



SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A Daily Summary of
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FOR RELEASE October 22, 1971

COMMISSION ANNOUNCEMENTS

SEC ANNOUNCES "HOT ISSUES" INQUIRY. The SEC has announced that it has authorized a public fact-finding investigatory proceeding pursuant to the Securities Exchange Act of 1934 and its Rules of Practice in the matter of the "hot issues" securities markets, i.e., markets in which new issues of securities have experienced substantial price rises in their aftermarkets. The purpose of this proceeding is to develop a factual basis for determining (1) whether revisions to the Commission's rules, regulations and forms under the Securities Act of 1933 and the Securities Exchange Act of 1934 are necessary in the public interest and for the protection of investors, and (2) whether further legislation should be recommended to Congress.

The scope of the investigation will include inquiries with respect to: (1) whether the Commission's rules, regulations and forms under the Securities Act of 1933 result in adequate disclosure that reflect economic reality regarding business and financial operations of registrants offering new "hot issues", and (2) whether the Commission's rules under the Securities Exchange Act of 1934 provide adequate protection to investors in connection with purchases and sales of securities in a "hot issues" market.

At a later date, the Commission intends to set a date for a public hearing relating to this proceeding at which time interested persons will have the opportunity to appear and present their views on this subject. However, during the course of the proceeding, prior to the actual hearing, persons wishing to submit written statements of their views concerning the problems of the "hot issues" security market are invited to do so. Any such comment should be addressed to Alan B. Levenson, Division of Corporation Finance, Securities and Exchange Commission, 500 North Capitol Street, Washington, D. C. 20549. (Rel. 33-5204)

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In announcing the public fact finding investigatory proceeding in the matter of the "Hot Issues" securities market, Chairman William J. Casey of the SEC, made the following statement:

"I anticipate that, as a result of this factual study of past "hot issues", the Commission will be in a position to determine whether its existing rules, regulations, and forms result in both adequate disclosure that reflects economic reality regarding the operations of this type of registrant and adequate protection to investors in connection with their initial purchase of that company's shares pursuant to an effective registration statement or subsequently, in the after market. Should it be determined that additional measures need be taken in order to assure that such investment decisions are made in a sufficiently informed manner, the Commission will be prepared to revise its rules, regulations and forms accordingly and, if necessary, to recommend further legislation to Congress to accomplish these goals. While I cannot, with any certainty, foretell when the next significant "hot issues" market will emerge, I strongly believe that it is preferable to act now rather than react later when the horse is again out of the stable door."

BIO-NUCLEAR INTL. REG A EXEMPTION SUSPENDED. The Commission has issued an order temporarily suspending an exemption from registration under Regulation A with respect to a proposed offering by Bio-Nuclear International, Inc., of Wayzata, Minn. The company filed with the Commission on May 25, 1971 a notification of an offering of 100,000 shares of common stock at \$5 per share.

According to the order, the Commission's staff has reason to believe that the notification and offering circular contain false and misleading statements in that among other things, the circulars financial statements falsely represented that \$30,000 cash had been paid to Nuclear Medical Computer Corporation as payment for assets purchased, financial statements falsely list the total capital contribution as \$42,000 in cash, no disclosure being made that only \$12,000 of the contribution was made in cash and that the balance of \$30,000 resulted from a non-cash transaction, and that the circular failed to disclose that Peter F. Lee is a promoter. In addition, the issuer offered and sold its securities without using an offering circular containing the information required by Schedule I of Form 1-A.

COURT ENFORCEMENT ACTION

COHN ACQUITTED. The SEC New York Regional Office announced that on October 15 a Federal jury in New York returned verdicts of acquittal in favor of Roy M. Cohn, on three remaining counts of a ten count indictment which charged willful violations of Sections 13(a) and 14(a) of the Securities Exchange Act in connection with annual reports and proxy statements of Fifth Avenue Coach Lines, Inc. Prior to the trial, six of the ten counts of the indictment were dismissed on the motion of the Government, and during the course of the trial a conspiracy count was dismissed. (LR-5194)

INVESTMENT COMPANY ACT RELEASES

MONECO, INC. The SEC has issued a notice under the Investment Company Act giving interested persons until November 18 to request a hearing upon a proposal to issue an order declaring that Moneco, Inc., of Cincinnati, registered as a management closed-end non-diversified investment company, has ceased to be an investment company. Information available to the Commission indicates that Moneco was informally dissolved by disenfranchisement at which time all assets were distributed to its sole stockholder. 1/ (Release IC-6784)

OVER

HOLDING COMPANY ACT RELEASES

PENNSYLVANIA ELECTRIC COMPANY. The Commission issued an notice giving interested persons' until November 17 to request a hearing on application of Pennsylvania Electric Company of Johnstown, for an order authorizing the issuance and sale at competitive bidding of \$30 million of first mortgage bonds due 2001. The proceeds from the sale will be used toward the payment at maturity of Penelec's first mortgage bonds series due January 1972 which 3-3/8% are outstanding in the amount of \$32,500,000. 1/ (Release 35-17319)

JERSEY CENTRAL POWER & LIGHT. The SEC has issued a notice under the Holding Company Act giving interested persons until November 18 to request a hearing upon an application of Jersey Central Power & Light Company, Morristown subsidiary of General Public Utilities Corp., to issue and sell up to \$66 million of short-term promissory notes to banks. Net proceeds will be used for the purpose of financing Jersey Central's business as a public utility, including provisions for construction expenditures and repayment of other short-term borrowings. Construction expenditures are estimated at \$140.9 million for 1971. 1/ (Release 35-17323)

PENNSYLVANIA ELECTRIC COMPANY. The SEC has issued a notice under the Holding Company Act giving interested persons until November 17 to request a hearing upon an application of Pennsylvania Electric Company, Johnstown subsidiary of General Public Utilities Corp., to issue and sell 250,000 shares of cumulative preferred stock, Series H (\$100 par) at competitive bidding. Net proceeds of its stock sale will be applied to repayment of \$19 million of short-term bank loans expected to be outstanding at the date of the sale, towards the company's 1971 construction program, estimated to cost \$78.9 million and for other corporate purposes. 1/ (Release 35-17324)

MASSACHUSETTS ELECTRIC COMPANY. The SEC has issued a notice under the Holding Company Act giving interested persons until November 19 to request a hearing upon an application of Massachusetts Electric Company, Westborough subsidiary of New England System, to issue and sell 150,000 shares of cumulative preferred stock (\$100 par), at competitive bidding. Net proceeds will be applied to the payment of then outstanding short-term notes (estimated at \$29 million) evidencing borrowings made for capitalizable expenditure or to reimburse the treasury thereof. 1/ (Release 35-17325)

NEW ENGLAND ELECTRIC SYSTEM. The SEC has issued a notice under the Holding Company Act giving interested persons until November 15 to request a hearing upon an application of New England Electric System (NEES) and its subsidiary, Massachusetts Gas System (Mass Gas), of Westborough, Mass., with respect to a plan and amendments thereto providing for the sale of the capital stocks of four gas utility subsidiaries. The capital stock of Northampton Gas Light Company will be sold to Springfield Gas Light Company, a nonassociate gas utility company operating in Massachusetts, the capital stocks of Central Massachusetts Gas Company, Norwood Gas Company and Wachusett Gas Co. will be sold to Eastern Gas and Fuel Associates a nonassociate exempt holding company, which through its subsidiaries, Boston Gas Company, distributes natural gas principally in Boston. The capital stocks of the four subsidiaries will be transferred by way of a distribution by Mass Gas to NEES, which will then transfer the Northampton shares to Springfield for \$1,867,000 and the stock of the other three subsidiaries to Eastern for \$5,708,125. NEES will invest the proceeds of the sale in one or more of its electric utility subsidiaries. 1/ (Release 35-17326)

STANDARD GAS AND ELECTRIC. The SEC has issued a supplemental order under the Holding Company Act releasing jurisdiction with respect to a plan for liquidation of Standard Gas and Electric Company, New York holding company, and approving fees and expenses with respect thereto. (Release 35-17327)

SECURITIES ACT REGISTRATIONS

MUNICIPAL INVESTMENT TRUST FUND, SERIES 10, has filed a registration statement on October 14 seeking registration of \$55,125,000 of units. The Fund was created by a trust agreement under which Merrill Lynch, Pierce, Fenner & Smith Inc., Bache & Co., Inc., and Walston & Co., Inc. act as sponsors, United States Trust Company of New York acts as trustee and Standard & Poor's Corp. acts as evaluator. The Fund consists of the diversified tax exempt bond portfolio of interest-bearing obligations issued by or on behalf of states, counties, territories or municipalities of the United States and authorities and political subdivisions thereof, the interest on which is, in the opinion of recognized bond counsel, exempt from all Federal income tax under existing law. (File 2-42120)

PENNSYLVANIA ELECTRIC COMPANY, 1001 Broad St., Johnstown, Pa. 15907, filed a registration statement on October 14 seeking registration of 250,000 shares of cumulative preferred stock, Series H (\$100 par), to be offered for public sale at competitive bidding. A subsidiary of General Public Utilities Corp., the company will apply net proceeds of its stock sale to (1) the payment of \$19 million of short-term bank loans expected to be outstanding at the date of the stock sale and (2) the company's construction program, estimated at \$78,900,000 for 1971. (File 2-42121)

PACIFIC NORTHWEST BELL TELEPHONE COMPANY, 821 Second Ave., Seattle, Wash. 98104, filed a registration statement on October 15 seeking registration of 5,447,058 shares of common stock. It is proposed to offer these shares for subscription by shareholders of record at the close of business on November 22, 1971, at the rate of one share for each seven shares held (* and at \$13.50 per share maximum). A subsidiary of AT&T, the company will use the net proceeds of its stock sale toward payment of advances from the parent or notes payable, expected to be about \$95 million and \$61 million, respectively, at the time the proceeds are received. (File 2-42123)

AGWAY INC., 333 Butternut Dr., De Witt, N.Y., filed a registration statement on October 15 seeking registration of \$6 million of 6½% subordinated debentures, due 1989, \$10 million of 6% subordinated debentures, due 1979, 30,000 shares of 6% cumulative preferred stock (\$100 par), and 4,000 shares of membership common stock (\$25 par). The 6% debentures are to be offered for public sale at 100% of principal amount and the 6% preferred stock at \$100 per share; the 6½% debentures are to be offered at 100% of principal amount for sale only to members of the company, and the membership common stock at \$25 per share only to persons entitled to membership in the company (i.e., farmers and cooperative organizations of farmers who desire to do business with the company). The company functions as a agricultural cooperative directly engaged in product manufacturing, processing and distribution, wholesale purchasing and the marketing of commodities for its farmer members and other patrons. Of the net proceeds of its securities sale, some \$4 million will be used for redemption of outstanding securities pursuant to the company's policy of providing a market for its securities by repurchase of such securities and the balance will be added to the company's general funds and used for general corporate purposes. (File 2-42124)

GENERAL TELEPHONE COMPANY OF THE SOUTHWEST, 3632 Roxboro Rd., Durham, N.C. 27704, filed a registration statement on October 15 seeking registration of \$25 million of first mortgage bonds, Series T, due 2001, to be offered for public sale at competitive bidding. A subsidiary of General Telephone & Electronics Corp., the company will apply the net proceeds of its bond sale toward payment of short-term loans owing to banks and commercial paper (estimated not to aggregate more than \$35,700,000 at the time of such application), obtained for the purpose of financing the company's construction program. Construction expenditures are estimated at \$60 million for 1971. (File 2-42125)

CALTRAN SYSTEMS, INC., 230 E. 73rd St., New York 10021, filed a registration statement on October 15 seeking registration of \$1 million of subordinated convertible debentures, due 1986 and 200,000 shares of common stock, to be offered for public sale in units, each consisting of a \$100 debenture and 20 shares. The offering is to be made at \$200 per unit through underwriters headed by Grimm & Davis, Inc. The company intends to engage in transporting general commodities by motor carrier. It will use net proceeds of its stock sale in connection with exercising its option to acquire all the outstanding capital stock of Moon Carrier and of March Storage and Distributing Corp., and all the outstanding partnership interests of Camden Terminal and Storage Co. (File 2-42126)

ALCO STANDARD CORP., Valley Forge, Pa., filed a registration statement on October 15 seeking registration of 1,000,000 shares of common stock, which are to be offered and issued from time to time in connection with acquisitions. The company and its subsidiaries are engaged in the manufacture of electrical, metallurgical and chemical products, the distribution of paper, leisure-time products and alcoholic beverages, and the development and extraction of natural resources, principally coal. (File 2-42127)

PIEDMONT INDUSTRIES, INC., 1250 Broadway, New York 10001, filed a registration statement on October 15 seeking registration of 600,000 shares of common stock, of which 100,000 are to be offered for public sale by the company and 500,000 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$15 per share maximum) through underwriters headed by A.G. Becker & Co., Inc., 60 Broad St., New York 10004. Of the net proceeds of its stock sale, some \$800,000 will be applied to retire a promissory note and the balance to reduce the need for short-term bank borrowings and/or advance from a factor. (File 2-42128)

SYSCO CORP., 800 Capital National Bank Bldg., 1300 Main St., Houston, Tex. 77002, filed a registration statement on October 15 seeking registration of 250,000 outstanding shares of common stock, to be offered for public sale (*at \$29 per share maximum) through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York. The company is principally engaged in the wholesale distribution of foods and related products to the food service or "away-from-home" eating industry and to the rental food industry. (File 2-42129)

EASTERN NEWSSTAND CORP., 90-10 Merrick Blvd., Jamaica, N.Y. 11432, filed a registration statement on October 15 seeking registration of 200,000 shares of common stock, of which 100,000 are to be offered for public sale by the company and 100,000 (being outstanding shares) by the holders thereof. The offering is to be made at \$5 per share on a best efforts, 50% or none basis by New York Investing Corp. and Creative Programs Corp., 295 Madison Ave., New York 10017. The company operates retail news and tobacco shops in space leased and equipped by it. Net proceeds of its stock sale will be used for the acquisitions and preparation of new locations, repayment of a \$110,000 90 day bank note and for other corporate purposes. (File 2-42130)

MISCELLANEOUS

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 October 5 News Digest.

OVER

8K's for Aug 1971

Vogue Instrument Corp (7,13)	0-2967-2	Penna Natl Turf Club Inc Aug 71 (2,13)	0-5447-2
Walston Aviation Inc Sept 71 (3)	0-2830-2	Shur-Gro Inds Inc (2,12)	2-34766-2
Micromation Technology Corp May 71 (2)	2-30050-2	Modine Mfg Co (12)	1-1373-2
Salem Inds Inc (3,13)	0-4977-2	Greenman Bros Inc Aug 71 (2,12,13)	1-6083-2
The Tokio Marine & Fire Ins Co Ltd 6K For Sept 71	2-21534-2	Iowa Public Service Co (7,13)	1-5131-2
Public Service Co Of Colorado (13)	1-3280-2	Maule Inds Inc Aug 71 (3,4)	1-4081-2
Marathon Letourneau Co (12,13)	0-2643-2	Empire Life Ins Co (7,9) Aug 71	2-20749-2
America's Beautiful cities Sept 71 (2,3,7,8)	0-5295-2	Hickory Furniture Co Jul 71 (7,13)	0-4205-2
Scrivner-Boogaart Inc Sept 71 (7,13)	0-2277-2	Millipore Corp Jul 71 (2,13)	0-1052-2

8K's for Sept 1971

ARA Services Inc Aug 71 (7)	1-4762-2	Americana Invst Co Jul 71 (7)	2-38145-2
First Western Financial Corp Jul 71 (13)	0-2904-2	H T Products Corp (11)	0-4849-2
Domestic Air Express Inc Jul 71 (6)	0-3147-2	American Internatl Pictures Inc Jul 71 (12,13)	1-6431-2
Sept 71 (12,13)	0-3147-2	Clow Corp (4,7,13)	0-1140-2
Liberty Homes Inc (7)	0-5555-2	Fairmont Foods Co (2,12,13)	1-4100-2
Computer Data Systems Inc Aug 71 (8)	1-6002-2	Precision Polymers Inc Jul 71 (3)	1-6008-2
Vermont Yankee Nuclear Power Corp Apr 71 (11,13)	1-6557-2	Austral Oil Co Inc (12)	1-5921-2
Law Research Service Inc Jun 71 (3)	0-3301-2	Brooks Internatl Inc (11,12)	0-3983-2
Medicenters Of America Inc (7,13)	0-2785-2	Maine Sugar Inds Inc Aug 71 (3,6)	0-2426-2
Profit By Air Inc (Apr 71 (7,13)	0-5233-2	American Consumer Inds Inc (8)	0-5476-2
		Intercounty Premium Advancing Corp Apr 71 (2,8,13)	2-33914-2
		Oxy-Catalyst Inc (1,4,8,11,13)	0-3499-2
		Crown Zellerbach Corp (12,13)	1-2823-2
		Westcalind Corp (2,13)	1-6671-2
		Cadence Inds Corp (2,3,8,13)	1-2991-2
		Teletrans Inds Inc Jun 71 (7)	1-6486-2
		Wilson Sporting Goods Co (12)	1-5435-2

SECURITIES ACT REGISTRATIONS. Effective October 20: Custom Alloy Corp., 2-40567 (90 days); Armin Poly Film Corp., 2-41604; Banyu Pharmaceutical Co., Ltd., 2-42082; Colonial Commercial Corp., 2-42079; The Dreyfus Special Income Fund, Inc., 2-41079; FMC Corp., 2-41733; General Telephone Co. of Kentucky, 2-41762; Globe Ameranda Glass Co., 2-41289 (90 days); Harnischfeger Corp., 2-41850; Hohn Allmand Boats, Inc., 2-41024; Illinois Power Company, 2-41982 and 2-41983; R.B. Jones Corp., 2-41790; Kemperco Inc., 2-41792; Metropolitan Edison Co., 2-41715; Mountain States Telephone and Telegraph Co., 2-42008 and 2-42009; Philips Industries, Inc., 2-41430; Portland Central Electric Co., 2-41915; Prudential Minerals Exporation Corp., 2-38157 (40 days); Telecredit Inc., 2-41233; WTC Air Freight 2-40498; Paine Webber Jackson & Curtis, Inc., 2-41436.

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.

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