

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 April 1, 1971

COMMISSION ANNOUNCEMENT

SEC RELEASES CORRESPONDENCE WITH NASD RE 22(b) STUDY. The Commission has released the correspondence between the National Association of Securities Dealers, Inc., and the Commission concerning the implementation by the Association of the study the Association undertook to perform in accordance with Section 22(b) of the Investment Company Act of 1940 as amended by the Investment Company Act Amendments Act of 1970.

DECISION IN ADMINISTRATIVE PROCEEDING

MERMELSTEIN BARRED. The SEC today announced a decision under the Securities Exchange Act of 1934 in which it barred Sheldon Mermelstein, Baltimore, Md. from being associated with any broker, dealer, registered investment company and registered investment adviser for violating the anti-fraud provisions of the Federal securities laws. Mermelstein, without admitting or denying the allegations, consented to findings of violations and to the imposition of the sanctions.

According to the Commission's decision, during the period January through July 1969, Mermelstein dominated, controlled and manipulated the market for the stock of Computer Counseling, Inc., and made false and misleading statements concerning a prospective rise in its price, the speculative nature and listing on the American Stock Exchange of Computer stock, the financial condition, future earnings, and identity of the management of Computer and proposed mergers and acquisitions of other companies by it. (Release 34-9120)

COURT ENFORCEMENT ACTION

ARTHUR ANDERSEN CO. ENJOINED. The SEC today announced that on March 24 the Federal court in Philadelphia permanently enjoined Arthur Andersen & Co. from violating the anti-fraud and reporting provisions of the Federal securities laws in connection with annual reports on Form 10K of Utilities Leasing Corporation. Arthur Andersen without admitting the allegations and having withdrawn its consent to the use of its report of February 23, 1970 in connection with Utilities Leasing's financial statements for the fiscal year ended September 30, 1969 included in the Annual Report on Form 10-K for such year, consented to the injunction. (LR-4952)

INVESTMENT COMPANY ACT RELEASES

EVERYMAN FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act permitting Everyman Fund, Inc., Cleveland, Ohio to suspend the right of redemption of its outstanding redeemable securities and payment for shares already submitted for redemption for which payment has not been made until either (1) 10 days after the Fund gives the Commission notice of intention to resume redemptions and payments therefor, or (2) the Commission on its own initiative rescinds the order granted herein. (Release IC-6421)

PENN PACIFIC RECEIVES ORDER. The SEC has issued an order under the Investment Company Act temporarily exempting from certain provisions of the Act, Penn-Pacific Corp. of Harrisburg, Pa., pending action by the Commission on Penn's application of January 29, 1971 for an order declaring that it is not an investment company, or in the alternative, an order exempting it, subject to certain appropriate terms and conditions, from the provisions of Section 7 of the Act, for a period of at least one year from the date of the order. (Release IC-6422)

STANDARD SHARES RECEIVES ORDER. The SEC has issued an order under the Investment Company Act upon an application by Standard Shares, Inc., New York closed end investment company, its subsidiary Pittway Corporation, and George Barr a Pittway vice president approving the exercise by Barr of options to purchase 1,803 shares of Pittway common stock. (Release IC-6423)

HOLDING COMPANY ACT RELEASES

VERMONT YANKEE NUCLEAR SEEKS ORDER. The SEC has issued an order under the Holding Company Act giving interested persons until April 21 to request a hearing on the application of Vermont Yankee Nuclear Power Corporation, Rutland, Vt. to sell at competitive bidding \$15 million of first mortgage bonds Series B, 1998, to be issued under the First Mortgage Indenture of October 1, 1970 between Vermont Yankee and the Bankers Trust Company of New York. Proceeds will be used to repay short term borrowings incurred to finance the construction of the generating plant and for future construction costs. (Release 35-17074)

VERMONT YANKEE SEEKS ORDER. The SEC has issued an order under the Holding Company Act giving interested persons until April 21 to request a hearing on the application of Vermont Yankee Nuclear Power Corporation, Rutland, Vt., to submit to holders a proposal to amend the Indenture of October 1, 1970 between Vermont and Bankers Trust Company of New York in order to enable Vermont Yankee to obtain its remaining permanent capital requirement of \$25 million through the sale of \$15 million of first mortgage bonds and \$10 million of

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preferred stock. The modification of the indenture will require consent of the holders of at least 2/3 of the principal amount of the Series A bonds outstanding (\$80 million). (Release 35-17075)

AEP RECEIVES ORDER. The SEC has issued an order under the Holding Company Act authorizing American Electric Power Company, Inc. to increase from \$40 million to \$75 million the amount of cash capital contributions to be made to its subsidiary, Appalachian Power Company whose construction program for the first half of 1971 is estimated at more than \$70 million. (Release 35-17076)

CONNECTICUT L&P RECEIVES ORDER. The SEC today issued an order under the Holding Company Act authorizing Connecticut Light and Power Company to amend the company's certificate of incorporation to increase from 3 million to 3.5 million the number of authorized preferred shares and to permit the issuance of short term unsecured indebtedness in excess of the 10% limitations now set forth in its Charter. (Release 35-17077)

NORTHEAST UTILITIES SEEKS ORDER. The SEC has issued an order under the Holding Company Act giving interested persons until April 26 to request a hearing on application of Northeast Utilities Service Company, a subsidiary of Northeast Utilities of Hartford, for an extension of time to June 30, 1976 within which notes and shares may be issued by Service Company and acquired by the Holding Company. Maximum principal amount of notes to be at any one time outstanding will be \$10,000,000. (Release 35-17078)

NEW ENGLAND ELECTRIC SEEKS ORDER. The SEC has issued an order under the Holding Company Act giving interested persons until April 26 to request a hearing on the application of New England Electric System, Westborough, Mass. to issue and sell at competitive bidding, 1 million additional shares of its authorized but unissued common shares, par value \$1, the proceeds of which are to be added to its general funds and made available to its subsidiary companies for their respective construction programs either by loans or purchase of additional shares of their capital stock. (Release 35-17079)

SECURITIES ACT REGISTRATIONS

*ILLINOIS BELL TO SELL BONDS. Illinois Bell Telephone Company, 225 W. Randolph St., Chicago, Ill. 60606, filed a registration statement with the SEC on March 26 seeking registration of \$200 million of first mortgage bonds, Series K, due 2006, to be offered for public sale at competitive bidding. A subsidiary of AT&T, the company will apply the net proceeds of its bond sale toward repayment of advances from the parent and notes payable (estimated at \$80 million and \$130 million, respectively, at the time such proceeds are received). Construction expenditures are estimated at \$389 million for 1971. (File 2-39764)

*COMMONWEALTH EDISON PROPOSES RIGHTS OFFERING. Commonwealth Edison Company, One First National Plaza, P.O. Box 767, Chicago, Ill. 60690, filed a registration statement with the SEC on March 26 seeking registration of 4,250,000 shares of cumulative preference stock (\$25 per share stated value) and 4,250,000 common stock purchase warrants. It is proposed to offer these securities for subscription by common stockholders of record April 13 in units, each consisting of one share and one warrant, and at the rate of one unit for each ten shares held. The offering is to be made at (**at \$40 per unit maximum) through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine St., New York 10005. Net proceeds of its stock sale will be added to the company's working capital for application toward repayment of short-term commercial paper notes (\$63,500,000 at March 24) issued and to be issued primarily for interim financing of its construction program. Construction expenditures are estimated at \$590 million in 1971, \$400 million in 1972, \$400 million in 1973, \$530 million in 1974 and \$580 million in 1975. (File 2-39765)

FIRST BUILDERS BANCORP TO SELL STOCK. First Builders Bancorp., 235 W. MacArthur Blvd., Oakland, Calif. 94611, filed a registration statement with the SEC on March 26 seeking registration of 100,000 shares of common stock, to be offered for public sale (**at \$25.50 per share maximum) through underwriters headed by Sutro & Co. Inc., 460 Montgomery St., San Francisco, Calif. 94104.

Until May 1970, the company was a wholly-owned subsidiary of Savings Financial, a savings and loan holding company (which company was dissolved and First Builders' common stock was distributed to the parent's stockholders). First Builders is engaged through subsidiaries in the design, construction and sale of "cluster" home developments and in related activities. Net proceeds of its stock sale will be used for additional working capital for the company's subsidiaries, primarily U. S. Development Corporation, and a major portion will ultimately be used to acquire land for development or to finance construction on developments in progress. The company has outstanding 471,556 common shares (with an 87¢ per share net tangible book value), of which Joseph H. Kanter, board chairman, owns 37% and management officials as a group 80%. (File 2-39766)

KNIGHT NEWSPAPERS SHARES IN REGISTRATION. Knight Newspapers, Incorporated, 44 East Exchange St., Akron, Ohio 44308, filed a registration statement with the SEC on March 26 seeking registration of 150,000 shares of common stock, which have been or will be offered pursuant to the company's Employee Stock Option Plan of 1971. (File 2-39767)

ADDISON-WESLEY PUBLISHING SHARES IN REGISTRATION. Addison-Wesley Publishing Company, Inc., South St., Reading, Mass. 01876, filed a registration statement with the SEC on March 26 seeking registration of 50,000 shares of Class B common stock, which may be issued upon exercise of options granted or to be granted pursuant to the company's Key Employee Nonqualified Stock Option Plan. (File 2-39768)

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