

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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(Issue No. 71-102)

FOR RELEASE May 26, 1971

COMMISSION ANNOUNCEMENT

BERNHARD, VALUE LINE, OTHERS ENJOINED; COMMISSION SUSPENDS REGISTRATION. The Commission today announced that on May 26, 1971, the U. S. District Court for the Southern District of New York permanently enjoined Arnold Bernhard & Co., Inc., Value Line Appraisals, Inc., Value Line Securities, Inc., Arnold Bernhard and David Bruce Huxley from further violations of Section 206 of the Investment Advisers Act of 1940, Sections 15a-1, 17(e) and 34(b) of the Investment Company Act of 1940 and the rules thereunder, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and Section 17(a) of the Securities Act of 1933. The defendants consented to the injunction without admitting or denying the allegations in the Commission's complaint. The Commission's complaint alleged that securities analysts who did research for Arnold Bernhard & Co.'s investment advisory publications, which are published under the name Value Line, and for registered investment companies for which Arnold Bernhard & Co. acts as an investment adviser, entered into agreements to act as finders of mergers, acquisitions and financing for companies that they were reviewing without disclosing such agreements to either subscribers to the Value Line publications or shareholders of the investment companies. The complaint further alleged that Arnold Bernhard & Co., Arnold Bernhard and David Huxley accepted fees in connection with the purchase of unregistered securities by two of the investment companies which they did not remit to these companies. The complaint against a remaining defendant was voluntarily dismissed.

Immediately after the entry of the above-described injunction, the defendants filed an application with the Commission for an exemption from the provisions of Section 9(a) of the Investment Company Act of 1940. The Commission granted a temporary exemption pending determination of the application.

The Commission also announced that in administrative proceedings it had, effective as of June 1, 1971, suspended the broker-dealer registration of Value Line Securities, Inc., a broker dealer registered with the Commission, for 40 days, except that it may continue to act as principal underwriter for the Value Line funds without compensation; suspended Arnold Bernhard from association with the registrant and any other broker or dealer for 15 days; and suspended Arnold Van Hoven Bernhard from any such association for 30 days. The Commission further required registrant to submit monthly reports on various aspects of its business for a period of nine months. The Commission's order was issued pursuant to an offer of settlement in which the respondents, without admitting the allegations in the Commission's order of proceedings, consented to findings of willful violations of Sections 10(b), 15(c)(1) and 17(a) of the Securities Exchange Act of 1934 and Rules thereunder, and to findings of a failure of supervision.

The Commission found that respondents, among other things, employed prospectuses of Value Line Fund, Inc., Value Line Income Fund, Inc., and Value Line Special Situations Fund, Inc., which failed to disclose that the Funds and their agents did not have the personnel and facilities to and did not service shareholder accounts properly with respect to receipt of monies, confirmation of orders, delivery of certificates and redemptions, handling of customers' complaints, and the maintenance of registrant's books and records, including the correction of errors in customers' accounts and the keeping of such accounts from April 6 to December 13, 1968 in a manner which resulted in the loss of control over sales to dealers. Nor did the prospectuses disclose the failure to obtain prompt payment for shares of Value Line Special Situations Fund, Inc. purchased by dealers, as to which receivables carried on that Fund's books had remained unpaid for over a year.

The Commission also found that Value Line Securities, Inc. failed to maintain certain required books and records, and that respondents failed to exercise reasonable supervision over persons under their control with a view to preventing the above violations. (Release LR-5017)

COMMISSION ORDER CITES FAHNESTOCK & CO., OTHERS. The Commission has ordered administrative proceedings involving the partnerships of Fahnestock & Co. and Tobey & Kirk, both New York broker-dealers. Also named as respondents are the following individuals who during the relevant periods were employees of Fahnestock or Tobey & Kirk: Francis X. Lawson, Roland S. Hoffman, Sidney F. Bahr, Craig T. Muff, Edwin A. Schrader, Frank H. Miller, Jr., Donald R. Knauss, Vincent Ross, Jr., Kenneth Weeks; in addition, named was John Pruso who during the period was president of International Resources, Inc., a Pennsylvania corporation, and George H. Young, board chairman of International Resources.

The proceedings are based on staff allegations that during the period from about January 1968 to November 1969 the respondents offered, sold and delivered after sale, shares of International Resources in the absence of a registration statement as to such securities; that some of the respondents made false and misleading statements respecting sales of International Resources stock, specifically that (a) 31-days after International Resources' registration statement became effective a purchaser would receive free trading stock, (b) the expected price rise of I.R. and the financial condition of I.R. In addition, Fahnestock and Bahr effected transactions in securities of General Energy Corporation by means of false and misleading statements; Tobey, Ross and Weeks made false entries in certain of its books and records to conceal payments made by purchasers of securities of International Resources, and violations by other respondents involved violations of the record keeping provisions of the Federal securities laws and provisions relating to proper supervision of employees. (Release 34-9186)

OVER

DANIEL S. BRIER & CO. SUSPENDED. The Commission has ordered the suspension for a period of ten business days commencing May 25, of the registration as a broker and dealer of Daniel S. Brier & Co. Inc. of New York. In addition, it ordered that Daniel S. Brier, its president, be suspended for a like period from association with any broker or dealer, and that Eleanor Brier, its secretary-treasurer, be censured. The sanctions were imposed for violations of the reporting and net capital provisions of the Federal securities laws and for failure to exercise supervision with a view toward preventing those violations.

Specifically, the Commission found that registrant failed to file with the Commission a report of its financial condition for the calendar year 1969, failed to file amendments to its broker-dealer registration form to show suspension of its registration from January 4 to January 25, 1971 by the New Jersey State Bureau of Securities and the suspension in 1970 by Commission order, for ten days, of registrant from trading in over-the-counter securities and of D. Brier from association with a broker dealer. Registrant also effected transactions when its aggregate indebtedness to all persons exceeded 2000% of its net capital.

Under the terms of an offer of settlement, respondents consented to the sanctions imposed and in addition registrant undertook to file timely in the future all required reports, and further represented that its net capital position had been brought into conformity with applicable requirements and agreed to notify the SEC New York office if it has a net capital deficiency and to cease business until such deficiency is eliminated. (Release 34-9178)

INDUSTRIAL MANUFACTURING TRADING SUSPENDED. The Commission yesterday announced the issuance of an order temporarily suspending over-the-counter trading in the securities of Industrial Manufacturing Corporation, a Nevada corporation, formerly known as Western Lead Annex Company, for a ten-day period commencing May 25, 1971. The suspension will terminate on June 3, 1971.

The suspension was ordered by the Commission because of the unavailability to the public of accurate information concerning the financial condition of the company and the nature of the market and identity of persons engaging in transactions of its securities. Information received by the Commission indicates that one group of individuals has been responsible for a substantial part of both the buying and selling activities in the stock of Industrial. The result of this activity has been to create a misleading appearance of an active market for the securities of Industrial. In a number of instances, members of the group have not paid for stock which they have purchased. In addition, questions have been raised as to whether sales of Industrial stock are being made in violation of the registration provisions of the Securities Act of 1933. (Release 34-9187)

TRADING SUSPENDED IN ECOLOGICAL SCIENCE CORP. The Commission yesterday ordered the temporary suspension of over-the-counter trading in the securities of Ecological Science Corporation, Miami, Fla., for a ten-day period. The American Stock Exchange halted trading at 3:20 p.m. on May 20, 1971.

The Commission action was taken on the basis of facts coming to its attention which indicate that information presently public concerning ECO and its financial condition may be inaccurate. Therefore, pending receipt of more complete information, the Commission deems it in the public interest that exchange and over-the-counter trading in the stock of ECO be suspended. (Release 34-9188)

LOOMIS RECEIVES FEDERAL BAR AWARD. The SEC today announced that Philip A. Loomis, Jr., the Commission's General Counsel, was awarded the Justice Tom C. Clark Award for 1971 by the Federal Bar Association. Chairman William J. Casey issued the following statement on behalf of the Commission with respect to the award: ".This honor to Mr. Loomis is richly deserved for the many significant contributions which he has made to the effective administration of the Federal securities laws. His personal and intellectual integrity and sense of dedication and devotion to the public interest are in the highest traditions of the Federal service and his career should serve as an inspiration and incentive to others who seek a legal career in government." A member of the staff since 1954, Mr. Loomis received a Career Service Award from the National Civil Service League in 1964. A native of Colorado, he received an A.B. degree (with highest honors) from Princeton University in 1938 and his LL.B. degree, cum laude, from Yale University in 1941. He was appointed to his present position in July 1963.

HOLDING COMPANY ACT RELEASES

THE POTOMAC EDISON CO. The Commission has issued an order giving interested persons until June 17 to request a hearing on application of Potomac Edison Company to increase the maximum amount of notes to be outstanding (authorized by a previous order) at any one time to \$27,800,000, which as of April 30, 1971 was the maximum amount allowable under the company's charter without preferred stockholder consent. It is stated that the construction expenditures for 1971, 1972 and 1973 are estimated at \$150 million. (Release 35-17141) 1/

UTAH POWER & LIGHT CO. The Commission issued an order giving interested persons until June 14 to request a hearing on an application by Utah Light & Power Company to issue and sell from time to time up to July 31, 1972 short-term notes including commercial paper in an amount not to exceed \$44 million. UP&L intends to use the proceeds for construction expenditures, estimated at \$63 million for 1971 and \$60 million for 1972. The company also proposes to issue and sell commercial paper to A. G. Becker & Co. in an amount not to exceed \$44 million at any one time outstanding from time to time. UP&L expects to retire all of the bank notes and commercial paper notes prior to July 31, 1972, with the net proceeds of the sale of long-term debt and equity securities. (Release 35-17142) 1/

GEORGIA POWER COMPANY. The Commission issued an order authorizing Georgia Power Company to issue and sell at competitive bidding \$100 million of first mortgage bonds. The proceeds from the sale will be used to finance in part, Georgia's 1971 construction program, estimated at \$363,787,000, to repay short-term notes and for other specified corporate purposes. (Release 35-17143)

CONTINUED

COMMERCIAL STATE CORP. PROPOSES EXCHANGE OFFER. Commercial State Corporation (ComStat), 100 N. Jefferson Avenue, St. Louis, Mo. 63103, filed a registration statement on May 20 seeking registration of 3,635 shares of \$1.50 cumulative convertible preferred voting stock (\$1 par) and 35,902 shares of common stock. It is proposed to offer these securities in exchange for the outstanding common stock or \$1.50 cumulative convertible preferred voting stock of Commercial State Life Insurance Company (ComLife), at the rate of one ComStat share for each ComLife common or preferred share. ComStat owns 93.2% of the common and 90.4% of the \$1.50 convertible preferred stock of ComLife.

ComStat is engaged through subsidiaries in insurance and financing business and in owning and operating a building. In addition to indebtedness and preferred stock, ComStat has outstanding 562,449 common shares, of which management officials as a group own 14.2%. Emil Green is president of ComStat. (File 2-40474)

INTER-AMERICAN PETROLEUM PROPOSES OFFERING. Inter-American Petroleum Corporation, 609 East Speer Blvd. Denver, Colo. 80203, filed a registration statement with the SEC on May 20 seeking registration of 462,500 shares of common stock with warrants to purchase 462,500 common shares. Of these shares, 250,000 shares and all the warrants are to be offered for public sale by the company and the remaining 212,500 shares (being outstanding shares) by the holders thereof. These securities are to be offered in units, each consisting of one share and one warrant. The offering is to be made (** at \$12 per share maximum) through underwriters headed by First California Company, Inc., 555 California St., San Francisco, Calif. 94104.

Organized in 1968, the company is primarily engaged in the exploration and operation of oil and gas producing properties and in related activities. Net proceeds of its stock sale will be used for general corporate purposes. In addition to indebtedness, the company has outstanding 500,000 common shares, of which Paul D. Holleman, president, owns 21.3% and Gordon Rosenblum, secretary, 53%. Holleman proposes to sell 25,000 of 85,389 shares held and Rosenblum 187,500 of 264,991. (File 2-40483)

***CASTLE & COOKE TO SELL STOCK.** Castle & Cooke, Inc., Castle & Cooke Bldg., Financial Plaza of the Pacific, Honolulu, Hawaii 96813, filed a registration statement with the SEC on May 21 seeking registration of 1,000,000 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 the First Boston Corporation, 20 Exchange Pl., New York 10005.

The company is engaged principally in food production. Net proceeds of its stock sale will be used to reduce short-term indebtedness, incurred to finance an acquisition, capital expenditures and an increase in working capital required by increased sales, and to retire indebtedness of real estate subsidiaries. (File 2-40484)

VALIANT PETROLEUM PROPOSES OFFERING. Valiant Petroleum Corporation, 200 Oil & Gas Bldg., Sheveport, La. 71102, filed a registration statement with the SEC on May 21 seeking registration of \$2 million of interests in joint ventures under Valiant Petroleum Drilling Program, to be offered for public sale in minimum amounts of \$5,000. No underwriting is involved; selected NASD members may participate in the offering. The Drilling Program is designed to engage in the evaluation, acquisition and development of oil and gas leases and interests. C. Calvin Braddock is president of the company. (File 2-40485)

***BUNKER RAMO FILES FOR SECONDARY.** Bunker Ramo Corporation, Oakbrook North, 1200 Harger Rd., Oak Brook, Illinois 60521, filed a registration statement with the SEC on May 21 seeking registration of 2,539,410 outstanding shares of common stock, owned by Martin Marietta Corporation. These shares are to be offered for public sale by Martin Marietta (** at \$15.375 per share maximum) through underwriters headed by Allen & Co., Inc., 30 Broad St., and Hornblower & Weeks-Hemphill, Noyes, 8 Hanover St., both of New York 10004.

Bunker Ramo is engaged in the manufacture, sale and leasing of electrical and electronic components, systems and services and in the production and sale of knitted deep pile fabrics. In addition to indebtedness and preferred stock, it has outstanding 18,117,747 common shares, of which Martin Marietta owns 32%. (File 2-40486)

RAPIDATA TO SELL STOCK. Rapidata, Inc., 20 New Dutch Lane, Fairfield, N.J. 07006, filed a registration statement with the SEC on May 21 seeking registration of 140,000 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 D. H. Blair Securities Corporation, 437 Madison Avenue, New York.

Organized in 1967, the company is engaged in providing remote access computer services through time shared computer systems. Of the net proceeds of its stock sale, \$376,000 will be used to retire short-term bank indebtedness incurred for working capital purposes and the balance for working capital and other corporate purposes. The company has outstanding 793,703 common shares (with a 14¢ per share book value), of which Stewart B. Gold, president, owns 11.9% and management officials as a group 42%. Alvin S. Lane is board chairman. (File 2-40487)

***NORTH CENTRAL AIRLINES PROPOSES OFFERING.** North Central Airlines, Inc., 7500 Northliner Dr., Minneapolis, Minn. 55450, filed a registration statement with the SEC on May 21 seeking registration of 2,000,000 shares of common stock with warrants to purchase 1,000,000 shares of common stock to be offered for public sale in units, each consisting of two shares and one warrant. The offering is to be made (** at \$14.50 per unit maximum) through underwriters headed by F. Eberstadt & Co. Inc., 61 Broadway, New York 10006.

The company provides scheduled airline service to 91 cities in 13 states and in Ontario, Canada. Of the net proceeds of its stock sale, \$4,300,000 will be used to pay certain indebtedness incurred principally for working capital and the balance will be added to the company's general funds for working capital purposes. (File 2-40489)

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

Beecham, Inc (3)	0-3798-2	Central Colorado Bahcorp, Inc	
Campbell Soup Co (13)	1-3822-2	(12)	2-37766-2
Equity Properties Ltd		Cornelius Company (11,13)	0-2106-2
Dec 70 (12,13)	2-35761-2	Dextra Corporation	
Anderson, Clayton & Co		Jan 71 (2,3,6,8,13)	0-1602-2
(12,13)	1-3245-2	Mickelberry's Food Products Co	
Clear Creek Corporation		March 71 (11,13)	1-67-2
(6)	0-1379-2	American National Corporation	
Computer Network Corporation		(11,13)	0-4175-2
(1,7,13)	2-27193-2	Automated Business Controls, Inc	
Appalachian Power Co (13)	1-3457-2	(7,12)	2-33432-2
Architectural Marble Co (12)	0-4129-2	National Bank for Public Works	
Cambridge Electric Light Co		and Services	
(11)	2-7909-2	Jan 71 (11)	1-5958-2
Canal Electric Company		Denver Union Corp	
(11)	2-30057-2	Sept 70 (2,13)	0-729-2
Cape & Vineyard Electric Company		Diners Club, Inc	
(11)	2-26429-2	(3,12,13)	0-5072-2
Family Life Insurance Co		First Surety Corporation	
(7)	2-23350-2	(12)	0-1064-2
National Data Communications Inc		Mitsui & Co., Ltd.	
(11,12)	0-4386-2	6K for Sept 60, 1970	2-21087-2
Arden Mayfair Inc (12)	1-5281-2	American Television and Communications	
Astrex, Inc (3,13)	1-4530-2	Corporation (7)	0-4049-2
Barth-Spencer Corp		Coleman Co Inc (12)	1-988-2
(11,13)	1-5261-2	General United Group Inc	
Blue Chip Stamps (3)	0-3810-2	Dec 70 (6)	0-2008-2
County National Bancorporation		National Car Rental System Inc	
(3)	0-4658-2	(7,13)	0-3473-2
Downe Communications Inc		C. I. T. Financial Corp	
(12,13)	0-3666-2	(7,13)	1-1861-2
Flexible Circuits, Inc		Control Industries Corp	
(12,13)	0-4548-2	Jan 71 (10,11,13)	0-4344-2
Greenville Industries Inc		Delta P Inc (11,13)	0-4371-2
Dec 70 (1,11,12,13)	2-27156-2	Kansas City Power & Light Co	
Agents Equity Corporation		(13)	1-707-2
April 70 (7)	2-30517-2		
Allied Nuclear Corporation			
(9)	0-4881-2		

SECURITIES ACT REGISTRATIONS. Effective May 21: AMP Incorporated Pamcor, Inc., 2-40235. **Effective May 24:** LTV Aerospace Corporation, 2-39974; **Effective May 25:** All-American Realty Company, Inc., 2-39309 (90 days); Aluminum Company of America, 2-40381; American Continental Homes, Inc., 2-39903 (90 days); Applied Health Services, Inc., 2-39742 (90 days); Broadway-Hale Stores, Inc., 2-40224; Chase Manhattan Mortgage and Realty Trust, 2-40180 and 2-40181; First Builders Bancorp, 2-39766 (90 days); First Empire State Corporation, 2-40294; Garlock, Inc., 2-40102; General Recreation, Inc., 2-39592 (90 days); Government Employees Insurance Company, 2-39864; James Fabrics, Inc., 2-39744 (90 days); MacAndrews & Forbes Company, 2-40032; Mattel, Inc. 2-40281; Metropolitan Greetings, Inc., 2-39694; New England Telephone and Telegraph Company, 2-40251; Service Corporation International, 2-39723; Steveoknit, Inc., 2-40063 (90 days); United States Leasing International, Inc., 2-40175.

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.