

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 March 10, 1971

COMMISSION ANNOUNCEMENT

COMMISSION ISSUES INSTITUTIONAL INVESTOR STUDY REPORT. The Commission today transmitted to the Congress its Institutional Investor Study Report, with initial conclusions and recommendations.

The Study was authorized by Public Law 90-438 (as amended by Public Law 91-94 and Public Law 91-410) which directed the Commission "to make a study and investigation of the purchase, sale and holding of securities by institutional investors of all types . . . in order to determine the effects of such purchases, sales and holdings upon the maintenance of fair and orderly securities markets . . . the stability of such markets . . . the interests of the issuers . . . and upon the interests of the public . . ."

The Study, as requested by the Congress, provides a comprehensive economic study of the activities of all types of institutional investors managing sizeable equity portfolios (including, but not limited to banks, insurance companies, mutual funds, pension funds, foundations and college endowments) and their impact on both securities markets and the corporations whose securities are held and traded by such institutions.

The Study's basic task was to collect fundamental economic data in an area where large informational gaps have existed. To do this, data were developed and analyzed relating to the number, types, size, growth and distribution of assets in accounts managed by the many varieties of institutions, as well as other types of data not heretofore collected about trading activity, market impacts and effects upon portfolio companies.

The Study's staff was assembled by June, 1969 and its analytical report containing 15 chapters was completed by December 31, 1970. The Study Report is organized into four major areas:

Part One (Volume I: Chapters 1-3) contains aggregate analyses of national savings and wealth, highlighting flows of funds to and through the financial sector and its component institutional categories.

Part Two (Volumes II, III: Chapters 4-9) analyzes the activities of institutional investors themselves, emphasizing their role and behavior as managers of large, equity oriented portfolios.

Part Three (Volume IV: Chapters 10-13) contains analyses of institutional trading and its impacts on both securities prices and market structure.

Part Four (Volume V: Chapters 14-15) analyzes direct impacts of institutions on corporate issuers, as sources of new equity financing and as large and influential shareholders.

In addition, the Study's full report contains a summary volume and two supplementary volumes. Supplementary Volume I contains a full report by the National Bureau of Economic Research to the Commission on institutional investors and corporate stock--a background study, summarized in Chapters II, and III of Part One, above. Supplementary Volume II documents the Study's extensive questionnaires. The full Report, including five primary volumes, the summary volume and two supplementary volumes will be available to the public through the Government Printing Office within approximately two weeks. Inquiries should be addressed to:

Mr. Ralph Goerner
Public Documents Department
Procurements Section
Government Printing Office
P. O. Box 1533
Washington, D. C. 20013 (Telephone 202 541-3763)

Copies of the transmittal letter and the summary volume may be examined in and copies may be ordered from the Commission's Public Reference Room.

NET CASH FLOW FROM SECURITIES SALES RISES 64% IN 1970. The net change in domestic corporate securities outstanding (total cash offerings less retirements) amounted to \$29.6 billion in 1970 according to preliminary estimates released March 9 by the SEC. These data appear regularly in the Commission's Statistical Bulletin. The 1970 increase represents a \$11.6 billion or 64% rise in the net flow of cash to the corporate sector from the sales of securities over the previous high established in 1969. This net increase in outstanding securities was essentially dominated by the huge volume of new publicly-offered bond and note issues. (For further details, see Stat. Release No. 2503).

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES AMERICAN ASSOCIATED, BELVA MANOR, OTHERS. The SEC Chicago Regional Office today announced the filing of a complaint in Federal court in Lexington, Ky. seeking to enjoin the following for violations of the anti-fraud provisions of the Federal securities laws in the offer and sale of stock of Belva Manor, Inc., and American Associated Financial Corporation: American Associated Systems, Inc., Belva Manor, Inc., American Associated Financial Corp., Joel S. Jackson, Alvin L. Norton, William E. Bohon, Paul D. Ross, Robert E. Lee, Maj. Gen. Benjamin J. Butler, Dr. Charles N. Tarkington and Maxwell B. Duncan, Sr. (LR-4929)

OVER

COLASURDO, WHORL, OTHERS SENTENCED. The SEC today announced that the Federal court in New York pronounced sentence on the following after earlier verdicts of guilty had been returned arising out of indictments charging conspiracy to violate the Federal securities laws and the filing of false materials with the SEC. Lewis L. Colasurdo, Hammonton, N. J., sentenced to two years in prison, and \$10,000 fine for conspiracy, one year in prison and \$10,000 fine on a false filing count and \$10,000 on each of three other false filing counts and one year probation following his prison sentence. Everett A. Whorl, Lennox, Mass., fined \$10,000 and sentenced to one year in prison on a conspiracy count, and \$10,000 on each of two false filing counts and one year probation following his prison sentence. Michael J. McLaney, Miami, Fla., suspended term for one year, placed on probation for two years and fined \$10,000 on conspiracy count, and Anthony Cipo, also of Hammonton, N. J., fined \$10,000 and placed on probation for two years on the conspiracy count. (LR-4930)

INVESTMENT COMPANY ACT RELEASES

STANDARD SHARES SEEKS ORDER. The SEC has issued an order under the Investment Company Act giving interested persons until March 29 to request a hearing upon an application of Standard Shares, Inc., New York closed-end investment company, its subsidiary, Pittway Corporation, and George Barr, a vice president of Pittway, for an order approving the exercise by Barr of options to purchase 1,803 shares of Pittway common stock. Standard owns 1,073,503 shares (over 38%) of the outstanding common stock of Pittway, a manufacturing corporation. (Release IC-6374)

EVERYMAN FUND GRANTED TEMPORARY ORDER. The SEC has issued an order under the Investment Company Act giving interested persons until March 29 to request a hearing upon an application of Everyman Fund, Inc., Cleveland mutual fund, for an order permitting (a) suspension of the right of redemption of its outstanding redeemable securities, and (b) suspension of payment for shares already submitted for redemption for which payment has not been made as of the date and time of the requested order, until either (1) ten days after the Fund gives the Commission notice of intention to resume redemptions and payments therefor or (2) the Commission on its own initiative rescinds the order applied for. The Commission found based on the information in the application and for the protection of security holders of Fund that there be issued together with the notice of application a temporary order permitting the suspension of the right of redemption and postponement of payment until the further order of the Commission. (Release IC-6375)

HIGHTEC FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act giving interested persons until March 29 to request a hearing upon an application of Hightec Fund, Inc., Silver Spring closed-end, diversified investment company, for an order declaring that it has ceased to be an investment company as defined in the Act. According to the application, Hightec has determined not to proceed with a proposed public offering of its securities and its registration statement was withdrawn on February 26, 1971. Hightec represents that its securities are held by fewer than 100 persons (Release IC-6377)

INTERMARK INVESTING RECEIVES ORDER. The SEC has issued an order under the Investment Company Act declaring that Intermark Investing, Inc., LaJolla, Calif. closed-end, non-diversified investment company, has ceased to be an investment company. Pursuant to a settlement offer made in proceedings to review a Hearing Examiner's initial decision which denied an application of Intermark for exemption from the Investment Company Act, Intermark proposed a plan to operate as an investment company (subject to stockholder approval) or to seek deregistration as an investment company. At a March 4 meeting, a vote of the majority of outstanding voting securities rejected the plan. (Release IC-6378)

BOSTON CAPITAL SEEKS ORDER. The SEC has issued an order under the Investment Company Act giving interested persons until March 16 to request a hearing upon an application of Boston Capital Corporation, Boston closed-end, non-diversified, management investment company, with respect to the proposed participation of Boston Capital and Sea World, Inc., in a public offering of shares of Sea World. Boston Capital owns 169,512 shares (19%) of the outstanding voting shares of Sea World and is thereby an affiliated person of Sea World. In the proposed public offering of 400,000 common shares of Sea World, 230,488 are to be offered by Sea World and 169,512 (outstanding shares) by Boston Capital through underwriters headed by E. F. Hutton & Company Inc. (Release IC-6379)

HOLDING COMPANY ACT RELEASE

AMERICAN ELECTRIC POWER SEEKS ORDER. The SEC has issued an order under the Holding Company Act giving interested persons until March 30 to request a hearing upon an application of American Electric Power Company, Inc., New York holding company, to increase from \$40,000,000 to \$75,000,000 the amount of cash capital contributions to be made to its subsidiary, Appalachian Power Company. Construction expenditures for the subsidiary are estimated at more than \$70,000,000. (Release 35-17037)

SECURITIES ACT REGISTRATIONS

U. S. FINANCIAL FILES FOR SECONDARY. U. S. Financial, 1250 Sixth Ave., San Diego, Calif. 92101, filed a registration statement with the SEC on March 4 seeking registration of 171,632 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering is to be made through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York, N. Y. 10004.

The company and subsidiaries are engaged in the design, production and sale of shelter. In addition to indebtedness and preferred stock, it has outstanding 3,754,669 common shares, of which Robert H. Walter, president and chief executive officer, owns 11.4% and management officials as a group 20%. Whitcom Investment Company proposes to sell 55,966 of 163,936 shares held, Charles M. Mosser all of 42,150 and 13 others the remaining shares being registered. (File 2-39552)

CONTINUED

KRAFTCO TO SELL DEBENTURES. Kraftco Corporation, 260 Madison Ave., New York, N. Y. 10016, filed a registration statement with the SEC on March 5 seeking registration of \$50,000,000 of sinking fund debentures, due 1996, to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York 10004.

The company is engaged principally in the purchase, manufacture, processing and distribution of food products. Net proceeds of its debenture sale will be available for general corporate purposes, including plant and other capital expenditures. In addition to indebtedness, the company has outstanding 29,368,227 common shares. Gordon Edwards is board chairman and William O. Beers president. (File 2-39553)

TRANSPORT DATA COMMUNICATIONS TO SELL STOCK. Transport Data Communications, Inc., 122 Edinburgh Court, Greenville, S. C. 29607, filed a registration statement with the SEC on March 5 seeking registration of 125,000 shares of common stock, to be offered for public sale through underwriters headed by R. S. Dickson, Powell, Kistler & Crawford.

Organized in September 1969, the company is engaged in the development of computer oriented management information systems designed principally for use by the motor carrier industry. Of the net proceeds of its stock sale, \$200,000 will be used to retire bank loans incurred in December 1970 to finance operations of the company, and the balance will be used for general corporate purposes. The company has outstanding 216,684 common shares (with a \$1.83 per share tangible book value deficit), of which Talmadge M. Crews, president, owns 11.5% and management officials as a group 85.4%. Purchasers of the shares being registered will acquire a 37% stock interest in the company for their investment of \$1,312,500*; present shareholders will then own 63%, for which they paid \$100,402 in cash (an average of 46¢ per share) plus securities of Fleet Facts, Inc., having a \$171 book value at the date of acquisition. (File 2-39554)

NEWFOUNDLAND TO SELL DEBENTURES. Province of Newfoundland (Canada), (U. S. Agent: Bruce I. Rankin, Consul General, Canadian Consulate General, 680 Fifth Ave., New York 10019), filed a registration statement with the SEC on March 5 seeking registration of \$25,000,000 of sinking fund debentures, due 1996, to be offered for public sale through underwriters headed by Hornblower & Weeks-Hemphill, Noyes, 8 Hanover St., and A. E. Ames & Co., Incorporated, Two Wall St., both of New York City. Net proceeds of the debenture sale will be added to the Consolidated Revenue Fund of the Province to be used for general Provincial purposes. (File 2-39555)

STANDARD OIL (CALIF.) TO SELL DEBENTURES. Standard Oil Company of California, 225 Bush St., San Francisco, Calif., filed a registration statement with the SEC on March 5 seeking registration of \$250,000,000 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, and Dean Witter & Co. Inc., 45 Montgomery St., San Francisco 94106. The company is an integrated oil enterprise. Net proceeds of its debenture sale will be added to its general funds. In addition to indebtedness, the company has outstanding 84,837,251 common shares. (File 2-39556)

UNITED REFINING TO SELL STOCK. United Refining Company, P. O. Box 780, Warren, Pa. 16365, filed a registration statement with the SEC on March 5 seeking registration of 300,000 shares of common stock, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co., Inc., One Chase Manhattan Plaza, New York 10005.

The company is engaged in refining and marketing petroleum products. Of the net proceeds of its stock sale, \$5,000,000 will initially be used to reduce indebtedness under the company's revolving credit agreement (currently \$7,000,000), and the balance will be added to the company's general funds. In addition to indebtedness, the company has outstanding 1,483,250 common shares, of which the Harry A. Logan Estate owns 18%. Harry A. Logan, Jr., is president. (File 2-39557)

KUHN'S-BIG K STORES FILES FOR OFFERING AND SECONDARY. Kuhn's-Big K Stores Corp., 3040 Sidco Dr., Nashville, Tenn. 37204, filed a registration statement with the SEC on March 5 seeking registration of 512,500 shares of common stock, of which 150,000 are to be offered for public sale by the company and 362,500 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Loeb, Rhoades & Co., 42 Wall St., New York, N. Y. 10005, and J. C. Bradford & Co., Inc., J. C. Bradford Bldg., Nashville, Tenn. 37219.

The company operates 25 "Big K" discount department stores and 32 "Kuhn's Variety" stores in five southern states. Net proceeds of its sale of additional stock will be used to retire short-term bank loans; any balance will be added to the company's general funds for working capital purposes, including the purchase of inventory. In addition to indebtedness and preferred stock, the company has outstanding 1,564,878 common shares, of which Jack W. Kuhn, president, owns 18.7% and management officials as a group 69.3%. Kuhn proposes to sell 5,000 of 292,772 shares held, Gus Kuhn, Jr., vice president, 7,500 of 292,772, the Charlotte K. Foley Estate all of 45,000 and 17 others the remaining shares being registered. (File 2-39558)

SECURITIES ACT REGISTRATIONS. Effective March 9: American Metal Climax, Inc., 2-39410; Arkansas Power & Light Co., 2-39253; George Banta Co., Inc., 2-36665 (90 days); Bourbon Street Originals, Inc., 2-38608 (90 days); Clark Oil & Refining Corp., 2-39341; Development Corp. of America, 2-39244; Jamesway Corp., 2-39226; The Pacific Telephone and Telegraph Co., 2-39428; Petroleum Resources Fund, Inc., 2-38554; Prudential Funds, Inc., 2-38644 (40 days).

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.

*As estimated for purposes of computing the registration fee.

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