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COMMISSION ANNOUNCEMENT

COMMISSION TO HOLD PUBLIC HEARINGS ON BROAD INDUSTRY QUESTIONS. Chairman William J. Casey announced that the Commission will open a public investigatory hearing commencing October 12 in Washington to determine what changes are needed in the rules under which registered exchanges and other securities markets operate.

In a statement accompanying announcement of the hearing, Mr. Casey said that there has been a tendency for some of the most critical of these questions to be resolved not as a duly deliberated matter of broad public policy, but as an expedient to effect short-run savings or to settle or to avoid private law suits. Mr. Casey said the Commission would address itself purposefully to determine what the public interest requires in the way of rules governing the operations of various markets, the relationship between these markets, and the disclosure of quotations, prices and trading volume in these markets.

The complete text of the release is as follows:

The Securities and Exchange Commission today announced that it will hold a public investigatory hearing pursuant to Section 21(a) of the Exchange Act at 10:00 a.m., October 12, 1971 at the Commission's headquarters, 500 North Capitol Street, N.W., Washington, D. C. 20549. This hearing will receive testimony and relevant data concerning the following matters:

- (1) The desirability, structure and means of developing a national system of securities exchanges and the relationship of such a system to other securities markets.
- (2) So-called "institutional membership" on exchanges including (i) exchange membership by financial institutions (such as insurance companies, trust companies, foundations, investment companies and pension funds); (ii) exchange membership by affiliates of financial institutions such as their investment advisers, managers, parents, subsidiaries or other affiliates, who may utilize such memberships either to execute portfolio transactions for an institutional affiliate or in one way or another to facilitate the recapture of commissions by an institution or to conduct a general securities business as an exchange member, or any combination of the foregoing; (iii) exchange membership by other organizations whose primary business may not be that of a broker or dealer or their affiliates; (iv) whether and the conditions under which any of the foregoing persons should be permitted to engage in the business of a broker or dealer in securities (aside from acting as underwriters for the shares of one or more investment companies);
- (3) Restrictions on access of non-members to exchange markets and of exchange members to the third market;
- (4) The reasons for differing regulation of securities markets and the kind of additional or modified regulation, if any, which may be needed;
- (5) The need for additional disclosure of information on prices, volume and quotations in all markets, and the nature thereof through a composite tape or otherwise; and
- (6) Competition among exchanges and between exchanges and other markets.

The facts to be adduced at the hearings with respect to the above matters would also be relevant to an understanding of the development of short-term and long-term changes in the structure of the securities markets and to the appropriate regulatory response thereto. OVER

The Commission invites all interested persons to submit their views by means of written submissions for inclusion in the record. Interested persons may also appear at the hearings. Such persons should promptly notify the Office of the Secretary, Securities and Exchange Commission, Washington, D. C. 20549, (202) 755-1160 of their desire to appear. They should file as promptly as possible with the hearing officer a brief description in the form of an offer of proof of the scope of the evidence to be presented. The hearing officer, however, is authorized to limit presentations to written submissions whenever he deems that oral testimony would unduly delay the proceedings.

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

BROWN, ALLEN & CO. AND OFFICERS SUSPENDED. The SEC has ordered that the activities of the over-the-counter securities and underwriting departments of Brown, Allen & Co., Dallas broker-dealer firm, be suspended for 60 days, with certain exceptions. The Commission also ordered that Edmond L. Brown and Orville G. Allen, officers of the firm, be suspended from association with any broker or dealer for 60 days. The firm's suspension is effective September 1. Brown's suspension is effective during September and November, Allen's during October and December.

According to the Commission's decision, during the period October 1967-January 1970, the respondents, in violation of the securities laws, sold unregistered shares of stock of Naturiser, Inc., Viclad Industries, Qesar Sciences, Inc., Ultra Jet Industries Inc. and United Australian Oil, Inc., and while participating in the distribution of such securities, purchased them for accounts in which they had a beneficial interest and induced others to purchase them, and the respondents failed reasonably to supervise others with a view to preventing such violations.

During the firm's suspension, it may accept unsolicited orders from retail customers to liquidate existing long positions or cover existing short positions; it may continue to effect a trading market in securities where its absence would reduce the number of market-makers to ten or less; and it may continue to effect transactions in mutual funds and bonds.

The Commission's order was based on an offer of settlement by the respondents, in which, solely for the purpose of settlement of the proceedings and without admitting the allegations against them, they consented to the findings and the sanctions. (Release 34-9302)

EATON SECURITIES CO., INC., MANAGING OFFICER, AND REPRESENTATIVE SUSPENDED. The SEC today announced the issuance of an order suspending the broker-dealer registration of Eaton Securities Co., Inc. (formerly Eaton & Co., Inc.) of New York for 15 days, and suspending Robert Hespe, its vice-president and managing officer, and Abe Gold, a registered representative, from association with any broker or dealer for 15 days. The suspensions of the firm and Hespe are effective August 30, 1971 and that of Gold on September 20, 1971. The Commission's order provided that the firm may continue to liquidate existing long positions and cover existing short positions for existing customers, and that Hespe and Gold shall receive no compensation from the firm during their suspensions.

The Commission held that respondents violated antifraud and registration provisions in connection with an offering of stock of Marie Pigalle, Inc. during the period May - June 1968. It found that respondents used an offering circular which failed to disclose that the firm was acting as underwriter for the offering, that Marie Pigalle had a new board chairman, that the company's management and business had materially changed, and it planned to embark on programs entailing new risks, and that the company owed \$15,000 to its officers and directors which would be repaid from the proceeds of the offering. In addition, the Commission found that respondents made misrepresentations with respect to the firm's underwriting compensation, Marie Pigalle's financial condition and management and its use of the proceeds of the offering, and an option granted to Marie Pigalle's new board chairman to purchase notes convertible into 15,000 shares of the company's common stock. The Commission also found that the firm and Hespe failed to exercise reasonable supervision over Gold with a view to preventing his violations.

The Commission's order was issued pursuant to offers of settlement in which respondents, without admitting or denying the allegations in the Commission's order for proceedings consented to the above findings and the indicated sanctions. (Release 34-9306)

COURT ENFORCEMENT ACTIONS

FUNDS FOR PEOPLE ENJOINED. The SEC New York Regional Office announced August 19 that the Federal Court in Trenton, New Jersey, had permanently enjoined Funds for People, Inc. (FFP), Millstone, New Jersey broker-dealer, Lois Nerenberg, its president, and Jack Nerenberg, its secretary-treasurer, for violations of the net capital, antifraud, record keeping and other provisions of the Federal securities laws. George J. Koelzer, Esq, was appointed receiver for the firm. (LR-5140)

ALAN F. HUGHES, INC. ENJOINED. The SEC New York Regional Office announced August 20 that the Federal Court in Albany had issued an order temporarily restraining violations of the bookkeeping, net capital, hypothecation and antifraud provisions of the Federal securities laws by Alan F. Hughes, Inc., Schenectady, broker-dealer and Alan F. Hughes, its president, and freezing the assets of Alan F. Hughes, Inc. The Commission's motion for a preliminary injunction is scheduled for hearing on September 7. The Commission seeks appointment of a receiver for the company until such time as the Securities Investor Protection Corp. makes a determination whether to install a trustee. (LR-5141)

INVESTMENT COMPANY ACT RELEASES

COMPUTER DIRECTIONS FUND. The SEC has issued an order under the Investment Company Act declaring that Computer Directions Fund, Inc., Silver Spring, Md., has ceased to be an investment company. (Rel. IC-6694)

KINGSBRIDGE FUND. The SEC has issued a notice under the Investment Company Act giving interested persons until September 15 to request a hearing upon an application of The Kingsbridge Fund, Inc. (formerly The Pathfinder Fund, Inc.) New York mutual fund, has ceased to be an investment company. The Fund represents that it has no shareholders, no public offering or sale of its common stock has been or is intended to be made and it has no assets of any kind. 1/ (Rel. IC-6695)

SECURITIES ACT REGISTRATIONS

PENN MUTUAL VARIABLE ANNUITY ACCOUNT II. (the Trust), 530 Walnut St., Philadelphia, Penn. 19105, filed a registration statement on August 20 seeking registration of \$10 million of variable annuity contracts. The contracts are issued by the Penn Mutual Life Insurance Company (the Depositor) to provide annuity benefits for individuals, either on a fixed or variable basis, or on a combination basis. (File 2-41512)

WESTERN MASSACHUSETTS ELECTRIC COMPANY. 174 Brush Hill Ave., West Springfield, Mass., filed a registration statement on August 20 seeking registration of 200,000 shares of preferred stock, Series B (\$100 par), to be offered for public sale at competitive bidding. A subsidiary of Northeast Utilities, the company will use the net proceeds of its stock sale and of a capital contribution of \$5 million from the parent, to repay a portion of short-term borrowings estimated to total \$35 million immediately prior to such sale and contribution. Such borrowings were incurred to finance the company's construction program, estimated at \$83,200,000 for the 1971-1972 period. (File 2-41513)

WM. E. WRITHT CO., West Warren, Mass. 01092, filed a registration statement on August 20 seeking registration of 257,000 outstanding shares of common stock, to be offered for public sale by the holders thereof (*at \$20-5/8 per share maximum) through underwriters headed by Blyth & Co., Inc., 14 Wall St., New York 10005. The company primarily manufactures and markets tapes and trimmings for use in the home sewing market. (File 2-41514)

FACE COMPANY (the Partnership). 174 East 24th St., New York, filed a registration statement on August 20 seeking registration of \$960,000 of pre-formation limited partnership interests to be offered for public sale at \$16,000 per unit. The partnership is to be formed for the purpose of producing the dramatic-musical play adapted from the motion picture "Face in the Crowd," based upon an original story and screen play by Budd Schulberg. The musical is to be an adaptation of the underlying work with book by Don Manckiewicz and Gordon Cottler, with music by Barry Mann and lyrics by Cynthia Weil. John Nerman, Trebor Productions, Inc., Robert Fryer, James Cresson, Joseph Rhodes and Marty Richards are general partners. (File 2-41515)

UNION ELECTRIC COMPANY. One Memorial Dr., St. Louis, Mo. 63166, filed a registration statement on Aug. 20 seeking registration of \$60 million of first mortgage bonds, due 2001, to be offered for public sale at competitive bidding. Net proceeds will be added to the company's general funds, from which at least an equal amount will be applied to retire short-term bank loans and commercial paper notes, expected to aggregate some \$72,500,000 on October 5 and which were incurred for construction purposes. Construction expenditures are estimated at \$150 million for 1971. (File 2-41518)

SOUTHWESTERN BELL TELEPHONE COMPANY. 1010 Pine St., St. Louis, Mo. 63101, filed two registration statements on August 20 seeking registration of (a) \$75 million of notes, due 1978 (File 2-41516) and (b) \$125 million of debentures, due 2009 (File 2-41517), both to be offered for public sale at competitive bidding. A subsidiary of AT&T, the company will use the net proceeds of its financing in connection with extensive additions and improvements to its plant and payment of advances from the parent or notes payable (such advances and notes expected to be about \$215 million and \$236 million, respectively, at the time proceeds are received. Construction expenditures are estimated \$805 million for 1971. (File 2-41516 and 2-41517)

ESSEX INTERNATIONAL, INC., 1601 Wall St., Fort Wayne, Ind. 46804, filed a registration statement on August 20 seeking registration of \$50 million of convertible subordinated debentures, due 1996, to be offered for public sale through underwriters headed by Paine, Webber, Jackson & Curtis, Inc., 140 Broadway, New York 10005. The company primarily manufactures electric current carrying and controlling devices and related metal and plastic products. Net proceeds of its debentures sale will be used to repay the company's entire presently outstanding indebtedness of \$47 million to a group of banks under a revolving credit agreement and the balance will be added to working capital. (File 2-41521)

CENTEX CORPORATION. 4600 Republic National Bank Tower, Dallas, Tex. 75201, filed a registration statement on August 20 seeking registration of 1,181,818 shares of common stock, of which 1,000,000 are to be offered for public sale by the company and 181,818 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$32 per share maximum) through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York. The company is engaged in the development of real estate and the production and sale of homes, general building construction of multi-story buildings and the manufacture and sale of portland cement. Net proceeds of its stock sale will be used to retire short-term debt (\$14 million), to retire 6% senior preferred stock, (\$4.7 million) and to retire long-term debt (\$4.475 million) and for working capital purposes. (File 2-41522)

FAMILY DOLLAR STORES, INC., P.O. Box 8348, 4720 Rozzells Ferry Rd., Charlotte, N.C. 28208, filed a registration statement on August 20 seeking registration of 200,000 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering is to be made (*at \$22.50 per share maximum) through underwriters headed by Hornblower & Weeks-Hemphill, Moyes, 8 Hanover St., New York 10004. The company operates a chain of 94 self-service retail stores. (File 2-41523)

PEG LEG BATES COUNTRY CLUB, INC., P.O. Box 366, Kerhonkson, N.Y. 12446, filed a registration statement on August 20 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$6.50 per share. The offering is to be made by Maynard, Merel & Co., Inc., 160 Broadway, New York 10038. The company is engaged in the hotel resort business. Of the net proceeds of its stock sale, some \$ 359,000 will be used to build a 56-unit motel and the balance for other corporate purposes. (File 2-41524)

GENERAL UNITED GROUP, INCORPORATED, P.O. Box 1381, Des Moines, Iowa 50305, filed a registration statement on August 20 seeking registration of 120,000 outstanding shares of common stock, which may be offered for sale from time to time by the holders thereof at prices current at the time of sale (*\$4 per share maximum). Such shares were issued in connection with the company's acquisition of all the capital stock of Parks & Company. (File 2-41525)

J.C. PENNEY FINANCIAL CORPORATION, 3801 Kennett Pike, Wilmington, Del. 19807, filed a registration statement on August 20 seeking registration of \$75 million of debentures due 1991, to be offered for public sale through underwriters headed by The First Boston Corporation, 20 Exchange Place, New York. The company was organized for the primary purpose of financing customer receivables arising out of the business of the J.C. Penney Co., Inc. Net proceeds will be used to reduce short-term indebtedness incurred in connection with the purchase of Penney Company receivables. (File 2-41526)

GALLERY INVESTMENT CORPORATION, Suite 1, 3445 Peachtree Rd., Atlanta, Ga. 30326, filed a registration statement on August 20 seeking registration of 180,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made by Somerset Equities Corp., Troy, Mich. The company was organized in July 1970 for the purpose of selling art and providing certain art-related services. Net proceeds of its stock sale will be used for working capital and other corporate purposes. (File 2-41520)

SOUTHERN CALIFORNIA EDISON COMPANY, 2244 Walnut Grove Ave., Rosemead, Calif. 91770, filed a registration statement on August 23 seeking registration of \$100 million of first and refunding mortgage bonds, Series AA, due 1996, to be offered for public sale at competitive bidding. Net proceeds of the company's bond sale will be used to repay short-term obligations (incurred in connection with its construction program) estimated to be \$34 million at the time the proceeds are received and for other corporate purposes. Construction expenditures are estimated to total \$603,400,000 for the 1971-1972 period. (File 2-41527)

MISCELLANEOUS

UNLISTED TRADING SOUGHT. The SEC has issued orders under the Securities Exchange Act giving interested persons until September 7 to request a hearing upon applications of the following exchanges for unlisted trading privileges in the common stocks or specified securities of the named companies: Philadelphia-Baltimore-Washington Stock Exchange: Equity Funding Corporation of America Warrants (Expiring Dec. 1, 1975); Microwave Associates, Inc.; National Homes Corporation; New Park Mining Company; Robins A. H. Co., Inc. Detroit Stock Exchange: Aetna Life and Casualty Co.; Duke Power Company; Northwest Airlines, Inc. (Rel. 34-9299)

FAS INTL. SUSPENSION CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the securities of FAS International, Inc., for the further ten-day period August 25 through Sept. 3, 1971, inclusive.

SECURITIES ACT REGISTRATIONS: Effective August 23: Nobility Homes, Inc., 2-40655 (90 days); Thorofare Markets, Inc., 2-40900. Effective August 24: American General Bond Fund, Inc., 2-41239; Beverage Canners, Inc., 2-40972; Bitex Corp., 2-40534 (90 days); Champion Parts Rebuilders, Inc., 2-41046; Corometrics Medical Systems, Inc., 2-39506; Florida Power & Light Co., 2-41312; GAC Properties Credit Inc., 2-40639; Koger Properties, Inc., 2-40964; Mark Controls Corp., 2-40495; Mobile Home Management Corp., 2-34086 (90 days); Pelto Oil Co., 2-40849 (90 days); Southern Bell Telephone and Telegraph Co., 2-41380; Zayre Corp., 2-41278.

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 purpose 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.