

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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DECISION IN ADMINISTRATIVE PROCEEDINGS

BIOREN & CO., OTHERS CONSENT TO SANCTIONS. The SEC today announced a decision under the Securities Exchange Act (Release 34-8967) in which it imposed certain sanctions upon Bioren & Co. (of Philadelphia) and ordered that James D. Watson, who was a registered representative of Bioren & Co., be barred from further association with any broker-dealer.

According to the Commission's decision, Watson during the period December 1962 to June 1965 engaged in activities violative of the anti-fraud provisions of the Federal securities laws, in that he induced customers to buy mutual fund shares in amounts below the break point at which a reduced sales load would be charged; induced inexperienced and unsophisticated customers, whose trust and confidence he had obtained, to sell seasoned securities and mutual fund shares and reinvest the proceeds in unseasoned speculative securities without acting in their best interests, and abused the discretionary authority obtained from such customers; induced customers to engage in transactions which were excessive in size and frequency in view of their financial resources and the character of their accounts; and opened and executed transactions in margin accounts for customers without their consent and without informing them of the risks inherent in such accounts. Watson consented to the bar order.

The Commission held that Bioren & Co. committed violations of the anti-fraud provisions by reason of Watson's activities and that Bioren & Co. and its managing group failed reasonably to supervise Watson's activities so as to prevent his violations. In accordance with an offer of settlement submitted by the respondents, the Commission ordered that Bioren & Co. be suspended from doing business for a period of 15 days but that, since Bioren & Co. and its successor are no longer engaged in the securities business, such sanction be suspended and both firms permitted to withdraw their broker-dealer registrations, as requested. The Commission's order further provided that Bioren & Co.'s management group be censured, and that specific allegations against John F. Bunn, Jr., J. Raymond Leek and Robert A. Kolb, who were general partners of Bioren & Co. and officers of its successor, be dismissed.

COMMISSION ANNOUNCEMENT

COMPUTER ANALYSIS OFFERING PROPOSAL SUSPENDED. In a decision under the Securities Act announced today (Release 33-5081), the SEC ordered the suspension of a registration statement for a proposed stock offering filed by Computer Analysis, Inc., of Baltimore, because certain disclosures therein were materially deficient. The company waived a hearing and consented to issuance of the suspension order.

Computer Analysis was organized in October 1968 to engage in the preparation of federal, state and local income tax returns by means of computer processing of data furnished by taxpayers. In its registration statement, filed in February 1969, the company proposed the public offering of 100,000 common shares at \$6 per share. According to the Commission's decision, the statement was materially misleading by reason of its failure to disclose that Nathan H. Cohen was a promoter and acted as executive officer of the company. Among other things, he had assisted in the company's organization, participated in the selection of directors, and either participated in or himself effectuated sales of unregistered shares of company stock.

Moreover, the company had represented that it issued 220,000 shares to 13 individuals for a cash consideration of \$38,000 and 74,000 shares to eight individuals for \$112,000 purportedly pursuant to the "private offering" exemption from Securities Act registration. However, there was a failure to disclose that four persons to whom the shares were issued had acted as nominees for over 30 purchasers; and there also was a failure to disclose a contingent liability to the purchasers arising out of the sale of shares in violation of the registration requirement.

HOLDING COMPANY ACT RELEASE

UNION ELECTRIC SEEKS ORDER. The SEC has ordered a hearing under the Holding Company Act (Release 35-16815) upon a proposal of Union Electric Co., of St. Louis, to exchange its common stock for the outstanding common shares of Missouri Utilities Co. ("Missouri"), a non-associate public utility company. According to its application, Union proposes to offer 1.1 shares of its stock for each outstanding share of common stock of Missouri. The exchange offer to become effective requires acceptance thereof by the holders of not less than 83.3% of the outstanding shares of Missouri. Persons wishing to be heard with respect to the exchange proposal are requested to notify the Commission not later than September 15. The date of the hearing will be fixed by later order.

The application states that the electric service areas of Union and Missouri are presently interconnected at four delivery points and that during 1969 Missouri purchased from Union approximately 78% of its electric energy delivered to its distribution system. It is further represented that the proposed affiliation of the two companies will provide maximum coordination in the planning, construction and maintenance of electric facilities.

OVER

INVESTMENT COMPANY ACT RELEASE

METROPOLITAN LIFE SEEKS ORDER. Metropolitan Life Insurance Company, New York, has applied to the SEC for an exemption order under the Investment Company Act with respect to certain aspects of the business to be conducted by its Metropolitan Variable Account B; and the Commission has issued an order (Release IC-6169) giving interested persons until September 10 to request a hearing thereon. Metropolitan established Account B to allocate to the account purchase payments, after certain deductions received under individual variable annuity contracts designed to provide retirement payments to employees of public school systems and certain other tax-exempt organizations under annuity purchase arrangements meeting the requirements of Section 403(b) of the Internal Revenue Code.

COURT ENFORCEMENT ACTION

CADWELL INDUSTRIES ENJOINED. The SEC Chicago Regional Office announced August 20 (LR-4726) that, without admitting the violations alleged in a Commission complaint against them, Cadwell Industries, Inc., Sydney M. Murray, its president, and Alfred L. Marks, its vice president, consented to a Federal court order of permanent injunction against violations of the anti-fraud provisions of the Federal securities laws in the sale of securities of Cadwell Industries, Inc., or any other security.

SECURITIES ACT REGISTRATIONS

U. N. BANCSHARES PROPOSES EXCHANGE OFFER. U. N. Bancshares, Inc., Public Sq., P. O. Box 1157, S.S.S., Springfield, Mo. 65805, filed a registration statement (File 2-38202) with the SEC on August 20 seeking registration of 441,250 shares of common stock. It is proposed to issue these shares in exchange for all of the outstanding shares of capital stock of The Union National Bank of Springfield and for all of the outstanding shares of capital stock of Springfield National Bank, at the rate of four Bancshares for each Union National share and 2.5 Bancshares for each Springfield National share. Effectiveness of the exchange offers is contingent upon acceptance by holders of 90% of the outstanding shares of Union National and 90% of the outstanding shares of Springfield National Bank.

Bancshares was organized in December 1969 for the purpose of becoming a registered bank holding company. Eugene F. Everett is president of Bancshares and executive vice president of Union National and C. F. Knox is board chairman of Bancshares and of Union National and board chairman and president of Springfield National.

KANSAS POWER AND LIGHT TO SELL BONDS. The Kansas Power and Light Company, 818 Kansas Ave., Topeka, Kans. 66501, filed a registration statement (File 2-38203) with the SEC on August 20 seeking registration of \$20,000,000 of first mortgage bonds, due 2000, to be offered for public sale at competitive bidding. A public utility, the company will apply net proceeds of its bond sale to payment, in part, of bank loans due on or prior to January 8, 1971, incurred to meet construction expenditures, and will add the balance to its general funds for use in the continuation of its construction program. \$12,000,000 of such loans are estimated to be outstanding at the time of the sale of the bonds. Construction expenditures are estimated at \$65,000,000 for the years 1970 and 1971.

PUBLIC SERVICE ELECTRIC PROPOSES RIGHTS OFFERING. Public Service Electric and Gas Company, 80 Park Place, Newark, N. J. 07101, filed a registration statement (File 2-38204) with the SEC on August 20 seeking registration of 3,270,422 shares of common stock, to be offered for subscription by common stockholders of record September 16, 1970, at the rate of one new share for each ten shares held. The offering is to be made through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York, N. Y.; the subscription price (\$24 per share maximum*) and underwriting terms are to be supplied by amendment. A public utility, the company will add the net proceeds of its stock sale to its general funds to be used for general corporate purposes, which include payment of a portion of its construction costs and payment at or before maturity of a portion of its unsecured short-term obligations. Proceeds of such short-term obligations were or will be used for general corporate purposes including payment of a portion of construction costs and are estimated to aggregate \$107,000,000 at the time the proceeds are received. Construction expenditures are estimated at \$382,000,000 in 1970, \$457,000,000 in 1971 and \$395,000,000 in 1972.

WILLIAMHOUSE-REGENCY SHARES IN REGISTRATION. Williamhouse-Regency Inc., 184 Kent Ave., Brooklyn, N. Y. 11211, filed a registration statement (File 2-38205) with the SEC on August 21 seeking registration of 117,339 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 (\$12.125 per share maximum*).

The company is primarily engaged in the manufacture of a wide range of consumer products converted from flat paper stock through various manufacturing processes. In addition to indebtedness, it has outstanding 3,360,104 common shares. Banque De Suez et Union Des Mines may sell all of 13,333 shares held and 19 others the remaining shares being registered.

G. D. SEARLE TO SELL DEBENTURES. G. D. Searle & Co., P. O. Box 5110, Chicago, Ill. 60680, filed a registration statement (File 2-38206) with the SEC on August 21 seeking registration of \$30,000,000 of debentures, due 1995, to be offered for public sale through underwriters headed by Smith, Barney & Co. Incorporated, 1345 Avenue of the Americas, New York, N. Y. 10019. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is principally engaged in the development, manufacture and sale of health care products and services. Net proceeds of its debenture sale will be used by the company to retire outstanding commercial paper and domestic short term bank indebtedness which amounted to some \$15,000,000 at July 31 and was incurred principally in connection with the acquisition from an unaffiliated British company of the Baird & Tatlock group of companies, engaged mainly in the manufacture and sale of laboratory equipment and supplies; and the remainder will be added to its general funds and be used for general corporate purposes including additional working capital, expansion of manufacturing and research facilities and possible future acquisitions. John G. Searle is board chairman and Daniel C. Searle president.

PIZZA HUT FILES FOR SECONDARY. Pizza Hut, Inc., 10225 East Kellogg, Wichita, Kans. 67207, filed a registration statement (File 2-38207) with the SEC on August 21 seeking registration of 118,194 outstanding shares of common stock, to be offered for public sale by the holders thereof. No underwriting is involved; the offering price (\$5.375 per share maximum*) is to be supplied by amendment.

The company is engaged primarily in developing, operating and franchising "Pizza Huts," which are retail outlets featuring pizza. In addition to indebtedness, the company has outstanding 2,506,903 common shares, of which Daniel M. Carney, board chairman, and Frank L. Carney, president, own 14% each. Consolidated American Industries, Inc., proposes to sell all of 38,680 shares held and 21 others the remaining shares being registered.

BALTIMORE GAS AND ELECTRIC TO SELL STOCK. Baltimore Gas and Electric Company, Gas and Electric Bldg., Charles Center, Baltimore, Md., filed a registration statement (File 2-38208) with the SEC on August 21 seeking registration of 300,000 shares of cumulative preference stock (\$100 par), to be offered for public sale through underwriters headed by The First Boston Corporation, 20 Exchange Place, New York, N. Y.; the dividend rate, offering price (\$100 per share maximum*) and underwriting terms are to be supplied by amendment. A public utility, the company will use net proceeds of its stock sale, together with such proceeds as may be received from the sale of the proposed new series of first refunding mortgage bonds, for general corporate purposes, including construction expenditures and to repay short-term borrowings. Such borrowings (reflecting proceeds of sale of these securities) are expected to aggregate \$15,000,000 at September 30. Construction expenditures were \$141,006,000 in 1969 and are estimated at \$230,000,000 in 1970, \$275,000,000 in 1971 and \$225,000,000 in 1972.

MISCELLANEOUS

DELISTINGS GRANTED. The SEC has issued orders under the Securities Exchange Act (Release 34-8968) granting applications of the American Stock Exchange ("AMEX") to strike from listing and registration the common stock of Bishop Industries, Inc. and the 6% convertible subordinated debentures, due 1988, of American Book-Stratford Press, Inc., and of the Pacific Coast Stock Exchange to strike from listing and registration the common stock of Archer Daniels Midland Company, all effective at the opening of business on August 24, 1970. Bishop Industries fails to meet the AMEX's standards for continued listing with respect to earnings and net tangible assets and AMEX records indicate that the \$407,000 principal amount of American Book-Stratford debentures publicly held (exclusive of management and concentrated holdings) has an aggregate market value of some \$284,900, less than the Exchange's minimum requirement. The delisting from the Pacific Coast Exchange of Archer Daniels common stock was granted upon request of the company; the stock remains listed on the New York Stock Exchange.

SECURITIES ACT REGISTRATIONS. Effective August 21: Financial Funding Corporation of America, 2-36187 (90 days); Great Plains Western Ranch Company, Inc., 2-37239 (90 days); Iowa-Illinois Gas and Electric Co., 2-33102; Microdot Inc., 2-36171; Topper Corp., 2-36828 (90 days); United Artists Theatre Circuit, Inc., 2-36434 (40 days).

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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