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U.S. SECURITIES & EXCHANGE COMMISSION
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CHAIRMAN SPEAKS

JUN 13 1974

COMMISSION RATES -- THE WORLD AHEAD

Speaking before the Third Bi-Annual Conference of the New York Stock Exchange in New York yesterday, Chairman Ray Garrett, Jr., discussed "Commission Rates--The World Ahead."

"Competition need not necessarily result in decreased revenues or unprofitable operations, as some, more skeptical, individuals apparently fear," Mr. Garrett said. He noted that there will be no need to incur a regulatory lag of at least three or four months duration if some industry members think rates should rise in response to increased costs. Steps taken in the past year to unfix commission rates are giving this industry price flexibility as well as price competition, he added.

Some other areas touched upon were the questions involving the consequences of unbundling of services, the uses to which portfolio commission dollars may be put and the need for fiduciaries who manage other peoples' money to understand what the consequences of competitive rates may be for them and their customers. Chairman Garrett noted that some industry members have suggested that the unfixing of commission rates, somehow or other, changes the broker's obligations regarding suitability. "In my view, however, the unfixing of rates will not alter existing obligations," he said.

In another area, he noted that the unfixing of commission rates did not suggest to him that services which have appropriately been paid for until now by means of minimum commission rates may no longer be paid for under a regime of unfixed rates. "We are all aware that the minimum commission rate has customarily provided for compensation for research . . . However, most of the information that I get suggests that there have not been enough commission dollars to pay for all the supplemental research wanted. The unfixing of commission rates does not require an unbundling of services," Mr. Garrett said, "It permits it."

Mr. Garrett turned to the question of whether a portfolio manager seeking only execution of an order must, as fiduciary, always seek the lowest obtainable commission. His answer was "Obviously not where the execution is difficult." A more difficult case, he said, is the easy order--a market order of modest size for an actively traded stock, with no research to be compensated. "I understand," Mr. Garrett said, "that able counsel for some institutions, especially trust departments, are answering this in the affirmative." "We do not expect fiduciaries always to purchase the cheapest product or the cheapest services in other areas, and the value of such intangibles as quality of service, promptness of attention, many benefits from an ongoing relationship should be entitled to weigh against marginal savings in commission costs."

COURT ENFORCEMENT ACTIONS

PHILIP P. TAYLOR, OTHERS, ENJOINED

The Denver Regional Office announced that on May 30 the Federal court in Salt Lake City, Utah, permanently enjoined Philip P. Taylor, D. Keith Whatcott, both of Provo, Utah, and Commercial Technology, Inc. (formerly Ashley Minerals, Inc., and Cancer Detection, Inc.), a Utah corporation with offices in Salt Lake City, Utah, from violating the registration and antifraud provisions of the securities laws in the offer and sale of the common stock of Commercial Technology, Inc. or any other security. Taylor, Whatcott and Commercial Technology, Inc. consented to the entry of the court's order without admitting or denying the allegations of the Commission's complaint. (LR-6392)

The Denver Regional Office announced that on May 15 the U. S. District Court for the District of Colorado preliminarily enjoined Jack Smock from violating the registration and antifraud provisions of the securities laws. The complaint alleged that Smock offered and sold securities issued by Continental Silver Corporation, a California corporation, and the defendants in the action. Jack Smock consented to the injunction without admitting or denying the allegations of the complaint. (LR-6393)

INVESTMENT COMPANY ACT RELEASES

THE VALUE LINE SPECIAL SITUATIONS FUND

A notice has been issued giving interested persons until July 8 to request a hearing on an application of The Value Line Special Situations Fund, Inc., a mutual fund, and Gulf and Western Manufacturing Company (Systems), a wholly-owned subsidiary of Gulf & Western Industries, Inc., for an order exempting from certain provisions of the Act the purchase of shares of Elco Corporation by Gulf and Western Systems, which owns 16.8% of the outstanding shares of Elco, from the Fund, which owns 8.39% of such shares, under the terms of a proposed merger between a subsidiary of Gulf and Western Systems and Elco. (Rel. IC-8384)

HOLDING COMPANY ACT RELEASES

JERSEY CENTRAL POWER & LIGHT COMPANY

A supplemental order has been issued authorizing Jersey Central Power & Light Company, subsidiary of General Public Utilities Corporation, to sell up to \$96 million of short-term notes to 30 banks. The proceeds will be used for construction expenditures, the repayment of other short-term borrowings, and the temporary reimbursement of its treasury for construction expenditures. (Rel. 35-18454)

SECURITIES ACT REGISTRATIONS

(S-1) PANHANDLE MANAGEMENT SERVICES

P. O. Box 257, Forgan, Okla. 73938 - \$5 million of common stock in a series of corporations to be formed with the stock to be offered for sale at \$1.00 per share. The companies to be formed will engage in the custom cattle feeding business. (File 2-51115 - May 17)

(S-1) ELLIS BANKING CORPORATION

1201 Sixth Avenue West, Bradenton, Fla. 33505 - 270,428 shares of common stock. It is proposed to offer these shares in exchange for all, but not less than 90% of the outstanding shares of common stock of Parkway National Bank of Tallahassee at the rate of 7.7265 Ellis shares for each Parkway share. Ellis is a bank holding company. (File 2-51227 - June 3)

(S-1) AMERICAN HOSPITAL SUPPLY CORPORATION

1740 Ridge Ave., Evanston, Ill. 60204 - 1,000,000 shares of common stock, which may be issued from time to time in connection with acquisitions. American Hospital Supply Corporation manufactures and distributes a wide range of health care products used and consumed primarily in the health care field. (File 2-51280 - June 10)

(S-1) GENERAL TELEPHONE COMPANY OF FLORIDA

610 Morgan St., Tampa, Fla. 33601 - \$50 million of first mortgage bonds, Series Q, to be offered for sale at competitive bidding. The company provides telephone services in Florida. (File 2-51282 - June 10)

(S-12) MORGAN GUARANTY TRUST COMPANY OF NEW YORK

23 Wall St., New York, N. Y. 10015 - seeks registration of 100,000 American Depositary Receipts for dollar validated common stock of Hochiki Corporation, a Japanese corporation. (File 2-51283 - June 10)

(S-5) SCUDDER MANAGED RESERVES, INC.

10 Post Office Square, Boston, Mass. 02109 - 5,000,000 shares of common stock, to be offered for sale through Scudder Fund Distributors, Inc., 10 Post Office Square, Boston, Mass. 02109, a wholly-owned subsidiary of Scudder, Stevens & Clark. Scudder is a no-load open-end diversified management investment company whose investment objective is current income and preservation of capital. Scudder, Stevens & Clark will act as investment adviser. (File 2-51285 - June 10)

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:

- Jamesway Corporation, Secaucus, N. J. (File 2-51278 - June 7) - 195,600 shares
- Fred. S. James & Co., Inc., Chicago, Ill. (File 2-51281 - June 10) - 100,000 shares
- Paine Webber Incorporated, New York, N. Y. (File 2-51284 - June 10) - 300,000 shares

REGISTRATIONS EFFECTIVE

- June 10: Current Interest, Inc., 2-50931.
- June 11: Belden & Blake and Company, 2-50113 and 2-50063; Cordura Corp., 2-50306; Eagle Picher Industries, Inc., 2-51129; Florida Power Corp., 2-50890; Four Phase Systems, Inc., 2-48189; Hamilton Bancshares, Inc., 2-51216; Indiana & Michigan Electric Company, 2-51079; Merrill Lynch & Co., Inc., 2-50981; Mobil Oil Corp., 2-51156; Niagara Mohawk Power Corp., 2-51084; Orange Co., Inc., 2-50882.

ACQUISITIONS OF SECURITIES

Companies and individuals must report to the Commission on Schedule 13D the acquisition of more than 5% of the equity securities of another company within 10 days of the acquisition. The following companies or individuals filed Schedule 13D's regarding the acquisition of stock of other companies during the period May 30-June 4, 1974.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER & NUMBER OF SHARES</u>	<u>DATE FILED</u>
Philip S. Sassower et al	Arcs Equities Corp. (New York City) Common Stock - 836,879 shs. Common Stock - 21,000 shs. on exercise of Warrants	5-30-74
SRD Realty Corp.	Southwest Realty and Development Co., Inc. (Houston, Texas) Common Stock - 140,000 shs. (11.8%)	5-30-74
* Joel Greenberg	Bluebird, Inc. (Chicago, Ill.) Common Stock - 337,600 shs.	5-31-74
Liquidating Trust for the benefit of Bank of America National Trust and Savings Assn., et al. Bankamerica Corp.	Stellar Industries, Inc. (Buena Park, Calif) Common Stock - 703,437 shs. Common Stock - 22,640 shs. on exercise of Warrant Convertible Note- \$200,000 Prin. Amt.	5-31-74
Liquidating Trust for the benefit of Bank of America National Trust and Savings Assn, et al. Bankamerica Corp.	Verit Industries (Beverly Hills, Calif) Common Stock - 525,056 shs.	5-31-74
* Yellow Freight Systems, Inc.	Adley Corp. (Shawnee Mission, Kansas) Common Stock - 963,006 shs.	5-31-74
First Chicago Corp.	Republic Corp. (Los Angeles, Calif) Common Stock - 727,750 shs. on conversion of Preferred Common Stock - 204,760 shs. on exercise of Warrants	5-31-74

ACQUISITION REPORTS CONT.

Marilyn Lobell	Goodrich Realty & Development Group, Inc. (New York City) Common Stock - 1,006,500 shs. (36.2%)	5-31-74
BankAmerica Corp.	Republic Corp. (Los Angeles, Calif) Common Stock - 589,400 shs. on conversion of Preferred Common Stock - 184,330 shs. on exercise of Warrants	5-31-74
Howell Corp.	Sernco, Inc. (Los Angeles, Calif) Common Stock - 1,550,000 shs.	5-31-74
* John E. Forester, Individual and Trustee	Mosinee Paper Corp. (Mosinee, Wisc.) Common Stock - 106,412 shs.	5-31-74
Clark Foundation	Gulf Energy & Development Corp. (San Antonio, Texas) Common Stock - 44,000 shs. Common Stock - 9,240 shs. on exercise of Options	5-31-74
* Hillman Coal & Coke Co.	Dahlstrom Corp. (Jamestown, N.Y.) Common Stock - 145,390 shs.	6- 3-74
* JF White Contracting Co. New England Equipment Rental Co.	La Touraine-Bickford's Foods, Inc. (Newton, Mass.) Common Stock - 513,939 shs.	6- 3-74
* St. Regis Paper Co.	Michigan Carton Co. (Battle Creek, Mich) Common Stock - 398,764 shs. (99.69%) (Above shares acquired pursuant to the Offer of Exchange which has been extended until June 17, 1974.)	6-3-74
* Home Oil Co., Ltd.	Scurry-Rainbow Oil Ltd. (Calgary, Canada) Common Stock - 2,212,373 shs. (84.5%)	6-3-74
* Schlesinger European Investments Ltd. (United Kingdom)	Overseas Securities Co., Inc. (New York City) Capital Stock - 122,428 shs.	6-3-74
Crane Co.	CF & I Steel Corp. (Pueblo, Colo.) Common Stock - 3,720,119 shs. (93.8%) (100,510 shs. of above were purchased pursuant to the Tender Offer)	6-3-74
* Zapata Corp. Zapata Canada Ltd.	Granby Mining Company Ltd. (Vancouver, B.C.) Capital Stock - 1,312,675 shs. (91%)	6-4-74

* Amended Acquisition Report

NOTICE

Many requests for copies of documents referred to in the SEC News Digest have erroneously been directed to the Government Printing Office. Copies of such documents and of registration statements may be ordered from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549. The reproduction cost is 15c per page plus postage for mailing within four days (\$2 minimum) and 30c per page plus postage for over-night mailing (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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