

SECURITIES AND EXCHANGE COMMISSION

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(Issue No. 71-60)

FOR RELEASE March 26, 1971NEW RULES AND RULE PROPOSALS

OFFERINGS UNDER REGULATION E RAISED TO \$500,000. The SEC has amended Regulation E to increase the maximum amount of the offering price of securities which may be offered thereunder from \$300,000 to \$500,000. Regulation E exempts from registration under the Securities Act of 1933 securities of small business investment companies registered under the Investment Company Act of 1940, the offering price of which is not in excess of that amount, upon compliance with the terms and conditions of the regulation. Among the terms and conditions of the regulation are requirements that there be filed with the Commission a notification and an offering circular containing certain specified information, and the use of such offering circular in the offering and sale of the securities. (Release 33-5134)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

THREE BARRED FOR INTERPOSITIONING, RECORDS VIOLATIONS. The SEC today issued an order barring Edward Sinclair, Staten, N. Y., John Hardy, Rockville, Md., and Richard Clark Anderson, North Forestville, Md., from being associated with any broker or dealer for violating anti-fraud and record-keeping provisions of the Federal securities laws. Sinclair was an order clerk in the over-the-counter trading department of Filor, Bullard and Smyth, New York, a registered broker-dealer, and Hardy and Anderson held similar positions with Folger, Nolan, Fleming & Company, Inc., a registered broker-dealer of Washington, D. C.

According to the Commission's decision, Sinclair, in order to generate business for Filor on which he would receive a commission, entered into a reciprocal arrangement with Hoit, Rose & Co., then a registered broker-dealer, under which Hoit directed listed business to Filor, and Sinclair directed over-the-counter business to Hoit. Sinclair first obtained quotations from at least three market-makers in the stock, and, contrary to Filor's instructions, offered to deal with Hoit at the best quotation obtained even though Hoit did not make a market in the stock. The Commission found that in 1965 Hoit was interposed between Filor's customers and the best available market in 189 transactions, at a profit to itself which generally ranged from 1/8 to 1/2 and reached a high 5-1/2, for a total profit of about \$8,500. The Commission further found that in 90% of those transactions, Hoit executed the trade simultaneously or within 10 minutes with a market-maker, in many instances one from whom Sinclair had obtained a quotation. The Commission, stressing that it "cannot sanction any erosion of the broker's obligation to secure the best execution for his customers," held that "the short amount of time needed by Hoit to better the so-called 'best price' obtained by Sinclair would seem to indicate that the quotations recorded on the order tickets by Sinclair were false, or that he did not negotiate with the dealers from whom he obtained quotations, or that he did not negotiate in good faith to ascertain the best price obtainable."

According to the decision, Sinclair, in order to conceal the interpositioning from his supervisor, falsely listed on the order ticket as the executing dealer a market-maker (usually one he called for a quotation), while entering Hoit's name on the copy of the ticket from which accounting entries were made and confirmations sent.

Hardy and Anderson were found to have interposed Hoit in 1,456 transactions between October 1963 and February 1966 pursuant to a secret arrangement under which Hoit paid them 25% of its gross profits on such business, or about \$12,000 to each of them. The Commission also found that they failed to comply with its record-keeping requirements. (Release 34-9115)

COMMISSION POSTPONES MIAMI SECURITIES REGISTRATION. The SEC today ordered that the effective date of registration as a broker and dealer, of Miami Securities, Inc., North Miami, Fla., be postponed until final determination of the question whether its application for registration should be denied. The Commission on March 10 had instituted proceedings to determine whether Miami's registration application should be denied and whether remedial sanctions should be imposed on Prudential Investment Corporation, a registered broker-dealer, and Nicholas M. Torelli, president and controlling or sole stockholder of both firms. The order for proceedings alleged, among other things, violations by Prudential and Torelli of anti-fraud, net capital and reporting provisions of the Federal securities laws.

Pursuant to applicable expedited procedures the Commission found the preliminary record indicated that Prudential, under the control of Torelli, had engaged in business in violation of the net capital rule and failed to file a required financial report, and it noted that a Federal district court, pursuant to the stipulation of Prudential and Torelli, had entered an order directing them not to violate the registration and antifraud provisions of the securities acts in connection with transactions in certain securities.

The Commission was of the view that certain matters raised by respondents, to the effect that Torelli had caused Prudential to stop business and to begin liquidation and had believed that filing of a financial report was not required, were more appropriately developed through an evidentiary hearing, and that the fact that Miami's proposal to limit its activities to mutual fund sales was not a basis for permitting its registration to become effective. (Release 34-9118)

OVER

COURT ENFORCEMENT ACTION

SEC COMPLAINT CITES MANCHESTER & CO. The SEC New York Regional Office today announced that a complaint was filed March 15 in Federal court in New York seeking to enjoin M. J. Manchester & Company, Inc., a New York broker-dealer, and George C. Bergleitner, Jr., its president from violating the anti-fraud, net capital and financial reporting provisions of the Federal securities laws. (Release LR-4945)

INVESTMENT COMPANY ACT RELEASES

NOTICE RE FIRST CONTINENTAL CAPITAL. The SEC has issued an order giving interested persons until April 16 to request a hearing upon its motion to issue an order declaring that First Continental Capital Corporation of Minneapolis, has ceased to be an investment company. On August 21, 1967 all Fund's assets and liabilities were transferred to the Fund's then sole stockholder, Medical Investment Corporation and on November 24, 1967 upon the filing of dissolution documents with the Minnesota Secretary of State, Fund was dissolved as a legal entity. (Release IC-6411)

NOTICE RE DOUGLAS FUND, INC. The SEC has issued an order under the Investment Company Act giving interested persons until April 16 to request a hearing upon its own motion to issue an order declaring that Douglas Fund, Inc., of New York, an open-end non-diversified management investment company has ceased to be an investment company. Pursuant to the terms of an Offer of Settlement in the matter of I.O.S. Ltd. (S.A.) et.al. accepted by order of the Commission on May 23, 1967 (Release 34-8083), Fund adopted a plan of complete liquidation and dissolution and as of October 1, 1967, Fund had been dissolved. (Release IC-6412)

GOLCONDA CORP. RECEIVES ORDER. The SEC has issued an order under the Investment Company Act declaring that Golconda Corporation (formerly Golconda Mining Corporation) of Chicago, has ceased to be an investment company as defined in the Act. (Release IC-6413)

ORDER SOUGHT RE SEVENTH EMPIRE FUND. The SEC has issued an order under the Investment Company Act giving interested persons until April 16 to request a hearing upon a proposal to issue an order declaring that Seventh Empire Fund, Inc., Pittsburgh, Pa. mutual fund, has ceased to be an investment company. Information available to the Commission indicates that the Fund has never been in operation and does not intend to engage in the business of being an investment company. (Release IC-6414)

I.M.D. ASSOCIATES SEEKS ORDER. The SEC has issued an order under the Investment Company Act giving interested persons until April 16 to request a hearing upon an application of I.M.D. Associates, Inc., New York mutual fund, for an order declaring that it has ceased to be an investment company. The Fund represents that it has no assets or shareholders and that no offering or sale of its common stock has been or is intended to be made. (Release IC-6415)

HOLDING COMPANY ACT RELEASES

NEW ENGLAND ELECTRIC RECEIVES ORDER. The SEC has issued an order under the Holding Company Act exempting New England Electric System and its subsidiary holding company, Massachusetts Gas Company from certain provisions of the Act in order that they may dispose of their interest in four of the gas utility subsidiaries: Central Massachusetts Gas Company, Northampton Gas Light Company, Norwood Gas and Wachusett Gas Company pursuant to the Commission's order of March 19, 1964. (Release 35-17066)

LOUISIANA P&L RECEIVES ORDER. The SEC has issued an order under the Holding Company Act authorizing Louisiana Power and Light Company, New Orleans to issue and sell, at competitive bidding \$25,000,000 of first mortgage bonds due 2001, and 100,000 shares of a new series of cumulative preferred stock, \$100 par, the net proceeds of which will be used to repay short-term borrowings made to temporarily finance its 1971 construction program. (Release 35-17067)

SECURITIES ACT REGISTRATIONS

PIEDMONT FUNDING PROPOSES OFFERING. Piedmont Funding Corporation, 177 North Dean St., Englewood, N. J. 07631, filed a registration statement with the SEC on March 22 seeking registration of \$5 million of Programs for the Acquisition of Mutual Fund Shares and Insurance. The mutual fund shares are sold by the company's affiliate, Piedmont Capital Corporation and certain mutual fund dealers and the insurance is sold by other affiliates of the company. Jay F. Gross is president. (File 2-39717)

EQUIPMENT CO. OF AMERICA TO SELL STOCK. Equipment Company of America, 1075 Hialeah Dr., Hialeah, Fla. 33010, filed a registration statement with the SEC on March 22 seeking registration of 250,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made through underwriters headed by Van Alstyne, Noel & Co., Four Albany St., New York 10006.

The company is engaged in the manufacture and sale of non-powered materials handling equipment, industrial steel products and decorative aluminum railings and grilles. Of the net proceeds of its stock sale, \$350,000 will be used to repay bank indebtedness and the balance will be used for working capital and general corporate purposes. In addition to indebtedness, the company has outstanding 817,455 common shares (with a \$1.12 per share net tangible book value), of which S. Edward S. Christiansen, V, president, owns 50.3% and management officials as a group 41.4%. S. Edward S. Christiansen, IV, is board chairman. Purchasers of the shares being registered will sustain an immediate dilution of \$3.10 in per share book value from the offering price. (File 2-39718)

***LINCOLN NATIONAL PROPOSES OFFERING.** Lincoln National Company, 1535 Locust St., Philadelphia 19101, filed a registration statement with the SEC on March 22 seeking registration of \$1 million of convertible debentures, due 1986, and 75,000 shares of common stock, to be offered for public sale in units, each consisting of a \$1000 debenture and 75 shares (**and at \$2500 per unit maximum). The offering is to be made through underwriters headed by Butcher & Sherrerd, 1500 Walnut St., Philadelphia 19102.

The company is a one-bank holding company, owning all the outstanding stock of Lincoln National Bank. Of the net proceeds of its financing, \$1 million will be used to purchase a capital note of the Bank, and the balance will be added to the Bank's capital. (File 2-39719)

COTTON STATES INSURANCE TO SELL STOCK. Cotton States Life and Health Insurance Company, 3348 Peachtree Rd., N. E., Atlanta, Ga. 30326, filed a registration statement with the SEC on March 23 seeking registration of 204,041 shares of common stock, to be offered for public sale (**at \$13 per share maximum). The offering is to be made through underwriters headed by Bradford & Co., Inc., J. C. Bradford Bldg., Nashville, Tenn. 37219.

The company is primarily engaged in writing individual and group life and accident and health insurance. Net proceeds of its stock sale will be added to the company's general funds and used for general corporate purposes. The company has outstanding 816,164 common shares (with a \$2.93 per share book value), of which Shield Insurance Company owns 48.9% and management officials as a group 15.3%. D. W. Brooks is board chairman and Luke R. Lassiter president. (File 2-39729)

***ANHEUSER-BUSCH SHARES IN REGISTRATION.** Anheuser-Busch, Incorporated, 721 Pestalozzi St., St. Louis, Mo. 63118, filed a registration statement with the SEC on March 23 seeking registration of 150,000 shares of common stock. Such shares are to be sold by the company to Founders Realty Company in part consideration for certain real estate and personal property located in California. Founders proposes to dissolve and distribute said shares to its shareholders who may, in turn, offer the shares for sale from time to time at prices current at the time of sale (**\$42.44 per share maximum). (File 2-39730)

FIRST UNION INVESTMENTS PROPOSES OFFERING. First Union Real Estate Equity and Mortgage Investments (the "Trust"), 55 Public Sq. Bldg., Cleveland, Ohio 44113, filed a registration statement with the SEC on March 23 seeking registration of 80,000 outstanding shares of beneficial interest. These shares are reserved for issuance to key employees pursuant to the company's 1969 Incentive Share Option Plan for Key Personnel. (File 2-39732)

MENTOR CORP. TO SELL STOCK. The Mentor Corporation, 17171 Bothell Way N. E., Seattle, Wash. 98155, filed a registration statement with the SEC on March 24 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on a "best efforts, all or none" basis by R. A. Wolk & Co., Inc., 405 Lexington Ave., New York 10017.

The company was organized in February 1970 for the primary purpose of acquiring and operating United Life Insurance Company. It also acquired certain real estate interests and an inactive securities broker-dealer. Net proceeds of its stock sale will be used in connection with the acquisitions and for general corporate purposes. In addition to indebtedness, the company has outstanding 504,985 common shares (with a 26¢ per share book value), of which Donald E. Redline, president and board chairman, owns 29.64% and management officials as a group 83.2%. Purchasers of the shares being registered will sustain an immediate dilution of \$3.66 in per share book value from the offering price. (File 2-39733)

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:
 Electronic Memories & Magnetics Corporation, Los Angeles, Calif. 90010 (File 2-39716) - 33,986 shares
 Siliconix Incorporated, Santa Clara, Calif. 95054 (File 2-39721) - 48,000 shares
 United Gas, Inc., Houston, Tex. 77002 (File 2-39722) - 200,000 shares
 Colgate-Palmolive Company, New York (File 2-39728) - 163,266 shares
 Minnesota Fabrics, Inc., St. Paul, Minn. (File 2-39731) - 58,000 shares

MISCELLANEOUS

TRADING BAN CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Canadian Javelin Limited for the further ten day period March 27 to April 5, inclusive.

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 March 11 News Digest.

8K Reports for Jan 1971

Cincinnati Union Stock Yard Co (11)	1-1623-2	Roan Consolidated Mines Ltd. 6K for 1-1-71 thru 1-31-71	1-6444-2
St. Clair Mfg. Corp Sept 69 (2,9,13)	0-2782-2	American Service Corporation Feb 71 (12,13)	0-4062-2
Duraloy Co (1,2,3)	1-3475-2	Precision Instrument Co (11)	0-96-2

Amdt 8K Reports

The Oakland Consolidated Corp #1 for Nov 70 (1,7) 0-1535-2	Tilco Inc #1 to 8K for Dec 70 (13) 0-5303-2
Atlantic Richfield Company #1 for Dec 70 (7,13) 1-1196-2	Denver Union Stock Yard Co Jan 71 (2,12) 0-729-2
Western Air Lines, Inc #1 for Jan 71 (13) 1-1521-2	Robinox International, Ltd May 69 (2,7) 2-29880-2
National Car Rental System Inc #1 Dec 70 (7,8) 0-3473-2	Boise Cascade Corp #1 for Dec 70 (4,11,13) 1-5057-2
Geriatrics Inc #1 Apr 70 (13) 2-12437-2	The Cambridge Corporation #1 for Cto 70 (2) 0-3234-2
Blackhawk Holding Corp #1 for Jan 70 (1) 0-1936-2	
Mangurians, Inc Dec 70 (2,11) 1-6087-2	
Allice Medical Inns, Inc #2 for Dec 1969 (7) 0-5353-2	Century Cinema Corporation Jna 71 (1) 2-32867-2
#1 for March 70 (7) 0-5353-2	Computer Data Systems, Inc Jan 71 (8,10) 1-6002-2
#1 for April 70 (7) 0-5353-2	Alrac Corp Oct 70 (13) 0-5112-2
#2 for June 70 (7) 0-5353-2	Bunker Ramo Corp Dec 70 (7,13) 1-4158-2
#2 for July 70 (7) 0-5353-2	Astrosystems, Inc Jan 71 (1,13) 0-3344-2
#2 for July 70 (7) 0-5353-2	Super Valu Stores, Inc #1 for Dec 70 (13) 1-5418-2
#1 for Nov 70 (2) 0-5353-2	Brigadier Industries Corp #1 for June 69 (13) 0-1836-2
GAC Finance Inc #1 for Jan 71(13) 1-5786-2	General Computer Services, Inc Jan 71(1,7,9,13) 0-3563-2
Peabody Galion Corporation Amdt #1 to 8K for Sept 69 (13) 1-3593-2	
Arthur G. McKee & Co #1 for Jan 71 (12) 1-146-2	
Gelman Instrument Co #1 for Dec 70 (2) 0-2297-2	
Intermountain Industries, Inc #1 for Nov 70 (2,12) 0-2172-2	

SECURITIES ACT REGISTRATIONS. Effective March 25: Argo Petroleum Corp., 2-37801 (Jun 23); Curtice-Burns, Inc., 2-39541; Dresser Industries, Inc., 2-39496; Fedders Corp., 2-39166; Hoover Ball and Bearing Co., 2-35551; TDA Industries, Inc., 2-39586.

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.

* This is a reporting company and further information with respect to its business and operations is available in the Commission's Public Reference files.

** As estimated for purposes of computing the registration fee.

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