

# 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 August 10, 1970

## NEW RULES AND RULE PROPOSALS

**RULE EXEMPTS CERTAIN PORTFOLIO COMPANY PLANS.** The SEC today adopted an amendment to Rule 17d-1 under the Investment Company Act (Release IC-6154) with respect to stock option and stock purchase plans of controlled portfolio companies. The amendment provides an exemption from the requirement of filing an application under the Rule transactions in connection with such plans where no affiliated person of any investment company, investment adviser or principal underwriter participates therein.

## HOLDING COMPANY ACT RELEASES

**BLACKSTONE VALLEY ELECTRIC RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16800) authorizing Blackstone Valley Electric Company, Lincoln, R. I., subsidiary of Eastern Utilities Associates ("EUA"), to issue and sell \$7,500,000 of first mortgage and collateral trust bonds, Second Series due 1973, at competitive bidding. Blackstone will use the net proceeds to prepay in whole or in part without premium its short-term notes to banks and/or borrowings on open-account from EUA all incurred to provide funds for the purchase of securities of Montaup Electric Company, another EUA public-utility subsidiary, and for construction. Such short-term notes and borrowings amounted to \$7,600,000 at April 30.

**OHIO EDISON SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16801) giving interested persons until September 1 to request a hearing upon an application of Ohio Edison Company, Akron holding company, to issue and sell \$45,000,000 of first mortgage bonds, due 1995, at competitive bidding. Ohio Edison will use the net proceeds for the acquisition of property, the construction, completion, extension, renewal or improvement of its facilities or for the improvement of its services, or for repayment of unsecured short-term debt (estimated at \$8,000,000) or for the reimbursement of its treasury for expenditures made for such purposes. Construction expenditures are estimated at \$92,445,000 for 1970. Ohio Edison also proposes to issue an additional \$337,500 of first mortgage bonds, 3 $\frac{1}{4}$ %, due 1985, under the provisions of its Twelfth Supplemental Indenture dated May 1, 1955 and to surrender such bonds to the sinking fund provisions.

**VERMONT YANKEE SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16802) giving interested persons until August 28 to request a hearing upon an application of Vermont Yankee Nuclear Power Corporation, Rutland, Vt., subsidiary of both Northeast Utilities ("Northeast") and New England Electric System ("NEES"), New England Power Company ("NEPCO"), a subsidiary of NEES, Western Massachusetts Electric Company ("WMECO"), The Connecticut Light & Power Company ("CL&P"), and The Hartford Electric Light Company ("Hartford"), three subsidiaries of Northeast, and Montaup Electric Company ("Montaup"), a subsidiary of Eastern Utility Associates, (collectively referred to as "sponsors") with respect to financing of a nuclear-powered electric generating plant with a net expected capacity of approximately 540 megawatts being constructed by Vermont Yankee. The sponsors are committed by capital fund agreements and power contracts to provide, in accordance with their stock percentages, the capital required by Vermont Yankee, and to purchase a like percentage of the capacity and power output of the Vermont Yankee plant. Vermont Yankee proposes to issue and sell to the sponsors an additional aggregate of \$20,000,000 of its subordinated notes for the purpose of providing funds to meet construction expenses. The sponsors have agreed to acquire 34.5% of such notes in the following percentages: NEPCO 20%, CL&P 6%, Hartford 3.5%, Montaup 2.5% and WMECO 2.5%. The remaining amount will be issued to other sponsors but the acquisition thereof is not subject to approval by this Commission.

**AMERICAN ELECTRIC POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16803) authorizing American Electric Power Company, Inc. ("AEP"), New York holding company, to increase from \$110,000,000 to \$130,000,000 the amount of short-term notes it proposes to issue to banks and commercial paper to a dealer in commercial paper. AEP will use the net proceeds of its sale of notes together with other funds, to make additional investments in certain of its subsidiaries to assist them in financing the costs of their respective construction programs and for other corporate purposes.

## INVESTMENT COMPANY ACT RELEASES

**INVESTORS CONTRACTS RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-6156) declaring that Investors Contracts, Inc., St. Louis, has ceased to be an investment company.

**LINCOLN NATIONAL RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-6157) declaring that Lincoln National Corporation, Passaic, N. J., has ceased to be an investment company.

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**BROGAN ASSOCIATES SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-6158) giving interested persons until August 28 to request a hearing upon an application of Brogan Associates, Inc., Westbury, L. I., New York, for temporary exemption from certain provisions of the Act until such time as the Commission has acted on its application for an order declaring that it is not an investment company.

**SOUTHEASTERN CAPITAL CORP. SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-6159) giving interested persons until August 31 to request a hearing upon an application of Southeastern Capital Corporation ("Southeastern"), Atlanta closed-end, non-diversified, management investment company and licensed as a small business investment company under the Small Business Investment Act, for exemption from certain provisions of the Act, with respect to its proposal (subject to shareholder approval) to transfer its license as a small business investment company to a wholly-owned subsidiary to be named Southeastern Capital Small Business Investment Corporation ("SCSBIC"). SCSBIC is to be incorporated in Georgia and will register as a closed-end, non-diversified management investment company. Southeastern proposes in the future to transfer between \$1,000,000 and \$3,666,667 in value to SCSBIC and will thereafter operate as a closed-end non-diversified, management investment company. SCSBIC will assume a \$1,000,000 loan that Southeastern obtained from the SBA in April, but Southeastern will guarantee payment of said loan. Southeastern's purpose is to provide a framework within which it can retain and employ a portion of its assets under the Small Business Administration program and at the same time free the major portion of its assets for investment in opportunities not contemplated under that program. Southeastern further proposes to continue to engage, and to cause SCSBIC to engage in the business of furnishing capital to industry, financing promotional enterprises, purchasing securities of issuers for which no ready market exists, reorganizing companies and similar activities. Southeastern submits that the requested exemptions are necessary to enable it contemporaneously to implement the Congressional intent recited in the Small Business Investment Act and to engage in furnishing venture capital as contemplated by the Investment Company Act.

#### COURT ENFORCEMENT ACTIONS

**RADIO HILL MINES, OTHERS NAMED IN SEC ACTION.** The SEC New York Regional Office announced August 4 (LR-4710) the filing of a complaint on July 31 in the Federal court in New York City charging violations of the registration and anti-fraud provisions of the Federal securities laws in transactions in the stock of Radio Hill Mines Co., Ltd., of Toronto, Canada, by Radio Hill Mines and the following: Sidney Stein, Albert Feiffer and Norman Rubinson, all of New York and Miami Beach, Harry Silber of Brooklyn, Leonard Varah of Montreal and Michael Gardner of New York and Consolidated Industrial Ventures, Ltd. and Morav Holding Co., two Canadian corporation controlled by Leonard Varah and Saul Weitzman of Bay Harbor Island, Fla.

**ACTION AGAINST PERERA CO. RESOLVED.** The SEC announced August 7 (LR-4711) that, pursuant to a stipulation and agreement entered into by the parties, the Federal court in New York City has entered an order disposing of an action brought by the Commission on March 28, 1968, which sought to enjoin Perera Company, Inc. and Nicolas L. Deak, its president, from alleged violations of the registration provisions of the Federal securities laws in the offer and sale of Perera's short-term promissory notes. Perera denied the validity of the claims asserted by the Commission or any illegality in the sale of its nine-month notes, contending that the offer and sale of such notes are exempt from the registration requirements pursuant to Section 3(a)(3) of the Securities Act. In entering into the settlement, neither the Commission nor Perera conceded the correctness of each other's contentions. Agreement has been reached as to certain modifications of Perera's former practices in the offer and sale of the notes. The court is to retain jurisdiction over the parties and the subject matter.

#### SECURITIES ACT REGISTRATIONS

**LONG ISLAND LIGHTING TO SELL BONDS.** Long Island Lighting Company, 250 Old Country Road, Mineola, N. Y. 11501, filed a registration statement (File 2-38128) with the SEC on August 6 seeking registration of \$25,000,000 of first mortgage bonds, Series S due 2000, and \$25,000,000 of first mortgage bonds, Series T due 1975, to be offered for public sale at competitive bidding. A public utility, the company will apply the net proceeds of its bond sale to construction of utility plant and towards repayment of outstanding indebtedness incurred for construction. Construction expenditures are estimated at \$209,000,000 for the period July 1, 1970 through 1971.

**EL PASO NATURAL GAS FILES FOR OFFERING AND SECONDARY.** El Paso Natural Gas Company, El Paso Natural Gas Bldg., El Paso, Tex. 79901, filed a registration statement (File 2-38129) with the SEC on August 6 seeking registration of 250,000 shares of cumulative preferred stock (\$100 par), to be offered for public sale at \$100 per share. The offering is to be made through underwriters headed by White, Weld & Co., 20 Broad St., New York 10005; the dividend rate and underwriting terms are to be supplied by amendment.

The company is engaged in the ownership and operation of pipe line systems for the transmission and sale of natural gas. Net proceeds of its stock sale will be added to general funds and used largely to pay a portion of its outstanding commercial paper and short-term notes payable to various banks. Prior to such payment, the company expects to invest a large part of such proceeds in certain subsidiaries which will then return such funds in repayment of a like amount of existing advances. At August 4 short-term borrowings were approximately \$124,000,000, applied principally to the construction of various additions to the company's gas pipe line systems and to prepayment for gas contracted for to meet its future requirements. Capital requirements for 1970 are estimated at \$117,000,000. In addition to indebtedness and preferred stock, the company has outstanding 24,470,052 common shares. Howard Boyd is board chairman and chief executive officer and Hugh F. Steen president.

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In a separate registration statement (File 2-38130), the company seeks registration of 450,000 shares of common stock. These shares are issuable upon exercise of outstanding warrants acquired in transactions not involving a public offering. The warrants or underlying shares may be offered for sale from time to time by the holders thereof at prices current at the time of sale (\$23 per share maximum\*). Metropolitan Life Insurance Company may sell 169,800 warrants and 22 others the remaining warrants being registered.

**UGI TO SELL BONDS.** UGI Corporation, 1401 Arch St., Philadelphia, Pa. 19105, filed a registration statement (File 2-38131) with the SEC on August 6 seeking registration of \$25,000,000 of first mortgage bonds, due 1975, to be offered for public sale through underwriters headed by The First Boston Corp., 20 Exchange Pl., and Merrill Lynch, Pierce, Fenner & Smith, 70 Pine St., both of New York 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment. A public utility, the company will use the net proceeds thereof to reduce bank loans and other short term debt outstanding at June 30 in the amount of \$38,114,000, which were incurred to reimburse its treasury for expenditures for construction and acquisitions. Construction expenditures are estimated at \$64,000,000 for the period 1970 through 1974.

#### MISCELLANEOUS

**DELISTING GRANTED.** The SEC has issued an order under the Securities Exchange Act (Release 34-8952) granting an application of Health Industries, Inc. (formerly Kennebec Consolidated Mining Company) to withdraw its common stock from listing and registration on the Salt Lake Stock Exchange, effective at the opening of business on August 13, 1970. According to the application, the nature of the company's business has changed substantially from that of a mining company to that of a company engaged in the operation of health clubs, making continued listing on the Salt Lake Stock Exchange inadvisable since that Exchange affords a trading market primarily for mining securities. Stockholders approved delisting on June 5, 1970. The Exchange has submitted a letter dated July 27, 1970 disagreeing with the reason advanced by the issuer in support of its application.

**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 (in ordering, please give month and year of report). 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 August 4 News Digest.

#### BK's for May 1970

Empire Life Insur Co(Apr 70 (7,9) 2-20749-2 7,9 2-20749-2	111 Realty Corp(11,13) 0-1848-2 Southern California Edison Co (13) 1-2313-2
GF Industries Inc(1,2,13) 1-4273-2	Sovereign Corp(11,12,13) 0-3590-2
GFI-Computer Inds Inc(1,2,3, 12,13) 0-3323-2	Starret Brothers & Eken Inc (11,13) 0-1176-2
Gould Enterprises Inc Apr 70 (11) 0-249-2	Tidal Marine International Corp (2,11,12) 2-33734-2
Government Employees Corp(4, 7,13) 0-414-2	Union Pacific RR Co(13) 1-1324-2
Ionics Inc(11) 0-630-2	United Fruit Co(3,13) 1-1550-2
Jones & Laughlin Steel Corp (7) 1-463-2	Allis Chalmers Mfg Co(11,12, 13) 1-2199-2
National Chemsearch Corp(7, 8,12) 1-5838-2	American Greetings Corp Jun 70 (11) 0-1502-2
New York Times Co(12) 1-5837-2	Ancorp National Services Inc (8) 1-761-2
Penn Fruit Co Inc(8) 1-4316-2	Barnes Corp(7) 0-4084-2
Skyline Corp Apr 70(12) 1-4714-2	Beverly Enterprises(7,12) 1-5894-2
Southwestern Research Corp (10) 0-3910-2	Cambridge Nuclear Corp Dec 69 (2,13) 0-3275-2
Spang Inds Inc(3,11,13) 0-700-2	Credit Bureau Reports Inc(8, 13) 0-4259-2
Standard Oil Co(11,13) 1-170-2	General Refractories Co(4, 13) 1-931-2
Szabo Food Service Inc(3,13) 1-72-2	Infotronics Corp(2,7,13) 0-2784-2
Western Holding Corp Aug 69 (7) 0-3615-2	Keydata Corp(11) 2-33352-2
Coit Inds Inc(11) 1-5882-2	Laclede Gas Co(7,13) 1-1822-2
Ennis Business Forms Inc(11, 13) 0-5807-2	Latrobe Steel Co Apr 70(11,13) 1-5144-2
General Computing Corp Dec 69 12,13) 0-4665-2	Leisure Technology Corp(2,7, 13) 1-6011-2
Heli-Coil Corp(2,11) 1-4149-2	Penta Computer Associates Inc (12) 0-4836-2
Houston First Financial Group Inc Apr 70(11,13) 0-4768-2	Pet Inc(12,13) 1-242-2
Magnavest Corp(11,13) 2-31702-2	Rexco Inds Inc(Apr 70(11,13) 0-889-2
Midas-International Corp(11,12,13) 0-1041-2	St Joe Minerals Corp(11) 1-637-2
	Tele-Communications Inc(11) 2-34872-2
	Telecor Inc(8,9,12,13) 2-35159-2

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BK's for May 1970 (Con't)

Athey Products Corp(11)	1-2723-2	A C F Ind. Inc.(4,7,9,13)	1-1333-2
Bowmar Instrument Corp(4)	1-4817-2	Air Cargo Equipment Corp.	
Comcorp Inc Jun 70(8,12,13)	2-34761-2	(11,12)	2-232132-2
Elco Corp(3)	1-5162-2	McGraw Edison Co.	
General Signal Corp(8)	1-996-2	Apr. (11,12,13)	1-169-2
Information Inds Inc(3,13)	0-4123-2	Frel Corp. (2,12,13)	0-4631-2
Kansas Beef Inds Inc(11)	2-34177-2	Revell Inc. (9)	0-2024-2
Katy Inds Inc(11,12,13)	1-5558-2	Security New York State Corp.	
Nevada Savings and Loan Association		Mar. 70 (12)	0-2569-2
(12,13)	0-3780-2	United Artists Theatre	
Peckham Inds Inc(11,13)	2-20178-2	Circuit Inc. (12,13)	0-2341-2
Rio Grande Inds Inc(2,7)	1-6022-2	Chicago & North Western Ry	
Scotten Dillon Co(2,13)	1-6178-2	Co. (7,12,13)	1-3211-2
Tech-Sym Corp(11,13)	1-4371-2	Scottex Corp. Jun 70 (11,13)	0-4648-2
Texas Utilities Co(11,13)	1-3591-2	Northwest Airlines Inc.	
Union Light Heat & Power Co(		(11,13)	1-3139-2
(11)	2-7793-2	Otter Tail Power Co.	
Val D'Or Inds Inc(12)	0-3915-2	Apr. 70 (11)	0-368-2
Visual Graphics Corp(12)	2-33808-2	"Isras" Israel-Rassco	
Wolta Inds Inc(3,12)	0-4759-2	Investment Co. Ltd.	
		20K for 3-31-69	2-17811-2
Mark Products Inc Amdt #1 for Sept		National City Lines Inc.	
69(13)	0-4251-2	(7)	1-2844-2
Northgate Exploration Ltd Amdt #1		Oakridge Holdings Inc.	
for Mar 70(2,13)	1-6138-2	Jan. 70 (2,13)	0-1937-2
Cornelius Co Amdt #1 for May 70		Pacific Lighting Corp.	
(3)	0-2106-2	Jun 70 (11)	1-40-2
Vacco Inds Amd for Sept 69(11)	0-2236-2	Television Utilities Corp.	
		Mar 70 (1)	2-31864-2
Data Automation Co Inc Amdt #1 for		Ameron Inc. (3)	1-6969-2
Fel 70(7,13)	0-3152-2	Montgomery Ward & Co. Inc.	
Susquehanna Corp Amdt #1 for Apr		(13)	1-5880-2
70(10,12)	1-5515-2	Van Dusen Air Inc.	0-1752-2
Warnaco Inc Amdt #2 for Sept 69		Jun 70 (11,13)	
(7)	1-4715-2	Cayman Corp. (7,13)	2-32215-2
Economy Finance Corp Amdt #1 for		Midwestern United Life	
May 70(13)	0-2352-2	Insurance Co Jun 70 (12,13)	2-11697-2
KDI Corp Amdt #1 for Mar 70(7)	0-2556-2	Mississippi Power & Light	
Farmers Underwriters Assn.		Co. (11)	0-320-2
(9)	0-632-2	Mohasco Ind. Inc	
Fire Underwriter Assn.		May & June 70 (2,7,13)	1-3320-2
(11)	0-1863-2	National Cash Register Co.	
Grow Chemical Corp.		(4,7,13)	1-395-2
(12,13)	1-4596-2	National Car Rental System	
National Health Enterprises		Inc. Feb. 70 (7,13)	0-3473-2
Inc. (1,2,7,11,13)	1-6065-2	National Fast Food Corp.	
Pizza Hut Inc		(1,7,13)	0-4221-2
(4,7,8,9,11,13)	0-3913-2	Seafferro Inc. Apr. 70	
RAF Research Corp. Apr 70 (2,13)	2-28033-2	(12,13)	2-32974-2
Truck Underwriters Assn.	0-639-2		
(11)			

SECURITIES ACT REGISTRATIONS. Effective Aug 7: Avon Products, Inc., 2-37955; Central National Chicago Corp., 2-27330; Computer Micromation Systems, Inc., 2-36819 (90 days); Hickerson Oil Programs, Inc., 2-36478 (90 days); Longs Drug Stores, Inc., 2-37618; Millers International, Inc., 2-34482 (90 days); Occidental Petroleum Corp., 2-37158 (90 days); Standard-Coosa-Thatcher Co., 2-37996.

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.

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