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NEW RULES AND RULE PROPOSALS

PROPOSE RULES GOVERNING CUSTOMERS CASH AND SECURITIES. The Commission today released for public comment a revision of proposed rules concerning the obligation of broker-dealers to maintain physical possession or control over securities left with the broker-dealer by a customer and to have basic reserves with respect to customer's cash and cash realized through the utilization of customers' securities.

The proposed rule (15c-3-3) addresses itself to three primary areas of customer protection; first, it codifies the obligation of a broker-dealer to promptly take possession or control of all fully-paid securities and excess margin securities carried by a broker-dealer for the account of customers; second, it provides a formula for the determination of a cash reserve with respect to all customer funds which are not deployed in customer related transactions; and third, it is designed to accomplish separation of the brokerage operation of a firm's business from that of its other firm activities.

The Commission believes that a number of positive benefits should flow from the approach sought through the adoption of this rule. The restrictions on the use of customer's funds and securities and the requirements that securities be promptly brought under physical possession or control are designed to protect customer assets in the event a firm requires liquidation. The rule should also act as a control over the unwarranted expansion of a broker-dealers business, since the rule prohibits the utilization of customers' funds and customer derived funds in areas of the firms business such as underwriting, trading and overhead.

The rule offers further customer protection by requiring an increase in the amount of the cash reserve under the formula to the degree a firm fails to promptly obtain possession or control of customers fully-paid securities or loses control of its records. Moreover the proposed rule seeks to control the quality of margin indebtedness extended by firms to customers. The rule should facilitate settlement of securities on a timely basis and reduce fails.

It is contemplated that the program embodied in this rule will become effective approximately forty-five days after the Commission announces the final form of the rule.

All interested persons are invited to submit their views and comments on these proposals in writing to Mr. Lee A. Pickard, Special Counsel to the Chairman, Securities and Exchange Commission, Washington, D. C. 20549 on or before July 17, 1972. All such communications will be available for public inspection.

(Rel. 34-9622)

COMMISSION ANNOUNCEMENT

SEC CITES LEWIS SCALA. The SEC has ordered public proceedings under the Securities Exchange Act of 1934 involving Lewis Scala, individually and doing business as, L. W. Scala Co. (Scala), of Great Neck, New York.

The proceedings are based upon allegations of the Commission's staff that some time during the period from October 30, 1970 to date Scala violated the recordkeeping and broker-dealer net capital provisions of the Federal securities laws in that, among other things, Scala effected transactions in and induced the purchase and sale of securities while its aggregate indebtedness exceeded 2,000% of its net capital and did not maintain net capital of not less than \$5,000 and also failed to accurately make and keep current of his books and records.

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

SEC CITES NAGLER-WEISSMAN, RESCH-CASSIN, OTHERS. The SEC has ordered public proceedings under the Securities Exchange Act of 1934 involving Nagler-Weissman & Co., Inc., Bronx, New York broker-dealer; Robert Nagler, its president, Adolph Weissman, vice president and Maxwell Forster, former trader employed by Nagler-Weissman; Resch-Cassin & Co., Inc., New York City broker-dealer; George Resch, president and Michael Cassin, board chairman of Resch Cassin, and Ralph B. Leonard & Sons (one of whose principals is Maxwell Forster), which has an application for registration as a broker-dealer on file with the SEC.

The proceedings are based upon allegations of the Commission's staff that, among other things, some time from October 1970 to date Nagler-Weissman, Nagler, Weissman, Forster, Resch-Cassin, Resch and Cassin violated and/or aided and abetted violations of the antifraud and recordkeeping provisions of the Federal securities laws in that they, among other things, manipulated the market price of the stock of Africa U.S.A., Inc. (Africa), made false entries in the books and records of Resch-Cassin in order to conceal the true financial condition of Nagler-Weissman and Resch-Cassin and made false and misleading statements of, and failed to state material facts, regarding the future market price of Africa stock and the securing of a \$3 million construction loan by Africa. Nagler-Weissman, Nagler and Weissman, Resch-Cassin and Resch and Cassin were also alleged to have violated or aided and abetted violations of the broker-dealer net capital provisions and Nagler-Weissman and Nagler and Weissman were alleged to have failed reasonably to supervise persons under their supervision with a view to preventing the violations alleged and violated or aided and abetted violations of the credit extension provisions.

OVER

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

In addition, the Commission has ordered that affidavits are to be filed by the parties not later than June 2 on the question of whether it is necessary in the public interest to postpone further the effective date of Leonard & Son's broker-dealer registration until a final determination by the Commission of the issues in this matter. Oral argument will be deemed waived unless requested by June 2, and if so requested, will be heard at 10:00 a.m. on June 7 at the Commission's headquarters offices in Washington, D. C.

COURT ENFORCEMENT ACTIONS

GEORGE H. KILLIAN ENJOINED. The SEC Fort Worth Regional Office announced May 26 that the Federal court in Dallas had permanently enjoined by consent George H. Killian, Vancouver, Washington, doing business as Investor Services Company, of Portland, Ore., from violations of the registration, antifraud and broker-dealer registration provisions of the Federal securities laws in connection with the offer and sale of investment contracts evidenced by assignments of contracts for deed and first mortgage notes issued by Dal-Tex Properties Corporation, of Dallas. (LR-5406)

SEC CITES MARRIOTT CONDOMINIUM DEVELOPMENT CORPORATION. The SEC on May 30 filed a civil action in the District Court for the District of Columbia seeking to enjoin the Marriott Condominium Development Corporation (MCDC) of Washington, D.C. from violations of the registration provisions of the Federal securities laws in connection with the offer and sale of subscription agreements with respect to a condominium and limited partnership interests covered by a registration filed with the Commission which has not become effective. The registration statement and the letters alleged by the Commission to be in violation of the Securities Act related to a proposed offering of condominium units at the Camelback Inn near Scottsdale and Phoenix, Arizona. (LR-5407)

HOLDING COMPANY ACT RELEASES

HARTFORD ELECTRIC. The SEC has issued an order authorizing The Hartford Electric Light Company, Wethersfield, Conn. subsidiary of Northeast Utilities, to issue and sell \$35 million of first mortgage bonds, due 2002, at competitive bidding. Net proceeds will be used to repay short-term borrowings (estimated at \$30 million) incurred in financing the company's construction program, estimated at \$92 million for 1972. (Rel. 35-17585)

MICHIGAN WISCONSIN PIPE LINE. The SEC has issued a supplemental order authorizing Michigan Wisconsin Pipe Line Company, subsidiary of American Natural Gas Company, to extend the maturity date of \$20,000,000 of promissory notes it was previously authorized to issue and sell to two banks from May 31 to August 31, 1972. (Rel. 35-17586)

BROCKTON EDISON. The SEC has issued a notice giving interested persons until June 19 to request a hearing upon an application of Brockton Edison Company, Brockton, Mass. subsidiary of Eastern Utilities Associates (EUA), to issue and sell \$8 million of first mortgage and collateral trust bonds, due 2002, at competitive bidding. Net proceeds of its bond sale will be used to repay advances on open account from EUA and to prepay in whole or in part the company's short-term notes to banks, such borrowings from EUA and from banks having been incurred to provide funds for construction purposes. (Rel. 35-17587)

INVESTMENT COMPANY ACT RELEASES

AMERICAN FILTRONA CORPORATION. The SEC has issued a notice giving interested persons until June 13 to request a hearing upon an application of American Filtrona Corporation (Filtrona), Richmond, Va., for an order declaring that it is primarily engaged in a business other than that of investing, reinvesting, owning, holding or trading in securities. According to the application, Filtrona owns 100% of the capital stock of Southern Plastics Co. and 50% of Filtrona International Corporation (FIC) and Filtrona Philippines, Inc. It also owns 49% of Bunzl Pulp & Paper (Canada) Ltd. and of Filtrona Brasileira Industria E Commercials Ltda. The remaining interests in these companies are owned by Cigarette Components Ltd., a wholly-owned subsidiary of Bunzl Pulp & Paper Limited (BPP). Filtrona owns approximately 10% of the outstanding capital stock of BPP. According to the application, Filtrona at all times since its organization has engaged in substantial manufacturing operations, first in the area of cigarette filters and later as a supplier to the writing instrument industry and a manufacturer of plastic extrusions. Its ownership of less than a majority of the equity interests in Bunzl Canada, Filtrona Braxil, Filtrona Philippines and FIC is all directly related to its own basic manufacturing business. (Rel. IC-7202)

SMALL BUSINESS INVESTMENT CO. The SEC has issued a notice giving interested persons until June 14 to request a hearing upon an application of Small Business Investment Company of New York, Inc. (SBICNY), Washington, D. C. closed-end investment company, exempting from certain provisions of the Act the exchange by SBICNY of preferred stock in Chemical Separations Corporation (Chemseps) for certain patents of Chemseps, the license by SBICNY of such patents for Chemseps, and the purchase by Foster Wheeler Corporation of 1,100,000 newly issued shares of common stock of Chemseps and for an order under the Act authorizing such transactions. (Rel. IC-7203)

THE YORK FUND. The SEC has issued a notice giving interested persons until June 21 to request a hearing upon an application of The York Fund, Inc., New York mutual fund, for an order declaring that the Fund has ceased to be an investment company as defined in the Act. In October 1967, the Fund had completely liquidated and distributed all of its assets to its sole stockholder, The Fund of Funds, Ltd., which also assumed all of its existing or future liabilities. (Rel. IC-7205)

DIVIDEND SHARES. The SEC has issued an order upon an application of Dividend Shares, Inc., New York, N. Y., permitting it to issue its shares at net asset value in exchange for the assets of Alden M. Young Company. (Rel. IC-7207)

DAVID L. BABSON INVESTMENT FUND. The SEC has issued a notice giving interested persons until June 15 to request a hearing upon an application of David L. Babson Investment Fund, Inc., Kansas City, Mo. mutual fund, for an order permitting the Fund to issue its shares at net asset value in exchange for substantially all of the assets of Reed Associates, Inc., which were valued at \$2,819,552 at March 30. If the transaction had been consummated on that date, Reed would have received 259,446 Fund shares. Such Fund shares are to be distributed to Reed shareholders upon consummation of the exchange. (Rel. IC-7206)

ANVIL EQUITIES. The SEC has issued an order declaring that Anvil Equities, Inc., New York, N.Y., has ceased to be an investment company as defined in the Act. (Rel. IC-7198)

CALCAP VENTURE GROUP. The SEC has issued an order declaring that Calcap Venture Group, Inc., Irvine, Calif., has ceased to be an investment company as defined in the Act. (Rel. IC-7200)

SECURITIES ACT REGISTRATIONS

CALNY FOOD SERVICES, INC., 1650 Borel Place, Suite 101, San Mateo, Calif. 94402, filed a registration statement on May 25 seeking registration of 160,000 shares of common stock, of which 160,000 are to be offered for public sale (* at \$6.50 per share maximum) through underwriters headed by First California Co. Inc., 555 California St., San Francisco, Calif. 94104. Also included in this statement are 14,721 outstanding shares which may be offered for sale from time to time by the holder thereof, Walter Stallcup. The company operates Taco Bell restaurants serving inexpensive Mexican food as a franchise in northern California. Of the net proceeds of its stock sale, \$500,000 will be used to purchase an undetermined number of existing Taco Bell franchises, and the balance for working capital and other corporate purposes. (File 2-44368)

TAFI BROADCASTING COMPANY, 1906 Highland Ave., Cincinnati, Ohio 45219, filed a registration statement on May 25 seeking registration of 548,661 shares of common stock, of which 300,000 are to be offered for public sale by the company and 181,327 (being outstanding shares) by the holders thereof, and 67,334 shares of common stock issuable upon the exercise of outstanding warrants by the recipients thereof. The offering is to be made (* at \$49 per share maximum) through underwriters headed by Loeb, Rhoades & Co., 42 Wall St., New York 10005. The company owns and operates seven television and ten radio stations and a new thematic amusement park. Of the net proceeds of its stock sale, \$6,400,000 will be used to repay current outstanding short-term bank loans, and the balance for working capital and other corporate purposes. (File 2-44369)

W. BELL & CO., INC., 12401 Twinbrook Parkway, Rockville, Md. 20852, filed a registration statement on May 25 seeking registration of 225,000 shares of common stock, to be offered for public sale (* at \$13 per share maximum) through underwriters headed by Thomson & McKinnon Auchincloss Inc., 2 Broadway, New York 10004. The company is primarily engaged in selling selected merchandise at six catalog showrooms. Of the net proceeds of its stock sale, \$800,000 will be allocated for the opening of two new showrooms and the balance for working capital and other corporate purposes. (File 2-44371)

BLOCK DRUG COMPANY, INC., 257 Cornelison Ave., Jersey City, N. J. 07302, filed a registration statement on May 25 seeking registration of 1,000,000 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering is to be made (* at \$24 per share maximum) through underwriters headed by Lehman Brothers Inc., 1 William St., New York 10004. The company is engaged in the development, manufacture and sale of denture, dental care and oral hygiene products, proprietary drug products and ethical pharmaceutical products. (File 2-44373)

PUBLIC SERVICE ELECTRIC AND GAS COMPANY, 80 Park Pl., Newark, N. J. 07101, filed a registration statement on May 25 seeking registration of 4,386,071 shares of common stock, to be offered for subscription by common stockholders of record June 21, at the rate of one share for each nine shares held, and (* at \$22.50 per share maximum). Any unsubscribed shares will be offered for public sale by Merrill Lynch, Pierce, Fenner & Smith, Inc., One Liberty Plaza, New York, N. Y. Net proceeds will be used for general corporate purposes, including payment of a portion of its construction costs, estimated at \$445 million for 1972. (File 2-44370)

LAKESHORE PIPE LINE COMPANY, INC., 3025 Tower Ave., Superior, Wis. 54880, filed a registration statement on May 25 seeking registration of \$30 million of sinking fund debentures, Series C, due 1997 (unconditionally guaranteed by Interprovincial Pipe Line Company, a Canadian company), to be offered for public sale through underwriters headed by The First Boston Corp., 20 Exchange Pl., New York 10005. A wholly-owned subsidiary of Interprovincial Pipe Line, the company transports crude oil and other liquid hydrocarbons through their common carrier pipe line system. Net proceeds will be added to the company's general funds and used to meet the cost of its 1972 construction program, estimated at \$30 million. (File 2-44372)

SAUNDERS LEASING SYSTEM, INC., 201 Office Park Dr., Birmingham, Ala. 35223, filed a registration statement on May 25 seeking registration of 227,000 shares of common stock, of which 150,000 are to be offered for public sale by the company and 77,000 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$20 per share maximum) through Reynolds Securities Inc., 120 Broadway, New York 10005. The company is engaged primarily in leasing of trucks, truck tractors and trailers. Of the net proceeds of its stock sale, \$2 million will be used to reduce high interest rate indebtedness on vehicle purchases financed through manufacturers or their credit subsidiaries and the balance for working capital and other corporate purposes. (File 2-44375)

MICROBIOLOGICAL SCIENCES, INC., 113 W. 42nd St., New York 10036, filed a registration statement on May 25 seeking registration of 300,000 shares of common stock, to be offered for public sale (*at \$5 per share maximum) through underwriters headed by Michael G. Kletz & Co., Inc., Time & Life Bldg., and Clayton Securities Corp., 50 Broadway, both of New York City. The company is engaged primarily in the manufacture and distribution of disposable prepared microbiological culture media, products used in the detection and identification of disease inducing microorganisms. Of the net proceeds of its stock sale, \$475,000 will be used to retire outstanding 8% 3-year subordinated debentures and the balance for working capital and other corporate purposes. (File 2-44376)

BROCKTON EDISON COMPANY, 36 Main St., Brockton, Mass. 02403, filed a registration statement on May 25 seeking registration of \$8 million of first mortgage and collateral trust bonds, due 2002, to be offered for public sale at competitive bidding. A wholly-owned subsidiary of Eastern Utilities Associates, the company will apply the net proceeds of its bond sale in whole or in part to the reduction of advances on open account from the parent and the balance to prepayment or reduction of short-term bank loans. Such advances were incurred to provide funds for construction purposes. Construction expenditures are estimated at \$5,800,000 for 1972. (File 2-44377)

SKIL CORPORATION, 5033 N. Elston Ave., Chicago, Ill. 60630, filed a registration statement on May 25 seeking registration of 200,000 shares of common stock, to be offered for public sale (*at \$32.50 per share maximum) through underwriters headed by Hornblower & Weeks-Hemphill, Noyes, 8 Hanover St., New York 10004. The company is engaged in the manufacture, sale and servicing of portable power tools and accessories. Net proceeds will be used to reduce domestic short-term bank debt which totalled \$13,950,000 at April 30, substantially all of which was incurred to finance increased working capital requirements. (File 2-44378)

MISCELLANEOUS

TRADING BAN CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the securities of Ecological Sciences Corporation for the further ten-day period June 2-11, 1972, inclusive.

SECURITIES ACT REGISTRATIONS. Effective May 25: Affiliated Bankshares of Colorado, Inc., 2-41711; Exchange Bancorporation, Inc., 2-43917; First Foto, Inc., 2-42739 (90 days); McCormick 1972 Oil & Gas Program, 2-42924; Rayne Industries, Inc., 2-41603. Effective May 26: American Cyanamid Co., 2-43832; Artistic Greetings Inc., 2-43623 (90 days); Barr Laboratories, Inc., 2-42449 (90 days); Evans Products Co., 2-44215; Fisher Foods, Inc., 2-44227; Lexton-Ancira Inc., 2-42894 (90 days); Western Union Corp., 2-43971. Effective May 30: Boston Oil Limited 1972, 2-42996; Central Louisiana Electric Co., Inc., 2-44168; Emerson Electric Co., 2-44161 & 2-44288; Gamble-Skogmo, Inc., 2-44249; Hartford Electric Light Co., 2-43916; International Timesharing Corp., 2-44155; Kustom Electronics, Inc., 2-44296; North Carolina Telephone Co., 2-43641; NUS Corp., 2-43681; Star Realty Management, Inc., 2-43214; The Stride Rite Corp., 2-44366.

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.

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