

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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COMMISSION ANNOUNCEMENTS

SEC ORDER CITES NEWPORT SECURITIES AND ITS PRINCIPALS. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of Newport Securities Corporation, Newport Beach, Calif. Also named as respondents are A. Gurdon Wolfson, president and principal stockholder, Martin Susson, vice president, Roy O. Dawson, vice president, Rex Richard Reno, Stuart Warren Fine, Glen Elwood Clymore, and Burdett Richmond Harrison, former or present registered representatives of Newport.

The proceedings are based on allegations of the Commission's staff that during the period from January 1969 to January 1970 the several respondents engaged in activities violative of the Federal securities laws involving transactions of securities of individuals or groups of the following companies: Hydro Tech, AVI, Instrument Tech, Micro Tenna, Development Corporation of America (DCA), Hill Brothers, Inc., Shell's City, Inc., International Book Corp. (IBC), Aero Systems, Inc., Honeycomb Systems, Inc., American Foods, Inc., Imperial Industries, Inc., and Resort Car Rental Systems Inc. (Resort Car).

More specifically, it is alleged that respondents made false and misleading statements concerning, among other things, the speculative nature, market value, future market price, past and future earnings, financial condition and future prospect for growth and success of the stocks of one or more of these companies. In addition these same persons induced customers to purchase unseasoned and speculative stocks as well as purchased stock for customers without the latter's knowledge or consent and charged unreasonable commissions and markups. In addition, respondents, while participating in a distribution of the common stock of DCA, Shell's City and Hill Brothers bid for and purchased such securities for accounts in which they had a beneficial interest and induced other persons to purchase the securities prior to completing said distribution. Also, Newport, Wolfson, Susson, Reno and Clymore violated the Exchange Act and rules and regulations of the Federal Reserve System, involving transactions of securities on credit.

A hearing will be held pursuant to further order to take evidence on the staff allegations and 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 remedial action is necessary or appropriate in the public interest.

CAPITAL EXPENDITURES RISE SEEN IN 1971. The SEC and Department of Commerce announce (for March 9 newspapers) that businessmen plan to spend \$83.1 billion for new plant and equipment during 1971, according to the survey conducted in late January and February. The projected rise of 4.3 percent in 1971 capital spending compares with increases of 5.5 percent in 1970 and 11.5 percent in 1969. Sales expectations, also collected in this survey, indicate larger sales increases over a broad range of industries in 1971 than actually experienced in 1970. (For further details, see Stat. Release No. 2505)

COMMISSION REASSERTS POSITION ON COMMISSION RATES. The Commission today in a letter to the New York Stock Exchange restated its position that the Exchange should take immediate steps to implement the Commission's finding that fixed minimum commissions on institutional size orders are neither necessary nor appropriate. The Commission indicated however, that if operational problems would result from the change occurring during the middle of a business week, the Commission will not object to the Exchange retaining minimum commission rates on portions of orders above \$500,000 through April 2, 1971, instead of the April 1 deadline originally set by the Commission. The Commission indicated that Exchange Members should be advised promptly that the continuation of minimum commission rates on those portions of such orders beyond that time would be unreasonable and would be contrary to the Exchange Act.

COURT ENFORCEMENT ACTIONS

MIDWESTERN SECURITIES RECEIVER APPOINTED. The SEC New York Regional Office today announced that the Federal court in New York appointed Professor Joseph R. Crowley, of the Fordham Law School as receiver for Midwestern Securities Corporation, a registered broker-dealer in connection with litigation arising out of the public offering of securities of Transceiver Corporation of America by Midwestern in September 1969 (LR-4927)

GEMMA SECURITIES ENJOINED. The SEC Boston Regional Office today announced that the Federal court in Boston on March 2 issued an order of final injunction enjoining Gemma Securities Inc., and Joseph Gemma, Jr. its president and principal stockholder, both of Worcester, Mass., from violating the net capital and book-keeping rules of the Federal securities laws. (LR-4928)

OVER

CONTINENTAL CAPITAL SEEKS ORDER. The SEC has issued an order under the Investment Company Act giving interested persons until March 16 to request a hearing upon an application of Continental Capital Corporation, San Francisco closed-end, non-diversified investment company and licensed as a small business investment company under the Small Business Investment Act, for an order with respect to the participation of American Micro-Systems, Inc. and certain shareholders thereof, including Continental, in proposed sales of common stock of American. Continental owns 155,827 shares (8.1%) of the outstanding common stock of American, which is engaged in the design, development and manufacture of semi-conductor circuits. American has filed a registration statement with the Commission proposing the public offering of 565,500 shares of common stock, of which 250,000 are to be offered by American and 315,500 by stockholders of American. Of the 315,500 shares, Continental proposes to sell 38,327. The Garrett Corporation and Small Business Enterprises Company own 8.3% and 8.1%, respectively, of American's common stock and propose to sell 160,000 and 80,000 shares, respectively. (Release IC-6373)

HOLDING COMPANY ACT RELEASES

SOUTHERN CO. RECEIVES ORDER. The SEC has issued an order under the Holding Company Act authorizing The Southern Company, Atlanta holding company to amend its Certificate of Incorporation so as to permit it to increase the authorized shares of common stock from 60,000,000 to 80,000,000. Southern proposes to submit the proposed amendment (which requires approval by a majority of its stockholders) to stockholders at its 1971 annual meeting scheduled for May 26 (Release 35-17026).

UTAH POWER & LIGHT RECEIVES ORDER. The SEC has issued an order under the Holding Company Act authorizing Utah Power & Light Company, Salt Lake City holding company, to issue and sell, at competitive bidding, \$35 million of first mortgage bonds and 520,000 shares of \$25 par cumulative preferred stock, Series E. Net proceeds of its financing will be applied to the payment of some \$38 million of short-term notes, evidencing borrowings made for construction purposes. Construction expenditures for Utah Power and its subsidiary, The Western Colorado Power Company, are estimated at \$69 million for 1971 and \$191 million for the years 1971-1973. (Release 35-17027)

MICHIGAN WISCONSIN SEEKS ORDER. The SEC has issued an order under the Holding Company Act giving interested persons until March 30 to request a hearing upon an application of Michigan Wisconsin Pipe Line Company, subsidiary of American Natural Gas Company, to issue and sell \$40 million of first mortgage pipe line bonds, due 1991, at competitive bidding. Michigan Wisconsin also proposes to sell 200,000 common shares at \$100 per share to the parent. To purchase such stock, American Natural proposes to issue and sell \$20,000,000 of promissory notes to banks. Michigan Wisconsin will apply the net proceeds of its financing to retirement of \$40,000,000 of outstanding bank notes (issued to temporarily finance construction) and to its 1971 cash requirements, including construction and advance payments for gas, estimated for 1971 to be \$55,000,000 and \$57,000,000, respectively. (Release 35-17028)

EASTERN UTILITIES ASSOCIATES RECEIVES ORDER. The SEC has issued an order under the Holding Company Act authorizing Eastern Utilities Associates, Boston holding company, to organize a new corporation EUA Service Corporation, and to centralize in that company the various EUA system management and other services heretofore performed by officers and employees of EUA and personnel in the Boston office of Stone & Webster Management Consultants, Inc. All services would be performed by Service Corp. for associate companies at cost. The New York office of Stone & Webster would continue to render services relating principally to special and non-recurring problems. (Release 35-17029)

SECURITIES ACT REGISTRATIONS

BANC OHIO PROPOSES EXCHANGE OFFER. BancOhio Corporation, 51 North High St., Columbus, Ohio 43216, filed a registration statement with the SEC on March 2 seeking registration of 47,736 shares of common stock. It is proposed to offer these shares in exchange for all the outstanding capital stock of The Citizens Banking Company, Perrysburg, Ohio, at the rate of 6.24 BancOhio shares for each Bank share.

A bank holding company, BancOhio controls 26 banks located in Ohio. It has outstanding 5,757,783 common shares. Derrol R. Johnson is board chairman and Philip F. Searle president. (File 2-39526)

MARYLAND CUP FILES FOR SECONDARY. Maryland Cup Corporation, Owings Mills, Md., filed a registration statement with the SEC on March 2 seeking registration of 161,000 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering is to be made through underwriters headed by Lehman Brothers Inc., One William St., New York, N. Y. 10004; the offering price (\$42 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged principally in the manufacture and distribution of a variety of products for use by the food service industry. In addition to indebtedness and preferred stock, it has outstanding 4,335,211 common shares, of which Shapiro family members own 61%. Arthur H. Shapiro is president. The Anne Waller Estate proposes to sell 75,000 of 173,232 shares held, the Ida and Joseph Shapiro Foundation, Inc. all of 20,000 shares held and 30 others the remaining shares being registered. (File 2-39528)

UNION CAMP TO SELL DEBENTURES. Union Camp Corporation, 1600 Valley Rd., Wayne, N. J., filed a registration statement with the SEC on March 2 seeking registration of \$50,000,000 of sinking fund debentures, due 1996, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co. Inc. One Chase Manhattan Plaza, New York 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is principally engaged in the manufacture and distribution of forest and paper packaging products. Net proceeds of its debenture sale will be used in part to retire \$24,250,000 of bank debt, and the balance will be added to the company's general funds for working capital and other general corporate purposes. In addition to indebtedness, the company has outstanding 15,676,474 common shares. Alexander Calder, Jr. is president and chief executive officer. (File 2-39529)

CARPENTER PAPER TO SELL STOCK. Carpenter Paper Company, 815 Harney St., Omaha, Neb. 68102, filed a registration statement with the SEC on March 2 seeking registration of 100,000 shares of common stock, to be offered for public sale through underwriters headed by Kirkpatrick, Pettis, Smith, Polian Inc., 100 Omaha Bldg., Omaha, Neb. 68102. The offering price (\$21 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the distribution of paper, paper products and other products in a 13-state area. Net proceeds of its stock sale will be applied to pay the principal, premium and accrued interest on a bank loan used to partially finance acquisition of the company's paper distribution units, to repay a \$100,000 note to the underwriter given as payment for financial consulting services, 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 61,875 common shares, of which Robert C. Byrne, president, owns 30.30% and management officials as a group 71.72%. (File 2-39530)

BROCKTON TAUNTON GAS PROPOSES OFFERINGS. Brockton Taunton Gas Company, 995 Belmont St., Brockton, Mass. 02401, filed a registration statement with the SEC on March 2 seeking registration of 74,331 shares of common stock. It is proposed to offer these shares for subscription by common stockholders, at the rate of one new share for each six shares held of record at the close of business on April 14, 1971. Any unsubscribed shares may be offered for public sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York 10005. (File 2-39531)

In a separate registration statement, the company seeks registration of \$5 million of notes, due 1996, to be offered for public sale through underwriters headed by Merrill Lynch. The interest rate, offering price and underwriting terms are to be supplied by amendment.

A public utility, the company will use the net proceeds of its stock sale and of its note sale (which is contingent upon the stock sale) to reduce outstanding bank loans (which aggregated \$9,080,000 at February 28) and were incurred in connection with the company's construction program. Construction expenditures are estimated at \$4,429,000 for 1971 and \$13,319,000 for the period 1971 through 1973. (File 2-39532)

ALASKA INTERSTATE FILES FOR OFFERING AND SECONDARY. Alaska Interstate Company, 5051 Westheimer, Houston, Tex. 77027, filed a registration statement with the SEC on March 2 seeking registration of \$12.5 million of convertible subordinated debentures, due 1996, and 377,974 shares of common stock. The debentures and 300,000 shares are to be offered for public sale by the company and 77,974 shares (being outstanding stock) by the holders thereof through underwriters headed by Loeb, Rhoades & Co., 42 Wall St., New York 10005, and Rauscher Pierce Securities Corporation, 1200 Mercantile Dallas Bldg., Dallas, Tex. 75201. The interest rate on the debentures, offering prices (\$30 per share maximum*) and underwriting terms are to be supplied by amendment.

The company through subsidiaries is engaged in the transmission and distribution of natural gas in Alaska, engineering and construction in Alaska and other states, and in manufacturing. Net proceeds of its financing will be used to satisfy some \$12,000,000 of short-term bank debt incurred in connection with the acquisition of Lockwood Corporation and Air Carrier Engine Service, Inc., and the balance will be used for reduction of other short-term indebtedness, for working capital and possibly for cash acquisitions of other companies. In addition to indebtedness, the company has outstanding 2,803,281 common shares, of which management officials as a group own 26.9%. Robert B. Baldwin is board chairman and chief executive officer and O. Charles Honig is president. Lloyd A. Burgess proposes to sell 50,000 of 180,897 shares held and three others the remaining shares being registered. (File 2-39533)

SECURITIES ACT REGISTRATIONS. Effective March 5: The Black and Decker Manufacturing Co., 2-39364; Fantastic Fudge, Inc., 2-37008 (90 days); Lowe's Companies, Inc., 2-39456; Utah Power & Light Co., 2-39394.

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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