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SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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A Daily Summary of
S.E.C. Activities

(Issue No. 71-216)

FOR RELEASE November 10, 1971

NEW RULES AND RULE PROPOSALS

SEC PROPOSES RULES ON CUSTOMERS' SECURITIES AND FUNDS. The Commission has released for public comment proposed rules supplementing the protection provided by the Securities Investor Protection Act of 1970. This will be accomplished by strictly controlling the handling by brokers of cash and securities left with them by customers. Implementation of these rules should result in improved methods of conducting back office operations.

In announcing the new proposals, Chairman William J. Casey said that the new rules will require brokers holding customers' securities to either segregate them or establish a cash reserve to cover securities purchased by customers but not yet reduced to possession and segregated. On a quarterly basis, a broker will be required to buy-in any securities of customers which are not in his physical possession or control. Furthermore the new rules should result in significant new protection for investors leaving cash and securities with brokerage firms and in the efficiency with which brokerage firms handle their paperwork and recordkeeping.

Fundamentally, Casey said, the new rules will prohibit the unrestricted use of customers' funds in the general business of the broker-dealer and limit these funds to use in making secured loans to customers.

The Commission will review the proposed rules in the light of comments received, and it is expected that the rules, modified if necessary will go into effect on April 1, 1972. The rules themselves, will be available to the public within the next few days. (Release 34-9388)

COMMISSION ANNOUNCEMENT

SYDNOR-BARENT REG A SUSPENDED. The Commission issued an order temporarily suspending an exemption from registration under Regulation A with respect to an offering of 200,000 shares of capital stock for an aggregate of \$300,000 by Sydnor-Barent Scanner Corporation of Albuquerque. The company filed a notification circular with the Commission on August 26, 1970 and the offering was commenced on October 29, 1970.

According to the order, the Commission's staff has reason to believe that the notification and offering circular contain false and misleading information with respect to, among other things, representations to the effect that the Flying Spot Scanner was to be issuer's principal product and that the bulk of the proceeds were to be used to manufacture and market the Scanner, failure to disclose that a substantial amount of the proceeds were to be used to manufacture and market the Scanner, failure to disclose that a substantial amount of the proceeds were to be allocated to affiliated companies and persons, and failure to disclose that the initial sales offers of the issuer were not successful.

COURT ENFORCEMENT ACTIONS

ENJOIN THE DECADE FUND. The SEC San Francisco Regional Office announced that on November 1 the Federal District Court for the Central California District issued a temporary restraining order restraining and enjoining The Decade Fund-1967, Inc., from failing to repurchase or redeem its securities in accordance with the terms of such securities in violation of Section 22(e) of the Investment Company Act. The Court also appointed John Michael McCormick as receiver Pendente Lite, to take charge of the properties, assets, and records of the Fund. (LR-5207)

DENY STAY IN MANOR NURSING CENTERS CASE. The SEC New York Regional Office announced that on November 1, the Second Circuit Court of Appeals denied motions made on behalf of Manor Nursing Centers, Inc., Ira Feinberg Suzanne Marnane, Gladys Halford, Samuel Feinberg and Manor Construction Co., and on behalf of Ivan Ezrine, Glendale, Inc., and Atlantic Services, for a stay of an order entered on October 21 by the Federal District Court of New York which enjoined Manor and 14 other defendants from violating the anti-fraud provisions of the Federal securities laws. (LR-5208)

INVESTMENT COMPANY ACT RELEASES

COMMERCE CAPITAL CORP. The SEC has issued an order upon an application of Commerce Capital Corp. (Commerce), a Wisconsin closed-end management investment company, declaring that Commerce and its successor, Commerce Group Corp., a Delaware corporation, have ceased to be investment companies and conditionally exempting Commerce Capital Corp., a Delaware corporation and a wholly-owned small business investment subsidiary of Commerce, from all provisions of the Act. (Release IC-6812)

BUTCHER & SHERRERD. The SEC has issued a notice giving interested persons until November 25 to request a hearing upon an application of Butcher and Sherrerd, Philadelphia partnership and a prospective representative, with Thomson & McKinnon Auchincloss, Inc., a group of underwriters to be formed in connection with a proposed public offering of shares of Federated Income and Private Placement Fund, a closed-end investment company, for an order exempting Butcher & Sherrerd and its co-underwriters from certain provisions of the Act with respect to their transactions incidental to the distribution of Fund shares. 1/ (Release IC-6813)

OVER

PROFESSIONAL RETIREMENT FUND. The SEC has issued a notice giving interested persons until November 30 to request a hearing upon an application of Professional Retirement Equity Fund, Inc., New York, for an order declaring that it has ceased to be an investment company. The Fund has no shareholders and has not and does not propose to make a public offering of securities. 1/ (Release IC-6814)

HOLDING COMPANY ACT RELEASE

OHIO POWER. The SEC has issued a notice giving interested persons until November 30 to request a hearing upon an application of Ohio Power Company, Canton subsidiary of American Electric Power Company, Inc., and Captina Operating Co., Moundsville, W.Va., an inactive subsidiary of Ohio Power. Captina, was organized in 1956 to, among other things, develop, mine and sell coal and manage, operate and maintain steam electric generating stations. It proposes to change its name to Southern Ohio Coal Co., and take the necessary steps to qualify to do business in Ohio and develop and mine such coal reserves either owned by Ohio Power, or which Ohio Power may transfer to it. Southern Ohio proposes to issue and sell on or before July 1, 1973, 4,000 shares of common stock to the parent from \$2,500 per share (\$10 million). Proceeds will be used to develop and mine various reserves of coal owned or controlled by the parent. 1/ (Release 35-17350)

TRUST INDENTURE ACT

NEW BEDFORD GAS/EDISON LIGHT. New Bedford Gas and Edison Light Company and Cape Vineyard Electric Company have filed an application with the SEC pursuant to the provisions of the Trust Indenture Act of 1939, seeking a determination that the trusteeship of State Street Bank and Trust Company of Boston, under certain indentures of New Bedford and Cape & Vineyard is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify State Street from acting as trustee under any of such indentures. Interested persons should request a hearing upon the application not later than November 28, 1971. New Bedford has outstanding five series of unsecured notes and Cape has outstanding two series of unsecured notes under which State Street is trustee. Pursuant to an agreement of merger dated April 23, 1971, it is expected that on or about December 1, 1971 Cape will be merged into New Bedford. The agreement provides that New Bedford will be responsible for all debts, liabilities and obligations of Cape.

SECURITIES ACT REGISTRATIONS

U.S. HOME CORPORATION, 385 Northfield Ave., West Orange, N.J. 07052, filed a registration statement on November 5 seeking registration of \$20 million of convertible subordinated debentures, due 1996, and 755,000 outstanding shares of common stock. The debentures are to be offered for public sale by the company and the stock by the holders thereof (*at \$33 per share maximum) through underwriters headed by Merrill Lynch, Pierce Fenner & Smith, Inc., 70 Pine St., and Bateman Eichler, Hill Richards, Inc., 460 So. Spring St., Los Angeles, Calif. 90013. The company is engaged in building single-family homes, high-rise condominiums, residential communities, garden apartments and in developing shopping centers. Of the net proceeds of its debenture sale, \$10 million will be used to reduce long-term indebtedness and the balance for working capital and other corporate purposes. (File 2-42319)

I.M.H.--SAN JOSE (the Partnership), 8780 East Valley Blvd., Rosemead, Calif. 91770, filed a registration statement on November 5 seeking registration of \$3.5 million of limited partnership units, to be offered for public sale at \$500 per unit. No underwriting is involved. The Partnership intends to develop, construct and operate a motor hotel, licensed to use the Sheraton name, in San Jose, Calif. International Motor Hotels, Inc. is the general partner. (File 2-42320)

INDUSTRIAL FUELS CORP., 21590 Greenfield, Oak Park, Mich. 48237, filed a registration statement on Nov. 5 seeking registration of 305,000 shares of common stock, of which 120,000 are to be offered for public sale by the company and 185,000 (being outstanding shares) by the holder thereof. The offering is to be made (*at \$10 per share maximum) through underwriters headed by Manley, Bennett, McDonald & Co., 1100 Buhl Bldg., Detroit, Mich. 48226. The company purchases bituminous coal from mining companies for resale. Net proceeds of its stock sale will be used to reduce the company's debt with the highest interest rate to banks. (File 2-42322)

SECURITIES ACT REGISTRATIONS. Effective Nov. 5: Advanced Memory Systems, Inc., 2-41368.
Effective Nov. 8: Agway, Inc., 2-42124; Chinchilla Corp., of America, 2-38510 (40 days); Cornhusker Cattle Co., Inc., 2-41259 (2/6/72); Lane Wood, Inc., 2-41648; Northrop Corp., 2-42240; Sycor, Inc., 2-41870; Tandy Corp., 2-42113; The Telex Corp., 2-41769; Washington Mamas, Inc., 2-42034.

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 purpose 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 details of the release.

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