

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 September 17, 1970

DECISION IN ADMINISTRATIVE PROCEEDING

WINFIELD FIRMS SUSPENDED. The SEC today announced the issuance of an order under the Securities Exchange Act (Release 34-8980) and the Investment Advisers Act (Release IA-171) in which it imposed sanctions upon Winfield & Co., Inc., a registered investment adviser, and Winfield Distributors, Inc. ("Distributors"), its wholly-owned subsidiary and a registered broker-dealer, both of San Mateo, Calif., and upon three individual respondents, David H. Meid, Robert R. Hagopian, and Henry L. Jamieson. Winfield & Co. ("Adviser"), serves as investment adviser to Winfield Growth Fund, Inc. During the period in question, the three individuals were principal stockholders of Adviser and served as principal officers and directors of the Fund, Adviser and Distributors. In offers of settlement submitted to and accepted by the Commission, the several respondents, without admitting the allegations in the order for proceedings, waived a hearing and consented to Commission findings of violations, as alleged, and to the imposition of sanctions. The violations, which occurred between October 1966 and November 1969, related principally to arrangements between the respondents and Meyerson & Co., Inc., a former respondent (see News Digest of July 30), as a result of which Adviser, Meid, Hagopian and Jamieson improperly received benefits from Fund portfolio transactions and other payments from the Fund; the improper purchase and valuation of "restricted" securities; and the failure to disclose such practices in Fund prospectuses and otherwise. The Commission's definitive findings and opinion are to be issued at a later date.

The Commission ordered that, effective October 1, the registrations of Adviser and Distributors be suspended for 60 days and that Jamieson be suspended for 30 days from association with any broker, dealer, registered investment company or registered investment advisers. The Commission also ordered that, effective September 17, Meid and Hagopian be suspended from any such association for periods of 3 and 6 months respectively. As part of its settlement offer, Adviser further agreed to pay the Fund, within 180 days, \$270,000 in mitigation of any damages which Fund may have suffered as a result of the violations alleged; also, to formulate and adopt standards governing future purchases of restricted securities. During the period of their 60-day suspension, Adviser and Distributors may continue to perform certain services for the Fund and others, but without compensation. Hagopian, who is now associated with Index Fund, Inc., a registered investment company, may serve as portfolio manager of that company, under full supervision, during the last 4 months of his suspension, but also without compensation.

COMMISSION ANNOUNCEMENT

INSTITUTIONAL TRADING REPORTED. The SEC today announced that four of the leading institutional investor groups purchased on a net basis \$1.8 billion of common stock in the second quarter of 1970. These investors -- private noninsured pension funds, open-end investment companies, life insurance companies and property and liability insurance companies -- had purchased over \$2.3 billion of common stock in the previous quarter. Lower net accumulation of common stock during the second quarter reflects declines in both gross purchases and sales; gross purchases amounted to \$8.3 billion and gross sales, \$6.6 billion. For further details, see Stat. Release No. 2469.

FOREIGN RESTRICTED LIST. The SEC has added the following to its Foreign Restricted List: J. P. Morgan & Company, Ltd., London, England (Not to be confused with J. P. Morgan & Co., Incorporated, New York); Swiss Caribbean Development & Finance Corporation, Zurich, Switzerland; Trust Company of Jamaica, Ltd., Jamaica, West Indies.

The list is comprised of the names of companies whose securities the Commission has reason to believe recently have been or currently are being offered for public sale in the United States in violation of the Securities Act registration requirements. The securities of "J. P. Morgan & Company, Ltd." of London, England, are spurious; they purport to be "Bank Money Orders" bearing the name of J. P. Morgan & Company, Ltd., and have been mailed in amounts exceeding \$375,000 to 31 savings and loan associations in California, as well as a bank in Minnesota, ostensibly for the purpose of opening new accounts against which cash withdrawals are attempted. In addition, instruments labeled "Negotiable Certificate of Deposit" of "J. P. Morgan & Company, Limited" of London, England, have been distributed in the United States. Also, advertisements have been placed in U. S. newspapers for the sale of joint venture interests by Swiss Caribbean Development & Finance Corporation and for the sale of certificates of deposit by Trust Company of Jamaica, Ltd. None of these securities has been registered with the Commission. The principal behind the offerings is believed to be one Malcolm Willis McConahy. (Release 33-5086)

RULE CLARIFICATION

COMPETITIVE BIDDING POLICY CLARIFIED. The SEC today called attention to the competitive bidding requirements of its Rule 50 under the Holding Company Act, in particular the policy governing exceptions to such requirements. In recent months, several holding companies have informally sought rulings that would permit negotiations with investment bankers, under circumstances where competitive conditions are maintained, to

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establish the terms and conditions under which securities are to be sold -- subject only to the Commission's reservation of jurisdiction over the terms of the offering, including the price payable by the underwriters and the underwriting discount. Any such rulings require the Commission to substitute its judgment for the determinations designed to be reached through open competitive bidding and, at the very least, any such permission to arrive at negotiated prices with only a reservation by the Commission of jurisdiction over such prices has the result of discouraging the formation of any syndicate headed by any other underwriters. Accordingly, the Commission stated (Release 35-16832) that no informal exceptions from the requirements of competitive bidding so as to permit negotiated underwritings will be granted; all such matters will be considered only by way of a formal application in accordance with the requirements of subparagraph (a)(5) of Rule 50.

HOLDING COMPANY ACT RELEASE

COLUMBIA GAS RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16833) authorizing The Columbia Gas System, Inc., New York holding company, to issue and sell \$50,000,000 of debentures, due 1995, at competitive bidding. Net proceeds, together with other funds then available and funds to be generated from operations, will be used to finance, among other things, part of the cost of Columbia Gas' subsidiaries 1970 construction program, estimated at \$200,000,000.

COURT ENFORCEMENT ACTION

COMPLAINT NAMES TEXAS CONTINENTAL OIL, OTHERS. The SEC Fort Worth Regional Office on September 14 announced the filing of a complaint in the Federal court in Dallas seeking to enjoin violations of the registration and anti-fraud provisions of the Federal securities laws by the following in the offer and sale of fractional undivided working interests in oil and gas leases located near Moro Bay, Bradley County, Ark.: Texas Continental Oil Co., Inc., William Robert Cook, Lawton C. Mitchell, Jr., John R. South, Reginald R. Brinkmann, James E. Bell, Sr., Danny L. Copeland, Marcus Ross King, and Joseph D. Windisch, all of Dallas, Tex., and Gordon Bennett McBride of Fort Worth, Tex. The Commission also seeks the appointment of a receiver for Texas Continental Oil. (LR-4756)

SECURITIES ACT REGISTRATIONS

CENTRAL TELEPHONE TO SELL DEBENTURES. Central Telephone Company, 1201 "N" St., Lincoln, Nebr. 68501, filed a registration statement (File 2-38371) with the SEC on September 15 seeking registration of \$30,000,000 of sinking fund debentures, due 1995, to be offered for public sale through underwriters headed by Dean Witter & Co. Inc., 33 N. Dearborn St., Chicago, Ill. 60602, and Paine, Webber, Jackson & Curtis, 140 Broadway, New York 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment. A subsidiary of Central Telephone & Utilities Corporation, the company will apply the net proceeds of its debenture sale to the discharge of short-term obligations incurred or to be incurred for construction purposes and for investments in or advances to subsidiaries, and to further investments in and advances to subsidiaries to meet construction requirements. Construction expenditures of the company and its subsidiaries are estimated at \$86,100,000 for 1970.

NEW ENGLAND G & E PROPOSES RIGHTS OFFERING. New England Gas and Electric Association, 130 Austin St., Cambridge, Mass., filed a registration statement (File 2-38372) with the SEC on September 15 seeking registration of 555,000 common shares. It is proposed to offer these shares for subscription by common stockholders of record on October 15, at the rate of one new share for each ten shares held. The offering is to be underwritten by a group headed by The First Boston Corp., 20 Exchange Pl., New York 10005; the subscription price (\$16 per share maximum*) and underwriting terms are to be supplied by amendment. A public utility holding company, the Association will use the net proceeds of its stock sale, together with \$1,000,000 of existing funds, to purchase an additional \$9,000,000 of common stock of New Bedford Gas and Edison Light Company, an operating subsidiary, which will use the funds to retire short-term bank loans incurred to finance additions to property, plant and equipment.

FEDERATED DEPARTMENT STORES TO SELL DEBENTURES. Federated Department Stores, Inc., 222 W. 7th St., Cincinnati, Ohio 45202, filed a registration statement (File 2-38373) with the SEC on September 15 seeking registration of \$50,000,000 of sinking fund debentures, due 1995, to be offered for public sale through underwriters headed by Lehman Brothers, One William St., New York 10004. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is principally engaged in selling consumer merchandise and services. Net proceeds of its debenture sale will be applied to the repayment of short-term indebtedness. In addition to indebtedness, the company has outstanding 43,538,779 common shares.

LTV ELECTROSYSTEMS PROPOSES RIGHTS OFFERING. LTV Electrosystems, Inc., 1600 Pacific Ave., P. O. Box 6030, Dallas, Tex. 75222, filed a registration statement (File 2-38374) with the SEC on September 15 seeking registration of 22,832 shares of \$2.60 Series B cumulative preferred stock (\$20 par). It is proposed to offer these shares to holders of outstanding common stock (other than Ling-Temco-Vought, Inc. ("LTV") or any of its subsidiaries) at the rate of .015 share for each share held, and at \$65 per share. According to the prospectus, the purpose of the offering is to provide stockholders the right to purchase the Series B preferred shares on the same basis as LTV purchased 51,822 such shares on July 10.

The company is primarily engaged in the design, development, production and servicing of defense-oriented electronic systems and products. Net proceeds of the company's stock sale will be added to working capital and used for general corporate purposes, which may include the repayment of notes payable to banks. In addition to indebtedness, the company has outstanding 4,977,021 common shares, of which LTV owns 3,454,860 shares. John W. Dixon is board chairman and president.

DON REID PRODUCTION TO SELL STOCK. Don Reid Productions, Inc., 572 Madison Ave., New York, filed a registration statement (File 2-38375) with the SEC on September 15 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$6 per share. The offering is to be made on a best efforts basis by A. J. White & Co., which will receive a 60c per share selling commission plus up to \$25,000 for expenses. The company has agreed to sell the underwriter, at 1c each, six-year warrants to purchase up to 10,000 shares, exercisable after two years at \$6.60 per share. The company and the underwriter have each agreed to pay Arthur Altman, a vice president of the company, \$7,500 and the underwriter has agreed to sell him 2,500 of the warrants.

Organized in July 1967, the company is engaged in owning and exploiting television series and special programs, and developing new series and special programs. Net proceeds of its stock sale will be added to the company's working capital and used to purchase or acquire rights in and to properties adaptable to television, radio or stage and may be used to pay fees of writers, directors and other personnel. The company has outstanding 120,000 Class A and 186,000 common shares, all owned by Don Reid, president and board chairman, and family members. Purchasers of the shares being registered will acquire a 24.7% stock interest in the company for their investment of \$600,000 (they will sustain an immediate dilution of \$4.12 in per share book value from the offering price); Don Reid and family members will then own 75.3% for their investment of \$6,951 or 2.2c per share.

MISCELLANEOUS

UNLISTED TRADING SOUGHT. The SEC has issued orders under the Securities Exchange Act (Release 34-8982) giving interested persons until October 1 to request a hearing upon an application of the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stocks or specified securities of the following companies: Amrep Corporation, Beverly Enterprises, Computing & Software, Inc., Damon Corporation, Dearborn Computer & Marine Corp., Extencicare, Inc., Guerdon Industries, Inc., Itel Corporation, Mesa Petroleum Company, Mobile Home Industries, Inc., Talley Industries, Inc., Tesoro Petroleum Corp., Tokheim Corporation, Wang Laboratories, Inc., Zimmer Homes Corporation, Kaufman and Broad, Inc. - Warrants Expiring March 1, 1974.

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 September 3 News Digest.

Diamond State Tel. Co		St. Johnsbury Trucking Co Inc	
July 1970 (7,13)	2-14897-2	July 1970 (7,8)	1-5040-2
Siboney Corp		United Utilities, Inc	
July 1970 (11,12)	1-3952-2	July 1970 (2,13)	1-4721-2
		Vance, Sanders & Co Inc	
Foamland U.S.A., Inc		June 1970 (1,8)	0-229-2
July 1970 (2,13)	0-2764-2	Empire State Oil Co	
York Research Corp		June 1970 (12)	0-666-2
June 1970 (2,7,13)	0-72-2	Flinkote Co July 1970 (3)	1-2560-2
		Montgomery Ward Credit Corp	
Raymond Intl. Inc		July 1970 (7,12)	1-4326-2
July 1970 (12,13)	1-4314-2	Stokely Van Camp, Inc	
		July 1970 (12)	1-2944-2
Sunshine Fifty, Inc		United Intl. Corp	
July 1970 (6)	0-4318-2	July 1970 (8)	0-3687-2
Time Brokers, Inc		Wiltex, Inc	
July 1970 (12)	2-31524-2	July 1970 (9)	0-2401-2
The Wachovia Corp		Central Bancorp, Inc	
July 1970 (2,3,4,7,13)	1-6269-2	July 1970 (12)	2-31017-2
		Levin Townsend Computer Corp	
Associated Baby Services, Inc		March thru to July 1970	
July 1970 (11,13)	1-4684-2	(2,12,13)	1-5242-2
Beaver Creek Ind., Inc		The Rainier Co's Inc	
July 1970 (1, 2, 12,13)	0-3923-2	July 1970 (12,13)	0-648-2
A. O. Smith Corp		Beefy King Intl. Inc	
Aug. 1970 (7)	1-475-2	July 1970 (13)	2-31398-2
		Computer Studies, Inc	
		July 1970 (1,2,8,13)	1-5918-2

Data Mgt. Services, Inc			Burdett Oxygen Co of Cleveland, Inc	
July 1970 (11,13)	0-3887-2		July 1970 (11,13)	0-2718-2
San Francisco & Oakland Helicopter Airlines, Inc			Iowa Southern Utilities, Inc	
(3.12,13)	0-1326-2		July 1970 (13)	0-849-2
Structural Foam Products, Inc			Simon & Schuster Inc	
(July 1970 (11,13)	2-30506-2		July 1970 (12)	0-389-2
The Winde Group, Inc			J . M. Smucker Co	
July 1970 (13)	2-33706-2		July 1970 (11,13)	1-5111-2
			Transducer Systems, Inc	
Amcon Intl., Inc July 1970			July 1970 (3,11,12,13)	2-29639-2
(11,13)	0-2790-2		Usalife Corp	
Banister Continental Corp			July 1970 (2,7,8,13)	1-5683-2
July 1970 (9,11,13)	1-6272-2		Viatron Computer Systems Corp	
Coleman Cable & Wire Co			July 1970 (12)	0-4387-2
July 1970 (1)	0-3466-2		El-Tronics Inc	
Educor, Inc (April 1970)			July 1970 (3,8)	1-3916-2
(2,7,13)	0-4077-2		Ferro Corp	
Piedmont Natural Gas Co Inc			July 1970 (4,7,13)	1-584-2
July 1970 (7,12,13)	1-6196-2		Northeastern Bankshares Assoc.	
Seabrook Foods, Inc			July 1970 (2,7)	2-34668-2
July 1970 (11,13)	1-1167-2		Oak Electro-netics Corp	
20th Century Fox Film Corp			July 1970 (13)	1-4474-2
July 1970 (13)	1-3695-2		Realty Income Trust	
			June 1970 (2,13)	1-6210-2
Allegheny Airlines, Inc			Santa Fe Intl. Corp	
July 1970 (12,13)	1-3631-2		July 1970 (7,12)	1-4827-2
			Southwestern Research Corp	
American Raceways, Inc			June 1970 (2,7,13)	0-3910-2
July 1970 (1,6,12,13)	0-3333-2		Western Financial Corp	
American St. Gobain Corp			July 1970 (12)	1-6200-2
July 1970 (11,13)	0-541-2		ABG Industries, Inc	
Invesco Intl. Corp			Oct. 1969 (7,13)	0-381-2
July 1970 (3)	0-4878-2		Dec. 1969 (1,7,13)	0-3881-2
			March 1970 (1,13)	0-3881-2
Advance Mtrg. Corp			April 1970 (1,13)	0-3881-2
July 1970 (8,11,13)	0-1626-2		Aztec Oil & Gas Co	
Copeland Refrigeration Corp			June 1970 (7)	0-302-2
July 1970 (12,13)	1-4312-2		First Commonwealth Corp	
Information & Computing Ctrs. Corp			July 1970 (7)	2-32401-2
July 1970 (2.12,13)	0-3878-2		Roosevelt National Invst. Co(Del)	
Pawnee Corp July 1970			July 1970 (12,13)	0-4362-2
(3,6,12,13)	0-4273-2		Spectra Strip Corp	
Peoples Gas Co July 1970			July 1970 (2,7,13)	0-3705-2
(12)	1-5540-2		Astroline Food Systems, Inc	
Prudential Minerals Exploration Corp July 1970 (4,12,13)	0-4110-2		July 1970 (3,11,12)	2-33155-2
Service Group, Inc			Barclay Ind., Inc	
July 1970 (2.7,13)	0-4546-2		July 1970 (12)	2-34492-2
United Park City Mines Co(Del)				
July 1970 (2,11)	1-3753-2			

SECURITIES ACT REGISTRATIONS. Effective September 16: Central Vermont Public Service, 2-38161 (40 days); Church's Fried Chicken, Inc., 2-38073; First Holding Co., Inc., 2-37079 (40 days); Integon Variable Annuity Account A, 2-36001; Melville Shoe Corp., 2-38195; Morse Shoe, Inc., 2-38232; Pacific Northwest Bell Telephone Co., 2-38271; Penn Mutual Equity Fund, Inc., 2-35305 & 2-35306; Public Service Electric and Gas Co., 2-38204; Transcontinental Gas Pipe Line Corp., 2-38182 (Oct 26).

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transaction is shown above in parentheses after the name of the issuer.

*As estimated for purposes of computing the registration fee.