

# 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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## COMMISSION ANNOUNCEMENT

**CASEY CALLS FOR IMPROVED FINANCIAL REPORTING.** Chairman William J. Casey told the American Society of Business Writers in Washington yesterday that the Commission had taken an important step to focus attention on the reporting of financial results by calling for disclosure of changes in accounting methods and changes in accountants as a material occurrence by the filing of an interim report. As the Commission calls for more precision and detail in order to improve disclosure and comparability of results, it must at the same time, he said, struggle for greater clarity and simplicity of editorial presentation.

Casey said the Commission would insist on the accumulation and dissemination of accurate and complete information on prices and volume to the investing public and the electronic market place. He added that there will be close review and scrutiny in the public interest of possible conflicts among and between brokerage, investment, dealer and underwriting functions. He said the Commission would soon propose a rule which will require cash reserves for the net credit balances left in brokerage firms by their customers as required by the Securities Investor Protection Corporation legislation.

**CORPORATE OFFERINGS ACHIEVE QUARTER RECORD.** U. S. corporations offered a record \$12.1 billion of new securities in the first quarter of 1971, according to preliminary estimates released today by the SEC. This is the highest quarterly figure on record and compares with the previous record high of \$11.9 billion established in the last three months of 1970. While the dollar value of new securities for the first quarter reached a record, the number of new issues was lower than the preceding and comparable quarters of 1970. (For further details, see Stat. Release No. 2518).

## DECISION IN ADMINISTRATIVE PROCEEDINGS

**SPECIAL MARKETS, INC. REGISTRATION WITHDRAWN, FIRM AND JENKINS CENSURED.** The SEC today ordered that the registration as a broker and dealer of Special Markets, Inc., of New York City, be permitted to be withdrawn, that registrant and Philip M. Jenkins, its president, be censured, and that Jenkins may not become a registered broker-dealer or a principal thereof without prior approval of the Commission. The Commission found that the registrant, aided and abetted by Jenkins, violated the financial reporting provisions of the Securities Exchange Act, in that it failed to file with the Commission a report of its financial condition for the calendar year 1969. Respondents submitted an offer of settlement in which they admitted the accuracy of the allegations and consented to findings of willful violation and to the sanctions as imposed.

**MIDDLE SOUTH EXCHANGE APPROVED.** The SEC has announced a decision under the Holding Company Act in which it approved the proposal of Middle South Utilities, Inc. to exchange its common stock for the outstanding shares of common and preferred stock of Arkansas-Missouri Power Company ("Ark-Mo"), a non-associate public utility company. Middle South proposes to offer 0.7 shares of its common stock for each outstanding share of common stock of Ark-Mo. The exchange offer to become effective requires acceptance by the holders of not less than 80% of the outstanding shares of Ark-Mo common stock. In addition, Middle South proposes to acquire all the 40,900 shares of Ark-Mo preferred stock held by ten institutional investors by exchanging therefor 4-1/8 shares of Middle South common stock for each share of preferred stock. The electric service areas of Middle South and Ark-Mo are presently interconnected, and during 1969, Ark-Mo purchased approximately 80% of its electric energy from the Middle South System. The Commission has conditioned its authorization upon, among other things, disposition within one year of any direct or indirect interest Middle South may acquire in the gas and ice properties of Ark-Mo. (Release 35-17116)

## NEW RULES AND RULE PROPOSALS

**PROPOSED AMENDMENTS TO REPORT FORMS.** The SEC has under consideration proposed amendments to its report forms dealing with the reporting of certain accounting and financial matters. New items would be added to its forms calling for information with respect to changes in accounting principles and practices and also with respect to a change in the independent accounting firm which audits the company's financial statements. Interested persons are invited to submit their views and comments on or before June 14, 1971. Pending distribution of the Commission's release relating to the proposed amendments to the appropriate mailing list interested persons should consult the Federal Register for information. It is expected that copies of the release will be available for distribution.

OVER

SECURITIES ACT REGISTRATIONS

AMERICAN APPRAISAL ASSOCIATES FILES FOR OFFERING AND SECONDARY. American Appraisal Associates, Inc., 525 East Michigan St., Milwaukee, Wisc. 53201, filed a registration statement with the SEC on April 30 seeking registration of 450,000 shares of common stock, of which 60,000 are to be offered for public sale by the company and 390,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Smith, Barney & Co., Inc., 1345 Avenue of the Americas, New York 10019.

The company is engaged principally in providing a wide range of services relating to tangible and intangible asset valuation and appraisal for corporate, government and institutional clients. Of the net proceeds of its stock sale, some \$800,000 will be used to repay short-term bank borrowings and the balance for working capital and other corporate purposes (including possible acquisitions). In addition to indebtedness, the company has outstanding 1,698,600 common shares, of which management officials as a group own 32.4%. Ettore Barbatelli is president. (File 2-40223) (\*\*The offering price is \$20 per share maximum).

\*BROADWAY-HALE STORES TO SELL DEBENTURES. Broadway-Hale Stores, Inc., 600 S. Spring St., Los Angeles, Calif. 90014, filed a registration statement with the SEC on April 30 seeking registration of \$35 million of sinking fund debentures, due 1996, to be offered for public sale through underwriters headed by Blyth & Co., Inc., 14 Wall St., New York 10005.

The company is engaged primarily in the department store business. Of the net proceeds of its debenture sale, \$15 million will be used to purchase fixtures and equipment, principally for new stores, and the balance for working capital and other corporate purposes. (File 2-40224)

\*DOW CHEMICAL SHARES IN REGISTRATION. The Dow Chemical Company, 2030 Dow Center, Midland, Mich. 48640, filed a registration statement with the SEC on April 30 seeking registration of 12,500 outstanding shares of common stock. These shares are to be purchased by Dow Badische Company (which is 50% owned by Dow Chemical and 50% by another corporation) on the open market or at private sale. Dow Badische proposes to offer such shares to its employees pursuant to the 1971-72 Dow Badische Employees' Stock Purchase Plan. (File 2-40225)

Dow Chemical also seeks registration of 200,000 shares of common stock, to be issued pursuant to its 1971-72 Employees' Stock Purchase Plan (File 2-40226)

SECURITIES ACT REGISTRATIONS. Effective May 5: Equity Funding Corp. of America, 2-39956; Indian Head Inc., 2-39981; Land Limited of America, Inc., 2-39037 (90 days); Midland Enterprises, Inc., 2-39895 (90 days); Municipal Investment Trust Fund, Fourth Pennsylvania Series, 2-39620; National Can Corp., 2-40014; RCA Corp., 2-40044; The Standard Oil Co., 2-40058; The Southern New England Telephone Co., 2-40068.

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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