

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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U.S. SECURITIES & EXCHANGE COMMISSION

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FOR RELEASE April 20, 1971

COMMISSION ANNOUNCEMENT

GOVERNMENT, EXCHANGE LEADERS AIR INDUSTRY PROBLEMS. The SEC yesterday hosted a meeting in Washington with the major self-regulatory bodies to discuss the operational capability of the securities industry and related topics. Participating stock exchanges were the New York, American, Midwest, Pacific Coast, Philadelphia-Baltimore-Washington, Detroit, Cincinnati and Boston, and the National Association of Securities Dealers. The Chairman of the Securities Investor Protection Corporation attended the meeting, as did representatives from the Federal Reserve System. It was chaired by Commissioner James J. Needham, with the participation of SEC Chairman William J. Casey, Commissioner Richard B. Smith and members of the SEC staff.

Each of the self-regulatory organizations reported that its member firms were not experiencing any significant difficulties in processing the current level of trading volume, and that the industry had sufficient excess capacity to handle a considerably higher volume of trading without undue strain. These surveillance activities have been greatly expanded in quantity and quality over past efforts. The participants agreed on two major intermediate to long-term measures as being vital to the continued efficiency of the operational sector of the industry. First, the development of a nationwide system for clearing OTC transactions, and the development of a central depository (or depositories) to immobilize stock certificates.

It was also agreed that the self-regulatory bodies would communicate further with the Commission with regard to a more extensive conference on long term measures which are being discussed by the industry with regard to improvements of the operations systems and the capitalization of brokerage firms.

COMMISSION REAFFIRMS POSITION ON BLAIR & CO. The SEC last week expressed the hope that adjudication of the bankruptcy of Blair and Company, New York registered broker-dealer on April 14, 1971, will not serve to delay further the efforts of the New York Stock Exchange in accordance with its previously announced undertaking, to make whole Blair & Company's customers. To that end, the Commission has indicated that it will continue to press for the speediest possible delivery of customer funds and securities and to urge the court, in the exercise of its equitable powers and in the public interest, to allow the New York Stock Exchange to liquidate Blair & Co., in fulfillment of its previously announced undertaking. (Release 34-9150)

RULES AND RULE PROPOSALS

SEC REQUIRES REPORTS OF SECURITIES SALES OF NEW REGISTRANTS. The SEC has adopted a new rule and form requiring issuers filing a registration statement under the Securities Act of 1933 for the first time to file with the Commission reports of sales of securities registered under the Act and the application of the proceeds from such sales.

The first report is to be made three months after the effective date of the registration statement. Thereafter reports are to be made at six-month intervals during the period of the offering and until the proceeds have been applied by the registrant. Upon the completion or termination of the offering and application of the proceeds, a final report is to be made and the duty to file such reports will thereupon cease. (Release 33-5141)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS.

NASD SANCTIONS AFFIRMED AGAINST BARRACO. In a decision under the Securities Exchange Act announced today, the SEC sustained findings of the NASD that Barraco and Co. of Salt Lake City and its president, Paul Barraco, had violated certain of its Rules of Fair Practice. However, although the Commission affirmed the sanction of expulsion from NASD membership imposed by the Association on the firm, it modified the revocation of Barraco's registration as a registered representative to a 30-day suspension, with the additional condition that, for a period of one year after the effective date of such suspension, Barraco not become registered with a member firm as a principal exercising managerial functions. The Commission sustained the NASD's findings of the member's failure to comply with the Commission's net capital rule, to file subordination agreements with the Association and to maintain written supervisory procedures and certain records. It also affirmed the NASD's findings that credit had been extended to customers in contravention of Regulation T of the Federal Reserve Board and that the firm and Barraco had improperly dealt with non-Association member broker-dealers on preferential terms.

In reducing the sanction imposed on Barraco the Commission noted that the gravamen of the findings of violation related to managerial matters in which Barraco was inexperienced and had sought to obtain expert advice and assistance, and that it had set aside several findings of violations which the NASD had made against Barraco. The suspension of Barraco was made effective as of the opening of business on April 26, 1971. (Release 34-9149)

OVER

COURT ENFORCEMENT ACTIONS

JET CRAFT, PRESIDENT SENTENCED. The SEC San Francisco Regional Office today announced that on April 2 the Federal court in San Francisco sentenced John E. Morgan, president of Jet Craft Ltd., of Las Vegas, to six months in prison on each of two counts for criminal contempt to be served consecutively, and fined him \$1000 on each count, for criminal contempt of an injunction entered on December 20, 1968, enjoining violations of the registration provisions of the Federal securities laws in connection with the offer and sale of securities of Jet Craft Ltd.

In addition, the court fined George Losier, Newhall, Calif., and Noel Pennington, Belmont, Calif., \$500 each for criminal contempt of the injunction. (LR-4972)

CAPITAL COUNSELLORS/CAPITAL ADVISORS RECEIVE NEW FISCAL AGENT. The SEC New York Regional Office today announced that on April 8 the Federal court in New York vacated the appointment of Arthur Andersen & Co., as fiscal agents for Capital Counsellors, Inc., and Capital Advisors, Inc., defendants in an action instituted by the Commission, and appointed Sydney B. Wertheimer, Esq., of New York as fiscal agent for the corporate defendants and Haskins & Sells accountants, to conduct a certified audit of the corporate defendants. (LR-4973)

COMPLAINT CITES BUDIN & CO. The SEC New York Regional Office today announced the filing of a complaint in Federal court for New Jersey against Philip S. Budin & Co. Inc., registered broker-dealer of Jersey City seeking to enjoin the company and its president, Philip S. Budin, from violating the Commission's net capital rule, and requesting the appointment of a receiver and a temporary restraining order. (LR-4974)

INVESTMENT COMPANY RELEASES

HALCYON FUND. The Commission has issued an order under the Investment Company Act giving interested persons until May 7 to request a hearing on an application of Halcyon Fund, Inc., of New York, for an order declaring that it has ceased to be an investment company as defined in the Act. Applicant represents that it has no assets or shareholders and that it has filed a certificate of dissolution with the state of incorporation. (Release IC-6458) 1/

DEVELOPERS SMALL BUSINESS INVESTMENT CORP. The Commission has issued an order under the Investment Company Act declaring that the Developers Small Business Investment Company, of New York, has ceased to be an investment company as defined in the Act. (Release IC-6459)

FIRST AMERICAN-AUSTRALIAN INVESTORS. The Commission has issued an order under the Investment Company Act giving interested persons until May 6 to request a hearing on application of First American-Australian Investors Ltd. of Canberra, Australia, for an order permitting it to register as an investment company under the Act and to make a public offering of its securities in the United States. The company has been organized for the purpose of engaging in business as a closed-end management investment company investing principally in the securities of Australian companies, including but not limited to those traded on the Sydney Stock Exchange. The company contemplates making a public offering in the United States of its common stock through an underwriting group managed by Dominick and Dominick to obtain approximately \$20 million for its investment purposes. (Release IC-6460) 1/

E. I. DUPONT DE NEMOURS AND COMPANY. The Commission has issued an order under the Investment Company Act exempting the E. I. DuPont De Nemours and Company of Wilmington from certain provisions of the Act in connection with the proposed grant of an exclusive license to Digilab, Inc., a wholly-owned subsidiary of Block Engineering Inc. (Release IC-6461)

HOLDING COMPANY ACT RELEASES

THE FIRST PENNSYLVANIA BANK AND TRUST COMPANY. The Commission has issued an order under the Holding Company Act declaring that the First Pennsylvania Banking and Trust Company and Marine Midland Bank, New York, shall not be deemed to be electric utility companies as the result of proposed transactions involving the purchase of power plant equipment for the benefit of the Consolidated Edison Company of New York. (Release 35-17100)

AMERICAN ELECTRIC POWER. The Commission has issued an order under the Holding Company Act authorizing the American Electric Power Company, Inc., to submit for shareholder approval a proposal to increase from 65 million to 70 million the number of authorized shares of common stock, par value \$6.50 per share. (Release 35-17102)

MISSISSIPPI POWER COMPANY. The Commission has issued an order under the Holding Company Act giving interested persons until May 6 to request a hearing on the application of Mississippi Power Company, Gulfport, to issue \$1,146,000 of first mortgage bonds, due 1980, under its indenture of September 1, 1941, with the Morgan Guaranty Trust Company of New York. (Release 35-17103) 1/

NORTHEAST UTILITIES. The Commission has issued an order under the Holding Company Act authorizing Northeast Utilities of West Springfield, Mass., to increase the number of authorized common shares from 40,000,000 to 53,000,000 subject to stockholder approval. (Release 35-17101)

CONTINUED

***NATIONAL CAN TO SELL DEBENTURES.** National Can Corporation, 5959 South Cicero Ave., Chicago 60638, filed a registration statement with the SEC on April 12 seeking registration of \$20 million of debentures, due 1996, to be offered for public sale through underwriters headed by Smith, Barney & Co. Inc., 1345 Avenue of the Americas, and Bear, Stearns & Co., One Wall St., both of New York.

The company is engaged in the manufacture and sale of metal and glass containers and in related activities. Net proceeds of its debenture sale will be used to reduce short-term bank borrowings, of which \$39,250,000 were outstanding on March 31. (File 2-40014)

***GALLERY INVESTMENT TO SELL STOCK.** Gallery Investment Corporation, 2050 Guardian Bldg., Detroit, Mich. 48226, filed a registration statement with the SEC on April 12 seeking registration of 180,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on a best efforts basis by Somerset Equities Corporation, Troy, Mich.

The company was organized in July 1970 to engage in selling art at retail and in related activities. Of the net proceeds of its stock sale, some 48% will be used to purchase art and the balance for other corporate purposes. The company has 142,140 subscribed-for shares (which, if outstanding, would have a \$1.45 per share net book value), of which Kim Cook Anderson, board chairman and president, owns 24.25% and management officials as a group 39.32%. Purchasers of the shares being registered will sustain an immediate dilution of \$2.01 in per share book value from the offering price. (File 2-40015)

***STANDARD BRANDS TO SELL DEBENTURES.** Standard Brands Incorporated, 625 Madison Ave., New York 10022, filed a registration statement with the SEC on April 12 seeking registration of \$50 million of sinking fund debentures, due 2001, to be offered for public sale through underwriters headed by Lehman Brothers Inc., One William St., New York 10004.

The company manufactures, processes and distributes food and related products. Net proceeds of its debenture sale will be applied to the reduction of outstanding short-term borrowings incurred for working capital requirements. (File 2-40017)

***LERNER STORES SHARES IN REGISTRATION.** Lerner Stores Corporation, 460 W. 33rd St., New York 10001, filed a registration statement with the SEC on April 12 seeking registration of 3,000 outstanding shares of common stock. These shares may be offered for sale by the holder thereof at prices current at the time of sale (**\$44-5/8 per share maximum). (File 2-40018)

***NEW SOUTHLAND INSURANCE PROPOSES RIGHTS OFFERING.** The New Southland National Insurance Company, 1014 15th St., Tuscaloosa, Ala. 35401, filed a registration statement with the SEC on April 12 seeking registration of 3,444,992 shares of common stock. It is proposed to offer common shareholders options to purchase common stock at \$2.50 per share, at a rate based on the amount of each individual shareholder's unexercised options in a certain Dividend Trust and Stock Procurement Agreement as of the date of its termination on April 2, 1970. At the conclusion of the 90-day option period, the company may offer for public sale up to 200,000 unsubscribed shares at a price of not less than \$3 per share. The offering is to be made on a "best efforts" basis by First Alabama Securities, Inc., 400 Frank Lew Bldg., Montgomery, Ala.

Organized in January 1969, the company is a licensed legal reserve life insurance company. Net proceeds of its stock sale will be used for general corporate purposes. The company has outstanding 397,541 common shares. Lecil D. Gray is president. (File 2-40019)

***FILMWAYS SHARES IN REGISTRATION.** Filmways, Inc., 540 Madison Ave., New York 10022, filed a registration statement with the SEC on April 12 seeking registration of 105,174 outstanding shares of common stock. These shares may be offered for sale from time to time by the holders thereof at prices current at the time of sale (** \$8-7/8 per share maximum). (File 2-40022)

***HOLIDAY INNS TO SELL STOCK.** Holiday Inns, Inc., 3742 Lamar Ave., Memphis, Tenn. 38118, filed a registration statement with the SEC on April 13 seeking registration of 800,000 shares of common stock, to be offered for public sale (** at \$45 per share maximum) through underwriters headed by Smith, Barney & Co. Inc., 20 Broad St., New York 10005.

The company and its subsidiaries engage in the food and lodging business. Of the net proceeds of its stock sale, some \$14,500,000 will be applied to the repayment of short-term debt, principally commercial paper, and \$5,000,000 applied to the reduction of existing construction loans and purchase contracts, and the balance will be added to the company's general funds and used primarily for construction and improvement of Inns. (File 2-40025)

***MARINE CORP. PROPOSES EXCHANGE OFFER.** The Marine Corporation, 111 East Wisconsin Ave., Milwaukee, Wis. 53202, filed a registration statement with the SEC on April 13 seeking registration of 37,500 shares of common stock. It is proposed to offer these shares in exchange for the outstanding capital stock (\$20 par) of Farmers State Bank, Beaver Dam, Wis., at the rate of two shares for each of the 18,750 outstanding Bank shares. Marine Corp. is a bank holding company with fourteen banking subsidiaries. (File 2-40026)

***SQUIBB BEECH-NUT SHARES IN REGISTRATION.** Squibb Beech-Nut, Inc., 460 Park Ave., New York 10022, filed a registration statement with the SEC on April 13 seeking registration of 1,185,591 shares of common stock. These shares were issued in connection with the recent merger of Lanvin-Charles of the Ritz, Inc., into a wholly-owned subsidiary of Squibb. They may be offered for sale from time to time by the holders thereof (656,160 by Richard Salomon and 529,431 by Lanvin S.A. (Trade Marks)) at prices current at the time of sale (** \$75.75 per share maximum). (File 2-40031)

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:

Phillips Petroleum Company, Bartlesville, Okla. (File 2-40003) - 574,117 shares
 Northern Natural Gas Company, Omaha, Neb. (File 2-40004) - 635,000 shares
 Peabody Galion Corporation, New York (File 2-40007) - 40,000 shares
 Gilbert Associates, Inc., Reading, Pa. (File 2-40009) - 100,000 shares
 Mercantile Bancorporation Inc., St. Louis, Mo. (File 2-40008) - 84,139 shares
 Keane Associates, Inc., Wellesley Hills, Mass. (File 2-40012) - 115,000 shares
 Northern Natural Gas Company, Omaha, Neb. (File 2-40016) - 203,890 shares
 The New York Times Company, New York (File 2-40020) - 500,000 Class A common shares and (File 2-40021) - 150,000 Class A common shares
 Nashua Corporation, Nashua, N. H. (File 2-40023) - 250,000 shares
 Autotrol Corporation, Glendale, Wis. (File 2-40024) - 9,000 shares
 TRW Inc., Cleveland, Ohio (File 2-40027) - 759,493 shares
 Amtek, Inc., New York (File 2-40028) - 430,231 shares
 Squibb Beech-Nut, Inc., New York (File 2-40029) - 33,417 shares and (File 2-40030) - 112,700 shares

MISCELLANEOUS

TRADING SUSPENSION 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 April 21-30, 1971, inclusive.

UNLISTED TRADING GRANTED. The SEC has issued an order under the Securities Exchange Act granting an application of the Detroit Stock Exchange for unlisted trading privileges in the common stocks of the following companies: Johns-Manville Corporation, Kimberly-Clark Corporation, Manufacturers Hanover Corporation, Merck & Company, J. P. Morgan & Company, Inc., National Cash Register Company, National Gypsum Company, National Lead Company, Northwest Bancorporation, Owens-Illinois, Inc., J. C. Penney Company, Inc., Phelps Dodge Corporation, PPG Industries, Inc., Safeway Stores, Inc., Shell Oil Company, Smith Kline & French Laboratories, Inc., The Standard Oil Company (Ohio), Swift & Company, The TI Corporation (California), Transamerica Corporation, The Travelers Corporation, Unionamerica, Inc., Warner-Lambert Company, Wells Fargo & Company, Western Bancorporation, Weyerhaeuser Company. (Release 34-9152)

DELISTINGS GRANTED. The SEC has issued an order under the Securities Exchange Act granting applications of (a) the American Stock Exchange to strike from listing and registration the capital stock of Roosevelt Raceway, Inc. and (b) the Midwest Stock Exchange to strike from listing and registration the common stocks of Huttig Sash & Door Company and Johnson, Stephens & Shinkle Shoe Company, all effective at the opening of business on April 19, 1971. Pursuant to an exchange offer of Madison Square Garden Corp. dated February 18, 1971 (which expired on March 10), only some 138,753 shares of Roosevelt Raceway, Inc. remain outstanding in the hands of the public, fewer than the minimum required for continued listing on the AMEX. Pursuant to a purchase offer of the Crane Co. (which expired on March 22, 1971), only some 33,000 common shares of Huttig remain outstanding in the hands of the public, fewer than the requirement of the Midwest Exchange. The Johnson, Stephens delisting was requested due to the limited trading activity on the Exchange. In addition, the company's financial report for the quarter ended January 31, 1971 disclosed a loss of \$47,416.57, which has reduced stockholders' equity to a deficit of \$681,721.57. The company concurs in the delisting application. (Release 34-9152)

SECURITIES ACT REGISTRATIONS. Effective April 19: Helena Rubinstein, Inc., 2-39720; C. I. Mortgage Group, 2-39509; Northern Natural Gas Company, 2-40004; The Potomac Edison Co., 2-39595; Ryder System, Inc., 2-39449; Wells, Rich, Greene, Inc., 2-39674.

* This is a reporting company and further information with respect to its business and operations is available in the Commission's Public Reference files.

** As estimated for purposes of computing the registration fee.

1/ Pending distribution of this Release by the Commission to the appropriate mailing lists, interested persons should consult the Federal Register for full details of the application.

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