

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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NEW RULES AND RULE PROPOSALS

COMMENTS INVITED ON PREFERRED STOCK PROVISIONS. The SEC today issued an invitation for the submission of comments (not later than May 11) on the possible revision of its Statement of Policy respecting the right of redemption of preferred stock, the issuance and sale of which are subject to Commission approval under the Holding Company Act (Release 35-16685).

On May 8, 1969, following receipt of comments, the Commission modified its Statement of Policy Regarding First Mortgage Bonds subject to the Holding Company Act so as to permit issuers of long-term debt securities subject to the Act to include five-year refunding limitations, subject to certain restrictions, in the terms and provisions of new issues of such securities. Certain of the persons commenting on that matter recommended that the Commission's policy respecting redemption of preferred stock be similarly relaxed, but submitted no statistical or other studies pertaining specifically to this type of security, and prior to this time no one had questioned the effectiveness of the Commission's policy regarding preferred stocks. Recently, several interested persons have requested that the preferred stock redemption policy be modified so as to permit the issuers of such securities to include, in their discretion, provisions giving the holders of preferred stock protection against refunding for such period (at least up to five years) and in such manner as the issuer shall deem desirable. Other interested persons appear to be of the view that the preferred redemption policy should not be modified, at least at this time. The Commission has been weighing the considerations involved and would appreciate receiving the comments of interested persons.

The present policy of the Commission, adopted in 1956, provides in pertinent part that such stock be redeemable by the issuer "at any time upon reasonable notice and with reasonable redemption premiums, if any."

COMMISSION ANNOUNCEMENT

PENSION FUND ASSETS REPORTED. The SEC today reported that the assets of private noninsured pension funds (at book value) increased by \$7.0 billion during 1969, according to preliminary estimates. This compares with a growth of \$8.4 billion during 1968 and \$7.4 billion in 1967. The 9 percent increase in assets during 1969 was somewhat lower than in any of the previous years of the decade, when growth averaged 12 percent a year. Pension funds' largest asset holding, corporate stock, represented 55 percent of total assets (at book value) at year-end 1969 compared to only 35 percent in 1960. On the other hand, holdings of corporate bonds, which now constitute 31 percent of total assets, were 47 percent of portfolio holdings in 1960. Relative holdings of cash and U. S. Government securities have decreased over the decade, while mortgages and other assets now make up a larger percentage of assets than in 1960. For further details, see Stat. Release No. 2437.

DECISION IN ADMINISTRATIVE PROCEEDINGS

MOTEL TRAINING SCHOOL SUSPENSION PERMANENT. The SEC today announced that its September 1969 order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of stock by Motel Managers Training School, Inc., of Granada Hills, Calif., has been made permanent. According to the Commission's decision (Release 33-5060), the company's offering of 300,000 shares at \$3 per share pursuant to a Regulation A notification filed in April 1968 violated the anti-fraud provisions of the Securities Act by reason of "misleading statements" contained in its offering circular. The Commission ruled that the company's offering circular failed to disclose that William D. Soma and William G. Spencer, issuer's principal officers and controlling stockholders, intended to, and they did, cause the issuer to issue an additional 80,000 shares as a purported stock dividend, and to sell certain of such shares to third persons for sums substantially in excess of the \$300,000 realized from the sale of the stock described in the offering circular. The terms and conditions of Regulation A were not complied with in that the aggregate amount of the securities offered to the public as computed under the Regulation, \$715,000, exceeded the \$300,000 limitation of the Regulation, and no escrow arrangement was made, as required by Rule 253(c) of the Regulation, with respect to the additional shares issued to the two principal officers of the issuer.

The company waived a hearing and, without admitting or denying the allegations contained in the temporary suspension order, consented to the entry of an order making the suspension permanent.

HOLDING COMPANY ACT RELEASES

CENTRAL AND SOUTH WEST RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16689) authorizing Central and South West Corporation, Wilmington, Del. holding company, to issue and sell 1,000,000 shares of common stock at competitive bidding. The company will use the net proceeds (estimated to aggregate \$40,000,000) to purchase from time to time additional shares of common stock of its system companies and, until so used, to make loans to such companies on a short-term basis (subject to

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Commission authorization) for the purpose of enabling the companies to finance a part of the cost of their 1970-1971 construction programs. Approximately \$5,300,000 of the proceeds will be used to pay short-term borrowings made or to be made prior to the issuance of the common stock. Construction expenditures of the subsidiaries are estimated at \$127,600,000 and \$134,700,000 for 1970 and 1971, respectively.

PENNSYLVANIA POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16690) authorizing Pennsylvania Power Company, subsidiary of Ohio Edison Company (Akron, Ohio), to issue and sell to its parent 140,000 shares of common stock for \$4,200,000. Pennsylvania Power also proposes to issue and sell \$15,000,000 of first mortgage bonds, due 2000, at competitive bidding. The company will use the net proceeds of this financing to construct and acquire new facilities, for the betterment of existing facilities and to reimburse its treasury in part for monies expended for such purposes. The cost of plant additions for 1970 is estimated at \$25,174,000. Pennsylvania Power also proposes to issue \$731,000 of first mortgage bonds, 3- $\frac{1}{2}$ %, due 1982, to First National City Bank, as successor Trustee, under its indenture dated November 1, 1945.

AMERICAN NATURAL GAS SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16691) giving interested persons until May 12 to request a hearing upon an application of American Natural Gas Company, New York holding company, and its subsidiaries, Michigan Consolidated Gas Company ("Michigan Consolidated"), Michigan Wisconsin Pipe Line Company ("Michigan Wisconsin") and Wisconsin Gas Company ("Wisconsin Gas") with respect to the parent's loans of funds to the subsidiaries. American Natural proposes to issue and sell up to a maximum of \$40,000,000 of notes from time to time until January 1, 1973, to the Institutional Investment Division of First National City Bank, which administers, as trustee, pension and other funds of many corporations. American Natural proposes to lend the funds to its subsidiaries in the following maximum amounts: Michigan Wisconsin, \$30,000,000; Michigan Consolidated, \$15,000,000 and Wisconsin Gas, \$10,000,000. However, not more than \$40,000,000 would be outstanding at any one time.

INVESTMENT COMPANY ACT RELEASE

FLORIDA CAPITAL RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-6031) permitting Florida Capital Corporation, Palm Beach, to exchange 40,000 shares of its common stock for all the outstanding stock of B & M Foods, Inc.

COURT ENFORCEMENT ACTION

REYNAUD, DUNHILL SECURITIES SENTENCED. The SEC New York Regional Office announced April 15 (LR-4588) that the Federal court in New York City had fined Patrick R. Reynaud \$10,000 and sentenced him to four months' imprisonment, and fined Dunhill Securities Corporation \$10,000, following their plea of guilty to criminal contempt for violating prior court orders of injunction against violating the bookkeeping and net capital provisions of the Securities Exchange Act and certain rules thereunder.

SECURITIES ACT REGISTRATIONS

AMERICAN MEDICAL ASSOCIATION FILES. American Medical Association, 535 North Dearborn St., Chicago, Ill. 60610, filed a registration statement (File 2-37081) with the SEC on April 15 seeking registration of \$20,000,000 of participations in the American Medical Association Members Retirement Plan. The plan is designed to fund and provide benefits under qualified pension plans established by self-employed physicians for themselves and their employees pursuant to the "Self-Employed Individuals Tax Retirement Act of 1962."

LACLEDE GAS TO SELL BONDS. Laclede Gas Company, 720 Olive St., St. Louis, Mo. 63101, filed a registration statement (File 2-37088) with the SEC on April 16 seeking registration of \$10,000,000 of first mortgage bonds, due 1975, to be offered for public sale at competitive bidding. The net proceeds of the bond sale will be used to repay outstanding bank loans of \$10,000,000. The company estimates its construction program at \$13.2, \$11.7 and \$13 million, respectively, for the years 1970, 1971 and 1972.

CHASE MANHATTAN MTGE. TRUST FILES. Chase Manhattan Mortgage and Realty Trust, 225 Franklin St., Boston, Mass., filed a registration statement (File 2-37089) with the SEC on April 16 seeking registration of 720 units, each consisting of \$100 principal amount of convertible subordinated debentures, due 1990, and 6 shares of beneficial interest (\$1 par), to be offered for public sale at \$250 per unit. The offering is to be made through underwriters headed by Lehman Brothers, One William St., and Lazard Freres & Co., 44 Wall St., both of New York, N. Y.; underwriting terms are to be supplied by amendment.

The Trust has been established to provide investors with the opportunity to invest in a professionally selected and managed portfolio of real property investments; it will invest in construction loans, development loans, and permanent and intermediate term interests, equities and other investments related to real property. The Chase Manhattan Bank will serve as adviser to the trustees, of which Raymond T. O'Keefe is chairman.

BOSTON FOUNDATION FUND PLANS FILED. Federated Securities Corp., 421 7th Ave., Pittsburgh, Pa. 15219, sponsor of the Boston Foundation Fund Investment Plans, filed a registration statement (File 2-37092) with the SEC on April 16 seeking registration of \$10,000,000 of Systematic Investment Plans and \$1,000,000 of Fully-Paid Plans. Boston Mutual Sales Corp. is distributor of the Plans. The sponsor is a wholly-owned subsidiary of Federated Investors, Inc. John F. Donahue is president of the sponsor and of its parent.

CHARTER BANKSHARES PROPOSES EXCHANGE OFFER. Charter Bankshares Corporation ("Bankshares"), 47 West Forsyth St., Jacksonville, Fla. 32202, filed a registration statement (File 2-37091) with the SEC on April 16 seeking registration of 7,417,286 shares of common stock. It is proposed to offer these shares in exchange for all the outstanding shares of capital stock of the following banks, on the basis of the indicated number of Bankshares stock for each share of Bank stock: First National Beach Bank (20.8764), First National Bank in St. Petersburg (11.0004), The Harbor City National Bank (9.4599), The Commercial Bank of Gainesville (8.8974), Citizens Bank of Lehigh Acres (14.7336), and The Exchange Bank of Palatka (10.9000). Effectiveness of the exchange offers is contingent upon acceptance by holders of at least the following percentages of the stock of the respective Banks: 51%, 80%, 80%, 80%, 52% and 52%.

Bankshares was organized in 1962 as a bank holding company. It owns over 90% of the stock of three Florida banks. Bankshares has outstanding 1,308,573 common shares, of which The Charter Company owns 24%. William Ruffin, Jr., is board chairman and president.

AVCO TO SELL DEBENTURES. Avco Corporation, 1275 King St., Greenwich, Conn. 06830, filed a registration statement (File 2-37090) with the SEC on April 16 seeking registration of \$50,000,000 of convertible senior subordinated debentures, due 1995, to be offered for public sale through underwriters headed by Lehman Brothers, One William St., New York, N. Y. 10004. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company's business activities include the manufacture of commercial products such as aircraft engines, industrial abrasives and specialized farming equipment, defense and aerospace equipment, the supplying of consumer loan and other financial services, radio and television broadcasting, motion picture production and distribution and research and development. Net proceeds of the company's debenture sale will be added to its general funds and applied to reduce bank borrowings and to pay commercial paper at maturity (representing borrowings for general corporate purposes). Kendrick R. Wilson is board chairman and James R. Kerr president and chief executive officer.

UNION LIGHT, HEAT & POWER TO SELL BONDS. The Union Light, Heat and Power Company, Forth and Main Sts., Cincinnati, Ohio 45202, filed a registration statement (File 2-37093) with the SEC on April 16, seeking registration of \$10,000,000 of first mortgage bonds, due 2000, to be offered for public sale at competitive bidding. A subsidiary of The Cincinnati Gas & Electric Company, the company will use the net proceeds of its bond sale, together with funds provided internally, to repay an estimated \$4.7 million of short-term indebtedness which will be outstanding at the time of the sale of the bonds, to finance the 1970 construction program and for other corporate purposes. Construction expenditures are estimated at \$8.4 million in 1970.

FIVE STAR FOODS TO SELL STOCK. Five Star Foods Corporation of Maryland, 6630 Baltimore National Pike, Baltimore, Md. 21228, filed a registration statement (File 2-37095) with the SEC on April 16 seeking registration of 980,000 shares of Class A common stock, to be offered for public sale at \$5 per share. The offering is to be made on a "best efforts" basis by a wholly-owned subsidiary, Five Star Investment Company, which is to receive a 15% selling commission.

Organized in March 1969, the company is an Area Franchisee of Roy Rogers Western Foods Inc., a subsidiary of Marriott Corporation; it has the exclusive right to operate or subfranchise quick food outlets using the Roy Rogers system and trade names in 21 counties and Baltimore City in the State of Maryland (excluding Prince Georges County, Montgomery County and areas within one mile of such counties). Of the net proceeds of its stock sale, the company intends to allocate \$2,320,000 to purchase land and to build and equip about ten Roy Rogers Restaurants; the balance of the proceeds will be used for working capital, promotion, acquisition of sites, and purchase of equipment to be sold or leased to subfranchisees. The company has outstanding 933,300 Class A and 1,000,000 Class B common shares; the Class A shares have a book value of 44¢. Paul Issacs is president and Edward W. Issacs vice president; each owns 50% of the outstanding Class A shares. Of the outstanding Class A, PEI Foods, Inc., of Baltimore owns 69.64%; the Isaacs and two others own a controlling interest in PEI Foods.

JEWEL COMPANIES FILES FOR OFFERING. Jewel Companies, Inc., 1955 West North Avenue, Melrose Park, Ill. 60160, filed a registration statement (File 2-37096) with the SEC on April 16 seeking registration of 650,000 shares of common stock, to be offered for public sale through underwriters headed by Lehman Brothers, of 1 William St. New York, N. Y. and Goldman, Sach & Co., 55 Broad Street, New York, N.Y. The offering price (\$50 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the retail sale of food, drugs and general merchandise for personal and household use. The net proceeds of its stock sale will be added to its general funds, to be utilized primarily for the expansion of the company's retail facilities, purchase of additional store equipment, major remodeling of existing supermarket facilities and construction of manufacturing facilities. George Clements is board chairman and chief executive officer, Franklin J. Lunding is chairman of the finance committee and chief financial officer, and Donald S. Perkins is president.

REVLON SHARES IN REGISTRATION. Revlon, Inc., 767 Fifth Avenue, New York, N. Y. 10022, filed a registration statement (File 2-37097) with the SEC on April 16 seeking registration of 134,726 outstanding shares of common stock. These shares may be offered for sale from time to time by the holders thereof, at prices current at the time of sale (\$8,723,508 maximum*). The selling stockholders own an aggregate of 247,793 shares. Leo and Edward A. Grossman propose to sell 86,079 and 12,975 shares, respectively; the remaining shares being registered will be sold by numerous other holders.

COLUMBUS & SOUTHERN OHIO ELEC. FILES FOR OFFERING. Columbus and Southern Ohio Electric Company, 215 North Front St. Columbus, Ohio 43215, filed a registration statement (File 2-37099) with the SEC on April 17 seeking registration of \$30,000,000 of first mortgage bonds, due 2000, and 180,000 shares of \$100 par cumulative preferred stock. These securities are to be offered for public sale through underwriters headed by Dillon, Read & Co., Inc., of 46 William St. New York, N. Y., and the Ohio Company, of 51 North High St. Columbus, Ohio. The interest and dividend rates, offering prices and underwriting terms are to be supplied by amendment.

An electric utility, the company will use part of the net proceeds of sale of such securities to pay bank loans incurred to finance in part the cost of property additions and improvements; the balance will be added to the company's general funds and will be used in connection with its construction program (involving estimated expenditures of \$442 million for 1970-74).

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.

<u>8K's for Feb 70</u>			
General Financial Systems Inc	(13)2-24773-2	Programming Methods Inc	
		Dec. 1969(1,9,12)	0-4190-2
Cavitron Corp	(11) 1-5575-2	Revell, Inc	
Blackhawk Holding Corp	Mar 70 (3) 0-1936-2	March 1970(9,11)	0-2024-2
Chilton Corporation	Feb 69(2, 7,13) 0-3698-2	The Seven Up Co	
		March 1970(3)	0-2992-2
Equity National Industries Inc	Amdt #1 for Feb 70(13) 0-3842-2	Sherwood Leasing Corp	
Chilton Corporation	Amdt #1 for Jul 69 0-3898-2	Jan. 1970(2,7,8,13)	0-3815-2
		Richmond Corp	
Cryogenic Engineering Co	Feb. 1970 (2,7,13) 0-3357-2	March 1970(7,10,12)	1-5650-2
Payless Cashways, Inc	Feb. 1970(11) 0-4437-2	Savannah Sugar Refining Corp	
Providence & Worcester Co	March 1970(3,13) 0-3960-2	March 1970(8)	0-922-2
Solitron Devices, Inc	March 1970(3,13) 1-4978-2	Sunshine Fifty Inc	
United General Corp	Dec. 1969(7,9) 0-4048-2	March 1970(11,12)	0-4318-2
Wisconsin Tel. Co	March 1970(11) 2-13429-2	Titan Group, Inc	
Canrod Precision Ind., Inc	Aug. 1969(11) 3-20217-2	March 1970(7)	0-594-2
		Pacific Asbestos Corp	
		March 1970(13)	0-1144-2
		Palm Beach Co	
		March 1970(7)	1-5904-2
		Soo Line RR Co	
		Feb. 1970(7,13)	1-4452-2
		U.S. Natural Resources, Inc	
		Feb. 1970 (2,7,13)	1-1537-2
		Providers Benefit Co	
		March 1970(7)	0-3647-2
		Royal American Ind., Inc	
		March 1970(11)	1-4109-2

SECURITIES ACT REGISTRATIONS. Effective April 17: Asherton Oil & Gas Limited Partnership No. 1, 2-36481 (90 days); Data Trends, Inc., 2-32812 (90 days); Euclid Services Corp., 2-34595 (90 days); Genstar Ltd., 2-36614 (May 30); Microfilm Systems Inc., 2-34694 (90 days); PPG Industries, Inc., 2-37075.

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.