



SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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NEW RULES & RULE PROPOSALS

PROPOSAL TO AMEND RULE 15c3-1 UNDER THE SECURITIES EXCHANGE ACT OF 1934. The Commission proposes to amend Rule 15c3-1 under the Securities Exchange Act of 1934. The hardships and financial losses incurred by customers in recent years with respect to securities and funds in the possession of brokers and dealers involved in financial difficulty have underlined the inadequacy of the present capital requirements of brokers and dealers. With a view to remedying this situation the proposed amendments would require broker-dealers who are now required to have and maintain a net capital of not less than \$5,000 to have and maintain a minimum net capital of not less than \$25,000. The requirement of those broker-dealers who currently must maintain a minimum net capital of \$2,500 by reason of their limited operations as specified in Clauses (A), (B), and (C) of paragraph (a)(2) of Rule 15c3-1 would not be changed at this time.

Moreover, the Commission is proposing another amendment to paragraph (a) of the Rule which would require brokers or dealers upon entry into the securities business to initially have and to maintain for a period of 12 months thereafter an aggregate indebtedness not in excess of 800% of net capital. The initial ratio requirement would help assure that new brokers or dealers would be able to meet their current obligations to transmit funds and securities to customers.

All brokers or dealers now in operation would be required to have a minimum net capital of \$15,000 not later than 6 months after the effective date of the proposed amendment to the Rule and \$25,000 within 12 months after the amendment goes into effect. If the amendment is adopted, all brokers or dealers who commence business on or after the date of the Commission's release will be required to have the initial net capital ratio requirement of 8 to 1 and a minimum net capital of \$25,000 within 30 days after the effective date of the proposed amendment.

The Commission is also considering the advisability of issuing a later release respecting an amendment to permit over-the-counter brokers or dealers to introduce accounts on a fully disclosed basis and to carry customer accounts for other brokers or dealers, and to impose greater net capital requirements on the firms which carry customer accounts. Rule 17a-3(b), in effect, currently prohibits brokers or dealers who are not members of a national securities exchange from acting as a clearing firm or from introducing customer accounts on a fully disclosed basis to another firm.

All interested persons are invited to submit views and comments on the proposed amendments. Any views or comments should be submitted in writing to the SEC, Washington, D. C. 20549 on or before September 17, 1971. All communications will be available for inspection. (Release 34-9288)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

V. L. KASHNER, INC. AND V. L. KASHNER CENSURED. The SEC has entered an order censuring V. K. Kashner, Incorporated, of Bronx, N. Y., a registered broker-dealer, and Victor Lawrence Kashner, its president and sole stockholder. The censure was based on the Commission finding that the firm, which became registered as a broker-dealer in May 1969, failed to file its first report of financial condition, due in 1969, as required by Commission rules.

The Commission's order was issued pursuant to an offer of settlement in which respondents admitted the violation and consented to the censure. It was stipulated that the firm effected no securities transactions from May 1969 to September 1970, and as part of the offer respondents filed financial statements. (Release 34-9282)

ALLYN F. TAYLOR SUSPENDED. The SEC has ordered that Allyn F. Taylor, who during the pertinent period was a vice president of Ling & Company, Inc. ("registrant"), of Dallas, be suspended from being associated with any broker or dealer for a period of 90 days, effective at the opening of business on August 16, and that thereafter for a period of one year he shall limit his association with any broker or dealer to employment in a supervised capacity.

According to the Commission's decision, from about January 1968 to August 1970 Taylor violated anti-fraud provisions of the Federal securities laws in connection with transactions in securities of Carterfone Communications Corporation, Furr's Cafeterias, Elkins Institute, Williamscraft, Inc., Wilson Sinclair, Wilson Beef, Wilson Laurel and Wilson Certified. In transactions with customers having discretionary accounts with registrant, he charged excessive mark-ups and failed to disclose registrant's adverse interest in such transactions; effected a series of transactions in such securities for the purpose of acquiring an inventory for resale, and recommended and sold the securities to customers without taking into account the investment merits thereof and their suitability to the customers' investment objectives and financial resources; and prepared and disseminated a research recommendation concerning Carterfone which contained materially misleading statements concerning that company's new product and its anticipated 1969 and 1970 sales and earnings. In addition, he bid for and purchased such securities while engaged in their distribution; sold Carterfone stock in violation of the Securities Act registration provisions; and effected purchases and sales of securities with or for discretionary accounts, which transactions were excessive in size and frequency.

In an offer of settlement submitted by Taylor, he consented, without admitting the allegations in the order for proceedings, to findings of violations and to the sanctions imposed. (Release 34-9284)

OVER

COMMISSION ANNOUNCEMENT

SEC CITES BIESANZ-TANNER. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the Minneapolis broker-dealer firm of Biesanz-Tanner & Co., Inc. (registered as a broker-dealer since June 17, 1970). Also named as a respondent is Philip F. Biesanz, president and sole stockholder of the firm.

The proceedings are based upon staff allegations that during the period from on or about July 1, 1970 to the present, the Biesanz-Tanner firm and Philip Biesanz engaged in activities violative of the registration, financial reporting, net capital and other provisions of the Exchange Act. It is further alleged that the firm and Biesanz failed to reasonably to supervise persons under their supervision who committed such violations.

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

INVESTMENT COMPANY ACT RELEASES

ECOLOGY TECHNOLOGY FUND. The SEC has issued an order under the Investment Company Act declaring that Ecology Technology Fund, Inc., of Detroit, has ceased to be an investment company as defined in the Act. (Release IC-6672)

NARRAGANSETT CAPITAL. The SEC has issued an order under the Investment Company Act on application of Narragansett Capital Corporation, Providence, R.I., closed-end non-diversified, management investment company, exempting the acquisition by Marshall and Williams Company of the assets, subject to certain liabilities, of the Marshall and Williams Division of Bevis Industries, Inc. and the financing of part of N&W by Narragansett. (Release IC-6673)

USLIFE MUTUAL FUNDS MANAGEMENT CORP. The SEC has issued an order under the Investment Company Act on application of USLIFE Mutual Funds Management Corp., depositor and principal underwriter for Group Programs for the Accumulation of Shares of Group Securities, Inc., of New York, permitting an offer of exchange and exempting applications from certain provisions of the Act in connection therewith. USLIFE is also depositor and principal underwriter of Group Securities, Inc. Programs proposes to issue three series of periodic payment plan certificates of various denominations, each providing for the accumulation of shares of one class only of the three classes of capital stock of Group Securities, Inc. This order permits USLIFE and Programs to offer an investor the opportunity to exchange his certificate for one of the same kind of the same face amount and duration investing in shares of another Group Securities class at the relative net asset value of the certificates. (Release IC-6674)

HOLDING COMPANY ACT RELEASES

MICHIGAN CONSOLIDATED GAS. The SEC has issued a notice under the Holding Company Act giving interested persons until September 3 to request a hearing upon an application of Michigan Consolidated Gas Company, Detroit subsidiary of American Natural Gas Company, to issue and sell up to \$30,000,000 of unsecured promissory notes to six banks. Net proceeds of its financing will be used to finance, in part, its 1971 construction program estimated at \$60 million. 1/ (Release 35-17226)

SECURITIES ACT REGISTRATIONS

PHILIPS INDUSTRIES, INC., 4801 Springfield St., Dayton, Ohio 45401, filed a registration statement on August 10 seeking registration of 52,400 outstanding shares of common stock, which may be offered for sale from time to time at prices current at the time of sale (*\$18.625 per share maximum). (File 2-41430)

BOSTON GAS COMPANY, 4900 Prudential Tower, Boston, Mass. 02199, filed a registration statement on August 11 seeking registration of \$12 million of first mortgage bonds, due 1996, to be offered for public sale through underwriters headed by The First Boston Corp., 20 Exchange Pl., New York. Net proceeds will be used to finance and fund improvement and extensions of the company's plant and properties (including \$5.5 million to retire short-term borrowings incurred for such purposes). (File 2-41429)

SECURITIES ACT REGISTRATIONS. Effective August 10: Arkansas Power & Light Company, 2-41080. Effective August 11: Automatic Switch Company, 2-41021; Cincinnati Bell, Inc., 2-41243; Interpace Corp., 2-40843; Jefferson Standard Separate Account A, 2-40435; Kansas-Nebraska Natural Gas Co., Inc., 2-41128; Medfield Corp., 2-34772 (40 days); Metrocare Enterprises, Inc., 2-40259; Pilot Separate Account A 2-40434; Questor Corp., 2-40207; Tennessee National Bancshares, Inc., 2-39904 (90 days); Xerox Corp. Profit Sharing Retirement Plan and Xerox Corp., 2-41214.

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 issuer.

* As estimated for purpose of computing the registration fee.

1/ Pending distribution of this release by the Commission by the appropriate mailing lists, interested persons should consult the Federal Register for details of the release.

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