

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



Washington, D.C. 20549

(In ordering full text of Releases from SEC Publications Unit cite number)

(Issue No. 71-78)

FOR RELEASE April 21, 1971

## COMMISSION ANNOUNCEMENT

**INSTITUTIONAL GROUP TRADING PURCHASES IN 1970.** In 1970, four of the leading institutional investor groups purchased net \$8.5 billion of common stock according to estimates released today by the SEC. This amount represents the second largest stock accumulation -- 1969's net purchases amounted to \$9.6 billion -- for these institutional investors, private noninsured pension funds, open-end investment companies, life insurance companies, and property and liability insurance companies. Net stock purchases for these institutional groups during the fourth quarter of 1970 rose considerably from earlier quarters of the year; this fourth quarter jump was reflected in each of the groups as well as the combined figure. Trading in common stock by these institutions, as measured by the activity rate, was also lower in 1970 than the year earlier. Activity rate is defined as the average of common stock purchases and sales during the period, divided by average market value of stockholdings for the period. Both 1968 and 1969 registered higher activity rates by institutions in the stock market than 1970, when the activity rate was 27.3 percent. In fact, 1970 was the first year that the activity rate declined since the beginning of this series. These and other statistics and charts<sup>1</sup> contained in the latest statistical report covering institutional group activity (Release S-2514).

## NEW RULES AND RULE PROPOSALS

**NEW RULE WOULD FACILITATE BD FINANCIAL REPORTING.** The SEC has under consideration a proposal to adopt Rule 17a-11 under the Securities Exchange Act of 1934. It would require, among other things, that when the net capital of a broker-dealer falls below the minimum required by any capital rule to which it is subject, immediate telegraphic notice would have to be given to the Commission and the self-regulatory organizations to which it belongs, and a report setting forth the firm's financial condition would have to be filed with them within 24 hours after such net capital deficiency occurs. In addition, the proposed rule would require that when a broker-dealer's net capital computation indicates that its aggregate indebtedness exceeds 1200% of the net capital, measured under any capital rule to which the firm is subject, the firm must file a report on Form X-17A-11 furnishing a capital computation, and other specific information. It would also require that, if any broker-dealer subject to Rule 17a-3 is not making and keeping current the books and records specified therein, immediate telegraphic notice of that fact, specifying the books and records not made or kept current, would have to be given to the Commission and the self-regulatory organizations to which it belongs. Within 48 hours thereafter, the broker-dealer would have to file a written report stating what steps have been and are being taken to correct the situation and would require a notice from any self-regulatory body which learned that a member firm had failed to give notice or file a report required by the rule. All interested persons are invited to submit views and comments on the above proposal in writing to the SEC, Washington, D. C. 20549 on or before May 20, 1971.<sup>1</sup> (Release 34-9128)

## DECISION IN ADMINISTRATIVE PROCEEDING

**FIRST GENERAL REG A EXEMPTION PERMANENTLY SUSPENDED.** The SEC has permanently suspended the exemption from registration under Regulation A of the Securities Act of 1933 of a public offering of securities by First General Corporation, of Tulsa, Okla. The issuer filed with the Commission on April 21, 1969 a notice of a proposed public offering of 320,000 shares of its \$.10 par value stock at an offering price of \$.30 per share. The Commission on November 27, 1970 temporarily suspended the exemption.

According to the temporary suspension order, the offering circular contained untrue and misleading statements with respect to, among other things, the issuer's intention to engage as principal in active trading in securities in the normal course of its business, and in connection therewith to maintain inventories of securities and to engage in transactions on behalf of control persons of publicly held corporations. In addition the terms and conditions of Regulation A were not complied with in that sales of issuer's stock were made prior to the completion of the offering without tendering an offering circular to persons to whom the securities were sold as required.

In an offer of settlement, the issuer waived a hearing and without admitting or denying the allegations, consented to Commission findings and that it is in the public interest to permanently suspend the exemption and to the entry of an appropriate order. (Release 34-5142)

## COURT ENFORCEMENT ACTIONS

**R. L. TAYLOR, JR. SENTENCED IN LOUISIANA.** The SEC Fort Worth Regional Office today announced that a Louisiana district court sentenced Robert L. Taylor, Jr. of West Monroe, La., to five years for theft in connection with monies solicited from investors for the purpose of commodities markets speculation. Sentence was suspended and Taylor was placed on probation for five years with the provision that he would refrain from investing in the stock or commodities market or in any form of gambling for the five year period. (LR-4975)

OVER

INVESTMENT COMPANY ACT RELEASES

MISSOURI-KANSAS PIPE LINE. The SEC has issued an order under the Investment Company Act giving interested persons until May 6 to request a hearing upon an application of Missouri-Kansas Pipe Line Company, New York closed-end, non-diversified management investment company, for an order declaring that it has ceased to be an investment company as defined in the Act. On March 19, the respective shareholders of Missouri-Kansas and of Panhandle Eastern Pipe Line Company authorized the merger of Missouri-Kansas into Panhandle, to become effective April 19. Missouri-Kansas represents that its separate existence as an investment company will terminate on the effective date of the merger. <sup>1/</sup> (Release IC-6462)

FIRST CONTINENTAL CAPITAL CORP. The SEC has issued an order under the Investment Company Act declaring that First Continental Capital Corporation, Minneapolis, Minn., has ceased to be an investment company. (Release IC-6463)

DOUGLAS FUND. The SEC has issued an order under the Investment Company Act declaring that The Douglas Fund, Inc., New York, has ceased to be an investment company. (Release IC-6464)

ENGINEERED ROYALTIES. The SEC has issued an order under the Investment Company Act declaring that Engineered Royalties, Inc., Newport Beach, Calif., has ceased to be an investment company as defined in the Act. (Release IC-6465)

SEVENTH EMPIRE FUND. The SEC has issued an order under the Investment Company Act declaring that Seventh Empire Fund, Inc., Pittsburgh, Pa., has ceased to be an investment company. (Release IC-6466)

MINORITY INVESTMENTS. The SEC has issued an exemption order under the Investment Company Act permitting Minority Investments, Inc., Washington, D. C. closed-end, non-diversified, management investment company, to offer two classes of voting stock; Class A stock (which will be entitled to elect 60% of the board of directors), to be offered for sale to members of the minority community and Class B stock (which will be entitled to elect 40% of the board of directors), to be offered for sale only to business corporations with gross assets of \$750,000 or more, trust companies, insurance companies, trade associations, banks and tax-exempt organizations. (Release IC-6467)

ISRAEL FUND. The SEC has issued an order under the Investment Company Act declaring that The Israel Fund, Inc., Baltimore, Md., has ceased to be an investment company. (Release IC-6468)

ALGER FUND. The SEC has issued an order under the Investment Company Act declaring that The Alger Fund, Inc., New York, has ceased to be an investment company. (Release IC-6469)

SIXTH PRESIDENTIAL FUND. The SEC has issued an order under the Investment Company Act declaring that Sixth Presidential Fund, Inc., Pittsburgh, Pa., has ceased to be an investment company. (Release IC-6470)

I. M. D. ASSOCIATES. The SEC has issued an order under the Investment Company Act declaring that I.M.D. Associates, Inc., New York, has ceased to be an investment company. (Release IC-6471)

HOLDING COMPANY ACT RELEASES

THE COLUMBIA GAS SYSTEM AND SUBSIDIARIES. The Commission has issued an order under the Holding Company Act giving interested persons until May 6 to request a hearing on the application of The Columbia Gas System, Inc., Wilmington and subsidiary companies. The latter propose to issue and sell to Columbia prior to April 1, 1972 unsecured installment notes not to exceed an aggregate of \$106,400,000, and common stock not to exceed \$30,975,000 for all companies. Columbia also proposes to advance on open account to certain of the subsidiary companies from time to time during 1971 up to \$76,000,000 as specified in the application. The subsidiary companies will use the proceeds from the issue and sale of their notes and stock to finance a part of their respective construction programs, in the aggregate estimated at \$216,837,400 for 1971; the proceeds of the open account advances will be used to finance the purchase of underground storage gas inventories and other specified purposes. <sup>1/</sup> (Release 35-17104)

POTOMAC EDISON. The SEC has issued an order under the Holding Company Act authorizing The Potomac Edison Company, Hagerstown, Md. subsidiary of Allegheny Power System, Inc., to issue and sell, at competitive bidding, \$20 million of first mortgage and collateral trust bonds, due 2001, and 50,000 shares of \$100 par cumulative preferred stock, Series F. Net proceeds of its financing will be used for the construction program of the company and its subsidiaries (including payment of \$21,500,000 of short-term bank loans incurred therefor). Construction expenditures are estimated at \$53 million and \$50 million for 1971 and 1972, respectively. (Release 35-17105)

SECURITIES ACT REGISTRATIONS

\*IDEAL TOY FILES FOR OFFERING AND SECONDARY. Ideal Toy Corporation, 184-10 Jamaica Ave., Hollis, N. Y. 11423, filed a registration statement with the SEC on April 14 seeking registration of 350,800 shares of common stock, of which 250,000 are to be offered for public sale by the company and 100,800 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Eastman Dillon, Union Securities & Co. Inc., One Chase Manhattan Plaza, New York 10005.

CONTINUED

The company manufactures and markets a broad line of toys. Net proceeds of its stock sale will be used primarily to reduce domestic short-term borrowings incurred for working capital purposes, and the balance for general corporate purposes. The company has outstanding 2,226,514 common shares. (File 2-40023).

**\*MacANDREWS & FORBES FILES FOR OFFERING AND SECONDARY.** MacAndrews & Forbes Company, 1339 Chestnut St., Philadelphia, Pa. 19107, filed a registration statement with the SEC on April 14 seeking registration of 300,000 shares of common stock, of which 250,000 are to be offered for public sale by the company and 50,000 (being outstanding shares) by the holders thereof. The offering is to be made (\*\*at \$30 per share maximum) through underwriters headed by Eastman Dillon, Union Securities & Co. Inc., 570 Broad St., Newark, N. J. 07102.

The company is engaged in four major lines of business: textured fibers, licorice and flavorings, chocolate products and paperboard. Net proceeds of its stock sale, will be used to repay, in part, bank loans and bills of exchange aggregating \$4,147,000 at April 1, of which some \$2,600,000 was incurred to finance increased inventories and \$747,000 to purchase equipment, \$1,000,000 for the purchase of equipment and the balance for general corporate purposes. In addition to indebtedness, the company has outstanding 1,101,737 common shares. (File 2-40032).

**\*ARMSTRONG CORK TO SELL DEBENTURES.** Armstrong Cork Company, Liberty St., Lancaster, Pa. 17604, filed a registration statement with the SEC on April 14 seeking registration of \$75 million of sinking fund debentures, due 1996, to be offered for public sale through underwriters headed by Smith, Barney & Co. Inc., 20 Broad St., New York 10005.

The company is engaged in the manufacture of interior furnishings, including resilient floorings and carpets, ceilings and furniture, as well as in the manufacture of various industrial and other products. Net proceeds of its debenture sale will be used to retire short-term indebtedness of some \$52 million and to increase working capital. (File 2-40035).

**SIGNAL 1971 PROGRAM PROPOSES OFFERING.** Signal 1971 Program (the "Investor Partnership"), 1010 Wilshire Blvd., Los Angeles, Calif. 90017, filed a registration statement with the SEC on April 14 seeking registration of \$5 million of limited partnership interests, to be offered for public sale in \$1000 units (with a minimum purchase of \$10,000 of units required). The offering is to be made on a best efforts basis by Bateman Eichler, Hill Richards, Inc., 460 South Spring St., Los Angeles, Calif. 90013. The Investor Partnership proposes to make capital contributions to separate operating partnerships for the acquisition, exploration and development of oil, gas and other mineral properties. SIGCO Management Company, a wholly-owned subsidiary of Signal Oil and Gas Company, in turn, a wholly-owned subsidiary of The Signal Companies, Inc., is the general partner. W. H. Thompson, Jr. is president of the general partner and executive vice president of its parent. (File 2-40037).

**MASS MUTUAL CORPORATE INVESTORS TO SELL STOCK.** Mass Mutual Corporate Investors Inc., 1295 State St., Springfield, Mass. 01109, filed a registration statement with the SEC on April 14 seeking registration of 4,000,000 shares of capital stock, to be offered for public sale at \$25 per share. The offering is to be made through underwriters headed by Lehman Brothers, One William St., New York 10004.

Mass Mutual is a closed-end, non-diversified management investment company recently organized under the sponsorship of Massachusetts Mutual Life Insurance Company, which will act as investment adviser. The company's investment objective will be to develop a portfolio of securities providing an established yield and at the same time offering an opportunity for capital profits. James R. Martin is board chairman and John C. Sevey president; Martin is president and Sevey vice president of the Insurance Company. (File 2-40038).

**\*WINTER PARK TELEPHONE PROPOSES OFFERINGS.** The Winter Park Telephone Company, 132 East New England Ave., Winter Park, Fla. 32789, filed a registration statement with the SEC on April 14 seeking registration of 143,187 shares of common stock. It is proposed to offer these shares for subscription by common stockholders of record May 28, at the rate of one new share for each eight shares held (\*\*and at \$38 per share maximum). (File 2-40041).

In a separate registration statement, the company seeks registration of \$5.5 million of first mortgage bonds, Series K, due 2001, to be offered for public sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, 70 Pine St., New York 10005. (File 2-40042).

Net proceeds of both offerings will be used to repay bank loans incurred in connection with the company's construction program during 1968, 1969 and 1970 and totalling \$7 million at March 31, 1971. Construction expenditures are estimated at \$10,155,000 for 1971.

**\*NATIONAL BISCUIT TO SELL DEBENTURES.** National Biscuit Company, 425 Park Ave., New York 10022, filed a registration statement with the SEC on April 14 seeking registration of \$50 million of sinking fund debentures, due 2001, to be offered for public sale through underwriters headed by Lazard Freres & Co., 44 Wall St., New York 10005.

The company is engaged in the manufacture, processing and sale of food products. Net proceeds of its debenture sale will be added to the company's general funds and will be available for capital expenditures, working capital and other corporate purposes. (File 2-40045).

**\*ALEXANDER AND ALEXANDER FILES FOR SECONDARY.** Alexander and Alexander, Inc., 225 Broadway, New York 10007, filed a registration statement with the SEC on April 14 seeking registration of 432,920 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering is to be made (\*\*at \$32.125 per share maximum) through underwriters headed by Smith, Barney & Co. Inc., 20 Broad St., New York 10005.

The company is engaged primarily in the placement of casualty, property and marine insurance and in providing related insurance services. The company has outstanding 3,565,634 common shares. David T. Marantette, senior vice president, proposes to sell 124,400 of 246,800 shares held and a large number of others the remaining shares being registered. (File 2-40046).

**\*NORTON SHARES IN REGISTRATION.** Norton Company, One New Bond St., Worcester, Mass. 01606, filed a registration statement with the SEC on April 13 seeking registration of 101,260 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 (\*\* \$31.50 per share maximum). (File 2-40047).

**\*HECLA MINING SHARES IN REGISTRATION.** Hecla Mining Company, Hecla Bldg., Wallace, Idaho 83873, filed a registration statement with the SEC on April 13 seeking registration of 24,550 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 (\*\*\$26-3/4 per share maximum). (File 2-40048).

**\*BONANZA INTERNATIONAL SHARES IN REGISTRATION.** Bonanza International, Inc., 6116 North Central Expressway, Dallas, Tex. 75206, filed a registration statement with the SEC on April 6 seeking registration of 609,610 shares of common stock, of which 400,000 are outstanding shares (or may be issued on conversion of Class B common stock) and 209,610 have been issued or are issuable pursuant to stock option or related plans. These shares may be offered for sale from time to time by the holders or recipients thereof at prices current at the time of sale. The company is engaged in licensing and servicing a nation-wide franchise system of low-cost steak restaurants. It has outstanding 3,902,166 common shares. (File 2-39959)

**CALCAP VENTURE GROUP TO SELL STOCK.** Calcap Venture Group Inc. (the "Fund"), 2192 DuPont Dr., Irvine, Calif. 92664, filed a registration statement with the SEC on April 15 seeking registration of 600,000 shares of common stock, to be offered for public sale at \$10 per share. The offering is to be made through underwriters headed by Command Securities, Inc., 453 South Spring St., Los Angeles, Calif.

The Fund is a newly organized, non-diversified, closed-end investment company which will seek long-term capital appreciation through speculative equity investments and debt investments with equity participations. California Capital Management Corporation is the investment adviser. Robert S. Jepson, Jr., board chairman and president of the Fund and the adviser, owns 38% of the outstanding voting stock of the adviser. (File 2-40050)

**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:

Caressa, Inc., Miami, Fla. (File 2-40034) - 97,250 shares  
Smith International, Inc., Newport Beach, Calif. (File 2-40036) - 100,000 shares  
GAC Corporation, Allentown, Pa. (File 2-40039) - 50,000 shares  
Cities Services Company, New York 10005 (File 2-40040) - 400,000 shares  
Hartford National Corporation, Hartford, Conn. (File 2-40043) - 100,000 shares  
RCA Corporation, New York (File 2-40044) - 500,000 shares  
Corning Glass Works, Corning, N. Y. (File 2-40049) - 7,000 shares

#### MISCELLANEOUS

**IOWA BEEF PROCESSORS SEEK ORDER.** The SEC has set May 5 as the date of hearing on the application of Iowa Beef Processors, Inc., Dakota City, Neb. for a finding that by reason of the cyclical, rather than stable or seasonal nature of its business (the cycles being relatively unpredictable), an exemption from the requirement to file quarterly reports on Form 10-Q pursuant to Rule 13-a-13 under the Securities Exchange Act of 1934 would not be inconsistent with the public interest or the protection of the investors.<sup>1/</sup>

**SECURITIES ACT REGISTRATIONS.** Effective April 20: Ambac Industries, Inc., 2-37905; Continental Resources Corp., 2-39233 (90 days); Filmways, Inc., 2-39762; The Leisure Group, Inc., 2-39539; LVO Cable, Inc., 2-39412 (Jul 19); Milwaukee Professional Sports & Services Inc., 2-39117; Modumatic Industries, Inc., 2-37342 (90 days); Northwest Bancorporation, 2-39712; Otter Tail Power Co., 2-39794; Petro-Search Exploration Corp., 2-38571 (90 days); United Telephone Co. of Ohio, 2-39684.

**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.

<sup>1/</sup> Pending distribution of this Release by the Commission to the appropriate mailing lists, interested persons should consult the Federal Register for full details of the application.