

# 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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## COMMISSION ANNOUNCEMENTS

**OWENS CAUTIONS INVESTMENT ADVISERS ON RESPONSIBILITIES TO INVESTORS.** Securities and Exchange Commissioner Hugh F. Owens told a mutual fund seminar in Dallas yesterday that among the several reasons the Commission advocated the Investment Company Act Amendments adopted in 1970 was "the apparent ineffective bargaining position of the unaffiliated directors" of investment companies and "the compulsions leading stockholders to approve automatically contracts" submitted by investment company management. He warned that "management should heed the thrust" of the Amendments and other recent developments which he cited and "be aware of areas involving possible conflicts of interest in their relationships with the respective investment companies which they manage."

Commissioner Owens also focused on the interrelationships and dependencies existing between investment companies and the trading markets as an area of concern. He stated that "In view of the detriments to fund shareholders as a result of possible financial problems of investment advisers, especially those which are broker-dealers, it would seem that at a minimum the directors of a fund should closely consider the financial stability of any proposed advisory firm . . . and request pertinent financial data which indicates it is capable of performing possible obligations under proposed contracts with the fund. At the same time, it would appear that potential advisers have an obligation to maintain an adequate financial position to assure their ability to perform such contracts."

**TRADING IN SATELLITE SYSTEMS SUSPENDED.** The SEC yesterday ordered the temporary suspension of the over-the-counter trading in the securities of Satellite Systems Corporation, formerly known as Prudential Industries, Inc., New York City, for a ten-day period commencing May 6, 1971. The suspension will terminate May 15, 1971.

The suspension was ordered because of the recent rapid rise in the price of Satellite stock which appears to be based on false and misleading information circulated concerning the business activities and prospects of Satellite. Satellite under its former name, Prudential, was an inactive corporation. On March 8, 1971, Prudential merged with Satellite which was a privately held corporation and Prudential changed its name to Satellite. The balance sheet of Prudential as of July 17, 1970, shows total assets of \$30,110 and a net worth of \$7,287. According to a principal of Satellite, the only assets of Satellite prior to its merger with Prudential was approximately \$300,000 worth of research and developments costs and the inclusion of this item as an asset of Satellite is questionable. (Release 34-9167)

**SEC ORDER CITES J. H. RAPP CO.** The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of J. H. Rapp Co. of Kennelworth, N. J. Also named as respondents are Robert Rapp, a salesman of the company and Janet Hope Rapp, company president.

The proceedings are based upon allegations of the Commission's staff that the respondents violated the registration provisions of the Federal securities laws in connection with the offer and sale of Control Metals Corp. and LesStuds Corp. securities. Respondents are also charged with bidding for and purchasing such securities while they were making distribution of such securities. Respondents are cited for manipulating the market for LesStuds securities, with buying LesStuds stock from persons illegally distributing LesStud stock at prices far below the prices artificially maintained by respondents and selling such stock as excessive and arbitrarily determined prices to customers of J. H. Rapp Co. and others, and with making various false and misleading statements and omissions in connection with the sale of LesStuds stock. Respondents are also charged with violating or aiding and abetting violations of the Commission's bookkeeping provisions.

A hearing will be scheduled by further order to take evidence on whether pending final resolution of the issues raised in the Commission's order it is necessary or appropriate in the public interest or for the protection of investors to suspend J. H. Rapp Co.'s registration. There after the hearing will be reconvened to take evidence on the staff's allegations and afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the allegations are true, and if so, whether any action of a remedial nature should be ordered by the Commission.

**COMMISSION ENTERS BERMEC CORP. PROCEEDINGS.** The SEC announced today that it has filed a notice of appearance in proceedings under Chapter X of the Bankruptcy Act for the reorganization of Bermec Corporation. The debtor had originally filed a petition for an arrangement under Chapter XI of the Act, but later voluntarily amended its petition to comply with the requirements of Chapter X. The petition is pending in the United States District Court for the Southern District of New York.

Bermec, which leases trucks to industrial and commercial customers, operates through a chain of terminal and fuel and repair outlets located in 48 states. The debtor's 6,051,053 outstanding shares of \$1 par value common stock were held, as of September 24, 1970, by approximately 11,670 persons. These shares, traded on the New York Stock Exchange since 1961, were delisted on November 6, 1970. At the present time they are traded on the Philadelphia-Baltimore-Washington Stock Exchange and over-the-counter. (CR-305)

OVER

**PEAT, MARWICK, MITCHELL WITHDRAWS REPORTS.** The SEC today announced that Peat, Marwick, Mitchell and Company has withdrawn its reports with respect to Liberty Equities Corporation's (now known as Smithfield Foods) financial statements as of and/or the eight months ended March 31, 1967 and the twelve months ended March 31, 1968. Peat, Marwick, Mitchell & Company took this action in view of the allegations with respect to certain transactions reflected in said financial statements which have been made by the Commission in its injunctive action against Liberty Equities Corporation et. al. in the Federal court in the District of Columbia and in response to the request of the Commission's staff.

#### COURT ENFORCEMENT ACTION

**PEAT, MARWICK, MITCHELL ENJOINED IN LIBERTY EQUITIES CASE.** The SEC yesterday announced that a final judgment of permanent injunction has been entered by the Federal court for the District of Columbia against Peat, Marwick, Mitchell & Co. in the Commission's injunctive action against Liberty Equities Corporation, et al. The defendant consented to the entry of a final judgment of permanent injunction enjoining it from violating the anti-fraud financial reporting and proxy provisions of the Federal securities laws in connection with the Liberty Equities Corporation. (LR-4999)

#### INVESTMENT COMPANY ACT RELEASES

**DANA LABORATORIES.** The SEC has issued an order under the Investment Company Act giving interested persons until May 25 to request a hearing on the application of Dana Laboratories, Inc., Newport Beach, Calif. for an order exempting from certain provisions of the Act a proposed transaction involving the purchase by Dana from or exchange of real property between Dana and Dana's president, John F. Bishop and his wife. (Release IC-6507)

**GREAT NORTHWEST INDUSTRIES.** The SEC has issued an order under the Investment Company Act giving interested persons until May 26 to request a hearing on the application of Great Northwest Industries of Great Falls, Montana for an order declaring that it is primarily engaged, through a controlled company, in a business or businesses other than that of investing, reinvesting, owning, holding or trading in securities, or in the alternative, an order exempting it from all provisions of the Act. Applicant owns 26.4% of the Montana Corporation and plans to continue purchasing such stock until it owns 33%; holdings of Montana's stock now comprise 93% of applicant's asset, and it asserts that it exercises control over the management and policies of Montana. (Release IC-6508)

**PACIFIC SOUTHWEST SMALL BUSINESS INVESTMENT CO.** The SEC has issued an order under the Investment Company Act declaring that the Pacific Small Business Investment Company of Phoenix, Ariz. has ceased to be an investment company as defined in the Act. (Release IC-6510)

**PELHAM CORP.** The SEC has issued an order under the Investment Company Act declaring that the Pelham Corporation of Birmingham, Ala. has ceased to be an investment company as defined in the Act. (Release IC-6511)

#### HOLDING COMPANY ACT RELEASES

**GEORGIA POWER CO.** The SEC has issued an order under the Holding Company Act giving interested persons until May 25 to request a hearing on the application of Georgia Power Company to issue and sell at competitive bidding, \$100 million of first mortgage bonds maturing in not less than 5 or more than 30 years under the Indenture of March 1, 1941 between Georgia and Chemical Bank as Trustee. The proceeds will be used to finance, in part Georgia's 1971 construction program estimated to be \$363,787,000 to repay short-term notes incurred for such purposes and other corporate purposes. (Release 35-17117)

**OHIO EDISON CO.** The SEC has issued an order under the Holding Company Act giving interested persons until May 27 to request a hearing on the application of Ohio Edison Company to issue and sell subject to competitive bidding \$60,000,000 of first mortgage bonds, due 2001. The proceeds from the sale of the bonds will be used for the acquisition or property, the construction etc., of Ohio Edison's facilities, repayment of short term debt and of other corporate purposes. Construction expenditures for 1971 are estimated at \$103,714,000. (Release 35-17118)

**APPALACHIAN POWER CO.** The SEC has issued an order under the Holding Company Act giving interested persons until May 27 to request a hearing on the application of Appalachian Power Company of Rosnoke for exemption from certain provisions of the Holding Company Act relating to the issuance of short-term notes. The company requests that from the date of the granting of the application to June 30, 1973 the exemption from these provisions of the Act relating to the issue of short-term notes be increased to the extent necessary to cover the issuance and sale of notes to banks and to dealers in commercial paper up to the maximum amounts allowable under its Articles of Incorporation. Appalachian proposes to issue short-term notes to banks and commercial paper dealers in an aggregate amount not to exceed \$101,130,000 outstanding at any one time; proceeds from the sale of the notes will be used to reimburse its treasury for past expenditures in connection with its construction program and for other corporate purposes. (Release 35-17119)

**GENERAL PUBLIC UTILITIES.** The SEC has issued an order under the Holding Company Act authorizing the General Public Utilities Corporation to offer up to 3 million authorized by unissued shares of its common stock for subscription by the holders of its outstanding shares of common stock on the basis of one share of the additional common stock for each ten shares of common stock held on the record date, May 6, 1971. The subscription period will expire May 28, 1971. (Release 35-17120)

CONTINUED

SECURITIES ACT REGISTRATIONS

CARLSBERG MOBILE HOME PROPERTIES PROPOSES OFFERING. Carlsberg Mobile Home Properties, Ltd. (the "Partnership"), 533 Gateway West, 1801 Avenue of the Stars, Los Angeles, Calif. 90067, filed a registration statement with the SEC on April 30 seeking registration of \$10 million of limited partnership interests, to be offered for public sale in \$500 units with a minimum required investment of \$2,500. The offering is to be made by Carlsberg Securities Corporation, wholly-owned subsidiary of Carlsberg Financial Corporation of California ("CFC"), and by selected NASD members. The Partnership was organized to provide investors with an opportunity to invest in income producing mobile home parks. Carlsberg Resources Corporation, also wholly-owned by CFC, is the general partner. Richard P. Carlsberg is president of the general partner. All the outstanding stock of CFC is owned by Arthur W. Carlsberg, vice president of the general partner. (File 2-40227)

\*PACIFIC GAS AND ELECTRIC TO SELL STOCK. Pacific Gas and Electric Company, 245 Market St., San Francisco, Calif. 94106, filed a registration statement with the SEC on April 30 seeking registration of 881,074 shares of redeemable first preferred stock (\$25 par), to be offered for public sale (\*\*at \$28 per share maximum). The offering is to be made through underwriters headed by Dean Witter & Co. Inc., 45 Montgomery St., San Francisco 94106, and Blyth & Co. Inc., 14 Wall St., New York 10005. Net proceeds of its stock sale will be applied to retirement and refunding of \$23,789,000 of the company's 3% first and refunding mortgage bonds, Series K, due June 1971. Construction expenditures are estimated at \$485 million for 1971 and \$2,228,000,000 for the period 1972 through 1975. (File 2-40229)

\*BLACK AND DECKER TO SELL STOCK. The Black and Decker Manufacturing Company, 701 East Joppa Rd., Towson, Md. 21204, filed a registration statement with the SEC on April 30 seeking registration of 350,000 shares of common stock, to be offered for public sale (\*\* at \$72.25 per share maximum) through underwriters headed by Lehman Brothers Inc., One William St., New York 10004, and Alex. Brown & Sons, 135 East Baltimore St., Baltimore, Md. 21202.

The company is engaged in the manufacture of portable power tools and accessories. Net proceeds of its stock sale will be used to reduce short-term borrowings in the U. S., which at March 28 amounted to \$17 million and were incurred to meet increased working capital requirements. The balance will be added to working capital. (File 2-40232)

CRESTLINE FINANCIAL FILES FOR OFFERING AND SECONDARY. Crestline Financial Corporation (formerly Crestline Finance Corporation), 222 W. Baltimore, Jackson, Tenn. 38301, filed a registration statement with the SEC on April 30 seeking registration of 339,683 shares of common stock, of which 250,000 are to be offered for public sale by the company and 89,683 (being outstanding shares) by the holders thereof. The company will act as its own underwriter.

The company is engaged principally in making cash loans directly to consumers. Net proceeds of its stock sale will be used initially to temporarily reduce collateral trust notes incurred in connection with its financing operations and for other corporate purposes. In addition to indebtedness, the company has outstanding 448,412 common shares, of which Donald Stephenson, president, owns 16% and management officials as a group 69%. Stephenson proposes to sell 14,564 shares, John D. Shute, vice president, 22,940 and two others the remaining shares being registered. (File 2-40233)

AMP (JOINED BY PAMCOR) FILES FOR SECONDARY. AMP Incorporated (Depositor under the Pamcor Stock Trust), Harrisburg, Pa. 17105, and Pamcor, Inc. ("Pamcor"), Banco Popular Bldg., San Juan, P. R. 00905, filed a registration statement with the SEC on April 30 seeking registration of 225,000 shares of common stock of AMP, certificates for which bear an endorsement evidencing a beneficial interest in the same proportion of common stock of Pamcor. These shares are to be offered for public sale (\*\* at \$71.50 per share maximum). The offering is to be made through underwriters headed by Kidder, Peabody & Co. Inc., 20 Exchange Place, New York 10005.

AMP is a designer and producer of electrical connection devices and related application tooling. In addition to indebtedness, AMP has outstanding 12,480,000 common shares, of which Midland Investment Company owns 16.99%. It proposes to sell 220,000 shares and F. C. Hixon 5,000 shares. U. A. Whitaker is board chairman and S. S. Auchincloss president. (File 2-40235)

ATLANTIC DEPT. STORES TO SELL STOCK. Atlantic Department Stores, Inc., 111 8th Ave., New York 10011, filed a registration statement with the SEC on April 30 seeking registration of 1,500,000 shares of common stock, to be offered for public sale (\*\* at \$15 per share maximum) through underwriters headed by Loeb, Rhoades & Co., 42 Wall St., New York 10005.

The company was organized to acquire the Spartan Department Stores division of Arien Realty & Development Corp. It will operate self-service discount department stores in 25 states. Net proceeds of its stock sale will be used to pay the cash portion of the purchase price for the acquisition of the Spartan division. Sidney Mittleman is president. (File 2-40236)

\*REYNOLDS AND REYNOLDS FILES FOR OFFERING AND SECONDARY. The Reynolds and Reynolds Company, 800 Germantown St., Dayton, Ohio 45407, filed a registration statement with the SEC on April 30 seeking registration of 255,000 shares of common stock, of which 25,000 shares are to be offered for public sale by the company and 230,000 (being outstanding shares) by the holders thereof. The offering is to be made (\*\* at \$50.75 per share maximum) through underwriters headed by duPont Glore Forgan Staats Inc.

The company designs and manufactures a variety of standard business forms and systems for general office, management and accounting use. Net proceeds of its stock sale will be used to develop systems for and marketing of new electronic data processing services for general business use and to support the related expansion of the company's sales force. (File 2-40237)

**REALTY REFUND TRUST PROPOSES OFFERING.** Realty Refund Trust (the "Trust"), 1101 Euclid Ave., Cleveland, Ohio 44115, filed a registration statement with the SEC on April 30 seeking registration of 1,000,000 shares of beneficial interest with warrants to purchase 1,000,000 additional shares, to be offered for public sale in units, each consisting of one share and one warrant, and at \$20 per unit. The offering is to be made through underwriters headed by McDonald & Company, 2100 Central National Bank Bldg., Cleveland, Ohio 44114.

The Trust was established to invest in a portfolio of real property investments. Refund Advisors, Inc., is the investment adviser. Alfred Lerner is chairman of the Trust and president of the adviser. (File 2-40238)

**\*KANSAS CITY POWER PROPOSES OFFERING.** Kansas City Power & Light Company, 1330 Baltimore Ave., Kansas City, Mo. 64141, filed a registration statement with the SEC on April 30 seeking registration of \$27 million of first mortgage bonds, due 2001, and 130,000 shares of cumulative preferred stock (\$100 par), to be offered for public sale at competitive bidding. Net proceeds of the financing will be used to repay short-term bank loans (expected to total some \$20,400,000 when the bonds and stock are sold) and to retire \$3 million of the \$9.5 million of commercial paper promissory notes expected to be outstanding at that time and the balance will be added to the company's working capital and used to defray construction costs. Construction expenditures are estimated at \$70 million during 1971. (File 2-40239)

**GLOSSER BROS. FILES FOR OFFERING AND SECONDARY.** Glosser Bros., Inc., Franklin and Locust Sts., Johnstown, Pa. 15901, filed a registration statement with the SEC on April 30 seeking registration of 315,000 shares of common stock, of which 75,420 are to be offered for public sale by the company and 239,580 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Shearson, Hamill & Co. Inc., 14 Wall St., New York 10005.

The company and subsidiaries operate a conventional department store, four discount stores and a supermarket. Net proceeds of its stock sale will be added to the company's working capital and will be available for use in the expansion of its business and other corporate purposes. In addition to indebtedness, the company has outstanding 998,250 common shares, of which management officials as a group own 44.7%. Leonard J. Black is president. (File 2-40240)

**\*MAGNAVOX SHARES IN REGISTRATION.** The Magnavox Company, 345 Park Ave., New York, N. Y. 10022, filed a registration statement with the SEC on April 30 seeking registration of 129,250 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 (\*\* \$50.50 per share maximum). (File 2-40241)

**\*WEST PENN POWER PROPOSES OFFERING.** West Penn Power Company, Cabin Hill, Greensburg, Pa. 15601, filed a registration statement with the SEC on April 30 seeking registration of \$40 million of first mortgage bonds, Series Z, due 2001, and 100,000 shares of \$100 par preferred stock, Series G, to be offered for public sale at competitive bidding. Net proceeds will be used for the company's construction program (including payment of \$45.5 million of short-term bank loans incurred therefor). Construction expenditures for 1971 and 1972 are estimated at \$169 million and \$78 million, respectively. (File 2-40243)

**\*HARCOURT BRACE JOVANOVIĆ SHARES IN REGISTRATION.** Harcourt Brace Jovanovich, Inc., 757 Third Ave., New York 10017, filed a registration statement with the SEC on April 30 seeking registration of 38,064 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 (\*\*\$42 per share maximum). (File 2-40244)

**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:

- Adams-Russell & Co., Inc., Waltham, Mass. (File 2-40193) - 50,000 shares
- Hart, Schaffner & Marx, Chicago, Ill. (File 2-40200) - 125,000 shares
- M. H. Lamston, Inc., Inc., New York, N. Y. (File 2-40201) - 20,000 shares
- Automation Industries, Inc., Los Angeles, Calif. (File 2-40228) - 200,000 shares
- Union Carbide Corporation, New York (File 2-40230) - 150,000 shares and (File 2-40231) - 283,500 shares
- Martin Marietta Corporation, New York (File 2-40234) - 500,000 shares
- The Magnavox Company, New York (File 2-40242) - 16,557 shares

**SECURITIES ACT REGISTRATIONS.** Effective May 6: Alexander and Alexander, Inc., 2-40046; American Motor Inns, Inc., 2-39288; Angelica Corp., 2-39969; The Coca-Cola Bottling Co. of Mid-America, Inc., 2-39832 (90 days); Cummins Engine Co., 2-40078 & 40079; Des Moines Cable Television, Inc., 2-39347 (90 days); Dollar General Corp., 2-39806; General Public Utilities Corp., 2-39743; General Telephone Co. of the Southeast, 2-39879; E. F. Hutton & Co. Inc., 2-39131; Overseas Shipholding Group, Inc., 2-39901; Salant Corp., 2-39933; Wallace-Murray Corp., 2-39570; Warbern Packaging Industries, Inc., 2-34801 (90 days); Westinghouse Credit Corp., 2-40055; Whittaker Corp., 2-39634.

Effective May 5: Government Employees Insurance Co., 2-39709 (90 days).

**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.

\* 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.