

# 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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U.S. SECURITIES & EXCHANGE COMMISSION

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

**SEC SANCTIONS SHEARSON-HAMMILL/VERDEJA.** The SEC today announced a decision in which it ordered that the branch office of Shearson, Hammill & Co. Inc., 1345 Avenue of the Americas, New York, be suspended for 5 business days from effecting over-the-counter securities transactions (subject to certain exceptions indicated below), and that Carlos Verdeja, a registered representative of the firm, be suspended from being associated with a broker or dealer for a period of 10 business days, both suspensions to commence with the opening of business April 19, 1971. The order was based on an offer of settlement submitted by the respondents, in which, without admitting or denying the allegations against them, they consented to certain findings and to the stated sanctions.

According to the Commission's decision, during the period between February and July 1968, respondents violated the registration provisions of the Securities Act of 1933 in connection with the offer and sale of 15,300 shares of common stock of Mastercraft Electronics Corporation, and the firm failed reasonably to supervise Verdeja with a view to preventing such violations. During the period of suspension, the branch office may effect (a) unsolicited liquidating transactions of existing positions of existing customers, (b) transactions in mutual funds, exempt securities and bonds for such customers, and (c) solicited liquidating transactions of existing positions of such customers if and only to the extent that such transactions are warranted by a radical change in the investment fundamentals of an issuer and its securities or an extraordinary and unanticipated change in the trend of stock market prices generally. Further, the firm is to forego all commissions, markups or markdowns on over-the-counter transactions effected by the branch office during the suspension period, except as to transactions in mutual funds.

**B. J. LEONARD & CO. AND PRINCIPAL SUSPENDED.** The SEC today ordered that B. J. Leonard and Company, Denver broker-dealer, be suspended for 10 business days from effecting transactions in over-the-counter securities except in certain specified respects, and that James Owsley, its president and principal stockholder, be suspended from being associated with a broker or dealer for 20 business days, both suspensions to commence with the opening of business on April 19, 1971. The sanctions were imposed for violations of the registration and anti-fraud provisions of the Federal securities laws and a failure to exercise proper supervision to prevent violations. In an offer of settlement submitted by them, the firm and Owsley, without admitting the allegations, consented to findings of misconduct as alleged in the orders for proceedings, and to imposition of the sanctions.

The anti-fraud violations involved the conduct of Tadashi Yamamoto, at the time an officer of the firm, during the period December 1963-April 1967. The Commission found that Yamamoto induced customers to lend him their securities by falsely representing that they would be used in connection with the firm's acquisition of <sup>9</sup>seat on a national securities exchange and that interest of 6% or more would be paid on the value of the borrowed securities, when in fact Yamamoto, without the knowledge or consent of the customers, pledged the borrowed securities as collateral for personal loans obtained by him and sold certain of the securities and deposited the proceeds in his personal bank account. In February 1969 the Commission barred Yamamoto from being associated with any broker or dealer.

The Commission also found that in April and May 1968, respondents violated the Securities Act in connection with the offer and sale of 36,000 shares of stock of Mastercraft Electronics Corporation as to which no registration statement had been filed or was in effect.

During the 10-day suspension period, the firm's Denver office may engage in the sale, as dealer, of shares of registered investment companies and exempt securities and may engage in such activities as are appropriate for the purpose of liquidating existing firm long positions and covering existing firm short positions and of liquidating existing customers' long positions on an agency basis, but is to forego commissions on such customer transactions. The firm's other offices may effect transactions in over-the-counter securities (other than investment company shares and exempt securities) only on an agency basis. (Release 34-9135)

## SECURITIES ACT REGISTRATIONS

**\*KANSAS GAS & ELECTRIC TO SELL BONDS.** Kansas Gas and Electric Company, 201 North Market St., Wichita, Kansas 67201, filed a registration statement with the SEC on April 7 seeking registration of \$35 million of first mortgage bonds, due 2001, to be offered for public sale at competitive bidding. Net proceeds will be used to repay bank loans and commercial paper indebtedness approximating \$28 million incurred and to be incurred prior to completion of this financing for its construction program and to finance, in part, the company's future construction program. Construction expenditures are estimated at \$54,667,000 for 1971. (File 2-39975).

**\*MCGRAW-EDISON TO SELL DEBENTURES.** McGraw-Edison Company, 333 West River Rd., Elgin, Ill. 60120, filed a registration statement with the SEC on April 7 seeking registration of \$50 million of sinking fund debentures, due 1996, to be offered for public sale through underwriters headed by Dean Witter & Co., Inc., 33 North Dearborn St., Chicago, 60602.

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The company develops, manufactures and markets a wide variety of products used in the transmission, distribution, control, utilization and consumption of electrical energy and related technologies. Net proceeds of its debentures sale will be added to the company's general funds and applied toward retirement of short-term borrowings (\$36,625,000 at March 15) and to augment working capital. (File 2-39976).

\*WISCONSIN PUBLIC SERVICE TO SELL BONDS. Wisconsin Public Service Corporation 700 North Adams St., Green Bay, Wisconsin 54305, filed a registration statement with the SEC on April 7 seeking registration of \$25 million of first mortgage bonds, due 2001, to be offered for public sale at competitive bidding. Net proceeds will be used to pay short-term bank loans and commercial paper estimated to total \$17,700,000 at the time of the bond sale and the balance will be used for 1971 construction. Construction expenditures for 1971 and 1972 are estimated at \$51 million and \$32 million, respectively. (File 2-39977).

EDUCATIONAL DEVELOPMENT TO SELL STOCK. Educational Development Corporation, 1812 First National Bldg. Tulsa, Oklahoma 74103, filed a registration statement with the SEC on April 7 seeking registration of 300,000 shares of common stock, to be offered for public sale (\*\*at \$9 per share maximum). The offering is to be made through underwriters headed by Stifel, Nicolaus & Co., Inc., 314 North Broadway, St. Louis, Mo. 63102, and Johnston, Lemon & Co., 900 Southern Bldg., Washington, D.C. 20005.

The company is an educational publisher. Of the net proceeds of its stocks sale, \$1 million will be used to reduce outstanding bank debt and the balance for working capital and other corporate purposes. In addition to indebtedness, the company has outstanding 1,764,620 common shares, of which management officials as a group own 21%. Adrian B. Sanford is board chairman and J. Otis Winters president. (File 2-39978).

\*HOUSE OF FABRICS FILES FOR OFFERING AND SECONDARY. House of Fabrics, Inc., 11250 Sherman Way, Sun Valley, Calif., 91352, filed a registration statement with the SEC on April 7 seeking registration of 450,000 shares of common stock, of which 200,000 are to be offered for public sale by the company and 250,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., and Reynolds & Co., 120 Broadway, both of New York 10005.

The company sells fabrics and notions for the home sewing market through its retail stores. Of the net proceeds of its stock sale, \$4.4 million will be used to repay short-term bank loans incurred to provide working capital and to finance the opening of new stores, and 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 2,574,930 common shares, of which David I. Sofro, board chairman and president, owns 17.97% and Charles Sofro, executive vice president, 10.74%. David Sofro proposes to sell 150,000 and Charles Sofro 100,000 shares. (File 2-39979).

\*KENTON CORP. FILES FOR OFFERING AND SECONDARY. Kenton Corporation, 919 Third Ave., New York 10022, filed a registration statement with the SEC on April 7 seeking registration of 625,000 shares of common stock, of which 346,953 are to be offered for public sale by the company and 278,047 (being outstanding shares) by the holders thereof. The offering is to be made (\*\*at \$25 per share maximum) through underwriters headed by A. G. Becker & Co. Inc., 60 Broad St., New York, N. Y. 10004.

The company is engaged principally in wholesale and retail distribution of a broad range of merchandise, including department store merchandise. Net proceeds of its stock sale will be used to retire short-term bank debt incurred for general corporate purposes. (File 2-39980)

\*INDIAN HEAD SHARES IN REGISTRATION. Indian Head Inc., 111 W. 40th St., New York 10018, filed a registration statement with the SEC on April 7 seeking registration of 30,000 outstanding shares of common stock issued in connection with the company's acquisition of substantially all the assets of Atwater-Waynick Hosiery Mill, Inc. The holders thereof (Herman C. Atwater and James B. Waynick each may sell 15,000 shares from time to time at prices current at the time of sale (\*\*\$28.75 per share maximum). (File 2-39981)

\*BOSTON EDISON TO SELL BONDS. Boston Edison Company, 800 Boylston St., Boston, Mass. 02199, filed a registration statement with the SEC on April 7 seeking registration of \$75 million of first mortgage bonds, Series N, due 2001, to be offered for public sale at competitive bidding. Net proceeds of its bond sale will be used for the purpose of financing and funding expenditures for extensions, additions and improvements to the company's properties and for payment or reduction of short-term notes (which aggregated \$88 million at March 31) incurred for such expenditures. Construction expenditures are estimated at \$100 million for 1971 and at \$543 million for the period 1971-1975. (File 2-39983)

UNIVERSITY COMPUTING SHARES IN REGISTRATION. University Computing Company, 1500 UCC Tower, P. O. Box 6228, Dallas, Tex. 75222, filed a registration statement with the SEC on April 7 seeking registration of 726,984 outstanding shares of common stock and 84,806 outstanding common stock purchase warrants issued to the holder (Western American Bank (Europe) Limited) of \$20 million of notes, due 1975, of USS International Finance Corporation, N.V., a wholly-owned subsidiary of the company. These securities may be offered for sale from time to time at prices current at the time of sale (\*\*\$26 per share maximum). Also included in this statement are 200,000 shares of common stock issuable upon exercise of options which may be granted under the company's Nonqualified Stock Option Plan. LTV Aerospace Corporation may sell 280,000 shares (issuable upon conversion of an \$8,300,000 promissory note), Sam Wyly, board chairman, 20,000 shares, Charles J. Wyly, Jr., president, 45,000 and a large number of others (including Wyly Trusts and Foundations) the remaining shares being registered. (File 2-39985)

**\*WILLIAMS BROS. TO SELL DEBENTURES.** Williams Brothers Company, National Bank of Tulsa Bldg., Tulsa, Okla., filed a registration statement with the SEC on April 7 seeking registration of \$60 million of convertible subordinated debentures, due 1991, to be offered for public sale through underwriters headed by White, Weld & Co., 20 Broad St., New York 10005, and Reynolds & Co., 120 Broadway, New York 10005.

The company is engaged in owning and operating a common carrier petroleum products pipeline system and in related activities. Of the net proceeds of its debenture sale, \$15 million will be used to satisfy the company's obligation to lenders to its pipeline subsidiary to make a capital contribution to such subsidiary for construction requirements, and the balance will be added to working capital and will be available for general corporate purposes. (File 2-39986)

**\*TANDY CORP. SHARES IN REGISTRATION.** Tandy Corporation, 2727 W. 7th St., Fort Worth, Tex. 76107, filed a registration statement with the SEC on April 6 seeking registration of 87,871 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 (\*\*\$71.75 per share maximum). The A. R. Tandy Estate may sell 50,000 of 94,005 shares held and six others the remaining shares being registered. (File 2-39987)

**\*MISSISSIPPI POWER TO SELL BONDS.** Mississippi Power Company, 2992 West Beach, Gulfport, Miss. 39501, filed a registration statement with the SEC on April 8 seeking registration of \$15 million of first mortgage bonds, to be offered for public sale at competitive bidding. A subsidiary of the Southern Company, the company will use the net proceeds of its bond sale, together with \$7 million of additional funds to be received from the parent, internally generated funds and an increase in notes payable, to finance its 1971 construction expenditures of \$40,754,000. Construction expenditures are estimated at \$40,754,000 for 1971 and \$132,329,000 for the years 1971-1973, inclusive. (File 2-39988)

**\*ONTARIO TO SELL DEBENTURES.** Province of Ontario (U.S. Agent: R. H. Staplefore, Government of Ontario, Can., 680 Fifth Ave., New York 10019), filed a registration statement with the SEC on April 8 seeking registration of \$100 million of debentures, due 2001, to be offered for public sale through underwriters headed by Salomon Brothers, One New York Plaza, New York 10004, and Wood, Gundy & Co., Inc., 100 Wall St., New York 10005. Net proceeds of its debenture sale will be advanced to The Hydro-Electric Power Commission of Ontario pursuant to a request from the Commission to the Province for an advance of moneys for capital expenditures requirements and other Commission purposes. (File 2-39989)

**\*SAN DIEGO GAS & ELECTRIC TO SELL STOCK.** San Diego Gas & Electric Company, 101 Ash St., San Diego, Calif. 92112, filed a registration statement with the SEC on April 8 seeking registration of 200,000 shares of preference stock, to be offered for public sale (\*\*at \$101 per share maximum). The offering is to be made through underwriters headed by Blyth & Co., Inc., 14 Wall St., New York 10005. Net proceeds will be applied to retirement of a portion of outstanding short-term notes expected to amount to \$42 million when such proceeds are received. Such short-term notes were and will be issued for temporary financing of construction. Construction expenditures are estimated at \$96 million for 1971 and \$661 million for the period 1971 through 1975. (File 2-39990)

**\*AMERICAN SHIP BUILDING FILES FOR RIGHTS OFFERING AND SECONDARY.** The American Ship Building Company, 1210 Investment Plaza, Cleveland, Ohio 44114, filed a registration statement with the SEC on April 8 seeking registration of 332,466 shares of common stock and 148,733 common stock purchase warrants. Of these securities, 297,466 shares and 148,733 warrants are to be offered for subscription by common stockholders in units, each consisting of two shares and one warrant, and at the rate of one unit for each 10 shares held. The remaining 35,000 are outstanding shares to be offered for public sale by the holder thereof (George M. Steinbrenner, III, board chairman). The offering is to be made (\*\*at \$66 per unit and \$33 per share maximum) through underwriters headed by Bache & Co., 100 Gold St., New York 10038.

The company is engaged in ship building and related activities. Net proceeds of its stock sale will be used to retire all or a portion of the company's long-term bank indebtedness (\$9,650,000). (File 2-39991)

**\*ESSEX INTERNATIONAL SHARES IN REGISTRATION.** Essex International, Inc., 1601 Wall St., Fort Wayne, Ind., filed a registration statement with the SEC on April 8 seeking registration of 100,000 outstanding shares of common stock. These shares may be offered for sale from time to time by the holder thereof (Walter F. Probst, board chairman) at prices current at the time of sale (\*\*\$43 per share maximum) Probst owns 12.5% of the company's outstanding common stock. (File 2-39992)

**\*THRIFTWAY LEASING TO SELL DEBENTURES.** Thriftway Leasing Company, 157 Haynes Ave., Newark, N. J. 07114, filed a registration statement with the SEC on April 8 seeking registration of \$2.5 million of convertible debentures, due 1983, to be offered for public sale at 100% of principal amount through underwriters headed by S. D. Fuller & Co., Inc., 26 Broadway, New York 10004. Also included in this statement are 50,000 outstanding shares of common stock and 15,749 outstanding common stock purchase warrants which may be offered for sale from time to time by the holders thereof at prices current at the time of sale (\*\*\$4.75 per share maximum).

The company is engaged in the short-term rental and long-term leasing of commercial cargo trailers, trailer chassis and steamship cargo containers, used for transport of freight. Net proceeds of its debenture sale will be used to increase lines of credit to be used in financing the purchase of additional equipment for rental and lease and for other corporate purposes. In addition to indebtedness, the company has outstanding 430,963 common shares, of which Bernard A. Mollen, president, owns 44% and management officials as a group 63%. (File 2-39994)

**COMPUGRAPHIC TO SELL STOCK.** Compugraphic Corporation, 80 Industrial Way, Wilmington, Mass. 01887, filed a registration statement with the SEC on April 8 seeking registration of 250,000 shares of common stock, to be offered for public sale (\*\*at \$17.625 per share maximum). The offering is to be made through underwriters headed by Loeb, Rhoades & Co., 42 Wall St., New York 10005.

The company is engaged in the development, manufacture and marketing of photocomposition machines and other equipment used in typesetting systems. Net proceeds of its stock sale will be used to reduce short-term bank loans (of which \$5.5 million were outstanding at February 28). The company has outstanding 1,423,920 common shares, of which William W. Garth, Jr., president, owns 19.5% and management officials as a group 41.6%. (File 2-39995)

**\*MOTOR CLUB OF AMERICA TO SELL STOCK.** Motor Club of America, 484 Central Ave., Newark, N. J. 07107, filed a registration statement with the SEC on April 8 seeking registration of 200,000 shares of common stock, to be offered for public sale (\*\*at \$20 per share maximum). The offering is to be made through underwriters headed by Hornblower & Weeks-Hemphill, Noyes, 8 Hanover St., New York 10004, and Legg, Mason & Co., Inc., 22 Light St., Baltimore, Md. 21203.

The company is engaged in the sale of fire and casualty, life and other lines of insurance. Of the net proceeds of its stock sale, up to \$3 million will be used for additional investment in its **fire** and casualty subsidiaries to enlarge their underwriting capacity and the balance for other corporate purposes. (File 2-39996)

**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:

Athlone Industries, Inc., Parsippany, N. J. (File 2-39971) - 251,895 shares

LTV Aerospace Corporation, Dallas, Tex. (File 2-39974) - 200,000 common shares, \$2 million of 6-3/4% debentures, due 1988, and 50,000 common stock purchase warrants (expiring 1978)

Niagara Mohawk Power Corporation, Syracuse, N. Y. (File 2-39984) - 1,000,000 shares

ESL Incorporated, Sunnyvale, Calif. (File 2-39982) - 75,267 shares

UAL, Inc., Chicago, Ill. (File 2-39993) - 60,000 participations in the Employees' Stock Purchase Plan of United Air Lines, Inc.

Carolina Power & Light Company, Raleigh, N. C. (File 2-39997) - 400,000 shares

Engelhard Minerals & Chemicals Corporation, New York (File 2-39998) - 700,000 shares

Datatab, Inc., New York (File 2-39999) - 20,000 shares

#### MISCELLANEOUS

**UNLISTED TRADING GRANTED.** The SEC has issued an order under the Securities Exchange Act of 1934 granting an application of the Detroit Stock Exchange for unlisted trading privileges in the common stocks of the following companies: Abbott Laboratories, Amerada Hess Corporation, Atlantic Richfield Company, Avon Products, Inc., Bank of New York Company, Inc., Bankers Trust New York Corporation, Boise Cascade Corporation, Bristol-Myers Company, C.I.T. Financial Corporation, C.N.A. Financial Corporation, Charter New York Corporation, Chase Manhattan Corporation, Chemical New York Corporation, The Coca-Cola Company, Continental Can Company, Inc., Continental Oil Company, Crown Zellerbach Corporation, F.M.C. Corporation, Federated Department Stores, Inc., First National City Corporation, General Mills, Inc., W. R. Grace & Company, Honeywell, Inc., I.N.A. Corporation and International Business Machines Corporation. (Release 34-9152)

**SECURITIES ACT REGISTRATIONS.** Effective April 14: Atlantic City Electric Co., 2-39612; Third Avenue 95th & 96th Co., 2-37004.

Effective April 15: Blue Bell, Inc., 2-39772; The William J. Burns International Detective Agency, Inc., 2-39836; Clark Equipment Co., 2-39609 & 2-39610; Consumers Power Co., 2-39657; Fedders Corp., 2-39518; E. F. Hutton & Co., Inc., 2-39130; MCA, Inc., 2-39752; McCulloch Oil Corp., 2-39938; The Progressive Corp., 2-39504 (90 days); Recognition Equipment Inc., 2-39936; Ritter Financial Corp., 2-38550 (40 days); The Singer Co., 2-39897; Sutro Mortgage Investment Trust, 2-39607; Union Electric Co., 2-39628; The Washington Water Power Co., 2-39651.

**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.

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