

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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## COMMISSION ANNOUNCEMENT

**SEC COMMENTS TO NYSE ON NET CAPITAL RULE.** The SEC has released a summary of a letter dated February 10, 1971 which its staff sent to the New York Stock Exchange commenting on proposals to amend NYSE Rule 325 (the "net capital rule"), transmitted by the Exchange's letter of January 21, 1971. The letter referred to prior meetings with the Exchange and to inspections conducted of the Exchange's interpretation and administration of the net capital rule. It also referred to prior communications with the Exchange detailing the gap which has arisen between the Commission's net capital rule and the Exchange's, and examples were given of significant differences in interpretation between the two rules. The letter also made specific suggestions for raising the Exchange's standards of financial responsibility in order to protect public customers and the Exchange community itself. Comments were expressed with respect to four specific areas in which the Exchange's rule would be amended.

**MUTUAL FUND DILUTION CAUSED BY IMPROPER SETTLEMENTS.** The SEC today expressed concern that a number of open-end investment companies ("funds") do not make prompt and diligent efforts to protect their shareholders against the dilution of net asset value which usually results when orders for the sale, repurchase, or redemption of fund shares are not honored by investors, and the funds later merely cancel or reverse the transactions on their records. Also, when under these circumstances, investment companies fail to require prompt settlement of transactions in fund shares, they are, in effect, extending non-interest bearing loans at their own risk. Release No. IC-6366 discusses the problems arising from current practices employed by many investment companies and sets forth the Commission's views as to how the situations should be properly handled.

## NEW RULES AND RULE PROPOSALS

**EFFECTIVE DATE OF AMENDMENTS TO FORMS S-1, S-9 and S-11.** On February 26, 1971 the Commission announced the adoption of amendments to Form S-1, S-9 and S-11 which require the furnishing of source and application of funds statements for each fiscal year or other period for which a profit and loss statement is required (Release 33-5135). Notice of the proposed amendments was published November 20, 1970 (Release 33-5111). The effective date of the amendments is March 26, 1971. The question has been raised as to whether the amendments apply only to registration statements filed on or after that date or whether they also apply to statements filed prior to that date which become effective on or after that date. The amendments apply to all registration statements which become effective on or after March 26, 1971 whether they were filed before or after that date. However, if in a particular case the applicability of the amendments to a statement filed prior to March 26, 1971 would work a hardship upon the registrant, the registrant may request a waiver of the requirement as applied to that statement.

## DECISION IN ADMINISTRATIVE PROCEEDING

**HAIGHT GRANTED 5 DAY EXTENSION OF STAY.** The SEC yesterday granted a 5-day extension through March 11, of the 10-day stay previously granted to Haight & Co. Inc., (formerly Hodgdon & Co. Inc.), Washington, D. C., James F. Haight, Burton Kitain, W. Lyles Carr, Jr., David M. Adam, Jr., James W. Harper III, Homer E. Davis and Robert F. Kibler of its February 19 order imposing remedial sanctions. The Commission refused to grant respondents' request that the 10-day stay be extended until such time as the DC Court of Appeals rules on their motion for a stay pending appeal, noting that respondents had not applied to the Court for a stay until seven days after the Commission had granted the 10-day stay, and notwithstanding the implication in their initial motion to the Commission that a 10-day stay would provide adequate time to obtain a ruling from the court.

## COURT ENFORCEMENT ACTIONS

**COMPLAINT NAMES OCCIDENTAL PETROLEUM AND HAMMER.** The SEC yesterday announced the filing of a complaint in Federal court in New York seeking to enjoin Occidental Petroleum Corporation, a Los Angeles based corporation, whose common and preferred stock is listed on the New York Stock Exchange, and Armand Hammer, board chairman and chief executive officer, from violating the anti-fraud provisions of the Federal securities laws respecting Occidental. (LR-4922)

OVER

**ORIN R. DUDLEY CO. RESTRAINED.** The SEC New York Regional Office today announced that on February 19 the Federal court in New York issued a temporary restraining order restraining Orin R. Dudley, individually and doing business as Orin R. Dudley Co. of New York, a registered broker-dealer, from violating the net capital and bookkeeping provisions of the Federal securities laws, and freezing the assets of Dudley pending the Commission's motion for a preliminary injunction. The court is also expected to appoint a receiver of Dudley's assets until such time as the Securities Investor Protection Corporation determines whether or not it will petition the court for the appointment of a trustee to replace the receiver. (LR-4923)

**COMPLAINT CITES CONTINENTAL TRAVEL AND WORLD-WIDE REALTY.** The SEC today announced the filing of a complaint in Federal court in Washington seeking court orders directing Continental Travel, Inc., Boston, and World-Wide Realty & Investing Corporation of New York to comply with the reporting requirements of the Securities Exchange Act. The complaint alleges that Continental Travel failed to file annual reports Form 10-K for the fiscal year ended April 30, 1970 as well as semi-annual reports, and that World Wide Realty failed to file annual 10K reports for the year ended April 30, 1970 and semi-annual reports for six month periods in 1965, 69 and 70. The Commission expects that additional actions will be filed in the future against other issuers delinquent in filing reports required by the Exchange Act. (LR-4924)

**SHELBY SECURITIES RESTRAINED.** The SEC New York Regional Office today announced that the Federal court in New York on February 26 issued a temporary restraining order, restraining Shelby Securities, Inc., New York broker-dealer, and Harry Axelrod, an officer and majority shareholder of Shelby from violating the net capital and anti-fraud provisions of the Federal securities laws. The defendants consented to the order. A complaint was filed on February 24 seeking an injunction of the alleged violations. (LR-4925)

**HARRISON, HOLIDAY, OTHERS ENJOINED.** The SEC Denver Regional Office today announced that the Federal court in Salt Lake City issued orders of permanent injunction during the period February 3 through February 25 enjoining the following from violating certain provisions of the Federal securities laws in the offer and sale of securities of Universal Industries, Inc., and Unirex, Inc.; Clyde Dwayne Harrison, Richard B. Holliday, Lewis H. Larsen, Laura M. Nichols, Robert W. Shields, Norvin Todd Tripple and J. Reed Tuft, all of Salt Lake City and Robert A. Williams of Coalville, Utah. All of the defendants consented to the injunctions without admitting the allegations except Shields, against whom judgment was entered by default. (LR-4926)

#### INVESTMENT COMPANY ACT RELEASES

**ARTHUR ANDERSEN FUND SEEKS ORDER.** The SEC has issued an order under the Investment Company Act giving interested persons until March 18 to request a hearing upon an application of Arthur Andersen & Co., New York public accounting partnership, and Arthur Andersen's Fund A Partnership, a mutual fund, to exempt Fund A from certain provisions of the Act. Arthur Andersen organized Fund A to enable Arthur Andersen partners to pool their investment resources in a manner consistent with the interests of the accounting firm. Fund A has filed a registration statement with the Commission for the partnership interest it is offering to sell to Arthur Andersen partners, participating principals and overseas representatives (File 2-36748). (IC-6369)

**FIRST PROVIDENT SEEKS ORDER.** The SEC has issued an order under the Investment Company Act giving interested persons until March 22 to request a hearing upon an application of The First Provident Company, Inc., Sanford, N. C., the George Putnam Fund of Boston, Boston mutual fund, and certain other stockholders of First Provident (State Mutual Life Assurance Company of America, Charles M. Reeves, Jr. and Lofton L. Tart) for an order permitting applicants to jointly sell shares of common stock of First Provident in a proposed public offering.

The Fund and State Mutual Life each own 10% of the outstanding common stock of First Provident. Charles Reeves, board chairman and president of First Provident, owns 48.4% of its outstanding common stock and Lofton Tart, a vice president, owns 2.3%. First Provident has filed a registration statement with the Commission proposing the public offering of 200,000 shares of common stock, of which 125,000 shares would be offered by First Provident, 30,000 by Reeves, 5,000 by Tart, 20,000 by State Mutual and 20,000 by the Fund. (IC-6371)

**BALDWIN SECURITIES PROCEEDING DISCONTINUED.** The SEC has issued an order under the Investment Company Act discontinuing the hearing scheduled on the application of Baldwin Securities Corporation, New York closed-end investment company, for exemption from certain provisions of the Act of various transactions incident to a proposed merger of Baldwin and Beco Industries Corporation. Baldwin withdrew its application because of "... recent developments in certain contingent obligations of Beco." (Release IC-6372)

#### HOLDING COMPANY ACT RELEASES

**NARRAGANSETT ELECTRIC RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act authorizing The Narragansett Electric Company, Providence, R. I., subsidiary of New England Electric System, to issue and sell 200,000 shares of \$50 par cumulative preferred stock at competitive bidding. Net proceeds will be applied toward the payment of outstanding short-term notes (estimated at \$13,300,000) incurred to temporarily finance construction expenditures pending permanent financing. (Release 35-17024)

**MIDDLE SOUTH SEEKS ORDER.** The SEC has issued an order under the Holding Company Act giving interested persons until March 18 to request a hearing upon an application of Middle South Utilities, Inc., New York, and two subsidiaries, Middle South Services, Inc., the system service company, and Arkansas Power & Light Company, an electric utility. It is proposed to establish a new Middle South System Operations Center in Pine Bluff, Ark., to be owned and operated by Services for the System. To finance the Center, Services would require some \$8,250,000 of additional capital. To meet the cost of the New Bulk Power Management System designed for the Center and related equipment, it is proposed that Services issue and sell from time to time prior to June 30, 1974, up to \$6,400,000 of unsecured notes to banks. To finance the remaining costs of the Center (\$1,850,000) and to provide Services with \$750,000 of additional working capital, it is further proposed that Services issue and sell to its parent from time to time prior to June 30, 1975, up to \$2,600,000 of unsecured notes. (Release 35-17025)

#### SECURITIES ACT REGISTRATIONS

**RALPH PARSONS CO. FILES FOR SECONDARY.** The Ralph M. Parsons Company, 617 W. 7th St., Los Angeles, Calif. 90017, filed a registration statement with the SEC on March 1 seeking registration of 300,000 outstanding shares of common stock, to be offered for public sale by the holder thereof. The offering is to be made through underwriters headed by Lehman Brothers Inc., One William St., New York 10004; the offering price (\$26.125 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in a variety of projects, ranging from the design and construction of oil refineries for private industry to the design and engineering of support facilities for the ballistic missile and space programs of the U. S. Government. It has outstanding 2,225,625 common shares, of which Ralph M. Parsons, board chairman and chief executive officer, owns 74%. He proposes to sell 300,000 of 1,650,000 shares held. Milton Lewis is president. (File 2-39521)

**TEXAS GAS TRANSMISSION PROPOSES OFFERING.** Texas Gas Transmission, 3800 Frederica St., Owensboro, Ky. 42301, filed a registration statement with the SEC on March 2 seeking registration of \$40,000,000 of debentures, due 1991, and 500,000 shares of common stock, to be offered for public sale through underwriters headed by Dillon, Read & Co. Inc., 46 William St., N. Y. 10005. The interest rate on the debentures, offering price (\$38 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in operations through five principal divisions: gas transmission services, inland waterways services, trucking services, offshore marine and dredging services and oil and gas exploration and production. Net proceeds of its financing will be applied to the payment of outstanding interim loans (\$15,000,000, which were incurred in part to pay for new pipeline facilities constructed in 1970) and to finance the construction of new pipeline facilities during 1971 (estimated at \$32,500,000); with the balance to be available for general corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 6,752,936 common shares. W. M. Elmer is board chairman and chief executive officer and F. K. Rader, president. (File 2-39523)

**LANCER PACIFIC PROPOSES OFFERING.** Lancer Pacific, Incorporated, 2814-B Metropolitan Place, Pomona, Calif. filed a registration statement with the SEC on March 1 seeking registration of 220,000 shares of common stock and warrants to purchase 110,000 shares of common stock, to be offered for public sale in units, each consisting of 2 shares and 1 warrant. The offering is to be made through underwriters headed by Redmond, Luxenberg & Associates, Inc., 210 West 7th St., Los Angeles, Calif. 90014; the offering price (\$12 per unit maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the underwriters \$15,000 for expenses and to sell to Redmond, Luxenberg, for \$100, five-year warrants to purchase 10,000 shares, exercisable initially (after one year) at \$6 per share.

The company designs, develops, manufactures, markets and sells a selected variety of precision-made orthodontic appliances for use by doctors of dental surgery. Of the net proceeds of its stock sale, \$217,000 will be used to retire in full a short-term bank loan secured by a security interest in certain machinery and equipment, and the balance will be added to the company's general funds and used for general corporate purposes. In addition to indebtedness, the company has outstanding 249,000 common shares (with a 37¢ per share book value deficit), of which Patrick B. Martin, board chairman and president, owns 22.3% (File 2-39519)

**WAYMON TO SELL STOCK.** Waymon, Inc., 2480 Browncroft Blvd., Rochester, N. Y. 14625, filed a registration statement with the SEC on March 1 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$20 per share. No underwriting is involved.

The company was organized in 1967 to engage in real estate speculation and other real estate activities. Of the net proceeds of its stock sale, \$85,000 will be used for a land purchase commitment, \$1,400,000 for future real estate investment 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 66,040 common shares (with a \$2.43 per share book value), of which Allan D. Moore, president, owns 10.4% and management officials as a group 67.5%. Purchasers of the shares being registered will acquire a 60% stock interest in the company for their investment of \$2,000,000 (they will sustain an immediate dilution of \$6.99 in per share book value from the offering price); present shareholders will then own 40%, for which they will have invested \$226,910, or an average of \$3.44 per share. (File 2-39520)

**PENNZOIL UNITED TO SELL DEBENTURES.** Pennzoil United, Inc., 900 Southwest Tower, Houston, Tex. 77002, filed a registration statement with the SEC on March 1 seeking registration of \$75 million of debentures, due 1996, and \$50 million of convertible subordinated debentures, due 1996. The offerings are to be made through underwriters headed by White, Weld & Co., 25 Broad St., and Lehman Brothers, One William St., both of New York City; the interest rates, offering prices and underwriting terms are to be supplied by amendment.

The company is a natural resource company engaged in oil and gas exploration; production, refining and marketing of Pennzoil motor and related products; natural gas transmission; and the mining and processing of certain minerals. Net proceeds of its debenture sale will be used to pay indebtedness outstanding under the company's bank credit agreement (\$120 million at the date of this statement); and any balance will be added to its general corporate funds. J. Hugh Liedtke is board chairman and chief executive officer and William C. Liedtke, Jr., president. (File 2-39522)

**ELECTRONIC ASSISTANCE SHARES IN REGISTRATION.** Electronic Assistance Corporation, 18-01 Pollitt Dr., Fair Lawn, N. J. 07410, filed a registration statement with the SEC on March 2 seeking registration of 55,206 outstanding shares of common stock. (Of these shares, 25,206 were issued as partial consideration in connection with the acquisition of common stock of International Patents & Development Corp. and 30,000 were issued in consideration for the acquisition of all the outstanding common stock of Monterey Manufacturing Company). These shares may be offered for sale from time to time by the holders thereof at prices current at the time of sale (\$6.125 per share maximum\*). The company is engaged in the manufacture and sale of hardware and electro-mechanical products, electronic and communications products, in offset lithography and letter press printing and in advertising display. In addition to indebtedness, the company has outstanding 1,895,598 common shares. Alan J. Woodfield is president and Herman E. Anstatt, Jr., board chairman. Howard Price may sell all of 25,206 shares held and Fred Winkler and Paul Walach all of 15,000 shares held each. (File 2-39524)

**LONG ISLAND LIGHTING TO SELL BONDS.** Long Island Lighting Company, 250 Old Country Rd., Mineola, N. Y. 11501, filed a registration statement with the SEC on March 2 seeking registration of \$40,000,000 of first mortgage bonds, Series U, to be offered for public sale at competitive bidding. A public utility, the company will apply the net proceeds of its bond sale to construction of utility plant and towards repayment of outstanding indebtedness incurred to construct utility plant. Construction expenditures are estimated at \$135,000,000 for 1971. (File 2-39525)

**SECURITIES ACT REGISTRATIONS. Effective March 4:** American Airlines, Inc., 2-39380; American Garden Products, Inc., 2-39041 (90 days); Data Trends, Inc., 2-39059 (40 days); Duke Power Co., 2-39451; Fiberstatics Corp., 2-38660 (90 days); Gulf Mortgage and Realty Investment, 2-36714 (90 days); The Lubrizol Corp., 2-39436; Medispas, Inc., 2-36855 (90 days); The Narragansett Electric Co., 2-39336; Pet Inc., 2-39397.

**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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