

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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DECISIONS IN ADMINISTRATIVE PROCEEDINGS

SANCTION IMPOSED UPON HARRIS, UPHAM FIRM. The SEC today announced a decision under the Securities Exchange Act (Release 34-8872) in which it censured the New York broker-dealer firm of Harris, Upham & Company, Inc., for securities violations in its uptown Chicago Branch Office; suspended activities of that branch office for seven days, commencing May 18; and censured Richard L. Kennedy, Jr., former vice-president in the firm's main Chicago office, and suspended him from performing any supervisory functions with any broker-dealer for six months, commencing May 4, for failure to exercise proper supervision.

The sanctions were based upon an order for proceedings and a settlement offer of the Harris, Upham firm and Kennedy in which they waived a hearing and consented to the imposition of the sanctions. Upon the basis of the order and offer of settlement, the Commission found that from March 1, 1968 to March 1, 1969, the firm's uptown Chicago branch office violated anti-fraud provisions of the Federal securities laws by inducing a customer to engage in securities transactions which were excessive in size and frequency in light of the character of the customer's accounts, establishing a margin account without such customer's authorization, and effecting unauthorized or expressly forbidden transactions in the customer's margin and cash accounts. Also, that Kennedy failed to exercise reasonable supervision with a view to preventing such violations.

According to the Harris, Upham offer, the firm established new supervisory and control procedures before learning of the transactions in question and, upon learning of the transactions, immediately discharged the registered representative who handled the accounts as well as the branch manager. The firm also settled with the customer involved. Kennedy, who represented that he had engaged in the securities business for 40 years without any previous problem with any regulatory agency, resigned as an officer and director of the firm on August 31, 1969, and terminated all supervisory functions.

SANCTION IMPOSED UPON HERTZ, WARNER. The SEC today announced a decision under the Securities Exchange Act (Release 34-8874) in which it ordered the suspension for 15 business days of activities of the institutional sales and over-the-counter stock departments of Hertz, Warner & Co., of New York City, for aiding and abetting violations of the Securities Exchange Act and Investment Company Act. Irving Hertz, a partner, was censured for failure to exercise proper supervision; and Norman Carney, another partner, was censured and disassociated from the firm for 21 business days for aiding and abetting the above violations as well as for failure to exercise proper supervision. The suspension and disassociation are effective May 4. The firm and the two individual respondents, pursuant to an offer of settlement, waived a hearing and consented to imposition of the sanctions.

According to the Commission's decision, the Hertz, Warner firm and Carney aided and abetted violations of anti-fraud and other provisions of the Federal securities laws in connection with the offer, purchase and sale of the portfolio securities of and shares in Associated Fund Trust and Fund of America, Inc. The firm and Carney participated with other broker-dealer firms, which served as investment advisers and underwriter or distributor of the Funds, in activities which consisted of the obtaining and directing of brokerage business from the Funds that was secured by special inducements. Among other things, these respondents participated in certain reciprocal arrangements with those firms which provided for the allocation by those firms of the Funds' portfolio brokerage transactions to registrant and the direction back to those firms and persons affiliated with them of a portion of the commissions earned by registrant on such transactions. Such activities and transactions were not accurately disclosed to the Funds and their public shareholders and, in connection with such activities and transactions, registrant's ledgers did not accurately reflect receipts and disbursements, income and expense accounts, and the sources and composition of those accounts. In connection with the foregoing, the firm and Carney paid compensation to, and made possible the receipt of compensation by, persons affiliated with the Funds and affiliated persons of such persons, for the purchase and sale of property to or for the Funds, other than in the course of such persons' business as underwriters or brokers.

NEW RULES AND RULE PROPOSALS

EXCHANGE ACT RULE AMENDED. The SEC today announced the adoption of an amendment to Rule 17a-4(f) under the Securities Exchange Act (Release 34-8875) to permit, upon specified conditions, books and records of brokers and dealers to be initially maintained and preserved in microfilm form in lieu of hard copy (paper) print-out.

EXEMPTION PROPOSED FOR STOCK PLANS OF CONTROLLED PORTFOLIO COMPANIES. The SEC today invited the submission of views and comments, not later than June 1, upon a proposal to amend Rule 17d-1 under the Investment Company Act (Release IC-6038) to enable operating companies controlled by registered investment companies to adopt stock option or stock purchase plans for their officers and employees who are not affiliated with any investment company which is an affiliated person of such controlled company, or with the investment adviser or principal underwriter of such an investment company without the prior approval of the Commission. It

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would also add to the exemption now provided by paragraph (d)(1) of Rule 17d-1 the requirement that participants (1) must not be affiliated with the investment adviser and principal underwriter of such an investment company; and (2) must not have been affiliated with them and with the investment company for six months prior to the purchase of stock or granting of any options pursuant to such a plan and must remain unaffiliated during the life of the plan.

RULE WOULD EXTEND EXEMPTION OF INSURANCE COMPANY SEPARATE ACCOUNTS. The SEC today announced a proposal for the adoption of rules under the Investment Company Act (Release IC-6039) which would provide certain additional exemptions from various provisions of the Act for registered separate accounts established by insurance companies proposing to engage in the sale of variable annuity contracts, and of an amendment to Rule 0-1(e) so that the conditions set forth in that rule would also be applicable to the proposed rules. The proposed rules would provide certain additional exemptions to those already provided by Rules 14a-2, 15a-3, 16a-1, 32a-2, 22e-1, 27c-1, 27a-1, 27a-2, and 27a-3. The proposed rules will serve the same purpose as the rules previously adopted in this area in affording limited exemptions which have been granted by order in the past. The proposed rules will eliminate the need for preparing, filing and processing applications which are of a routine nature and will provide a further specification of the manner in which relevant regulatory provisions will be applied in connection with the organization and operation of separate accounts. Interested persons may submit views and comments upon the proposal not later than June 1.

HOLDING COMPANY ACT RELEASE

WESTERN MASS. ELECTRIC SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16705) giving interested persons until May 20 to request a hearing upon an application of Western Massachusetts Electric Company, West Springfield subsidiary of Northeast Utilities, to issue and sell, at competitive bidding, \$30,000,000 of first mortgage bonds, Series I, due 2000, and 150,000 shares of \$100 par Series A preferred stock. The company will use the net proceeds of its offering to finance its construction program, to supply funds for its investments in regional nuclear generating companies and to repay short-term borrowings incurred for these purposes and which are expected to aggregate \$38,000,000 at the time of the proposed sales. Construction expenditures are estimated at \$45,800,000 for 1970.

INVESTMENT COMPANY ACT RELEASE

DISCOVERY FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6035) giving interested persons until May 18 to request a hearing upon an application of Discovery Fund, Inc., Scranton, Pa. mutual fund, for an order declaring that it has ceased to be an investment company as defined in the Act. The Fund represents that subsequent to registering under the Act in September 1968 it has issued no securities and has no assets at the present time; and a proposed public offering of its securities has been abandoned.

COURT ENFORCEMENT ACTION

MADISON SQUARE GARDEN, OTHERS ENJOINED. The SEC announced April 29 (LR-4598) that Madison Square Garden Corporation and its subsidiary, Eastern International Corporation, Goldman, Sachs & Co., and Harbill Associates (whose general partner and investment manager is Stott Capital Corporation), all of New York, had been enjoined from future violations of the filing, margin and anti-manipulative provisions of the Securities Exchange Act; and the court order compels them to file statements on Schedules 13D and 14D with respect to matters complained of by the Commission. The defendants consented to the court order, without admitting the violations charged in the complaint, which related to certain arrangements for the purchase by the defendants of stock of Roosevelt Raceway, Inc., which had been the subject of a tender offer by G & W Land and Development Corp. (now known as Transnation Development Corp.). The court order declares the purchase agreement null and void and provides for the sale of the acquired Roosevelt Raceway stock "in an orderly manner" by Goldman-Sachs and others.

SECURITIES ACT REGISTRATIONS

KANSAS CITY P & L TO SELL BONDS. Kansas City Power & Light Company, 1330 Baltimore Ave., Kansas City, Mo. 64141, filed a registration statement (File 2-37206) with the SEC on April 28 seeking registration of \$35,000,000 of first mortgage bonds, due 2000, to be offered for public sale at competitive bidding. The company will use the net proceeds of its bond sale to repay short-term bank loans (which may approximate \$22,500,000 before the sale of the bonds); the balance will be added to its working capital and be used to defray construction costs. Construction expenditures are estimated at \$57,500,000 for 1970.

KIMCO FILES FOR OFFERING AND SECONDARY. The Kimco Corporation, 245 Park Ave., New York 10017, filed a registration statement (File 2-37207) with the SEC on April 28 seeking registration of 200,000 shares of common stock, of which 150,000 are to be offered for public sale by the company and 50,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Sterling, Grace Securities Corp., 69-71 Forest Ave., Locust Valley, N. Y. 11560; the offering price (\$12 per share maximum*) and underwriting terms are to be supplied by amendment. Sterling, Grace has agreed to purchase \$18,000 of 7½% convertible subordinated debentures, due 1975 (convertible into 12,000 common shares).

Organized in May 1966, the company and its subsidiaries are engaged primarily in the development, construction, operation, acquisition, lease and sale of neighborhood and community shopping centers. Net proceeds of its sale of additional stock will be applied to the reduction of bank indebtedness incurred for working capital purposes. In addition to indebtedness and preferred stock, the company has outstanding

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1,319,082 common shares, of which Martin S. Kimmel, board chairman, owns 40% and Milton Cooper, president, and Norman Orentreich, a director, 21% each. Kimmel proposes to sell 18,250 of 532,235 shares held, Nassau Center for Emotionally Disturbed Children and Joseph G. Hoerth all of 22,750 and 9,000 shares held, respectively.

DAYTON P & L TO SELL BONDS. The Dayton Power and Light Company, 25 North Main St., Dayton, Ohio 45401, filed a registration statement (File 2-37208) with the SEC on April 28 seeking registration of \$35,000,000 of first mortgage bonds, due 2000, to be offered for public sale at competitive bidding. The company will use the net proceeds of its bond sale to reduce short-term indebtedness (incurred for construction purposes and the recent acquisition of the municipal electric system of the City of Troy, Ohio) expected to aggregate \$61,000,000 at the time of receipts of the proceeds of the new bonds. Construction expenditures are estimated at \$70,177,000 for 1970.

MATROGRAPHICS TO SELL STOCK. Matrographics, Inc., 511 Center Ave., Mamaroneck, N. Y., filed a registration statement (File 2-37209) with the SEC on April 28 seeking registration of 150,000 shares of common stock, to be offered for public sale at \$8 per share. The offering is to be made through Frank Ginberg & Co., Inc., 50 Broadway, New York, which will receive an 80¢ per share commission plus \$20,000 for expenses. The company has agreed to sell the underwriters 15,000 shares at \$1 per share, nontransferable for two years.

Organized in August 1969, the company is engaged in research, development and design of a computer pagination system, using to the extent possible certain rights acquired from Datatronics, Inc. Of the net proceeds of its stock sale, \$110,000 will be used to establish production facilities for the manufacture of a pagination system, \$250,000 for the employment of additional personnel and \$375,000 for the initial production runs of the pagination system through 1972; the balance will be used for general corporate purposes including working capital. The company has outstanding 624,000 common shares (with a 25¢ per share net tangible book value), of which Mathew A. Strumor, president, owns 11%, management officials as a group 29%, Datatronics, Inc. 40% and Rapidril, Inc. 20%. Purchasers of the shares being registered will acquire a 19% stock interest in the company for their investment of \$1,200,000; purchasers of the shares being registered will then own 81%, for which they paid \$254,000 (or 41¢ per share).

CLINICAL ELECTRONICS PROPOSES OFFERING. Clinical Electronics Manufacturing Corporation, 2002 Sunset Ave. Asbury Park, N. J. 07712, filed a registration statement (File 2-37210) with the SEC on April 28 seeking registration of 33,000 shares of common stock, 33,000 Class A common stock purchase warrants and 33,000 Class B common stock purchase warrants, to be offered for public sale in units, each consisting of one share and one Class A and one Class B warrant. The offering is to be made on a best efforts basis, at \$6 per unit, through MHR & Co., Inc., 1220 Biscayne Blvd., Miami, Fla. 33132, which will receive a 60¢ per share selling commission plus \$12,000 for expenses.

Organized in October 1969, the company plans to engage in the development, assembly and distribution of electronic equipment for use in the medical, surgical and life-science fields. Net proceeds of its stock sale will be added to the company's working capital and used for general corporate purposes. The company has outstanding 236,500 common shares, of which Charles Dunn, board chairman, owns 21.1%, Ole Palludan, president, 10.6%, management officials as a group 67% and Medic-Home Leasing Corporation 21.1%. Purchasers of the shares being registered will sustain an immediate dilution of \$5.24 in per share book value from the offering price.

MINCO OIL AND GAS TO SELL STOCK. Minco Oil and Gas Co., P. O. Box 2317, Pampa, Tex., filed a registration statement (File 2-37213) with the SEC on April 28 seeking registration of 300,000 shares of common stock, to be offered for public sale through underwriter headed by Brown, Allen & Co., Empire Life Bldg., Dallas, Tex. The offering price (\$4 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the Brown firm \$2,500 for expenses and to sell it, for \$240, five-year warrants to purchase 24,000 shares; it has also agreed to pay Monte Hasie \$10,000 as a finder's fee.

Organized in 1965, the company buys, sells and invests in oil and gas properties including producing and non-producing minerals, royalties and working interests under oil and gas leases. Of the net proceeds of its stock sale, \$350,000 will be used in developing leases, owned in whole or in part by the company, through the drilling of additional wells thereon; the balance will be used for the acquisition or development of other oil, gas and mineral properties. The company has outstanding 444,928 common shares (with a 72¢ per share book value), of which S. Gene Hall, president, owns 70.34% and management officials as a group 94.38%.

BELDEN & BLAKE PROPOSES OFFERING. Belden & Blake and Company Limited Partnership No. 38, 702 Tuscarawas St., West, Canton, Ohio 44702, filed a registration statement (File 2-37214) with the SEC on April 27 seeking registration of \$250,000 of partnership units, to be offered for public sale in \$2500 units. The partnership was formed to acquire oil and gas well locations together with the supporting leases and to drill oil and gas wells. Henry S. Belden III and Glenn A. Blake are general partners.

APPLIED MAGNETICS FILES FOR OFFERING AND SECONDARY. Applied Magnetics Corporation, 75 Robin Hill Road, Goleta, Calif. 93017, filed a registration statement (File 2-37216) with the SEC on April 29 seeking registration of 400,000 shares of common stock, of which 200,000 are to be offered for public sale by the company and 200,000 (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, and Bateman Eichler, Hill Richards Inc., 460 S. Spring St., Los Angeles, Calif. 90013; the offering price (\$21 per share maximum*) and underwriting terms are to be supplied by amendment.

The company and its subsidiaries are engaged primarily in the business of designing, manufacturing and selling computer components and equipment. Of the net proceeds of its sale of additional stock, \$2,300,000 will be used to reduce outstanding short-term bank borrowings, \$800,000 to finance a term receivable arising from the manufacture and sale of processing and handling equipment; and the balance will be added to the company's general funds and used for working capital purposes. In addition to indebtedness, the company has outstanding 3,957,230 common shares, of which Harold R. Frank, board chairman and president, owns 54.8% and management officials as a group 73.2%. Frank proposes to sell 120,000 of 2,172,510 shares held and six others the remaining shares being registered.

AMERICAN CATTLE PROPOSES OFFERING. American Cattle Company, 222 N. Central Ave., Phoenix, Ariz. 85004, filed a registration statement (File 2-37217) with the SEC on April 28 seeking registration of \$11,000,000 of agency agreements with selected persons (investors) in regard to a feeding program whereby cattle will be bought, fed in feedlots operated by others and sold, all for the account of the investors. The offering is to be made at \$30,000 per unit. No underwriting is involved. The company acts as agent for investors in purchasing, each month, a "pool" of feeder cattle, in contracting with commercial feedlots located in various geographic locations for the feeding and care of cattle over a period averaging six months, and in directing the sale of the fattened cattle at the end of the feeding period. Fred T. Boice is president.

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:
 SunOlin Chemical Company, Philadelphia, Pa. 19103 (File 2-37196) - 10,498 shares of Sun Oil Company and 27,027 shares of Olin Corporation

Trans World Airlines, Inc., New York, N. Y. 10016:
 (File 2-37200) - 200,000 shares (Thrift Plan for Non-Contract Employees)
 (File 2-37201) - 191,143 shares (Employee Stock Purchase Plan)
 (File 2-37202) - 400,000 shares (Incentive Stock Option Plan)

The Hanna Mining Company, Cleveland, Ohio 44114 (File 2-37211) - 100,000 shares
 Questor Corporation, Toledo, Ohio 43624 (File 2-37212) -
 Motorola, Inc., Franklin Park, Ill. 60131 (File 2-37215) - 616,305 shares
 Seaboard Coast Line Industries, Inc., Richmond, Va. 23230 (File 2-37218) - 412,857 shares

MISCELLANEOUS

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the April 3 News Digest.

8-K Reports for Feb 1970

Liggett & Myers Inc.(8,12,13)	1-5759-2	International Tape Cartridge Corp. Amdt. #1 for Mar. 70 (3,13)	0-3193-2
Western Union International Inc. 2,7,13)	1-5487-2	LaBrage Inc. Amdt. #1 for May 69 (4)	1-5761-2
Lindberg Corp. Apr. 69 (11,13)	0-2476-2	North Shore Gas Co. Amdt. #1 for Feb. 70 (12,13)	2-12013-2
Western Land Corp.(3,12,13)	0-2979-2	Medalist Ind. Inc. Amdt. for Feb 70 (12,13)	1-6322-2
North American Rockwell Corp. Mar. 70 (12,13)	1-1035-2	Jonathan Logan Overseas Development Corp. Amdt. for Dec. 69 (2)	1-5840-2
Hydro- Ski International Corp. Amdt. #2 for Sept. & Oct. 69 & #1 for Jan 70 (7)	0-4089-2	Hamburger Dens Inc. Amdt. #1 for Jan 70 (13)	2-32552-2
Instrument Systems Corp. Amdt. #1 for Feb. 70 (11)	1-5643-2		

SECURITIES ACT REGISTRATIONS. Effective April 28: Fidelity Corp., 2-37124.
Effective April 29: Baker Industries, Inc., 2-37038; Emery Air Freight Corp., 2-36945; Great Republic Financial Corp., 2-35182; Hytek International Corp., 2-35567 (90 days); Intravest, Inc., 2-36638; Lafayette Funds, Inc., 2-35838 (90 days); Lincoln First Banks Inc., 2-37083; Lee Enterprises, Inc., 2-36105; Municipal Investment Trust Fund, Series V., 2-36695; Puritan-Bennett Corp., 2-35745; Reed Group Ltd., 2-37051; Revlon, Inc., 2-37098; Sierra Pacific Power Co., 2-36982 (Jun 8); State Bond & Mortgage Co., 2-36555.

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.