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SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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A Daily Summary of
S.E.C. Activities

FOR RELEASE September 18, 1972

NEW RULES AND RULE PROPOSALS

PROPOSE CHANGES IN RULES INVOLVING CUSTOMER FUNDS. The Commission on September 14 released for public comment proposed Rule 15c3-3, as revised, which is designed to, among other things, insure that customers' funds held by a broker-dealer (both free credit balances and deposits which may be restricted as to withdrawal) and the cash which is realized through the lending, hypothecation and other permissible uses of customer's securities are deployed in safe areas of the broker-dealers business related to servicing his customers. In this regard, the SEC has taken a comprehensive view of the Congressional mandate by requiring that the reserve account include all funds which have as their source customer assets.

The rule also seeks to require a broker-dealer promptly to obtain possession or control of all fully-paid securities and excess margin securities carried by that broker-dealer for the account of customers and to require him to act within designated time frames where possession or control has not been established, and to accomplish a separation of the brokerage operation of the firm's business from that of its activities such as underwriting and trading.

Other revisions include an exemption from the rule for broker-dealers who carry no customer funds or securities and either introduce all accounts on a fully disclosed basis or transmit all funds and securities promptly to customers and conduct all transactions through a special bank account for the exclusive benefit of customers. Several new locations in which securities are deemed in the control of the broker-dealer have been added.

While the Commission believes it necessary that interested persons be given an opportunity to express their views, it is essential that the proposed Rule be adopted and implemented as rapidly as possible. The comment period therefore will expire 30 days after the date of the release and the SEC intends to adopt the Rule in definitive form shortly thereafter to become effective January 1, 1973. (Rel. 34-9775)

TIME EXTENDED TO SUBMIT COMMENTS ON HOT ISSUES PROPOSALS. On July 26, 1972 the Commission invited public comments on proposals for initial steps to curtail aspects of hot issues, to provide more meaningful disclosure relating to new issues and to integrate the disclosure provisions of the securities laws further. (Rel. 33-5274, 5275, 5276, 5277, 5278 and 5279; Rel. 34-9673). The time for submission of such comments has been extended from September 15 to September 29, 1972. (Rel. 33-5302)

COMMISSION ANNOUNCEMENTS

RESUME HOT ISSUES HEARINGS SEPTEMBER 20. The Commission announced today that the next phase of its public investigation in the matter of the hot issue Securities Markets will commence with public hearings scheduled at the Commission's headquarters in Washington, D. C. on September 20 at 11:00 a.m. This phase of the hearings will be conducted by the Division of Corporation Finance with the assistance of other Divisions and Offices. The primary purpose of these hearings, as they relate to specific companies and the distribution of and trading in their securities, is to develop information for rule-making purposes and consideration of disclosure and regulatory policies and not for enforcement purposes.

The hearings will begin with an analysis of Metropolitan Quarterback, Inc. whose registration statement became effective on November 26, 1968. The identity of the remaining companies to be studied will be announced later, at an early stage in the hearings. The individual company studied may be supplemented by more general testimony from representative industry groups, firms or individuals.

In addition to a study of the general process of distribution and trading of securities of the selected companies, it is presently intended that the hearings will focus on the following more specific subjects, among others: (1) The considerations involved in an underwriter's determination to underwrite securities of a new company and in a dealer's decision to trade in such securities once distributed; (2) The use of supplemental sales literature in addition to statutory prospectuses in connection with the distribution and trading of such securities; and (3) Prospectus delivery practices of underwriters and dealers, including distribution of preliminary prospectuses.

Persons having information or wishing to express views relating to the companies selected in the areas under study or more general information concerning distribution of and trading in new issues should submit such information or views in writing to Richard H. Rowe, Associate Director, Division of Corporation Finance, 500 N. Capitol St., Washington, D. C. 20549. Such submission may be used in connection with the public hearings. Persons desiring to submit written statements directly for the record should submit such statements to the Hearing Officer, Edward B. Wagner, Esq. Persons desiring to appear and make an oral presentation at the public hearing should submit to the Hearing Officer a summary of his presentation including the amount of time which it is anticipated that the presentation will take and the date and time at which they desire to appear. Copies of such statements and summaries also should be submitted to Mr. Rowe. (Rel. 33-5303)

OVER

TRADING BAN IN RESEARCH GAMES LIFTED. The SEC announced that the suspension of the over-the-counter trading in the securities of Research Games, Inc. (RGI), a New York corporation with its principal offices located at 850 Towbin Ave., Lakewood Industrial Park, Lakewood, N. J. will be terminated at midnight (EDT) on September 15, 1972. Subsequent to the death of Robert N. Schneider, president of RGI, on July 14, 1972 examination of the financial records of RGI by present management revealed serious problems with respect to the current financial condition of the company. At the request of the company the Commission suspended trading in the common stock of RGI, as of August 7, 1972, which suspension was subsequently extended through September 15, 1972. The company recently filed financial statements with the Commission containing a qualified accountant's certificate. These statements indicate that for the seven months ending July 31, 1972, RGI sustained a net loss of \$113,014.04 or \$0.38 per share. The balance sheet shows that as of July 31, 1972, there was a retained earnings deficit of \$215,018.24 and stockholders equity of \$95,672.19. The accountant's qualifications noted that neither the accounts receivable, accounts payable and royalty advances for the seven months ending July 31, 1972 nor the account balance of the opening (January 1, 1972) balance sheet were verified as to accuracy. Interested persons may obtain copies of this financial information by contacting the company as its address noted above. (Rel.34-9780)

TRADING BAN IN FIBROTHANE INDUSTRIES LIFTED. The SEC has ordered the termination of the suspension of trading in the securities of Fibrothane Industries Corporation effective at midnight (EDT) on September 15, 1972. The Commission first ordered the suspension of trading on August 17, 1972, because of the lack of adequate and accurate financial information concerning the company. The Commission ordered the termination of the suspension of trading because of the company's release, on September 5, 1972, of a letter to its shareholders accompanied by an uncertified balance sheet and a profit and loss statement. This financial information noted that as of April 20, 1972, the company's assets were \$12,482, while the retained earnings deficit was \$278,614. For the year ending April 30, 1972 the company suffered a net loss of \$12,789 or \$0.005 per share. Interested persons may obtain copies of the information furnished to the company's shareholders by contacting Fibrothane Industries Corporation, Building 15, 2121 Broad Hollow Road, Farmingdale, New York 11735. (Rel. 34-9779)

COURT ENFORCEMENT ACTIONS

DOORES SECURITIES, OTHERS ENJOINED. The New York Regional Office announced that on August 31 the Federal District Court (SDNY) entered an order of permanent injunction by consent against Doores Securities Corp. and David Weiss, president, both of New York City, for violating the bookkeeping, net capital and supplemental reporting provisions of the Exchange Act. Doores and Weiss consented to the entry of the order without admitting or denying the allegations of the complaint. On the same day, pursuant to a Securities Investor Protection Corporation (SIPC) application, Peter H. Morrison, Esq. was appointed the SIPC trustee to liquidate Doores. (LR-5528)

WALTER E. JOHNSON SENTENCED. The SEC Fort Worth Regional Office announced that on September 1, Walter E. Johnson of Springfield, Mo., was sentenced by the Federal Court in Monroe, La., to fifteen years imprisonment and \$15,000 fine on conviction of violations of the securities fraud, mail fraud and conspiracy statutes in connection with the sale of Professional Service Corporation Special Charter Member contracts. (LR-5529)

HOLDING COMPANY ACT RELEASE

METROPOLITAN EDISON COMPANY. The SEC has issued a notice giving interested persons until October 6 to request a hearing on the proposal of Metropolitan Edison Company, Reading, Pa. subsidiary of General Public Utilities Corp., a registered holding company, to issue and sell \$53 million of debentures at competitive bidding. The net proceeds of the sale will be used to pay Met-Ed's short-term bank loans and for purposes of its 1972 construction program. (Rel. 35-17697)

SECURITIES ACT REGISTRATIONS

MINERVA INTERNATIONAL INC., Franklin Pike, Brentwood, Tenn. 37027, filed a registration statement on September 8 seeking registration of 50,000 shares of preferred stock, to be offered for sale (*at \$5 per share maximum). These shares include 6,650 to be offered to an officer in satisfaction of a debt the company owes to the officer and 23,350 to be offered to certain stockholders who have pre-subscribed to this offering in possible violation of the SEC registration requirements. No underwriting is involved. The company also offers to refund to all presubscribers the entire purchase price paid for the shares plus interest at the rate of 12% per annum. The company is engaged principally in research and development of electronics equipment and is an assembler of electronic devices and complete circuitry in Hong Kong. Net proceeds will be used for working capital and other corporate purposes. (File 2-45664)

ATLANTIC CITY ELECTRIC COMPANY, 1600 Pacific Ave., Atlantic City, N. J. 08404, filed a registration statement on September 12 seeking registration of 700,000 shares of common stock, to be offered for public sale (*at \$22.50 per share maximum) through underwriters headed by Blyth Eastman Dillon & Co. Inc., One Chase Manhattan Plaza, New York 10005. Net proceeds will be applied to the prepayment of \$10.5 million of outstanding short-term notes payable to banks issued in connection with the 1972 construction program and for construction expenditures. Construction expenditures are estimated at \$58,280,000 for 1972 and an aggregate of \$172,700,000 for 1973 and 1974. (File 2-45676)

EQUITABLE BANCORPORATION, Calvert & Fayette Sts., Baltimore, Md. 21202, filed a registration statement on September 12 seeking registration of 114,000 shares of common stock. It is proposed to offer these shares in exchange for the outstanding shares of capital stock of Farmers and Merchants Bank of Hagerstown, Md., at the rate of two shares for each Bank share. Bancorporation owns all the outstanding capital stock of two banks. (File 2-45677)

SEA PINES COMPANY, P. O. Box 1564, Augusta, Ga. 30903, filed a registration statement on September 12 seeking registration of 400,000 shares of common stock, to be offered for public sale (*at \$22 per share maximum) through underwriters headed by The Robinson-Humphrey Co., Inc., 2 Peachtree St., N. W., Atlanta, Ga. 30303. The company is engaged in the development and sale of real estate and the development and operation of resort facilities. Of the net proceeds of its stock sale, \$3 million will be used to repay bank debt and the balance for working capital and other corporate purposes. (File 2-45678)

TENNECO OFFSHORE COMPANY, INC., a subsidiary of Tenneco, Inc., Tenneco Bldg., Houston, Tex. 77002, filed a registration statement on September 12 seeking registration of \$90 million of convertible debentures, due 1982, and 4,500,000 shares of common stock, to be offered for public sale in units, each consisting of a \$100 debenture and five shares. The offering is to be made at \$150 per unit through underwriters headed by Stone & Webster Securities Corp., 90 Broad St., New York 10004. Tenneco Offshore was organized in August to participate in the offshore exploration for natural gas and oil in the Gulf of Mexico through its investment as a limited partner in Tenneco Exploration, Ltd., a partnership. Of the net proceeds of its financing, \$120 million will be contributed to the partnership for use in the purchase of interests in oil and gas leases and the balance for other corporate purposes. (File 2-45680)

LAND & SEA ASSOCIATES (the Partnership), 1900 Avenue of the Stars, Century City, Los Angeles, Calif. 90067, filed a registration statement on September 12 seeking registration of \$4 million of partnership interests, to be offered for public sale at \$1,000 per interest with a minimum purchase of five interests. The offering is to be made on a best efforts, all-or-nothing, basis by Weis, Voisin & Co., Inc., and selected NASD members. The Partnership was formed to acquire a garden apartment complex being constructed and, through investment in another partnership, an oil tanker under charter. Land & Sea, Inc. is the general partner. (File 2-45681)

LCA CORPORATION, G Street and Erie Ave., Philadelphia, Pa. 19134, filed a registration statement on September 12 seeking registration of 100,000 shares of common stock, part of which may be issued from time to time in connection with acquisitions and part may be outstanding shares which may be offered for sale by the holders thereof (*at \$36-3/4 per share maximum). The company is principally engaged in the manufacture and distribution of lighting products and housewares. (File 2-45682)

MEISEL PHOTOCHROME CORPORATION, 1330 Conant St., Dallas, Tex. 75207, filed a registration statement on September 13 seeking registration of 200,000 shares of common stock, of which 70,000 are to be offered for public sale by the company and 130,000 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$10 per share maximum) through underwriters headed by Rauscher Pierce Securities Corp., 1200 Mercantile Dallas Bldg., Dallas, Tex. 75201. The company prints, processes and finishes color photographs, develops color film and renders related technical services. Net proceeds will be used for working capital and other corporate purposes. (File 2-45683)

AMERICAN CLASSIC INDUSTRIES, INC., 3800 Raeford Rd., Fayetteville, N.C. 28305, filed a registration statement on September 13 seeking registration of 265,000 shares of common stock, of which 200,000 are to be offered for public sale by the company and 65,000 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$10 per share maximum) through underwriters headed by Anderson & Strudwick, 913 E. Main St., Richmond, Va. 23219. The company develops residential subdivisions and manufactures pre-cut or panelized house and apartment construction packages. Of the net proceeds of its stock sale, \$250,000 will be used to retire long-term debt and the balance for working capital and other corporate purposes. (File 2-45684)

ADRS FOR MORGAN-GRAMPIAN FILED. First National City Bank, 111 Wall St., New York 10015, filed a registration statement on September 11 seeking registration of 100,000 American Depositary Receipts for ordinary shares of Morgan-Grampian Limited, a United Kingdom corporation. (File 2-45685)

KAR-KARE OWNERS GROUP OF PENNSYLVANIA (the Partnership), 1235 Greentree Rd., Pittsburgh, Pa. 15220, filed a registration statement on September 13 seeking registration of \$5,500,000 of partnership interests, to be offered for public sale at \$5,000 per unit through selected NASD members. The Partnership will invest in and operate tire and automotive service centers. Commonwealth Management Corporation is general partner. (File 2-45686)

ESTRADA ASSOCIATES, LTD. (the Partnership), 1900 Avenue of the Stars, Los Angeles, Calif. 90067, filed a registration statement on September 13 seeking registration of \$2,550,000 of partnership interests, to be offered for public sale at \$2,500 per unit with a minimum purchase of two units. The Partnership was organized to own and operate two existing garden apartment projects located in Texas. Barry S. Marlin is the general partner. (File 2-45687)

JB's BIG BOY FAMILY RESTAURANTS, INC., 3272 South West Temple, Salt Lake City, Utah 84115, filed a registration statement on September 13 seeking registration of 390,000 shares of common stock, of which 210,000 are to be offered for public sale by the company and 180,000 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$8 per share maximum) through underwriters headed by Sutro & Co. Inc., 460 Montgomery St., San Francisco, Calif. 94104. The company is engaged in the business of operating and developing restaurants. Net proceeds will be used to finance the opening of new restaurants (\$990,000) and to reduce indebtedness (\$327,517) and for other corporate purposes. (File 2-45688)

E. F. HUTTON TAX-EXEMPT FUND, NATIONAL SERIES 8, One Battery Park Plaza, New York 10004, filed a registration statement on September 13 seeking registration of \$12,375,000 of units. The Fund is the eighth of a series of similar but separate trusts created under a trust indenture between E. F. Hutton & Company Inc., as sponsor, and United States Trust Company of New York, as trustee. The Fund is a diversified portfolio of interest-bearing municipal bonds, the interest on which is, in the opinion of recognized bond counsel exempt from all Federal income tax. (File 2-45690)

TERRYDALE REALTY TRUST, 4005 Pennsylvania, Kansas City, Mo. 64111, filed a registration statement on September 13 seeking registration of 400,000 shares of beneficial interest and warrants to purchase 400,000 shares of common stock, to be offered for public sale in units, each consisting of one share and one warrant. The offering is to be made at \$20 per unit through underwriters headed by Stern Brothers & Co., 9 W. 10th St., Kansas City, Mo. 64199. The Trust invests in equity interests in income producing real estate, but may consider mortgage investments where attractive returns are available. Terrydale Management Corporation will serve as investment adviser. (File 2-45691)

HESSEE INDUSTRIES, INC., 20300 Civic Center Drive, Southfield, Mich. 48076, filed a registration statement on September 12 seeking registration of 200,000 shares of common stock, to be offered for public sale (*at \$10 per share maximum) through underwriters headed by Marantette & Co., 850 Penobscot Bldg., Detroit, Mich. 48226. The company is a commercial subcontractor and a builder of multiple family housing complexes. Of the net proceeds of its stock sale, \$640,000 will be used to discharge short-term bank loans incurred for working capital purposes and the balance for working capital and other corporate purposes. (File 2-45692)

LVO CABLE, INC., 522 S. Boston, Tulsa, Okla. 74101, filed a registration statement on September 13 seeking registration of 400,000 shares of common stock, to be offered for public sale (*at \$14.50 per share maximum) through underwriters headed by Bear, Stearns & Co., One Wall St., New York 10005. The company is engaged in owning and operating cable television and microwave systems. Net proceeds will be used for reduction of debt and for construction purposes. (File 2-45693)

STRICK, INC., U. S. Highway No. 1, Fairless Hills, Pa. 19030, filed a registration statement on September 13 seeking registration of 883,630 shares of common stock, of which 375,000 are to be offered for public sale by the company and 508,630 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$11 per share maximum) through underwriters headed by Dean Witter & Co. Inc., 14 Wall St., New York 10005. The company is engaged in the manufacture and marketing of aluminum truck trailers and bodies, intermodal containers, chassis and related equipment and through a subsidiary in financing the sale of such equipment. Of the net proceeds of its stock sale, \$4,900,000 will be used to repay notes payable to banks incurred to provide working capital and the balance for working capital and other corporate purposes. (File 2-45694)

MISCELLANEOUS

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of LDS Dental Supplies, Inc., for the further ten-day period September 18-27, inclusive.

SECURITIES ACT REGISTRATIONS. Effective September 14: American Medical International, Inc., 2-45320; Aqua-Air Systems Corp., 2-44805 (Dec 12); Colonial Commercial Corp. 2-43826; Elscint Ltd., 2-44872 (Dec 13); Equitable Petroleum Corp., 2-44723 (90 days); The Falconer Co., 2-45178 (Dec 14); Information Transfer, Inc., 2-43973 (90 days); Inland Container Corp., 2-45351; Interpool Limited, 2-44433 (Dec 13); Invent Inc., 2-44761 (Dec 13); R. B. Jones Corp., 2-45199; P & F Industries, Inc., 2-44508 (40 days); The Prudential Insurance Co. of America, 2-45170; Regal Apparel, Ltd., 2-41635 (Dec 14); Universal Instruments Corp., 2-44929 (Dec 13); University Computing Co., 2-45232; Walbro Corp., 2-45007 (Dec 13).

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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