

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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FOR RELEASE February 10, 1971

DECISION IN ADMINISTRATIVE PROCEEDING

JOSEPH B. NORTHERN SUSPENDED. The SEC today announced a decision under the Securities Exchange Act (Release 34-9073) in which it ordered the 30 day suspension of Joseph B. Northern, Dallas, Tex., from association with any broker or dealer, effective February 16, 1971, for violating the anti-fraud provisions of the Federal securities laws. The order further provides that for a period of three years after expiration of such suspension, he shall limit his association with any broker or dealer to employment in a supervised capacity. Northern consented to imposition of the sanctions without admitting the allegations.

According to the decision, during the period January 1968 to June 1970, Northern, former vice president of Ling & Co., Inc., violated and aided and abetted violations of Section 17(a) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act in that he sold and recommended to customers the purchase of securities when his firm did not own such securities and failed promptly to deliver securities paid for by such customers. (The Ling firms registration was revoked on December 30, 1970).

STOCK CERTIFICATE PROBLEM DISCUSSED

SMITH URGES FEDERAL LEGISLATION. Commissioner Richard B. Smith, in a speech entitled "A Piece of Paper Revisited" before the February 8, 1971 meeting of the American Bankers Association, Trust Division, in New York City, called for federal legislation abolishing the negotiable stock certificate and providing for a securities processing system capable of handling high volumes of securities transactions. In his speech, Commission Smith stated that the stock certificate was a root cause of the securities industry's operational crisis of 1967-1969 and financial crisis of 1969-70. He went on to say that while various banking and securities industries groups are working on solutions to these problems and are to be encouraged, there is an immediate need to create a non-political national commission, or other specially created group that is adequately staffed, with the sole purpose of considering and drafting federal legislation providing for a modern system to process the increased number of securities transactions. Such a system in his view would necessarily do away with the stock certificate as it is now known.

Commissioner Smith noted that while the legitimate interests of the states must be considered, needs of the national securities markets, the national significance of the securities processing problem and the need for uniformity, an immediate attack on the problem through federal legislation was necessary.

HOLDING COMPANY ACT RELEASES

WESTERN MASS. ELECTRIC RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16993) authorizing Western Massachusetts Electric Company, West Springfield, Mass., an electric utility subsidiary of Northeast Utilities, to solicit shareholder approval of the issuance of short-term unsecured indebtedness in excess of the 10% limitation now set forth in its by-laws in order to give the company greater flexibility in the timing of bond and preferred stock issuances necessary for its future construction financing program.

JERSEY CENTRAL P&L RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16994) authorizing the Jersey Central Power & Light Company, Morristown, N. J. to issue and sell, at competitive bidding, \$35,000,000 of first mortgage bonds, the proceeds of which will be used to pay, in full, outstanding short-term bank notes (estimated at \$26,000,000 at the time of sale) which were incurred for construction purposes, and to partially finance its present construction program.

INVESTMENT COMPANY ACT RELEASES

NOTICE RE INCOME FUND OF AMERICA. The SEC has issued an order under the Investment Company Act (Release IC-6348) giving interested persons until March 5 to request a hearing upon a proposal of the Commission to issue an order declaring that Income Fund of America, Inc., "Fund" (formerly Great Companies of America, Inc., "Company") and Income Fund of America Unit Plans, "Plans" (formerly Great Companies of America Unit Plans, "Company Plans"), both of Englewood, N. J., have ceased to be investment companies. Company, an open-end, diversified, management investment company, registered with the SEC in January 1956 and in May 1956 filed an amendment to change its name. It did not register the name change with the State of Delaware. In October 1958, Fund was dissolved according to Delaware law. Company Plans registered with the SEC in April 1956, listing Company as its sponsor. Neither Company, Company Plans nor their successors have filed or had declared effective a registration statement.

OVER

SEC SEEKS TO TERMINATE JEFFERSON CUSTODIAN FUND. The SEC has issued an order under the Investment Company Act (Release IC-6350) giving interested persons until March 3 to request a hearing upon its own motion for a declaration that Jefferson Custodian Fund, Inc., has ceased to be an investment company. Jefferson registered under the Act on April 26, 1950 and a temporary receiver was appointed in 1958 as a result of an SEC injunction. At a subsequent meeting, Jefferson's stockholders approved a plan proposed by the receiver whereby Jefferson's assets were sold to Broad Street Investing Corporation in exchange for shares of the latter, and to dissolve Jefferson. In June 1959 the court accepted the Final Report and Accounting of the receiver and discharged him.

SECURITIES ACT REGISTRATIONS

LANDCOM TO SELL STOCK. Landcom, Inc., 655 North Main St., Akron, Ohio 44310, filed a registration statement (File 2-39367) with the SEC on February 8 seeking registration of 300,000 shares of common stock, to be offered for public sale at \$5 per share. No underwriting is involved; company officials and participating broker-dealers will receive a 10% selling commission.

Organized in August 1970, the company proposes to engage in the land development business in Arizona, New Hampshire and at Pelee Island, Ontario. Net proceeds of its stock sale will be used in connection with the acquisition of land, its development and improvement, and for architectural services and for working capital and general corporate purposes. The company has outstanding 712,075 common shares (with a 79¢ per share book value), of which Harold J. Baker, board chairman and president, owns 16.7% and management officials as a group 41.8%. Purchasers of the shares being registered will acquire a 29.6% stock interest in the company for their investment of \$1,500,000 (they will sustain an immediate dilution of \$3.14 in per share book value from the offering price); present shareholders will then own 70.4%.

DOMINION MORTGAGE TRUST PROPOSES OFFERING. Dominion Mortgage & Realty Trust (the "Trust"), 1410 Liberty Bank Bldg., Buffalo, N. Y. 14202, filed a registration statement (File 2-39368) with the SEC on February 8 seeking registration of 500,000 shares of beneficial interest with warrants to purchase 500,000 shares, to be offered for public sale in units, each consisting of one share and one warrant. The offering is to be made through underwriters headed by Lief, Werle & Co., 55 Broad St., New York, N. Y. 10004; the underwriting terms are to be supplied by amendment. The company has agreed to pay the Lief, Werle firm \$25,000 for expenses.

The Trust was organized in January to acquire a diversified portfolio of real property investments, consisting primarily of first mortgage construction and development loans, equity interests in real property, intermediate term loans on completed income-producing properties and land loans. It intends to qualify as a real estate investment trust under the Internal Revenue Code. Great Lakes Advisory Service, Inc., will serve as investment adviser. Gordon R. Gross is chairman of the Trust and of the adviser and Roswell S. Buck is president of the Trust and of the adviser.

ACCRUED EQUITIES PROPOSES OFFERING. Accrued Equities, Inc., 122 East 42nd St., New York, N. Y. 10017, filed a registration statement (File 2-39369) with the SEC on February 8 seeking registration of investment contracts with respect to \$1,000,000 of units of various amounts of Scotch whiskey in Government Bond in the United Kingdom and certain ancillary services, to be offered for public sale in minimum amounts of \$2400 per unit. A unit is the purchased gallonage together with the company's interest in furnishing assistance when the purchaser desires to sell his holdings. The company is engaged in offering a means of buying Scotch as a commodity, insuring it with Lloyds of London, while it is stored in a British government bonded warehouse. Maurice L. Schoenwald is president and sole stockholder of the company.

DISCOUNT FABRICS FILES FOR OFFERING AND SECONDARY. Discount Fabrics, Inc., 905 N. W. 17th Ave., Portland, Ore. 97209, filed a registration statement (File 2-39370) with the SEC on February 8 seeking registration of 200,000 shares of common stock, of which 75,000 are to be offered for public sale by the company and 125,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Hambrecht & Quist, 235 Montgomery St., San Francisco, Calif. 94104, and Black & Company, Inc., 621 S. W. Morrison St., Portland, Ore. 97204; the offering price (\$15 per share maximum*) and underwriting terms are to be supplied by amendment.

Organized in 1965, the company is engaged in the retail sale of fabrics and sewing notions for home sewing through 25 retail stores in Oregon, Washington, Montana and Alaska. Of the net proceeds of its sale of additional stock, \$150,000 will be used to retire unsecured, short-term bank loans incurred to provide working capital and to meet other expansion costs; the balance will be added to the company's general funds and used for working capital and to finance new stores (up to \$100,000 may be used to lease instore and home office merchandise control equipment). In addition to indebtedness, the company has outstanding 671,300 common shares (with a \$1.78 per share net tangible book value), of which Bernard I. Galitzki, president, owns 25.1%, management officials as a group 60% and DeMaries H. Galitzki 23.6%. Bernard Galitzki proposes to sell 20,000 of 168,700 shares held, DeMaries H. Galitzki 76,000 of 158,100, Pearl Gold, vice president, 27,000 of 219,400 and Saul Gold 2,000 of 7,500.

LTV AEROSPACE SHARES IN REGISTRATION. LTV Aerospace Corporation, 1600 Pacific Ave., P. O. Box 5003, Dallas, Tex. 75222, filed a registration statement (File 2-39371) with the SEC on February 8 seeking registration of 677,323 shares of common stock. Such shares are issuable pursuant to warrants expiring in 1978, warrants expiring in 1975 and employee stock options granted or to be granted pursuant to the company's qualified and nonqualified stock option plans.

CABOT, CABOT & FORBES TRUST PROPOSES OFFERING. Cabot, Cabot & Forbes Land Trust (the "Trust"), 28 State St., Boston, Mass. 02109, filed a registration statement (File 2-39372) with the SEC on February 9 seeking registration of 1,250,000 shares of beneficial interest and \$25,000,000 of convertible subordinated debentures, due 1991, to be offered for public sale in units, each consisting of five shares and \$100 principal amount of debentures, and at \$200 per unit. The offering is to be made through underwriters headed by Paine, Webber, Jackson & Curtis, Inc., 24 Federal St., Boston, Mass. 02110; the underwriting terms are to be supplied by amendment. Simultaneously with the consummation of the purchase of the units offered, affiliates of Cabot, Cabot & Forbes Co. (a national real estate development and investment company) will sell to the Trust their equity interests in certain land owned by them for \$9,850,000 in cash and 10,000 units and will borrow \$2,766,000 from the Trust.

The Trust was established to acquire equity interests in real estate (principally land underlying commercial, industrial and multi-family residential buildings); its income is expected to be derived primarily from leasing its land to the owners of buildings located thereon. CC&F Real Estate Trust Advisers, Inc., is investment adviser. Gerald W. Blakeley, Jr., chairman of the Trust and the adviser, and Paul F. Hellmuth, president of the Trust and the adviser, are the principal owners of Cabot, Cabot & Forbes Co.

LINCOLN TELEPHONE & TELEGRAPH TO SELL BONDS. The Lincoln Telephone and Telegraph Company, 1440 M St., Lincoln, Neb. 68501, filed a registration statement (File 2-39373) with the SEC on February 9 seeking registration of \$12,500,000 of first mortgage bonds, Series G due 1996, to be offered for public sale through underwriters headed by Dean Witter & Co. Inc., 33 N. Dearborn St., Chicago, Ill. 60602. 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 to the payment of short-term bank loans (expected not to exceed \$8,950,000 at the time of the bond sale) incurred in connection with the financing of the company's construction program; the balance will be applied toward construction expenditures during 1971. Construction expenditures are estimated at \$12,500,000 for 1971.

MISCELLANEOUS

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 December 1970

| | | | |
|---|-----------|--|-----------|
| General American Transportation Corp (13) | 1-2328-2 | Levin-Townsend Service Corp (11,13) | 0-3209-2 |
| Golden Nugget Inc. (3,11) | 0-1413-2 | Liberty Fabrics of New York Inc. (2,13) | 1-3595-2 |
| Integrated Resources Inc (2,13) | 0-4427-2 | Logetronics, Inc (3) | 0-3645-2 |
| Lane Industries, Inc (2,12,13) | 2-30267-2 | Marathon Oil Co (8,12,13) | 1-451-2 |
| Massey-Ferguson Ltd. Jan 1971 (12) | 1-5190-2 | Mesa Petroleum Co (4,7,11,13) | 1-5428-2 |
| Mitsui & Co Ltd. 6K for (April 1, 1970 to Sept 30 1970) | 2-21087-2 | NMC Corp (11) | 0-3338-2 |
| NCNB Corporation (7,13) | 1-6523-2 | Pennsylvania Power & Light Co (7,13) | 1-905-2 |
| Package Products Co., Inc. (7) | 0-5183-2 | Professional Insurance Co of New York (11) | 2-22507-2 |
| Ralston Purina Co (4,13) | 1-4582-2 | Seilon, Inc. Nov 1970 (3,12) | 1-1497-2 |
| Reeves Telecom Corporation (8) | 1-4361-2 | Teleprompter Corp (2,7,13) | 1-4138-2 |
| Royal Land & Development Corp (2,13) | 0-760-2 | Wilson Sporting Goods Co (12) | 1-5435-2 |
| Safeco Corporation (10,12,13) | 0-332-2 | Woodward & Lothrop, Inc. (13) | 0-2445-2 |
| Showboat, Inc. (12) | 0-3971-2 | American Bioculture Inc. (7) | 0-3405-2 |
| Sixty Minute Systems, Inc. (2) | 1-5938-2 | Color Sciences Corporation (12,13) | 2-33252-2 |
| United International Corporation (7,12,13) | 0-3687-2 | Columbus & Southern Ohio Electric Co (7,13) | 1-2680-2 |
| Alleghany Corp (3) | 1-2644-2 | Consumers Power Co (3) | 1-5611-2 |
| American Security Corp (13) | 0-991-2 | Cooper-Jarrett, Inc (13) | 1-4011-2 |
| Armour & Co. (3,4,7,8,10,11,13) | 1-4405-2 | Data General Corporation (7,12) | 2-34320-2 |
| Automatic Service Co (12) | 1-6539-2 | Datronix Rental Corp Nov 1970 (11) | 0-2868-2 |
| Coastal States Gas Producing Co (7) | 1-4718-2 | Jan 1970 (2,12,13) | 0-2868-2 |
| Kennametal Inc (7) | 1-5318-2 | Di Giorgio Corp (7,8) | 1-1790-2 |
| Lanvin-Charles of the Ritz, Inc. (2,13) | 1-4508-2 | Educators Preferred Holding Company (11) | 0-4420-2 |

8K Reports for December 1970 (Con't)

| | | | |
|---|-----------|---|-----------|
| Kinemotive Corporation (2,7,13) | 2-24790-2 | The Deltona Corp (7) | 1-4719-2 |
| Liberty Equities Corp (3,12,13) | 0-2258-2 | Duquesne Natural Gas Company (2,7,13) | 0-4859-2 |
| Lincoln Tower Corporation (2,7,12,13) | 0-4634-2 | Eastern Air Lines, Inc (7,8) | 1-3049-2 |
| McLean Trucking Company (12) | 1-4093-2 | Educational Sciences Programs, Inc. (11,13) | 0-3775-2 |
| Middlesex Water Company (7,13) | 0-422-2 | Facsimile Communications Industries, Inc. (2,13) | 2-31851-2 |
| Ohio Edison Co (11,13) | 1-2578-2 | Gamble Skogmo Inc. (3,7) | 1-3478-2 |
| Package Machinery Company (7,8) | 0-577-2 | B. F. Foodrich Co (7,13) | 1-892-2 |
| Pentair Industries, Inc. (12,13) | 0-4689-2 | Heinicke Instruments Co (8) | 1-4604-2 |
| Petroleum Exploration (2,11,13) | 0-2726-2 | Heritage Rembrandt Corp (12,13) | 0-4199-2 |
| Safeguard Industries, Inc (7,12) | 1-5620-2 | Jantzen Inc (12,13) | 1-6218-2 |
| Texaco, Inc. (13) | 1-27-2 | Interstate Brands Corporation (8) | 1-4969-2 |
| United Merchants & Manufacturers, Inc. (7,13) | 1-3185-2 | Iowa Public Service Co (12,13) | 1-5131-2 |
| U. S. Plywood-Champion Papers, Inc. (11,13) | 1-3053-2 | Keymaster Corp (2,1,3,6,7,8,10,13) | 0-1539-2 |
| Avco Corp (2,13) | 1-124-2 | Medalist Industries Inc (12,13) | 1-6322-2 |
| Brinkmann Instruments, Inc. (12) | 0-3300-2 | Mercantile Stores Co (7,13) | 1-3339-2 |
| Botany Industries, Inc. (4,7,8,13) | 1-5317-2 | North American Data Systems Inc. (12,13) | 2-29312-2 |
| Fedders Corp (2,4,7,11,13) | 1-2150-2 | Public Service Co. of Indiana, Inc. (7) | 1-3543-2 |
| Home Beneficial Life Insurance Co (1,2) | 2-26172-2 | L. L. Ridgway Enterprises, Inc. (8) | 0-1869-2 |
| Kysor Industrial Corp (7,13) | 1-6378-2 | Ryder System, Inc (12) | 1-4364-2 |
| Litton Industries, Inc. (4,8,11,13) | 1-3998-2 | Visual Art Industries Inc. (7) | 1-5791-2 |
| Manhandle Eastern Pipe Line Co (13) | 1-2921-2 | Anaconda Co (3,7,13) | 1-2280-2 |
| Sunnydale Farms, Inc (8) | 1-6045-2 | Hexagon Laboratories Inc. (11,13) | 0-2301-2 |
| United Aircraft Corporation (13) | 1-812-2 | Information and Computing Centers Corp (1,2,13) | 0-3878-2 |
| United Industrial Corp (7,13) | 1-4252-2 | Johathan Logan Inc (7) | 1-4276-2 |
| Vetco Offshore Industries, Inc. (12,13) | 1-5889-2 | Kane Miller Corp (7,8) | 1-5014-2 |
| Williamette Industries, Inc. (7,13) | 0-3730-2 | Kinney National Service Inc. (12) | 1-4671-2 |
| Abto, Inc. (11) | 2-34928-2 | McCulloch Oil Corp (7,13) | 1-3924-2 |
| American Broadcasting Companies, Inc. (4,7,8,13) | 1-3534-2 | Herbert Arthur Morris Advertising, Inc. (7,12) | 1-6195-2 |
| American Motor Inns, Inc. (11,13) | 1-5369-2 | Nov 1970 (3,7) | 1-6195-2 |
| L.S. Ayres & Co. (1,4,13) | 0-1316-2 | New Dimensions in Educations, Inc. (11,13) | 2-29122-2 |
| Charter New York Corp (12) | 1-5717-2 | Peoples Gas Company (12) | 1-5540-2 |
| | | Peoples Gas Light & Coke Co. (12) | 2-26983-2 |
| | | Prudential Funds, Inc. (7,13) | 1-6277-2 |
| | | Prudential Minerals Exploration Corp (11) | 0-4110-2 |

SECURITIES ACT REGISTRATIONS. Effective February 9: Allied Artists Pictures Corp., 2-39071 (40 days); American Telephone and Telegraph Corp., 2-39251; Applied Magnetics Corp., 2-38847 (40 days); Burlington Industries, Inc., 2-39192; Children's World, Inc., 2-37519 (90 days); Cousins Mortgage and Equity Investments, 2-39028; Demetrios Inc., 2-38886 (90 days); Development International Corp., 2-36995 (40 days). Withdrawn February 4: Revell, Inc., 2-36577. Withdrawn February 5: Visual Information Products, Inc., 2-36254. Withdrawn February 8: Rush Industries, Inc., 2-37578.

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.