

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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A brief summary of financial proposals filed with and actions by the S.E.C.

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(Issue No. 71-20)

FOR RELEASE January 29, 1971

HOLDING COMPANY ACT RELEASES

INDIANA & MICHIGAN ELECTRIC RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16978) authorizing Indiana & Michigan Electric Company, Fort Wayne, Ind. subsidiary of American Electric Power Company, Inc., to issue and sell, at competitive bidding, \$30,000,000 of first mortgage bonds (maturing in not less than 3 and not more than 30 years) and 300,000 shares of cumulative preferred stock (\$100 par). Indiana & Michigan will apply the net proceeds of this financing toward the payment, at maturity, of commercial paper (estimated not to exceed \$54,340,000 at the time of the issuance of the bonds and stock), for working capital and reimbursement for money already expended for construction. Construction expenditures are estimated at \$177,482,000 for 1971.

NORTHEAST UTILITIES SERVICE CO. RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16980) authorizing Northeast Utilities Service Company ("NUSCO"), a subsidiary service company of Northeast Utilities (both of Hartford, Conn.), to increase from \$5,000,000 to \$10,000,000 the amount of long-term unsecured notes it may issue and sell to the parent during the remainder of the five-year period commencing June 30, 1966. According to the application, the cash requirements of NUSCO for working capital have increased substantially and may continue to do so in the future, due primarily to the expansion of service functions performed by NUSCO for associate companies.

INVESTMENT COMPANY ACT RELEASE

BASS FINANCIAL RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6335) exempting Bass Financial Corporation, Norridge, Ill. from all provisions of the Act. Bass was organized in November 1969 to acquire and hold the outstanding permanent reserve shares of Unity Savings and Loan Association (an Illinois stock savings and loan association) and plans to make an exchange offer for such shares, contingent upon receipt of tenders for at least 80% of the share. Bass will also make an exchange offer to acquire the majority of the outstanding voting securities of Plaza Insurance Agency, Inc., a small insurance agency related to the business of Unity. Subsequently, Bass intends to issue its shares for cash and to make further acquisition of savings and loan associations in Illinois.

COURT ENFORCEMENT ACTION

INDICTMENT NAMES TARZWELL, MORSE, RYAN. The SEC Fort Regional Office announced on January 26 (LR-4887) that a Federal grand jury in Las Vegas had returned indictments charging the following persons with violating the registration and anti-fraud provisions of the Federal securities laws, and with conspiracy to violate those laws in the offer and sale of stock of Pan American Industries, Inc., of Arizona. Donald W. Tarzwell (also known as Michael J. O'Shea), Los Angeles, James M. Morse, Las Vegas, and Vern G. Ryan and William J. Ryan, both of Phoenix.

SECURITIES ACT REGISTRATIONS

MACKEY INTERNATIONAL TO SELL STOCK. Mackey International, Inc., 3116 S. Andrews Ave., Fort Lauderdale, Fla. 33316, filed a registration statement (File 2-39289) with the SEC on January 27 seeking registration of 500,000 shares of common stock, to be offered for public sale through Consolidated Securities Corp., 920 North Federal Highway, Pompano Beach, Fla. 33061. The offering price (\$3 per share maximum*) and underwriting terms are to be supplied by amendment. The company has sold the underwriter, for \$250, five-year warrants to purchase 25,000 shares; in March 1969, the company sold the underwriter, for \$5,000, five-year warrants to purchase 25,000 shares, exercisable at \$4.80 per share.

The company was organized in July 1968 to engage in (1) air transportation between certain points in Florida and the Bahama Islands, (2) the development and sale of land in the Bahamas and (3) a real estate brokerage business. Of the net proceeds of its stock sale, \$135,000 will be paid Eastern Airlines, Inc., for aircraft equipment, \$300,000 to banks in repayment of loans, \$300,000 to Crescent Finance Corporation in repayment of a loan and \$200,000 to Eastern Airlines in payment of part of the balance owing on a hotel purchased for \$450,000; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 886,868 common shares (with a \$1.14 per share book value), of which Joseph C. Mackey (board chairman and president) and his wife own 28% and 27%, respectively.

OVER

QUORUM INDUSTRIES FILES FOR OFFERING AND SECONDARY. Quorum Industries, Inc., 108 West 39th St., New York, N. Y. 10018, filed a registration statement (File 2-39291) with the SEC on January 27 seeking registration of 200,000 shares of common stock, of which 134,000 are to be offered for public sale by the company and 66,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Moore & Schley, Cameron & Co., Two Broadway, New York, N. Y. 10004; the offering price (\$13 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to grant to the underwriter five-year warrants to purchase 10,050 shares.

Organized in January 1967, the company is engaged primarily in the design of medium to higher-priced double-knit fabrics and their sale to manufacturers of women's clothing for use in sportswear and dresses. Of the net proceeds of its sale of additional stock, \$700,000 will be applied to the costs of purchasing and installing machinery and equipment for the knitting and finishing of double-knit fabrics 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 505,000 common shares, of which Edward P. Mandeau, president, Melvin Weiss, vice president, Leonard Roger, secretary-treasurer, and Allan Goldstein, own 24.75% each. Weiss, Goldstein and Roger propose to sell 22,000 shares each of 125,000 shares held each.

OKLAHOMA G&E PROPOSES RIGHTS OFFERING. Oklahoma Gas and Electric Company, 321 North Harvey Ave., Oklahoma City, Okla. 73101, filed a registration statement (File 2-39292) with the SEC on January 27 seeking registration of 1,478,956 shares of common stock. It is proposed to offer these shares for subscription by common stockholders of record February 24, 1971, at the rate of one new share for each ten shares held. Any unsubscribed shares may be offered for public sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York, N. Y. 10005, which will receive 50% of any excess of net proceeds realized by them on the sale of any shares of unsubscribed stock over the subscription price; the subscription price (\$27.25 per share maximum*) is to be supplied by amendment. An electric utility, the company will use the net proceeds of its stock sale to pay part of the expenditures incurred and to be incurred for additions and betterments to the physical properties of the company. Construction expenditures are estimated at \$59 million for 1971, \$66 million in 1972 and \$69 million for 1973.

REALTY INDUSTRIES FILES FOR OFFERING AND SECONDARY. Realty Industries, Incorporated, 2512 West Cary St., Richmond, Va. 23220, filed a registration statement (File 2-39294) with the SEC on January 27 seeking registration of 330,000 shares of common stock, of which 250,000 are to be offered for public sale by the company and 80,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Wheat & Co., Inc., 801 East Main St., Richmond, Va. 23211; the offering price (\$6 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in acquiring, developing and selling and leasing real estate for residential and retail shopping center and other commercial purposes. Of the net proceeds of its sale of additional stock, \$375,000 will be used for preliminary improvement of its Dorset Woods property, \$106,000 to prepay in full a purchase-money mortgage on its Ednam Forest property and \$120,000 for preliminary improvements of this land, and \$150,000 to complete the development of the company's Meadowdale subdivision; the balance will be used to retire short-term indebtedness incurred to provide construction financing and current working capital and for other corporate purposes, including future land acquisitions and development of properties. In addition to indebtedness, the company has outstanding 800,000 common shares, of which Sam Kornblau, president and chief executive officer, owns 52.8% and John E. Grigg, vice president, 46%. Kornblau proposes to sell 20,000 shares of 422,000 shares held and Grigg 60,000 of 368,000. Marvin L. Presson, Sr., is board chairman.

2B SYSTEM SHARES IN REGISTRATION. 2B System, Inc., 30105 Stephenson Highway, Madison Hts., Mich. 48071, filed a registration statement (File 2-39295) with the SEC on January 28 seeking registration of 315,117 outstanding shares of common stock. These shares may be offered for sale by the holders thereof from time to time at prices current at the time of sale (\$3.75 per share maximum*).

The company is engaged in manufacturing and selling plastic cards preattached to continuous forms, which can be used by a variety of organizations for such applications as bank credit cards, check guarantee cards, membership cards and merchandise credit cards. It has outstanding 725,692 common shares, of which Alex M. Beerbohm, president, and Irving C. Beckman, vice president, own 29.23% each. Each proposes to sell 55,000 of 212,100 shares held each, Morton Globus, a director, all of 49,167 and a large number of others the remaining shares being registered.

PACIFIC G&E TO SELL BONDS. Pacific Gas and Electric Company, 245 Market St., San Francisco, Calif. 94106, filed a registration statement (File 2-39296) with the SEC on January 28 seeking registration of \$150,000,000 of first and refunding bonds, Series WW, due 2003, to be offered for public sale at competitive bidding. A public utility, the company will apply the net proceeds of its bond sale toward the cost of additions to its utility plant. Following the bond sale, the company proposes to retire short-term notes issued for temporary financing of such additions and expected to approximate \$80,000,000 at the time such proceeds are received. Construction expenditures are estimated at \$485,000,000 for 1971 and \$2,228,000,000 for the period 1972 through 1975.

STOCK PLANS FILED. The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

- Brunswick Corporation, Chicago, Ill. 60602 (File 2-39278) - 100,000 shares
- Provident National Corporation, Philadelphia, Pa. 19101 (File 2-39284) - 120,000 shares
- United Can Company, La Mirada, Calif. 90638 (File 2-39290) - \$750,000 of interests in Employee Investment Accounts under its Profit Sharing Retirement and Investment Trust
- Supermarkets General Corporation, Woodbridge, N. J. 07095 (File 2-39293) - 120,000 shares
- Omai Spectra, Inc., Farmington, Mich. 48024 (File 2-39297) - 50,000 shares

MISCELLANEOUS

TRADING BAN CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Continental Vending Machine Corporation for the further ten-day period January 31 through February 9, 1971, inclusive.

DELISTING GRANTED. The SEC has issued an order under the Securities Exchange Act (Release 34-9069) granting an application of the Boston Stock Exchange to strike from listing and registration the capital stock of American Motors Corporation, effective at the opening of business on January 29, 1971. The stock is being delisted upon request of the issuer; it remains listed and registered on the New York and Midwest Stock Exchanges. To avoid an interruption in trading, an order has also been issued granting an application of the Boston Stock Exchange for unlisted trading privileges in the capital stock of American Motors Corporation.

RECENT FORM 8-K REPORTS. 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 January 5 News Digest.

Amdt 8K Reports

Sherwood Diversified Services, Inc. #1 for Jan 70 (13) 0-5038-2	Computer Image Corporation #1 for April 1970 (13) 0-4612-2 #1 for May 1970 (13) 0-4612-2 #1 for June 1970 (13) 0-4612-2
Georgia Factors Inc. #2 for Sept 69 (10,13) 0-659-2	Hamilton Watch Co #1 for Oct 70 (6) 1-181-2
Cayman Corporation #1 for Aug 1970 (2,13) 2-32215-2	Instrument Systems Corp #1 for Sept 70 (7) 1-5643-2
Combustion Engineering Inc. #1 for Nov 1970 (7) 1-117-2	Computer Dimensions, Inc #1 for Oct 1970 (7,13) 0-4541-2
Gamble Skogmo Inc. Nov 70 (7) 1-3478-2	Cavitron Corp #1 for Oct 1970 (7) 1-5575-2
General Houseware Corp #1 for June 1970 (2) 0-4837-2	United Planning Corporation June 1970 (4,7) 2-34950-2
Communication & Studies, Inc. #1 for July 1970 (13) 2-31805-2	A & E Plastik Pak Co Inc. #1 for May 1969 (7) 1-6488-2 #1 for Dec 1969 (2) 1-6488-2 #1 for March 1970 (7) 1-6488-2
Frel Corporation #1 for Sept 1970 (13) 0-4631-2	Cerro Corp #3 for Oct 1970 (8,13) 1-1518-2
Florida East Coast Railway Co. #1 for Nov. 1970 (12) 1-2100-2	Electro-Care-Industries, Inc. #1 for Sept 1970 (3,13) 0-4194-2
Roosevelt Raceway, Inc. July 70 (11) 1-3966-2	
Sensitron, Inc. #1 for Aug 1970 (13) 0-4233-2	

SECURITIES ACT REGISTRATIONS. Effective January 28: Associated Dry Goods Corp., 2-39200; Clarke-Gravelly Corp., 2-39029 (90 days); The Clorox Co., 2-38825; Environment/One Corp., 2-38321 (Apr 28); Hillenbrand Industries, Inc., 2-36354 (90 days); John Nuveen & Co., 2-38775; Oriole Land & Development Corp., 2-36593 (90 days); Pennco Enterprises, Inc., 2-39095 (90 days); Pro-Forma, Inc., 2-37981 (90 days); Sentinel Trustees Fund, Inc., 2-38369.
Withdrawn January 20: Southern Tier Tool Corp., 2-35500. Withdrawn January 25: Diversified Investment Techniques, Inc., 2-36576; Spectrum Equities Fund, Inc., 2-31088; Terracor, 2-37798.
Withdrawn January 27: America Family Recreation Center, 2-32200; Buffalo Business Products Corp., 2-35932; Directions Corp., 2-36866; Matrographics Inc., 2-37209.

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.