



Washington, D.C. 20549

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A Daily Summary of
S.E.C. Activities

(In ordering full text of Releases from SEC Publications Unit cite number)

(Issue No. 71-201)

FOR RELEASE October 19, 1971

CASEY DISCUSSES CURRENT MUTUAL FUND PROBLEMS

Chairman William J. Casey told the Twenty-Third meeting of the Annual Mutual Fund Sales/Management Conference in Washington yesterday that mutual fund distribution practices are likely to undergo substantial changes in the near future, and that the shift from fixed commissions to competitive rates on orders of \$500,000 and over is likely to diminish the amount of brokerage commissions directed in reciprocity for fund sales. In addition, Chairman Casey said, the Commission is now well under way in a study requested by Congress to determine the impact of the elimination from the Investment Company Act of Section 22(d), the so-called retail price maintenance provision.

With respect to offshore funds, Chairman Casey said the Commission is working on a joint task force with the Treasury, State Department and the Federal Reserve in an effort to formulate rules which will encourage the creation of a hybrid vehicle fund which retains much of the flexibility and tax advantages of old funds, including the use of bearer shares so dear to the hearts of European investors, but also has added protection of SEC registration and regulation.

Another change likely to evolve more quickly, Casey said before the conclusion of the NASD sales load study - is in the advertising and sales literature area. For some time now the Commission and its staff, as well as the investment company industry, have been concerned about the restrictive nature of the Commission's rules and policies governing investment company advertising.

COURT ENFORCEMENT ACTIONS

RAFFER CONVICTED IN NEW YORK. The SEC Regional Office announced that on October 7 a New York Federal jury convicted Milton Raffer, a certified public accountant of Fort Lee, N. J. of 42 counts of an indictment charging him with conspiracy to violate and substantive violations of the registration and antifraud provisions of the Federal securities laws. He was also convicted of violations of the Federal perjury statute in testimony before the Commission in the investigation of the illegal and fraudulent activities of his son, Bennett J. Raffer, also known as J. Bennett Raffer and in his testimony at a hearing on the Commission's motion for a preliminary injunction in a civil action. (LR-5188)

INDICTMENTS RETURNED IN NEW YORK. The SEC New York Regional Office announced that a New York Supreme Court grand jury returned three indictments containing 134 counts charging various securities frauds. The indictments related to the alleged \$839,000 theft of securities from Laidlaw & Co., a New York Stock Exchange member in 1970. Those charged are Leslie Katz, Sayville, New York, Albert Marengo, Bellmore, N. Y., Michael Bock, LaGrangeville, N. Y., and Harry Mautner of Brooklyn. Katz and Marengo were officers of the K&M Securities Corporation. Bock was formerly head cashier of Laidlaw & Co., Mautner is a Certified Public Accountant and a partner of Goldfinger, Fuchs and Mautner of New York. (LR-5189)

TILCO, LEBEN ENJOINED. The Commission announced on October 15 that the District of Columbia entered a final judgment of permanent injunction and ancillary relief in the Commission's action against Tilco, Inc. of Wichita, Kansas; Leben Oil Corp. (formerly Leben Drilling, Inc.), a wholly-owned subsidiary of Tilco, of the same address; Natural Resources Fund, Inc., a wholly-owned subsidiary of Leben Oil Corp., Denver, Colorado; Theodore I. Leben, the chief executive officer and principal stockholder of Tilco; and Donald S. Clarke, president and a director of both Tilco and Fund. The judgment was entered upon the defendants' consent without admission of the allegations contained in the complaint.

The Commission's complaint, filed on July 29, 1971, alleged violations of the Federal securities laws by the defendants in connection with a continuous program of offers and sales of partnership interests in oil and gas ventures covered by registration statements filed pursuant to the Securities Act of 1933. Fund has organized and acted as general partner in twelve such partnerships with aggregate capital investments by public investors of more than \$39 million. These partnerships, acting through the Fund which has exercised exclusive control over their business affairs, have purchased interests in various oil and gas properties from, among others, the Fund, Tilco or its affiliates, and have contracted for drilling and completion services by Leben Oil Corp.

The judgment enjoins the defendants from violating the registration provisions of the Securities Act of 1933 with respect to offers or sales of limited partnership interests of which Fund is the issuer or such violations in connection with the exchange of Tilco securities for assets or interests of such partnerships. The judgment also prohibits defendants from causing any limited partnership in which Fund or any other affiliate of any defendant is a general partner to purchase interests in any other such partnership, or to use the funds or assets of such a partnership for the benefit of any other such partnership or any affiliate of any defendant. (LR-5190)

OVER

SECURITIES ACT REGISTRATIONS

PENNSYLVANIA ELECTRIC COMPANY, 1001 Broad St., Johnstown, Pa. 15907, filed a registration statement on October 8 seeking registration of \$30 million of first mortgage bonds, due 2001, to be offered for public sale at competitive bidding. A subsidiary of General Public Utilities Corporation, the company will use the net proceeds of its bond sale, together with other funds, to finance the balance of its 1971 construction program. Construction expenditures are estimated at \$78,900,000 for 1971, \$100,961,000 for 1972 and \$114,406,000 for 1973. (File 2-42081)

ADRs FOR BANYU PHARMACEUTICAL CO. LTD. Chemical Bank, 770 Broadway, New York, N. Y. 10003, filed a registration statement on October 8 seeking registration of 100,000 American Depositary Receipts for dollar validated common stock of Banyu Pharmaceutical Co., Ltd. (File 2-42082)

THE LIMITED STORES, INC., 28 South Hamilton Rd., Columbus, Ohio 43213, filed a registration statement on October 12 seeking registration of 100,000 shares of common stock, of which 70,000 are to be offered for public sale by the company and 30,000 (being outstanding shares) by the holders thereof. The offering is to be made (* at \$10 per share maximum) through underwriters headed by Vercoe & Co., 17 South High St., Columbus, Ohio 43216. The company retails women's apparel and related items. Net proceeds of the company's stock sale, together with other funds, will be invested in eight projected stores and for other corporate purposes. (File 2-42084)

UNITED UTILITIES, INCORPORATED, P. O. Box 11315, Plaza Station, Kansas City, Mo. 64112, filed a registration statement on October 12 seeking registration of 1,499,534 shares of common stock, issuable upon exercise of warrants on or prior to October 14, 1975. (File 2-42085)

MEGATECH CORPORATION, 365 Trapelo Rd., Belmont, Mass. 02178, filed a registration statement on October 12 seeking registration of 180,000 shares of common stock, to be offered for public sale at \$4.50 per share by Newton Investment Corp., 141 Milk St., Boston, Mass. 02109. The company was organized in January 1970 to manufacture, design and develop equipment, machinery, tools and devices and educational aids. Net proceeds of its stock sale will be used for general working capital purposes. (File 2-42086)

ADRs FOR DAI-ICHI KANGYO BANK. Morgan Guaranty Trust Company of New York, 23 Wall St., New York, N. Y. 10015, filed a registration statement on October 12 seeking registration of 100,000 American Depositary Receipts for dollar validated common stock of The Dai-Ichi Kangyo Bank, Ltd. (a Japanese corporation). (File 2-42089)

FELD LEASING COMPANY, INC., 2210 South 7th St., St. Louis, Mo. 63104, filed a registration statement on October 12 seeking registration of 225,000 shares of common stock, of which 65,640 are to be offered for public sale by the company and 159,360 (being outstanding shares) by the holders thereof. The offering is to be made (* at \$20 per share maximum) through underwriters headed by Kidder, Peabody & Co., Inc., 20 Exchange Place, New York, N. Y. and Scherck, Stein & Franc, Inc., 506 Olive St., St. Louis, Mo. 63101. The company is engaged principally in the leasing and renting, either individually or by fleets, of automobiles, trucks and other vehicles and in the wholesale or retail disposition of vehicles taken out of service. Net proceeds of its stock sale will be used to repay secured indebtedness and for other corporate purposes. (File 2-42091)

CONSUMERS POWER COMPANY, 212 W. Michigan Ave., Jackson, Mich. 49201, filed a registration statement on October 12 seeking registration of \$60 million of first mortgage bonds, due 2001, to be offered for public sale at competitive bidding. Net proceeds of its bond sale will be used to repay short-term borrowings (estimated at \$60 million) made and to be made in connection with interim financing of the construction program and to finance in part the company's construction program. Construction expenditures are estimated at \$2 billion for the years 1971 through 1975. (File 2-42092)

FIRST CONTINENTAL MORTGAGE INVESTORS, 3693 Southwest Freeway, Houston, Tex. 77027, filed a registration statement on October 13 seeking registration of 1,150,000 shares of beneficial interest, to be offered for public sale (* at \$10 per share maximum) through underwriters headed by L. M. Rosenthal & Co., Inc., 666 Fifth Ave., New York, N. Y. 10019. The Trust, which has not yet commenced operations, has an investment policy emphasizing investment in construction and development first mortgage loans. First Continental Mortgage Advisers, Inc., wholly-owned subsidiary of First Continental Mortgage Co., is investment adviser. (File 2-42094)

LARWIN REALTY AND MORTGAGE TRUST, 9100 Wilshire Blvd., Beverly Hills, Calif. 90212, filed a registration statement on October 13 seeking registration of 2,500,000 shares of beneficial interest and warrants to purchase 2,500,000 additional shares, to be offered for public sale in units, each consisting of one share and one warrant, and at \$20 per unit. The offering is to be made through underwriters headed by duPont Glove Forgan Inc., 833 Wilshire Blvd., Los Angeles, Calif. 90017. The Trust was recently established to invest in a professionally selected and managed portfolio of long term mortgage loans and other real property investments. Larwin Realty Managers, Inc. is investment adviser. (File 2-42095)

SOMATRONICS, INC., 1 Old Country Rd., Carle Place, New York 11514, filed a registration statement on October 13 seeking registration of 125,000 shares of common stock, to be offered for public sale at \$4 per share through Austin, James & Co. Inc., 11 Broadway, New York, N. Y. 10004. The company is principally in its promotional stage and intends to develop, manufacture and market a portable x-ray unit, an electrocardiograph machine and a disposable wireless blood loss analyzer. Net proceeds will be used for working capital and other corporate purposes. (File 2-42097)

CONTINUED

BAXTER LABORATORIES, INC., 6301 Lincoln Ave., Morton Grove, Ill. 60053, filed a registration statement on October 13 seeking registration of \$55 million of convertible subordinated debentures, due 1991, and 500,000 shares of common stock, to be offered for public sale (* at \$34.125 per share maximum) thru underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., and White, Weld & Co., 20 Broad St., both of New York. The company is engaged in the manufacture and sale of a diversified line of medical care products. Of the net proceeds of its stock sale, some \$30 million will be used to retire substantially all domestic notes payable, \$30 million to finance the company's facilities expansion and the balance for working capital and other corporate purposes. (File 2-42098)

GORDON JEWELRY CORPORATION, 820 Fannin St., Houston, Tex. 77002, filed a registration statement on October 13 seeking registration of 648,974 shares of Class A stock, of which 300,000 are to be offered for public sale by the company and 348,974 (being outstanding shares) by the holders thereof. The offering is to be made (* at \$23.25 per share maximum) through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York, N. Y. The company operates a chain of retail jewelry stores. Of the net proceeds of its stock sale, \$2,300,000 will be used to repay short-term bank borrowings incurred to finance increased working capital requirements, \$1,500,000 for construction of a manufacturing facility and the balance for working capital and general corporate purposes. (File 2-42099)

MATERIAL SYSTEMS CORPORATION, 751 Citracado Parkway, Escondido, Calif. 92025, filed a registration statement on October 13 seeking registration of 200,000 shares of common stock, to be offered for public sale (* at \$15 per share maximum) through underwriters headed by D. H. Blair Securities Corporation, 437 Madison Ave., New York, N. Y. 10022. The company is engaged in the development and manufacture of low-cost factory produced single and multiple family dwelling units. Of the net proceeds of its stock sale, \$1 million will be used for inventory and the balance for working capital and other corporate purposes. (File 2-43100)

MISCELLANEOUS

CONTINENTAL VENDING SUSPENSION CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Continental Vending Machine Corporation for the further ten-day period October 18-27, 1971, inclusive.

ECOLOGICAL SCIENCE SUSPENSION CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the securities of Ecological Science Corporation for the further ten-day period October 16-25, 1971, inclusive.

UNLISTED TRADING GRANTED. The SEC has issued orders under the Securities Exchange Act granting applications of the following exchanges for unlisted trading privileges in the common stocks or specified securities of the named companies:

Boston Stock Exchange: H. & R. Block, Inc.; Caldor, Inc.; Carborundum Co.; Dennison Manufacturing Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Pacific Southwest Airlines, Santa Fe International Corp.; Selas Corporation of America; Storer Broadcasting Company, Sunbeam Corp.; Thrifty Drug Stores Co., Inc.; Westvaco Corp.; Ling-Temco-Vought, Inc. 1978 Warrants; National General Corp. 1974 and 1978 Warrants.

Detroit Stock Exchange: American Telephone & Telegraph Co. \$4 Convertible Preferred Stock.

Philadelphia-Baltimore-Washington Stock Exchange: Arlen Realty & Development Corp.; Cleveland Electric Illuminating Co.; Great Basins Petroleum Co.; Houston Lighting & Power Co., Security Mortgage Investors - Shares of Beneficial Interest; Chrysler Corp. 1976 Warrants; Fibreboard Corp. 1978 Warrants; Seaboard World Airlines, Inc. - 5% Convertible Subordinated Debentures, due 1986. (Rel. 34-9365)

DELISTINGS GRANTED. The SEC has issued orders under the Securities Exchange Act granting applications of (a) the American Stock Exchange to strike from listing and registration the 6% Partially Convertible Subordinated debentures of Puritan Fashions, due 1979 and (b) the Midwest Stock Exchange to strike from listing and registration the common stocks of Allen Electric and Equipment Company and Louisville Cement Company, all effective at the opening of business on October 18, 1971. American Exchange records indicate that of the \$454,300 principal amount of Puritan debentures outstanding, \$80,200 principal amount is owned by two officers, leaving only \$374,000 principal amount publicly held, less than the required \$400,000 publicly held. The common stock and 6-1/2% debentures remain listed and registered on the American Stock Exchange. The common stocks of Allen Electric and Louisville Cement are being delisted because of inactivity on the Midwest Exchange; and the companies concur with the applications for delisting. The common stock of Allen Electric remains listed and registered on the New York and Pacific Coast Stock Exchanges. (Rel. 34-9365)

SECURITIES ACT REGISTRATIONS. Effective October 14: American Medicorp, Inc., 2-41025.

Effective October 15: CNA-Larwin Realty Fund and CNA-Larwin Equities, Inc., 2-40879 (90 days); Coastal States Gas Producing Co., 2-41931; Digital Equipment Corp., 2-41985; Hershey Video Systems, Inc., 2-39105 (90 days); Interamerican Drilling Fund 1971, 2-41395 (90 days); J. Ray McDermott & Co., Inc., 2-41803; G.W. Murphy Industries, Inc., 2-40926; Nippon Suisan Kaisha, Ltd., 2-42062; Petrox Industries, Inc., 2-41102 (90 days); Pneumo Dynamics Corp., 2-38830; Sonderling Broadcasting Corp., 2-41339; Squibb Corp., 2-42105; Systron-Donner Corp., 2-42052; Tesoro Petroleum Corp., 2-41642; Texas International Petroleum Corp., 2-40288 (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 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.