

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 March 24, 1971

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U.S. SECURITIES & EXCHANGE COMMISSION

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COMMISSION ANNOUNCEMENT

LONG ISLAND PLASTICS TRADING SUSPENDED. The SEC yesterday ordered the temporary suspension of over-the-counter trading in the securities of Long Island Plastics Corporation, Melville, New York for a ten day period commencing March 23, 1971 to the close of business on April 1. The suspension was ordered because of the recent volatile market activity and the apparent unreliability of available information about the issuer. On January 19, 1971 Maurice Minuto, president and chairman of the board of Long Island Plastics, mailed letters to the shareholders of the company containing information which may be misleading. The letter stated that Minuto had conducted extensive research and experimentation since 1963 in an attempt to create blends of synthetic materials to make fibers for use in the carpet and fabric field, that the research and experimentation was successful and that Minuto now holds orders for these materials. An initial investigation by the Commission's staff has disclosed that Minuto holds only one order for his product which order will be used only for further testing and not for retail or wholesale distribution. (Release 34-9119)

NEW RULES AND RULE PROPOSALS

PROPOSAL WOULD ALLOW WAIVER OF RIGHT TO REDEEM IN KIND. The SEC today announced a proposal under the Investment Company Act of 1940 which would permit registered open-end investment companies which have the right to redeem their securities in kind, to elect to make only cash redemptions under certain circumstances set forth in Rule 18f-1 and proposed Form N-18F-1.

The securities administrators of several States of the United States, as well as those of certain foreign countries are requiring, or considering requiring, as a condition to doing business in their respective jurisdictions, that open-end investment companies which have the right to redeem in kind file an undertaking that, as to residents within their respective jurisdictions, redemptions will be effected in cash only, or that redemptions in kind will not be effected unless specific approval therefor is first obtained from the securities administrator. Such requirements would involve priorities as to distribution of assets and thus give rise to prohibited senior securities within the meaning of Section 18 of the Act.

The Commission believes that under certain circumstances it is desirable for open-end investment companies to have available the flexibility afforded by the ability to redeem in kind. However, redemptions in kind are extremely rare. In order to avoid needless conflicts with State and foreign regulatory authorities, and to enable registered open-end investment companies to continue to make securities available to citizens and residents of foreign jurisdictions, the Commission proposes a rule which will allow any registered open-end fund to waive the right to redeem in kind, subject to certain limitations.

All interested persons are invited to submit their views and comments on proposed Rule 18f-1 and the proposed Form N-18F-1 on or before April 23, 1971. (Release IC-6401)

DECISION IN ADMINISTRATIVE PROCEEDING

JOHN KENNEY ASSOCIATES SUSPENDED. The SEC today announced the suspension for 90 days commencing March 29 of the registration as an investment adviser of John Kenney Associates, Boston, for violations of the anti-fraud provisions of the Securities Act, the Securities Exchange Act, and the Investment Advisers Act by the firm and John Kenney, Jr., its president and majority stockholder. The Commission order provides that during the suspension period, registrant would be prohibited from soliciting and accepting new clients and advertising, provided, however, that registrant may continue to manage the accounts of existing clients without compensation except for fees necessary to cover operating expenses, which shall not include any salary for Kenney.

According to the Commission's decision, respondents, because of Kenney's position as director of Phoenix Steel Corp., had obtained material non-public information that Phoenix was planning a substantial public stock offering at a price materially below the then market price. Prior to the public announcement of the proposed offering, and subsequent to such announcement but prior to the disclosure of the terms and nature of the offering, respondents, between August and October 1969, sold on behalf of clients, about 51,000 shares of Phoenix stock at prices between 7 and 10 1/4, without any disclosure of the inside information. In addition, from May 1968 through January 1970, they published and circulated advertisements concerning registrant's investment advisory business which represented, without a reasonable basis, that it would not be difficult for clients to maintain a 30% increase in the future or an approximate doubling of their money every three years, and which further represented that registrant was offering personal investment management services like those accorded the wealthy, when in fact its practice was to choose a limited number of investment securities deemed to be appropriate for the common goals of all clients, and to purchase such securities for many clients with no special consideration of their individual investment objectives or financial needs. In addition, the advertisements misrepresented the past performance of registrant's clients and the advantages and disadvantages of registrant's services over other methods of investment.

The respondents submitted an offer of settlement in which, without admitting or denying the allegations, they consented to the findings and to the indicated sanction. In the offer respondents represented, among other things, that they took steps including obtaining prior advice of counsel to prevent further violations of the securities laws and will continue to take all necessary steps, and expended a considerable amount of time and money to save Phoenix financially. (Release IA-283)

INVESTMENT COMPANY ACT RELEASE

ORDER SOUGHT RE DEVELOPERS SMALL BUSINESS INVESTMENT CORP. The SEC has issued an order under the Investment Company Act giving interested persons until April 14 to request a hearing upon a proposal to issue an order declaring that Developers Small Business Investment Corporation, New York, has ceased to be an investment company. According to the notice, substantially all the assets and all the liabilities of Developers have been acquired by Struthers Capital Corporation and Developers is not conducting any business. (Release IC-6402)

HOLDING COMPANY ACT RELEASES

NATIONAL UTILITIES & INDUSTRIES HEARING SCHEDULED. The SEC has issued an order under the Holding Company Act giving interested persons until May 3 to file a written request to be heard at a proceeding to be scheduled by the Commission on the application of National Utilities & Industries Corporation, Elizabeth, N. J. holding company, for exemption from all provisions of the Act. In December, the Commission advised National that a question exists as to whether its exemption from the registration requirements of the Act (claimed by National as of June 13, 1969) may be detrimental to the public interest or the interest of investors or consumers. National was organized on February 28, 1969. Shortly thereafter it became a holding company when, pursuant to an exchange offer, it acquired all the outstanding voting shares of common stock of Elizabethtown Gas Company, a public utility as defined in the Act. National bases its application on the fact that it and Elizabethtown Gas are predominately intrastate in character and carry on their business substantially in New Jersey. Since its organization, National has acquired all the outstanding capital stock of three New Jersey corporations organized by National during 1969; National Computer Utility Company (which offers computer software services), National Exploration Company (engaged in oil and gas exploration and production) and National Energy Leasing Company (owner of two steam generators which produce steam for sale to one industrial customer and of an aircraft which it leases through National to Executive Airlines, Inc.) (Release 35-17062)

POTOMAC EDISON SEEKS ORDER. The SEC has issued an order under the Holding Company Act giving interested persons until April 17 to request a hearing upon an application of The Potomac Edison Company, Hagerstown, Md. subsidiary of Allegheny Power System, Inc., to acquire shares of capital stock of its subsidiaries as follows: 400 shares of The Potomac Edison Company of Pennsylvania ("PE-Pa") for \$2 million; 22,000 shares of The Potomac Edison Company of Virginia ("PE-Va") for \$2.2 million; and 17,000 shares of The Potomac Edison Company of West Virginia ("PE-W.Va.") for \$1.7 million. Net proceeds of their stock sales will be used by the subsidiaries to finance property additions and improvements. Construction expenditures for 1971 are estimated to be \$2,785,400 for PE-Pa, \$3,568,700 for PE-Va, and \$3,337,150 for PE-W.Va. (Release 35-17063)

PENNSYLVANIA ELECTRIC RECEIVES ORDER. The SEC has issued an order under the Holding Company Act authorizing Pennsylvania Electric Company ("Penelec"), Johnstown subsidiary of General Public Utilities Corporation, to increase from \$6,500,000 to \$7,750,000 the amount of notes it may acquire from The Helen Mining Company, one of the two non-affiliated mining companies engaged in developing coal mines for the Homer City Generating Station, in which station Penelec owns a 50% interest. To date, Penelec has acquired \$5,500,000 of such notes. (Release 35-17064)

SECURITIES ACT REGISTRATIONS

*COTTER & CO. PROPOSES OFFERING. Cotter & Company, 2740 North Clybourn Ave., Chicago, Ill. 60614, filed a registration statement with the SEC on March 19 seeking registration of \$6,841,000 of 8½% debentures, due 1983, and 14,000 shares of \$100 par Class A common stock. The debentures are to be offered for public sale at 100% of principal amount and the shares (in units of ten shares) at \$1000 per unit. No underwriting is involved. Net proceeds of its financing will be used to finance the completion of construction of additional warehouse facilities and for working capital purposes. (File 2-39697)

MERVYN'S FILES FOR OFFERING AND SECONDARY. Mervyn's, 2225 Grant Ave., San Lorenzo, Calif. 94580, filed a registration statement with the SEC on March 19 seeking registration of 300,000 shares of common stock, of which 265,000 are to be offered for public sale by the company and 35,000 (being outstanding shares) by the holder thereof. The offering is to be made (**at \$18 per share maximum) through underwriters headed by Blyth & Co., Inc., 555 California St., San Francisco, Calif. 94104.

The company operates a group of seven department stores in the San Francisco Bay area. Net proceeds of the company's sale of additional stock will be used for working capital purposes and to reduce bank borrowings. In addition to indebtedness, the company has outstanding 1,001,250 common shares, of which Mervyn G. Morris, board chairman, owns 88%. He proposes to sell 35,000 of 891,246 shares held. John F. Kilmartin is president. (File 2-39698)

*AMERICAN HOSPITAL SUPPLY SHARES IN REGISTRATION. American Hospital Supply Corporation, 1740 Ridge Ave., Evanston, Ill., filed a registration statement with the SEC on March 19 seeking registration of 261,166 outstanding shares of common stock. These shares may be offered for sale from time to time by the holders thereof at prices current at the time of sale (**\$35 per share maximum). (File 2-39699)

CONTINUED

***RICHFORD INDUSTRIES PROPOSES OFFERING.** Richford Industries, Inc., 6250 N. W. 35th Ave., Miami, Fla. 33147, filed a registration statement with the SEC on March 19 seeking registration of \$2 million of convertible subordinated debentures, due 1991, and 60,000 shares of common stock. These securities are to be offered for public sale (**the stock at \$12 per share maximum) through underwriters headed by New York Hanseatic Corporation, 60 Broad St., New York 10004. Of the net proceeds of its financing, \$1 million will be used to repay short-term bank borrowings incurred during 1971 for working capital purposes, and the balance will be added to the company's working capital and used for general corporate purposes. (File 2-39700)

***DEVON APPAREL SHARES IN REGISTRATION.** Devon Apparel, Inc., 3300 Frankford Ave., Philadelphia, Pa. 19134, filed a registration statement with the SEC on March 19 seeking registration of 84,305 shares of common stock, of which 50,000 have been issued or are issuable pursuant to the company's Qualified Stock Option Plan and 34,305 are outstanding shares, which may be offered for sale from time to time by the holders thereof at prices current at the time of sale (**\$44-5/8 per share maximum). In addition to indebtedness, the company has outstanding 1,001,200 common shares, of which William Forman, president, and Stanley Matzkin, executive vice president, own 14.8% each. They propose to sell 8,400 and 8,200 shares, respectively, and 17 others the remaining shares being registered. (File 2-39701)

REXIS CO. PROPOSES OFFERING. The Rexas Company (the "Partnership"), 119 West 57th St., New York, N. Y. 10019, filed a registration statement with the SEC on March 19 seeking registration of \$650,000 of limited partnership interests to be offered for public sale in 100 units, and at \$6500 per unit. The Partnership is to be formed for the purpose of producing a dramatico-musical play entitled "Make Mine Forever." The music and book of the play are by William P. Snyder and Stanley A. Baum; the book of the play is based upon an original book by Jed Harris and Stanley A. Baum). Hal James and William Snyder are the producers. (File 2-39702)

***McCORMICK & CO. TO SELL DEBENTURES.** McCormick & Company, Incorporated, 11350 McCormick Rd., Cockeysville, Md. 21030, filed a registration statement with the SEC on March 19 seeking registration of \$15 million of convertible subordinated debentures, due 1996, to be offered for public sale through underwriters headed by Alex. Brown & Sons, 135 E. Baltimore St., Baltimore, Md. 21202. Net proceeds of its debenture sale will be applied to the reduction of the company's short-term borrowings (\$19,742,000 at January 31), which were incurred to satisfy increased working capital requirements and to finance capital expenditures. (File 2-39703).

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 March 11 News Digest.

8K Reports for Jan 1971

Bakit Industries, Inc (11) 2-34103-2	Jacobs Engineering Co (2) 2-38728-2	Scientific Resources Corp (2,6,13) 1-4771-2
Eco Electrical Mfg. Corp (1) 1-5819-2	Tennessee Forging Steel Corp (12,13) 0-5205-2	Dynamic Instrument Corp Feb 71 (7,13) 0-2415-2
First Western Financial Corp (12) 0-2904-2	Damon Corp (11,13) 1-5814-2	Farinon Electric (2,13) 0-5024-2
International Shelter Inc Mar (3), May (12) June (3) Aug (12), Sept (3,11) Oct (3) Dec (3) 70; Jan 71(3) 0-4144-2	Empire State Oil Co (1) 0-666-2	Sherwood Medical Industries Inc (7,13) 1-5615-2
Lockwood, Kessler & Bartlett, Inc Feb 71 (12,13) 1-4293-2	American Investors Life Insurance (7,13) 2-26476-2	Walworth Co Oct 70 (7,13) 1-798-2
National Mobile Home Cities Corp (2,8,13) 0-4956-2	American Micro-Systems Inc Dec 1970 (7) 2-30452-2	Alodex Corporation (12) 0-3434-2
Automatic Merchandising, Inc (3,13) 0-1170-2	Central Bancorp, Inc (12) 2-31017-2	John Roberts, Inc (7,8) 0-3531-2
Boston Edison Co Dec 1970 (7,8,11,13) 1-2301-2	Central Banking System, Inc (no items) 0-3652-2	Certified Corp Dec 70 (12,13) 1-5902-2
First Valley Corporation Feb 71 (11,13) 0-4555-2	Software Systems, Inc Feb 71 (2,13) 0-3277-2	Westours, Inc Feb 71 (1,7,13) 2-35049-2
Oil Shale Corporation (12,13) 0-877-2	Computer Sciences Corp (12,13) 1-4850-2	Empire Life Insurance Co (7,9) 2-20749-2
Allied Nuclear Corporation (9) 0-4881-2	Control Industries, Inc Feb 70 (2,13) 0-4344-2	Johnson Stephens & Shinkle Shoe Co (12) 1-406-2
Canon Inc 6K Feb 1971 2-32402-2	Council Commerce Corp (12,13) 1-6313-2	Capital Reserve Corporation (9) 0-3551-2
Commonwealth Edison Co (7,13) 1-1839-2	Dialog Computing, Inc Dec 70 (3,11) 2-34608-2 Jan 71 (2,13) 2-34608-2	Lynch Communications Systems Inc (12,13) 0-399-2

OVER

8K Reports for Jan 1971 (Con't)

Continental Steel Corp (1) 1-2330-2	American United Inns, Inc (11) 0-3500-2
Donaldson, Lufkin & Jenrette, Inc. (8,9,13) 2-33131-2	Doric Distributors, Inc (1,4,7,13) 0-4553-2
Educators Investment Co of Kansas, Inc June 1970 (2) 0-2369-2	A-T-O Inc (8) 1-5456-2
Far-Mar-Co., Inc (8) 2-30822-2	Cinema 5 Ltd (11,13) 0-3403-2
Key Punch Computer Temporaries, Inc (2,13) 2-31928-2	Unilever Limited 6K Feb 71 1-4546-2
National Corporation for Housing Partnership Dec 1970 (11,13) 2-35685-2	Unilever N. V. 6K Feb 71 1-4547-2
United Convalescent Hospitals Inc Dec 1970 (3,13) 0-3202-2	DZR Liquidating Corp Feb 71 (2,12,13) 0-3671-2
California Jockey Club Feb 70 (11) 0-1288-2	Amtel, Inc Dec 70 (4,7,8,13) 1-5826-2
California Medical Centers (1,2,3,12,13) 0-3661-2	Basic Food Industries, Inc (3,13) 1-6587-2
Central Louisiana Electric Co, Inc (7,12,13) 1-5663-2	Community Improvement Program, Inc (9,13) 0-3817-2
Cosmetically Yours, Inc (7,12,13) 0-3774-2	Acme Hamilton Manufacturing Corp Feb 71 (11,13) 1-775-2
Economic Laboratory, Inc (2) 0-1903-2	Alaska Hotel Properties, Inc (1,7) 0-3423-2
Lancer Pacific, Inc (7,11,13) 2-27426-2	Quality Acceptance Corporation (17,11) 0-4570-2
Bankers Trust (3,13) 0-1610-2	G W Murphy Industries Dec 70 1-1974-2
Cassette-Cartridge Corp (2,4,12,13) 0-5274-2	Falcon Seaboard, Inc (1,2,12,13) 1-4359-2
Comcorp, Inc (2,12,13) 2-34761-2	American Financial Corp (12,13) 0-839-2
Computer-Optics, Inc (1) 0-4783-2	Consumer Acceptance and Loan Corporation (2,8) 0-3411-2
Credit Foncier De France 6K for Jan 71 1-4254-2	Delta Air Lines Inc (12,13) 1-5424-2
Kansas City Southern Industries Inc Nov 1970 (12,13) 2-2471	Falstaff Brewing Corp Feb 71 (13) 1-950-2
House of Ronnie, Inc (2,7,13) 2-17-71	Mor-Flo Industries Inc Dec 70 (2,6) 0-4842-2
Santa Anita Consolidated, Inc June 70(2,7,13) 0-677-2	July 70 (4) 0-4842-2
A & E Plastik Pak Co Inc (12) 1-6488-2	Alrac Corp Sept 70 (11,13) 0-5112-2

SECURITIES ACT REGISTRATIONS. Effective March 22: Lomas & Nettleton Financial Corp., 2-39363.
Effective March 23: Alexander's, Inc., 2-39267; Amerada Hess Corp., 2-39580; Bresler & Reiner, Inc., 2-39121 (90 days); A. M. Castle & Co., 2-38735 (40 days); Georgia-Pacific Corp., 2-39505; Management Assistance Inc., 2-39318; Maryland Cup Corp., 2-39528; Pennzoil United, Inc., 2-39522; Standard Oil Co. of Calif., 2-39556; United Tennessee Bancshares Corp., 2-39103 (90 days); F. W. Woolworth Co., 2-39508.

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.

* This is a reporting company and further information with respect to its business and operations is available in the Commission's Public Reference files.

** As estimated for purposes of computing the registration fee.