

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. 71-105)

FOR RELEASE June 1, 1971

COMMISSION ANNOUNCEMENTS

COMPETITIVE CAPITAL CORPORATION CENSURED; TWO FORMER OFFICERS SUSPENDED. The SEC has ordered that Competitive Capital Corporation, a registered broker-dealer in San Francisco, California, be censured, and that Richard E. Boesel, Jr. and Robert L. Sprinkel, III, former officers, be each suspended for 10 business days from association with a broker, dealer or investment adviser. The suspensions are effective June 1, 1971. The order was based on an offer of settlement by the respondents in which, solely for purposes of settlement and without admitting the findings, they consented to the stated sanctions.

According to the Commission's decision, the respondents in February-March 1969 violated the registration provisions of the Securities Act of 1933 in connection with the offer of shares of Competitive Associates, Inc., an investment company registered under the Investment Company Act of 1940 and of which Competitive Capital Corporation was the investment adviser. Both Competitive Associates and Competitive Capital were then managed by a common group of officers headed by Boesel and Sprinkel. Before the effective date of a registration statement covering Competitive Associates' initial public offering of its shares, Competitive Capital through a public relations firm engaged in a campaign to attract attention to the investment company and the forthcoming public offering, including the use of a press release and the arranging of interviews with financial reporters with resulted in various newspaper and magazine articles. The Commission held that those activities constituted an organized campaign utilizing a wide distribution of publicity material which was designed to and had the effect of conditioning the public for the forthcoming offering of shares and violated the restrictions on the making of written offers in the "waiting period" between the filing and the effective date of a registration statement under the Securities Act. The Commission noted that failure to exercise proper control over public relations activities respecting the public distribution of securities may result in violations. It stated "Persons undertaking to employ public media of communication to give publicity to a forthcoming issue in ways not specified in the Act must carefully consider the possibility that such publicity oversteps the statutory limitations and constitutes a type of sales activity prohibited during the waiting period by Section 5(b)."

Subsequent to the events involved herein, an unrelated corporation purchased controlling interest in Competitive Capital.

INTEC REG. A PERMANENTLY SUSPENDED. The Commission issued an order permanently suspending an exemption under Regulation A of the Securities Act of 1933, with respect to a public offering of stock by Intec Incorporated, of Lutherville, Md. On March 31, 1971 the Commission issued an order temporarily suspending the exemption with respect to a public offering of 100,000 shares of common stock at \$1 per share.

In the temporary suspension order the Commission alleged that the notification and offering circular contained false and misleading statements with respect to sales of unregistered securities by Intec, contingent liability resulting from such sales and finder's fees paid in connection with the sale of unregistered securities, and that the terms and conditions of Regulation A had not been complied with. (Release 33-5153)

LYNDON L. PEARSON BARRED. The Commission has issued an order barring Lyndon L. Pearson, Birmingham, Ala., formerly an officer and director of a registered broker-dealer, from being associated with a broker or dealer. The order was based on an offer of settlement submitted by Pearson as part of an overall settlement of the administrative proceedings and injunctive proceedings which had been brought by the Commission against him and others in the U. S. District Court for the Northern District of Oklahoma. In the latter proceedings, an order was entered on April 26, 1971, pursuant to stipulation between Pearson and the Commission, permanently enjoining him from violating the registration provisions of the Securities Act of 1933 and antifraud and anti-manipulative provisions of that Act and the Securities Exchange Act of 1934 in connection with the purchase, offer or sale of securities of Community National Life Insurance Company. (Release 34-9185)

COURT ENFORCEMENT ACTION

NINE ENJOINED IN ARCO INDUSTRIES CASE. The SEC New York Regional Office announced that permanent injunctions had been issued against the following in Federal court in New York in connection with transactions involving securities of Arco Industries, Inc: William J. Clay, Oct. 16, 1970; Samuel Gallant, Sept. 18, 1970; Thomas Feely, Aug. 6, 1970; Arco Industries, Dec. 21, 1970; Franklyn Phillips, Dec. 21, 1970; Big Nine Mine and Mineral, Inc., Aug. 25, 1970; Leonard Porath, Aug. 25, 1970; Milfred Rockne, Aug. 25, 1970; Howard Herman, Aug. 25, 1970.

Defendants Clay, Gallant, Feely, Big Nine, Porath, Rockne and Herman consented to the issuance of the order without admitting or denying the allegations of the complaint. Defendants Arco and Phillips had injunctions issued by default. In addition, a preliminary injunction was issued April 15 against the three remaining defendants in the action: I.F.D. Inc., Manuel Posy, and Andrew L. Wormser against further violations of the Federal securities laws in the offer and sale of Arco stock. (Release LR-5018)

OVER

THREE FOUND NOT GUILTY IN LOUISIANA LOAN CASE. The SEC Atlanta Regional Office announced that on May 19 a federal jury in New Orleans returned verdicts of not guilty against the following in connection with charges of securities fraud arising out of operations of Louisiana Loan & Thrift Corporation, now in reorganization under the Bankruptcy Act: Jack P.F. Gramillion, Baton Rouge, Salvador Anzaldo, New Orleans, and Ernest A. Bartlett, Booneville, Ark. (Release LR-5019)

HOLDING COMPANY ACT RELEASE

OHIO EDISON COMPANY. The Commission has issued an order authorizing Ohio Edison Company to issue and sell at competitive bidding, \$60 million of First Mortgage Bonds, due 2001; the proceeds will be used for the acquisition of property, construction, completion etc., of its facilities or for the improvement of its service or for other specified corporate purposes. Construction expenditures for 1971 are estimated at \$103,714,000. (Release 35-17145)

HILO COAST PROCESSING COMPANY. The Commission has issued an order giving interested persons until June 24, to request a hearing on application of Hilo Coast Processing Company, Honolulu, for an order declaring that it is not an electric utility company for purposes of the Holding Company Act. Hilo Coast is an agricultural cooperative and the proposal involves the sale of excess energy derived from large scale burning of sugar cane stalk (instead of dumping it in the ocean) to Hilo Electric Light Company. In the absence of an exemption, Hilo Coast would become an "electric utility company" within the meaning of the Act when it begins the sale of such excess energy because it would then be a company which owns or operates facilities used for generation of electric power for sale and make "holding companies" of the entities which control Hilo Coast. (35-17147) 1/

APPALACHIAN POWER COMPANY. The Commission has issued an order authorizing Appalachian Power Company to issue short term notes to banks and commercial paper dealers not to exceed \$101,130,000 outstanding at any one time; the proceeds from the issue and sale of the notes will be used to reimburse its treasury for past expenditures made in connection with its construction program and to pay future costs of constructions. Such construction expenditures are estimated at \$63 million for the second half of 1971 and \$81 million for 1972. (Release 35-17148)

INDUSTRIAL LEASING CORPORATION. The Commission has issued an order declaring that Industrial Leasing Corporation, Providence, R.I. shall not be deemed an "electric utility holding company" within the meaning of the Holding Company Act as the result of a proposed transaction involving the purchase of electric generating equipment by Orange and Rockland Utilities and its assignment to Industrial and the subsequent leasing of the equipment by Orange and Rockland. (Release 35-17149)

INVESTMENT COMPANY ACT RELEASES

NORTHWESTERN INVESTMENT FUND OF NORTHWESTERN NATIONAL BANK. The Commission issued an order giving interested persons until June 18 to request a hearing on application of Northwestern Investment Fund of Northwestern National Bank, Minneapolis, for an order declaring that it has ceased to be an investment company under the Investment Company Act. Because of the existence of litigation challenging the legality of accounts of the type contemplated by the Fund, the Bank never made a public offering of units of participation in the Fund and the Fund has no assets or liabilities. In addition, in view of a Supreme Court decision, the applicant will not be activated. (Release IC-6547) 1/

ROMAN INTERNATIONAL, INC. The Commission has issued an order giving interested persons until June 18 to request a hearing on a Commission proposal to declare by order upon its own motion that Roman International, Inc., a non-diversified management investment company, has ceased to be an investment company. The Fund was organized in 1967 and currently has 33,500 shares outstanding held by 25 shareholders and does not propose to make a public offering of its shares. (Release IC-6548) 1/

PARIBAS CORPORATION. The Commission has issued an order giving interested persons until June 21 to request a hearing on application of the Paribas Corporation, New York, for an order exempting it from all provisions of the Investment Company Act. Paribas received an order of the Commission in 1961 exempting it from all provisions of the Act subject to certain requirements set forth in the order; the Commission also reserved jurisdiction to modify or revoke the 1961 order if, in its opinion, subsequent facts made such action necessary or appropriate.

Paribas asserts that it is not an investment company pursuant to the Act and requests that the 1961 order be rescinded. (Release IC-6549) 1/

NEW ENGLAND MUTUAL LIFE INSURANCE CO./VARIABLE ANNUITY FUND I. The Commission has issued an order exempting from certain provisions of the Investment Company Act transactions between New England and the Variable Annuity Fund I, and NEL Equity Service Corporation, a wholly-owned subsidiary of New England Mutual and principal underwriters for the Fund. (Release IC-6550)

NEW ENGLAND MUTUAL LIFE INSURANCE/VARIABLE ANNUITY FUND II. The Commission has issued an order exempting from certain provisions of the Investment Company Act transactions involving New England and the Variable Annuity Fund II and Nelesco, a wholly-owned subsidiary of New England and the principal underwriter for the Fund. (Release IC-6551)

SECURITIES ACT REGISTRATIONS

FIRST SPECTRUM FUND PROPOSES OFFERING. First Spectrum Fund, Inc., 555 Madison Ave., New York, N. Y. 10022, filed a registration statement with the SEC on May 24 seeking registration of 1,500,000 shares of common stock, to be offered for public sale at net asset value (** \$11 per share maximum) with no sales charge. The Fund is an open-end, diversified investment company, whose objective is long-term growth of capital through selective participation in the improvement and progress of the American economy. Spectrum Directors, Inc., will serve as investment adviser. Thomas N. Delaney, Jr., is board chairman and Royce N. Flippin, Jr., president of the Fund and the Adviser. (File 2-40501)

*GENERAL WATERWORKS TO SELL BONDS. General Waterworks Corporation, 3219 Philadelphia Pike, Claymont, Del. 19703, filed a registration statement on May 24 seeking registration of \$25 million of first mortgage and collateral trust bonds, due 1996, to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York 10004.

The company owns and operates 74 water properties, one sewer company and eight heating companies. Net proceeds of its bond sale will be used to repay all outstanding bank borrowings (aggregating \$17.5 million at May 14) and the balance to finance capital expenditures. Capital expenditures are estimated at \$14,700,000 and \$12,300,000, respectively, for 1971 and 1972, respectively. (File 2-40502)

MICRONETICS TO SELL STOCK. Micronetics, Inc., Route 28, Kingston, N. Y. 12401, filed a registration statement on May 24 seeking registration of 300,000 shares of common stock, to be offered for public sale (** at \$8 per share maximum). The offering is to be made through underwriters headed by First Albany Corporation, 90 State St., Albany, N. Y. 12207.

Organized in 1969, the company is engaged in the production and sale of ferrite recording head cores and subassemblies for use in conjunction with disk file computer memories. Of the net proceeds of its stock sale, \$1.2 million will be used toward the development, acquisition and marketing of one or more new product lines and the balance for working capital and other corporate purposes. The company has outstanding 961,475 common shares (with a 60¢ per share net tangible book value), of which Daniel J. Webster, board chairman, and Ned W. Buoymaster, president, own 28% each and management officials as a group 78%. (File 2-40503)

*NL INDUSTRIES SHARES IN REGISTRATION. NL Industries, Inc., 111 Broadway, New York 10006, filed a registration statement on May 24 seeking registration of 175,003 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 (** \$22-1/8 per share maximum). (File 2-40507)

BLOCK DRUG FILES FOR SECONDARY. Block Drug Company, Inc., 257 Cornelison Ave., Jersey City, N. J. 07302, filed a registration statement on May 25 seeking registration of 275,000 outstanding shares of Class A common stock, to be offered for public sale by the holders thereof. The offering is to be made (** at \$20 per share maximum) through underwriters headed by Lehman Brothers, Inc., One William St., New York 10004.

The company is engaged in the development, manufacture and sale of denture, dental care and oral hygiene products, proprietary drug products and ethical pharmaceutical products. It has outstanding 4,392,431 Class A and 3,740,000 Class B common shares. Block Securities, Inc. owns 50% and Trusts under the Melvin A. Block Estate own 50% of the B shares, and management officials as a group own 14.6% of the A shares. Trusts under the Melvin A. Block Estate may sell 137,500 A shares and three others the remaining shares being registered. (File 2-40508)

HALLAMORE HOMES TO SELL STOCK. Hallamore Homes, Inc., 18060 Euclid St., Fountain Valley, Calif. 92708, filed a registration statement on May 25 seeking registration of 300,000 shares of common stock, to be offered for public sale (** at \$11 per share maximum). The offering is to be made through underwriters headed by Dahlgren, Richardson & Co., Inc., 1901 Avenue of the Stars, Los Angeles, Calif.

Organized on May 21, the company is engaged in the design of factory built modular, hinged, transportable and relocatable structures for use as permanent or temporary housing. Of the net proceeds of its stock sale, \$500,000 will be used for the design, purchase and installation of equipment and the purchase of additional manufacturing equipment and the balance for working capital and other corporate purposes. The company has outstanding 1,214,833 common shares (with a 46¢ per share tangible book value), of which Lloyd G. Hallamore, president, owns 35%, Sun/Bar Electronics Corp. 27% and management officials as a group 56%. Company officials own a substantial interest in Sun/Bar. (File 2-40509)

*CAROLINA POWER & LIGHT TO SELL STOCK. Carolina Power & Light Company, 336 Fayetteville St., Raleigh, N.C. 27602, filed a registration statement on May 25 seeking registration of 1,500,000 shares of common stock, to be offered for public sale (** at \$25 per share maximum). The offering is to be made through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York 10005. A public utility, the company will apply the net proceeds of its stock sale to the reduction of short-term loans incurred for corporate purposes, primarily for the construction of additional electric plant facilities. Such short-term loans are expected to approximate \$79 million at the time of the stock sale; construction expenditures are estimated at \$264,541,000 for 1971 and \$806,285,000 for the period 1971 through 1973. (File 2-40510)

*WARNER-LAMBERT SHARES IN REGISTRATION. Warner-Lambert Company, 201 Tabor Rd., Morris Plains, N.J. 07950, filed a registration statement on May 25 seeking registration of 28,278 outstanding shares of common stock. Such shares are to be purchased pursuant to the termination of the Thrift and Profit-Sharing Plan of the Schick Safety Razor Company Division of Warner-Lambert. (File 2-40511)

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 May 10 News Digest.

8K Reports for Feb 71

Air Products & Chemical Inc (8)	1-4534-2	Lifestyle Companies Jan & Feb 71 (11)	0-4323-2
American Cyanamid Co (3,13)	1-3426-2	Multronics, Inc March 71 (2,3)	0-3436-2
Cook Electric Co (7)	1-5112-2	Sept, Nov & Dec 70 (2,3)	0-3436-2
Crompton Co., Inc (11,13)	1-5854-2	Munsingwear Inc (12)	1-63-2
E.P.S. Data Processing, Inc (1,3)	0-5380-2	Welco Enterprises, Inc (12)	1-5555-2
Electrogasdynamics, Inc (2,7,13)	0-5406-2	Castagna Electronics Corporation Jan 71 (7)	2-29747-2
First Combined Enterprises, Inc (11,13)	0-5276-2	Chicago & North Western Ry Co (10)	1-3211-2
ARA Services, Inc (11,13)	1-4762-2	Dan River, Inc (3,12,13)	1-3912-2
Beneficial Corp (8)	1-1177-2	Del Monte Corp (13)	1-502-2
Computer Communications, Inc (2,13)	0-4029-2	Maine Sugar Industries Inc Jan & Feb 71 (3,6)	0-2426-2
Edan Corporation (2,11,12,13)	0-3809-2	Spectra-Physics, Inc (11,13)	0-4307-2
Federal Paper Board Co., Inc Jan 71 (2,7,13)	1-3838-2	American Medicorp, Inc (7)	0-4657-2
First Western Financial Corp (2,12,13)	0-2904-2	Caressa Inc (12)	1-5784-2
Fotomat Corporation (1,7,11,13)	0-4916-2	Cudahy Company (3)	1-529-2
Francisco Industries, Inc (11,13)	0-4495-2	Frye Industries, Inc (2,7,12,13)	1-6555-2
Akzo N. V. (6K)	2-10219-2	Adams-Russell Company (2,11)	1-5834-2
Akzona Inc (3,13)	1-3901-2	Aerovox Corp (8)	1-5363-2
Amfac, Inc (7,13)	1-5459-2	Arctic Enterprises, Inc (2,3,7,13)	1-6290-2
Bank Securities, Inc (7)	2-36862-2	Carte Blanche Corp (3)	0-2049-2
Beckman Instruments Inc (6)	1-3664-2	Columbia Pictures Industries, Inc (8)	1-6240-2
Cutty's, Inc (2)	2-35798-2	Continental Corp (7,13)	1-5686-2
Daryl Industries, Inc March 71 (13)	1-4321-2	Boeing Co (3)	1-442-2
Faim Information Services, Inc (2,13)	1-6056-2	Cadence Industries Corporation (2,13)	1-2991-2
Fairfield Technology Corp (12)	0-3045-2	Central Banking System, Inc (12)	0-3652-2

SECURITIES ACT REGISTRATIONS. Effective May 28: Chemtrust Industries Corp., 2-38962; The Cleveland-CHffs Iron Co., 2-39797; The Deltona Corp., 2-40258; First Continental Realty Fund, Ltd., 2-39306 (90 days); Interamerican Drilling Fund-1971, 2-39467 (90 days); Iowa Electric Light and Power Co., 2-40169; Kaweckl Berylco Industries, Inc., 2-40469; The Rath Packing Co., 2-40342; The Rouse Co., 2-40366; Ryder System, Inc., 2-40488; St. Joe Minerals Corp., 2-40116; Valley Bancorporation, 2-39591.

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.

1/ Pending distribution of this release by the Commission to the appropriate mailing lists, interested persons should consult the Federal Register for details of the release.