (with a \$2.36 per share net tangible book value), of which Maurice J. Goodman, board chairman and president, owns 58% and Schecter 15%. Purchasers of the shares being registered will sustain an immediate dilution of \$2 in per share book value from the offering price.

COSTY'S ENTERPRISES TO SELL STOCK. Costy's Enterprises, Inc., 1521 Cedar Cliff Dr., Camp Hill, Pa., filed a registration statement (File 2-39302) with the SEC on January 28 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$3 per share. The offering is to be made on a 65% "best efforts" all or none basis by Dewey Johnson & George, Inc., 120 Wall St., New York, which will receive a 30c per share selling commission plus \$30,000 for expenses. The company has agreed to sell the underwriter, at 1c per warrant, seven-year warrants to purchase 13,000 shares, exercisable after two years at \$3.30 per share.

CONTINUED

Organized in February 1969, the company and a subsidiary operate four fast-service restaurants providing both table and drive-in service which feature a variety of low-priced Italian specialties and other limited menu items. Of the net proceeds of its stock sale, \$375,000 will be applied toward the \$1,000,000 cost of building additional Costy's Pizza & Spaghetti House restaurants; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 626,666 common shares with a 28¢ per share book value), of which Eugene E. Costello, president and board chairman, and S. Frank Mercurio, secretary-treasurer, own 34% each. Purchasers of the shares being registered will sustain an immediate dilution of \$2.21 in per share book value from the offering price.

PHOTOSYSTEMS SHARES IN REGISTRATION. Photosystems Corporation, 112 Parkway Drive, So. Hauppauge, N. Y. 11787, filed a registration statement (File 2-39308) with the SEC on January 28 seeking registration of 10,000 outstanding shares of common stock, to be offered for public sale by the holders thereof from time to time at prices current at the time of sale (\$3.60 per share maximum*).

The company is engaged in the business of design, development, manufacture and sale of tiny cylindrical lenses and the use and application of such lenses to photographic systems. In addition to indebtedness, it has outstanding 1,057,691 common shares, of which Richard A. Hayes, president, owns 15.1% and management officials as a group 20.1%. First of Orange County Corporation, Pioneer Lands Corp. and William A. Maloney will sell all of 75,000, 42,120, and 41,800 shares owned, respectively, and twelve others the remaining shares being registered.

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:

- Norton Simon, Inc., New York 10017 (File 2-39298) - \$2,150,000 of interests in Employee Investment Accounts under the Hunt-Wesson Profit Sharing Retirement and Investment Trust
- Ralston Purina Company, St. Louis, Mo. 63188 (File 2-39303) - 150,000 shares
- McDonald's Corporation, Chicago, Ill. 60601 (File 2-39304) - 100,000 shares
- Ladd Petroleum Corporation, Denver, Colo. 80202 (File 2-39305) - 221,750 shares

MISCELLANEOUS

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the January 5 News Digest.

Amdt to 8K Reports

Dayton Hudson Corp #1 for July 1970 (7)	0-3143-2	Cabot Corp. Dec 69 (13)	1-5667-2
Jamesbury Corporation Nov 70 (3)	0-1813-2	Test Corporation #1 for April 70 (2)	2-33920-2
American Diversified Industries Corp #1 for Nov 1970 (12,13)	0-4314-2	International Textbook Co #1 for Sept 1970 (13)	0-800-2
Pacific Vegetable Oil Corp #1 for Nov 1970 (7)	0-1773-2	Diodes, Inc #1 for May 1970 (2,7)	1-5740-2
Telegeneral Corporation #1 for Sept 1970 (7)	0-5168-2	Husky Oil Ltd. #1 for July 70 (12,13)	1-4307-2
Northeast Computer Institute, Inc. Dec 1970 (1,12)	2-29620-2	General Acceptance Corp #1 for Oct 1970 (7)	1-5786-2
Ralston Purina Co. Nov 70 (12)	1-4582-2		

SECURITIES ACT REGISTRATIONS. Effective January 29: Belden & Blake and Co., 2-39203; Colorado CNB Bankshares, Inc., 2-38586 (90 days); Connelly Containers, Inc., 2-39220; Esther Miller Creations, Inc., 2-37704 (90 days); I. B. I. Security Service, Inc., 2-36902 (90 days); John Hancock Investors, Inc., 2-38699 (90 days); Lafayette Funds, Inc., 2-38428 (90 days); Pennsylvania Power & Light Co., 2-39187; Resort Products, Inc., 2-35874 (90 days); Tishman Realty & Construction Co., Inc., 2-39225.
Withdrawn January 28: The Baltimore Bullets Basketball Club, Inc., 2-35176; Brozan Associates, Inc., 2-36845; Carver Corp., 2-27384; Digital Data Systems Corp., 2-36768.

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.