

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

November 16, 1970

TEXT OF PRESIDENT NIXON'S LETTER TO CHAIRMAN BUDGE

THE WHITE HOUSE
WASHINGTON

November 13, 1970

Dear Hamer:

It is with special regret that I accept your resignation as Chairman and a Member of the Securities and Exchange Commission. In the hope that my request will not seriously interfere with your plans for the future, I would, however, ask you to defer your departure until after the present Congress has concluded its work.

The dedication and the outstanding ability which have distinguished your years with the Commission have earned the gratitude of every one of our fellow citizens many times over. Your service has added to the finest traditions of government, and you are leaving to your successors exceptional standards of integrity, keen judgment, and far-seeing concern for the interests of all Americans.

Together with the appreciation of the nation, I want to express my own personal thanks for the splendid job you have done. Knowing you as I do, I am confident that in the years ahead your activities will continue to reflect great credit on our country as on yourself.

With warm personal regards,

Sincerely,

Honorable Hamer H. Budge
Chairman
Securities and Exchange Commission
Washington, D. C. 20549

OVER

HOLDING COMPANY ACT RELEASES

WEST PENN POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16901) authorizing the Allegheny Pittsburgh Coal Company, wholly-owned subsidiary of West Penn Power Company, Greensburg, Pa. to acquire 28,803 acres of coal-bearing lands in western Pennsylvania from the Consolidation Coal Company to provide coal to be used for a generating station to be owned as tenants-in-common by West Penn and certain other associate companies. To finance the purchase, Allegheny Pittsburgh proposes to issue a promissory note of not more than \$3,700,000 to a bank to mature November 12, 1973. West Penn will guarantee the note and if necessary, from time to time, ^{make} open account advances to Allegheny Pittsburgh to enable it to pay the interest on the note.

DELMARVA POWER & LIGHT RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16904) authorizing Delmarva Power & Light Company, Wilmington, Del. holding company, to issue and sell \$30,000,000 of first mortgage and collateral trust bonds at competitive bidding. Delmarva will apply the net proceeds of its bond sale toward the cost of its own construction program and that of two subsidiaries including the retirement of short-term notes and commercial paper issued prior to such sale. System construction expenditures during the last four months of 1970 and for 1971 are estimated at \$155,735,000.

OHIO EDISON RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16905) with respect to the financing of a new coal mine by Ohio Edison Company (Akron) and its subsidiary, Pennsylvania Power Company, in participation with Duquesne Light Co. of Pittsburgh. The companies have entered into an agreement with The North American Coal Corporation to purchase coal from the new mine on a long term basis, the mine to be developed and operated by North American which has organized a new corporation, Quarto Mining Co., for this purpose. They propose to acquire notes of Quarto to finance the development of the new mine. Ohio Edison's share of the \$18 million of capital required will be 48% or \$8.6 million, Pennsylvania's portion will be 20.8% or \$3.8 million and Duquesne Light's portion will be 31.2% or \$5.6 million.

MASS. GROWTH FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6240) giving interested persons until November 27 to request a hearing upon an application of Massachusetts Investors Growth Stock Fund, Inc., Boston mutual fund, to acquire substantially all of the assets of JTS Co. ("JTS"). Mass. Growth proposes to issue its assets at net asset value in exchange for substantially all of the assets of JTS, valued at \$450,540 at August 14, 1970. Had the exchange been consummated on that date, JTS would have received approximately 49,893 Mass. Growth shares. The Mass. Growth shares are to be distributed to JTS shareholders on liquidation of JTS.

COURT ENFORCEMENT ACTION

CONVICTIONS OF KROLL, CAHN, OTHERS AFFIRMED. The SEC Atlanta Regional Office announced on November 9 (LR-4809) that the United States Court of Appeals for the Fifth Judicial Circuit affirmed the convictions of William Cahn, Miami Beach, Fla., William Criswell, Managua, Nicaragua, Jack Cherman, Miami, Fla., John S. Hunt, Point Pleasant, N. J., Robert C. Brown, Rockville, Md. and Mark H. Kroll and Fred H. Adler both of Cincinnati, Ohio, who had been convicted in December 1966 of securities fraud, mail fraud and conspiracy to violate these laws in connection with the offers and sales of various securities through American Mortgage Company, Inc., of Miami, Fla.

LIBERTY EQUITIES, OTHERS ENJOINED. The SEC today announced that the following, without admitting allegations in the complaint, have consented to an entry of final judgment of permanent injunction by the Federal court in the District of Columbia, enjoining them from future violations of the anti-fraud, proxy, reporting and registration requirements of the Federal securities laws: Liberty Equities Corporation, C. W. Dickerson, Jr., Edward A. White, National Savings and Trust Company, Mason and Company, Inc., Allen & Company, Inc., Edward B. Kennedy, Kennedy Investments and White & Company, Inc. (LR-4810)

SECURITIES ACT REGISTRATIONS

COMMONWEALTH OIL PROPOSES OFFERING. Commonwealth Oil Refining Company, Inc., Banco Popular Center, Hato Rey, San Juan, P. R. 00918, filed a registration statement (File 2-38781) with the SEC on November 10 seeking registration of 1,000,000 shares of cumulative convertible preferred stock, Series A. The offering is to be made through underwriters headed by The First Boston Corp., 20 Exchange Pl., New York; the dividend rate, offering price (\$25 per unit maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in independent refining of petroleum products and the production of aromatics and other petrochemicals; its production facilities are located in Puerto Rico. Net proceeds from the sale will be added to the working capital of the company and may be applied in part to repay certain bank borrowings which were incurred in connection with its capital expenditure program. In addition to indebtedness and preferred stock, the company has outstanding 12,454,664 common shares. Sam H. Casey is president.

ZENITH FUND PROPOSES OFFERING. Zenith Growth Fund, Inc., Barclay Bldg., Bala-Cynwyd, Pa., filed a registration statement (File 2-38782) with the SEC on November 10 seeking registration of 2,000,000 shares of common stock to be offered for public sale at net asset value plus an 8.50% sales charge on purchases of less than \$25,000 (\$6 per share maximum*). The Fund is a mutual fund with the objective of long-term capital growth. A.R.M. Management Company, of Bala Cynwyd, will serve as investment adviser and, with assistance of Butcher & Sherrard of Philadelphia, as distributor of Fund shares. Edward B. Allen, Jr., president of the Fund and two other Fund officers own 17% each of the outstanding shares of the adviser and Allen-Rogers & Co., Inc. 14%.

CONTINUED

HANOVER PLANNING PROPOSES OFFERING. Hanover Planning Company, Inc., 8 Hanover St., New York 10004, filed a registration statement (File 2-38783) with the SEC on November 10 seeking registration of \$7,500,000 of units in its 1971 Hanover Drilling Fund, Series 5, to be offered for public sale at \$5,000 per unit. The offering is to be made on a best efforts basis by Hornblower & Weeks-Hemphill, Noyes, 8 Hanover St., New York 10004, which will receive a 3½ percent selling commission plus other consideration; other participating dealers may be allowed a 5% selling commission. William G. Maloney is chairman and W. F. West is president of Hanover.

PENNSYLVANIA P&L PROPOSES OFFERING. Pennsylvania Power & Light Co., 901 Hamilton St., Allentown, Pa., filed a registration statement (File 2-38784) with the SEC on November 10 seeking registration of 300,000 shares of cumulative preference stock to be offered for public sale through underwriters headed by The First Boston Corp., 20 Exchange Pl., and Drexel, Harriman and Ripley, Inc., 60 Broad St., both of New York. The dividend rate, offering price (\$100 per share maximum*) and underwriting terms are to be supplied by amendment.

A public utility, the company intends to apply the proceeds from the stock sale to retire a portion of its short-term debt incurred to provide interim financing for construction expenditures, which from 1967 through 1969 totaled \$354 million, and are estimated at \$158 million for 1970 and \$200 million for each of 1971 and 1972. Jack K. Busby is president.

GENERAL AMERICAN TRANSPORTATION SHARES IN REGISTRATION. General American Transportation Corporation, 120 S. Riverside Plaza, Chicago, Ill. 60680, filed a registration statement (File 2-38780) with the SEC on November 10 seeking registration of 300,000 shares of common stock. It is proposed to issue these shares in December in connection with the acquisition of the ocean shipping business of the Marine-Oswego-Trinity group of shipping companies. The recipients of these shares may offer them for sale from time to time at prices current at the time of sale (\$36.75 per share maximum*).

General American is primarily engaged in supplying its railroad freight cars to shippers and railroads. In addition to indebtedness and preferred stock, it has outstanding 11,252,947 common shares. Roger M. Kyes may sell 54,213 shares and 19 others the remaining shares being registered.

GLOUCESTER ENGINEERING FILES FOR OFFERING AND SECONDARY. Gloucester Engineering Co., Inc., 18 Sargent St., Gloucester, Mass. 01930, filed a registration statement (File 2-38787) with the SEC on November 10 seeking registration of 131,000 shares of common stock. Of these shares, 80,000 are to be offered for public sale by the company and 51,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by White, Weld & Co., 20 Broad St., New York 10005; the offering price (\$30 per share maximum*) and underwriting terms are to be supplied by amendment.

The company designs, manufactures and sells plastic processing machinery and equipment, together with spare and replacement parts, for production of plastic film and sheet from polyethylene, polyvinyl chloride, polypropylene and polystyrene resins. Of the net proceeds of its sale of additional stock, an estimated \$1,500,000 will be used to pay all outstanding indebtedness under a revolving loan and security agreement incurred in connection with the construction and equipping of new facilities in Gloucester, Mass., \$400,000 to complete these new facilities and \$300,000 to purchase additional machinery and equipment; the balance will be added to the company's working capital. In addition to indebtedness, the company has outstanding 552,244 common shares, of which G. Wilbur Tracey, president, owns 16.8% and management officials as a group 47.7%. Tracey proposes to sell 35,000 of 92,766 shares held and four others the remaining shares being registered.

PULLMAN LEASING PROPOSES FINANCING. Pullman Transport Leasing Company, 200 S. Michigan Ave., Chicago, Ill. 60604, filed a registration statement (File 2-38785) with the SEC on November 10 seeking registration of \$23,200,000 of equipment trust certificates (Series 2) due on various dates to 1985, to be offered for public sale at 100% of principal amount. The offering is to be made through underwriters headed by The First Boston Corp., 20 Exchange Pl., New York 10005. The interest rate and underwriting terms are to be supplied by amendment.

A wholly-owned subsidiary of Pullman Incorporated, the company was organized in May for the purpose of carrying on the freight car leasing business heretofore conducted by Transport Leasing Division of the parent. Net proceeds of the company's sale of trust certificates will be used to retire corresponding principal amount of notes issued to Pullman in connection with the acquisition of 1,780 new freight cars. Since April 30, the company has expended or committed itself to expend some \$29.2 million for the purchase of these cars, principally from Pullman. In addition to indebtedness, the company has outstanding 100,000 common shares. W. Irving Osborne, Jr., is board chairman and Arthur L. Berry president.

SECURITIES ACT REGISTRATIONS. Effective November 13: American Fletcher Corp., 2-38666; Champion Home Builders Co., 2-38669; Digital Computer Controls, Inc., 2-37056 (90 days); Edmos Corp., 2-38273; Fauntleroy Co., 2-37712 (90 days); First Union National Bancorp, Inc., 2-38090 & 2-38302 (90 days); Hudson's Bay Oil and Gas Co. Ltd., 2-38650 (40 days); Jersey Central Power & Light Co., 2-38504 (40 days); Samson International Corp., 2-31205 (90 days); Visual Sciences, Inc., 2-37945 (Feb 11).

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.