

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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NEW RULES AND RULE PROPOSALS

RULE WOULD REQUIRE REPORTS ON REGISTERED OFFERINGS. The SEC today announced a proposal for the adoption of a new Rule 463 under the Securities Act (Release 33-5130) which would require that issuers which make first-time offerings pursuant to Securities Act registration statements shall file reports of sales of securities at six-month intervals showing the amount of securities sold and the application of the proceeds thereof. Upon completion or termination of the offering and application of the proceeds, a final report would be made.

No such report is now required as to the progress of offerings, unless the company is otherwise subject to periodic reporting requirements. Consequently, neither the Commission nor security holders know whether an offering is continuing or has been completed or terminated. Information as to the actual use of the proceeds also would indicate whether the statements in the prospectus as to such use are borne out by the issuer's subsequent actions; if not, investors may have been misled. Such reports also would enable the Commission to determine whether or not the issuer is required to file and use an up-to-date prospectus and whether dealers effecting transactions in the security must furnish a copy of the prospectus to purchasers.

AMENDMENT MODIFIES SALES LOAD VARIATION RULE. The SEC today announced the adoption of an amendment to its rules under the Investment Company Act, which generally requires that shares of mutual funds be sold at a public offering price set forth in the issuer's prospectus. Rule 22d-1 provided an exemption from such requirement which generally permitted reductions in or eliminations of the sales loads under certain circumstances, including sales to several classes of persons both related and unrelated to the functions of the investment company, its investment advisor or principal underwriter. However, the rule was adopted in 1958 when most investment advisors and principal underwriters for registered investment companies had relatively few employees. In addition, there were certain anomalies in its applicability. For example, it permitted a life insurance company with thousands of employees to offer shares of an investment company for which it acted as advisor or for which it was the principal underwriter at a reduced load or at no load to all directors, officers and other officials as well as full-time employees or sales representatives of the insurance company, while fund shares were being offered for sale to the general public at the listed offering price. Certain anomalies arose, including the fact that the exemption did not apply if the advisory or underwriting functions were performed by a subsidiary of the insurance company. These anomalies gave rise to exemption applications which sought permission to sell fund shares at reduced or no sales loads.

In view thereof and because in recent years an increasing number of advisors and underwriters of investment companies have become parts of larger complexes, thus vastly increasing the number of potential recipients of such special treatment, the Commission has modified Rule 22d(1)(h) effective March 8, 1971 (Release IC-6347) to provide that no person described in that subparagraph will be eligible to purchase mutual fund shares at a reduced or eliminated sales load unless more than one-half of his working time is involved (i) in rendering investment advisory services to the investment company or (ii) selling the investment company's shares. Certain persons performing supervisory and supporting functions are also eligible under the amended rule.

The Commission, at the request of Congress, is presently studying whether the retail price maintenance requirements of Section 22(d) should be amended or deleted from the Act, and the consequences of such amendment or deletion on the investing public and investment company sales organizations.

HOLDING COMPANY ACT RELEASE

SOUTHWESTERN ELECTRIC SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16991) giving interested persons until February 25 to request a hearing upon an application of Southwestern Electric Power Company, Shreveport subsidiary of Central and South West Corporation, to effect certain modifications of its Indenture of Mortgage or Deed of Trust of February 1, 1940. The modifications may have the effect of increasing the amount of net expenditures for bondable property during the period beginning January 1, 1971, by approximately \$2,000,000 to \$2,500,000 per year, a portion of which would be used for purposes other than the authentication of additional bonds. Southwestern represents that the proposed amendment would tend to assure the ability of Southwestern to finance additional construction expenditures through issuance of First Mortgage Bonds.

INVESTMENT COMPANY ACT RELEASE

SUPERVISED SHARES SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6346) giving interested persons until March 1 to request a hearing upon an application of Supervised Shares, Inc. (The "Fund"), Des Moines mutual fund, for an order declaring that it has ceased to be an investment company. Pursuant to shareholder approval, Fund was recently merged into Mutual of Omaha Income Fund, Inc., which absorbed its assets and liabilities.

OVER

COURT ENFORCEMENT ACTIONS

HOWARD CARLTON CO. ENJOINED. The SEC New York Regional Office announced February 3 (LR-4897) that the Federal court in New York had issued a temporary order restraining Howard Carlton, Inc., New York, and Howard L. Lazell, Belle Harbor, N. Y., from violating the net capital and bookkeeping provisions of the Securities Exchange Act of 1934, and freezing the assets of Howard Carlton, Inc., pending action on the Commission's motion for a preliminary injunction and appointment of a receiver.

COMPLAINT NAMES SCIENTIFIC MEASUREMENT SYSTEMS. The SEC today announced the filing of a complaint in the Federal court in Washington, D. C. seeking an order directing Scientific Measurement Systems, Inc., of Moorestown, N. J. to comply with the reporting requirements of the Securities Exchange Act of 1934. According to the complaint, Scientific failed to file an annual report for the fiscal year ended December 31, 1969 as required by the Act. (LR-4898)

SECURITIES ACT REGISTRATIONS

WHITE SHIELD SHARES IN REGISTRATION. White Shield Corporation, 595 Madison Ave., New York, N. Y. 10022, filed a registration statement (File 2-39346) with the SEC on February 3 seeking registration of 888,200 shares of common stock. Of these shares, 88,200 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 (\$7.75 per share maximum*). To the extent the net proceeds of the sale of such shares aggregates less than \$2,692,875, the company has agreed to issue to the selling stockholders such number of additional shares, up to a maximum of 800,000 shares, as would be necessary to realize \$2,692,875 from the stock sale.

The company is engaged in oil and gas exploration and production. In addition to indebtedness and preferred stock, it has outstanding 4,736,734 common shares. The selling shareholders are all former shareholders of Automatic Toll Systems, Inc., which was merged into a subsidiary of White Shield in October 1969.

HARSCO TO SELL DEBENTURES. HarSCO Corporation, Camp Hill, Pa. 17011, filed a registration statement (File 2-39348) with the SEC on February 3 seeking registration of \$30,000,000 of sinking fund debentures, due 2001, to be offered for public sale through underwriters headed by Lehman Brothers Inc., One William St., and Bache & Co. Inc., 100 Gold St., both of New York City. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company manufactures and distributes a wide range of products and equipment, including construction equipment pipe fittings and valves, forgings, defense vehicles, truck bodies and accessories and related items. A portion of the net proceeds of the company's debenture sale will be used to repay short-term bank borrowings (which aggregated \$3,000,000 at February 1); and the balance will be available for various corporate purposes, including acquisitions. In addition to indebtedness, the company has outstanding 7,924,034 common shares. J. T. Simpson is board chairman and J. G. Underwood president.

NATIONAL MORTGAGE FUND PROPOSES OFFERING. National Mortgage Fund (the "Trust"), 600 Public Sq. Bldg., Cleveland, Ohio 44113, filed a registration statement (File 2-39352) with the SEC on February 4 seeking registration of \$8,000,000 of subordinated convertible debentures, due 1991, and 400,000 shares of beneficial interest, to be offered for public sale in units, each consisting of \$100 of debentures and five shares. The offering is to be made through underwriters headed by W. E. Hutton & Co., 14 Wall St., New York, N. Y. 10005; the interest rate on the debentures, offering price (\$162.50 per unit maximum*) and underwriting terms are to be supplied by amendment.

The Trust is a real estate mortgage investment trust organized for the purpose of investing in first mortgages on real property. Its mortgage portfolio includes first mortgages on residential properties, principally FHA insured or VA guaranteed. It qualifies as a real estate investment trust under the Internal Revenue Code. NFM Inc., a wholly-owned subsidiary of Citizens Financial Corporation, will serve as investment adviser. J. P. Cozzens is president of the Trust and Brian L. Howell is president of the adviser. CBWL-Hayden, Stone, Inc., owns 11.3% of the Trust's outstanding shares.

WALGREEN TO SELL DEBENTURES. Walgreen Co., 4300 W. Peterson Ave., Chicago, Ill. 60646, filed a registration statement (File 2-39350) with the SEC on February 4 seeking registration of \$30,000,000 of convertible subordinated debentures, due 1991, to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York City, 10004, and Blunt, Ellis & Simmons, 111 W. Monroe St., Chicago, Ill. 60603. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is a diversified retail merchandiser which operates a drug store chain, a discount department store chain and related restaurants and food service facilities. Net proceeds of its debenture sale will be used to retire \$25,000,000 of interim loan notes and to retire short term indebtedness totaling \$4,450,000 at January 31. The notes were incurred under the company's revolving bank credit agreement to provide increased working capital and equipment required by its program of expansion. In addition to indebtedness, the company has outstanding 6,408,848 common shares. Charles R. Walgreen, Jr., is board chairman and Charles R. Walgreen III president.

CENTRAL TELEPHONE TO SELL BONDS. Central Telephone & Utilities Corporation, 1201 "N" St., Lincoln, Neb. 68501, filed a registration statement (File 2-39354) with the SEC on February 5 seeking registration of \$20,000,000 of first mortgage bonds, due 1996, to be offered for public sale through underwriters headed by Dean Witter & Co. Inc., 33 N. Dearborn St., Chicago, Ill. 60602, and Paine, Webber, Jackson & Curtis Inc., 140 Broad, New York 10005. The interest rate, offering price and underwriting terms are to be supplied by

amendment. A public utility, the company will apply the net proceeds of its bond sale, first, to the retirement or reduction of short-term debt outstanding at the time of the bond sale (estimated at \$20,000,000), second, to construction requirements and, third, to further advances to or investments in subsidiaries to enable them to finance their construction programs. Construction expenditures for the company and its subsidiaries are estimated at \$130,000,000 for 1971.

ORANGE AND ROCKLAND UTILITIES PROPOSES OFFERING. Orange and Rockland Utilities, Inc., 75 West Route 59, Spring Valley, N. Y. 10977, filed a registration statement (File 2-39355) with the SEC on February 5 seeking registration of 700,000 shares of common stock and \$25,000,000 of first mortgage bonds, Series K, due 2001, to be offered for public sale at competitive bidding. A public utility, the company will apply the net proceeds of its financing to (a) the reduction of outstanding short-term indebtedness which was incurred in connection with its construction program and (b) the purchase, for \$4,000,000, of 40,000 shares of capital stock of Rockland Electric Company, a wholly-owned subsidiary, which will use the proceeds thereof to reduce outstanding short-term indebtedness incurred in connection with its construction program. Short-term indebtedness of the company and its subsidiaries was \$42,330,000 at January 31. Construction expenditures are estimated at \$148,800,000 for the period 1971 through 1973.

NEW YORK STATE ELECTRIC TO SELL STOCK. New York State Electric & Gas Corporation, 4500 Vestal Parkway East, Binghamton, N. Y. 13902, filed a registration statement (File 2-39356) with the SEC on February 5 seeking registration of 250,000 shares of preferred stock (cumulative, \$100 par), to be offered for public sale at competitive bidding. A public utility, the company will apply the net proceeds of its stock sale, together with additional funds obtained from borrowings under existing revolving credit agreements, to refund at maturity \$35,393,000 of 3 $\frac{1}{2}$ % first mortgage bonds, due 1971. Construction expenditures are estimated at \$40,000,000 for 1971.

CALIFORNIA GROWTH FUND PROPOSES OFFERING. California Growth Fund, Inc., 235 Montgomery St., Suite 1058, San Francisco, Calif. 94104, filed a registration statement (File 2-39357) with the SEC on February 5 seeking registration of 1,000,000 shares of common stock, to be offered for public sale at net asset value (\$10 per share maximum*) with no sales charge. The company is a diversified, open-end investment company seeking capital appreciation as its primary objective and current income as its secondary goal. California Growth Fund Management Corp. is the investment adviser and distributor of Fund shares. Hal M. Chase is board chairman of the Fund and William A. Hsi is president of the Fund and of the adviser.

CALPROP FILES FOR OFFERING AND SECONDARY. Calprop Corporation, 1900 Avenue of the Stars, Century City, Los Angeles, Calif. 90067, filed a registration statement (File 2-39358) with the SEC on February 5 seeking registration of 325,000 shares of common stock, of which 250,000 are to be offered for public sale by the company and 75,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Bateman Eichler, Hill Richards, Inc., 460 S. Spring St., Los Angeles, Calif. 90013; the offering price (\$15 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to sell the Bateman firm, for \$250, five-year warrants to purchase 25,000 shares, exercisable after one year at 120% of the offering price.

The company develops, constructs and manages garden apartment complexes designed primarily for adults of low and moderate income. Of the net proceeds of its sale of additional stock, \$1,261,000 will be used to discharge 1st or 2nd trust notes issued in connection with the acquisition of land, \$360,000 to repay short-term bank loans and \$400,000 to purchase land and to provide construction financing for a proposed condominium in Anaheim; 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 952,734 common shares, of which Victor Zaccaglin, president and board chairman, owns 46.86% and management officials as a group 61.72%. Purchasers of the shares being registered and the number of shares to be sold are to be supplied by amendment.

MISCELLANEOUS

DELISTING GRANTED. The SEC has issued an order under the Securities Exchange Act (Release 34-9074) granting an application of the American Stock Exchange to strike from listing and registration the common stock of Head Ski Company, Inc., effective at the opening of business on February 8, 1971. According to the application, pursuant to a purchase offer of AMF Incorporated dated December 14, 1970, only some 132,000 common shares of Head Ski remain outstanding in the hands of the public, fewer than the Exchange's minimum requirement.

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 February 5 News Digest.

8K Reports for November 1970

Optical Scanning Corporation (7,11,12,13) 0-2262-2	Wakefield Engineering, Inc. (12) 0-4219-2	
Servo Corp of America Nov 70 (7,8) 1-3925-2	Hershey Foods Corp (12,13) 1-163-2	
Trans-Pacific Leasing, Inc. (2,12,13) 0-4250-2	New Process Company (4,11,13) 1-878-2	
Tubos De Acero De Mexico, S.A. (6K for July 1, 1970 thru Sept. 30, 1970) 1-487C-2	Pinehurst Corporation Nov 70 (2,13) 2-36859-2	OVER
	Fulaski Furniture Corp (7,10,12,13) 0-314-2	

BK Reports for Nov 1970 (Con't)

Aristo Foods, Inc (7,13)	0-2357-2	North Shore Gas Company (12)	2-35965-2
Chrysler Financial Corp (11)	1-5966-2	The Ohio Art Company (3,12)	0-4479-2
Georgia-Pacific Corp (7,8,13)	1-3506-2	Pacific Asbestos Corporation (6)	0-1144-2
Hers Apparel Industries, Inc. (2,7,13)	0-3911-2	Ric International Industries Inc. (3,12)	1-4242-2
Magnetic Head Corporation (4,7,13)	0-4474-2	Sperry Rand Corporation (13)	1-3908-2
Metromeida Inc (8)	1-4649-2	Strong-Wear Hosiery Co., Inc. (2,13)	2-34896-2
Muter Company (12)	1-6034-2	Trans Union Corp (7)	1-6113-2
Pan American Bancshares, Inc (9,12,13)	0-4845-2	Winn-Dixie Stores, Inc. (12,13)	1-3657-2
Producers Finance Co. of Arizona (11)	0-1811-2	Bourns, Inc (3)	1-5257-2
Pueblo International, Inc. Nov 1970 (7)	1-6376-2	Budd Company (4,7,13)	1-2127-2
Ryerson & Haynes Inc (2,7,13)	1-6260-2	Kansas Power & Light Co (7)	1-3523-2
Sovereign American Arts Corp (11,12)	0-4423-2	Leasco Data Processing Equipment Corp (4,13)	1-5288-2
Storer Broadcasting Co (12)	1-3872-2	Lehigh Valley Industries Inc. (12,13)	1-155-2
Tapecon, Inc (2,7,13)	2-28413-2	Liberty Loan Corp (4,7,13)	1-5467-2
American Training Services, Inc Aug 1970 (11)	1-6243-2	Missouri Power & Light Co (11,13)	0-1013-2
Baltimore Gas & Electric Co. (7)	1-1910-2	Mount Vernon Mills Inc. (2,13)	1-1025-2
Detection Systems, Inc Nov 1970 (13)	2-31621-2	North American Biologicals, Inc. (6)	0-4829-2
First Fidelity Investment Trust (2)	2-35007-2	Nytronics, Inc (2,3,11,13)	1-5617-2
First National Bancorporation, Inc. Jan 1971 (3,13)	0-3695-2	Philips Industries, Philips N.V. & U.S. (6K) 11-13-70 thru 12-21-70	2-20193-2
G-I Industries Inc (13)	1-4987-2	Piotomac Electric Power Co (13)	1-1072-2
General Telephone Co of Illinois (7,13)	0-1048-2	The Red Food Stores, Inc. (7,8,13)	0-4012-2
General Telephone Co of the Southeast (12)	2-36292-2	Shawmut Association, Inc. (2,7,13)	0-2151-2
Georgia International Corp (2,12,13)	1-5768-2	Sparton Corporation Dec 70 & Jan 71 (2,3,7)	1-1000-2
The Harwood Companies Inc (7,13)	1-6221-2	Aug 1970 (8)	1-1000-2
Keene Corp (4,7,8,13)	0-3587-2	Square H Industries, Inc (2,4,13)	0-3958-2
Laser Sciences, Inc. (11,13)	0-5217-2	Suitomat Corporation (12,13)	2-30549-2
Lehigh Coal & Navigation Co (8)	0-1760-2		
Natural Gas Pipeline Co of America (12)	0-4167-2		
Nevada Power Co (7)	1-4698-2		

SECURITIES ACT REGISTRATIONS. Effective February 5: Ashland Oil, Inc., 2-39050; Makor Educational Industries, Inc., 2-32626 (90 days); NUS Corp., 2-39039; Petrolite Corp., 2-39064; Torotel, Inc., 2-38306.

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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