

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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SEC

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COOPERATION IN PROXY FILINGS URGED. The SEC has invited the cooperation of officials of the 4,500 registered companies subject to the Commission's proxy rules in a program designed to facilitate the Commission's processing of preliminary proxy statements and related informational material and at the same time enable it to keep the examination of Securities Act registration statements on a current basis (Release 34-8040). Officials are requested among other things to file the proxy statements at the earliest practicable date and "make every effort" to verify the accuracy and completeness thereof. They also are urged to indicate whether proxies were solicited during 1966 in accordance with SEC proxy rules and, if such is the case, that the current proxy material merely reflects an updating of the prior year's material; in the event of material changes, such changes should be identified along with any explanatory comment which will assist in the expeditious processing of the material.

INVESTMENT TAX CREDIT IMPACT REPORTED. Businessmen indicated that their 1967 capital spending programs have been trimmed \$2.3 billion below what they otherwise would have been in the absence of the legislation temporarily suspending the investment tax credit and certain accelerated depreciation procedures. In a special survey conducted in November and December by the SEC and the Department of Commerce they also reported that their 1966 capital expenditures had been reduced by over \$300 million as a result of the legislation. (For details, see Stat. Release 2185).

EXIM-BANK SECURITIES EXEMPT. The Secretary of the Treasury, acting pursuant to Section 3(a)(12) of the Securities Exchange Act of 1934, has designated participation certificates or other securities issued by the Export-Import Bank as "exempted securities" under that Act (Release 34-8039). The Secretary's action was reported in the Federal Register of February 10, 1967.

EIGHT TRADING BANS CONTINUED. The SEC has issued orders under the Securities Exchange Act suspending exchange and/or over-the-counter trading in securities of the following companies for the additional 10-day period February 22-March 3, 1967, inclusive: Continental Vending Machine Corporation, Lincoln Printing Company, Pakco Companies, Inc., Pinal County Development Association, Sports Arenas, Inc., Underwater Storage, Inc., United Security Life Insurance Company, and Westec Corporation.

SANCTION IMPOSED ON TWO IN MacLAUGHLIN SECURITIES FIRM. The decision and order of an SEC Hearing Examiner with respect to certain associates of Leo G. MacLaughlin Securities Co. (formerly of Pasadena, Calif., whose broker-dealer registration was previously revoked), has become effective (Release 34-8036). In his decision, the Examiner found that no violations were committed by Geraldine G. Gillespie, imposed no sanction against Millard M. Mier, and barred John E. Lalich from future association with any broker-dealer firm. The respondents did not seek review of the decision.

According to the Examiner's decision, Lalich aided and abetted violations by the firm of various provisions of the Federal securities laws, including the fraudulent practice of interpositioning another firm in purchase and sell orders for customers of the MacLaughlin firm, resulting in two mark-ups or mark-downs on each such transaction. As president of the firm, he was also held responsible for certain other violations by the firm, including violations of the SEC net capital rule, failure to report changes in management officials, and the making of false and fictitious entries in the firm's books and records. The Examiner ruled that Mier (counsel) was responsible for the firm's refusal to make its books available for examination; however, in view of his advanced age and his expressed intention not to engage in the securities business, he concluded that "no further sanction need be imposed." The Examiner held that no violations should be found against Geraldine C. Gillespie, who served as secretary of the firm, since her functions were "entirely clerical and administrative having no relationship with the public."

The Commission also issued an order under the Securities Exchange Act (Release 34-8037) barring Carolyn J. Hendrickson, who became secretary of the MacLaughlin firm in 1962, from future association with a broker-dealer. Said respondent filed an answer to the allegations in the order for proceedings but failed to appear at the hearing; thus, under Commission rules, she may be considered in default and the allegations in the order may be deemed to be true. On the basis thereof, it was found that Hendrickson (among other things) aided and abetted the firm in violating the anti-fraud provisions of the Federal securities laws by soliciting and accepting orders for securities while the firm was insolvent and effecting transactions with customers at prices not reasonably related to prevailing market prices. It was also found that she aided and abetted the firm's violations of the Commission's net capital and record-keeping requirements, as well as its failure to make timely disclosure of certain changes in the firm's management.

AMERICAN ELECTRIC POWER PROPOSES OFFERING. American Electric Power Company, Inc., 2 Broadway, New York 10004, filed a registration statement (File 2-26007) with the SEC on February 20 seeking registration of 1,200,000 shares of common stock, to be offered for public sale at competitive bidding. A public-utility holding company, the company will use the net proceeds of its stock sale to make approximately \$45,000,000 of cash contributions to two of its subsidiaries (Ohio Power Co. and Kentucky Power Co.) and for general

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corporate purposes. Ohio will use the funds to repay, in part, its notes to banks aggregating \$58,600,000, the proceeds of which were used to the extent of some \$38,900,000 to acquire from Ormet Generating Corp., a subsidiary of Olin Mathieson Chemical Corp. and Revere Copper and Brass, Inc., two steam electric generating units and associated property at the Kammer generating station. Kentucky will use such contributions to repay \$6,000,000 of bank notes and for construction and general corporate purposes. Gross expenditures by system companies for construction and acquisition of facilities during 1966 approximated \$205,300,000, and the parent estimates that 1967 construction expenditures will amount to about \$243,600,000. In addition to indebtedness, the company has outstanding 46,248,903 common shares. Donald C. Cook is president.

BETZ LABORATORIES FILES FOR SECONDARY. Betz Laboratories, Inc., Somerton Rd., Trevose, Pa. 19047, filed a registration statement (File 2-25972) with the SEC on February 13 seeking registration of 200,000 outstanding shares of common stock. The present holders thereof propose to offer the stock for public sale through underwriters headed by Drexel Harriman Ripley Inc., 60 Broad St., New York 10004. The public offering price (\$35 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the production and sale of formulated chemical products used for treatment of industrial water. In addition to indebtedness, it has outstanding 1,637,900 common shares (as adjusted to reflect a 2-for-1 stock split to be effected prior to the delivery of the stock being registered to the underwriters). The two selling stockholders are L. Drew Betz (chairman emeritus) who is offering 150,000 of 309,050 shares held, and John Drew Betz (board chairman and president), 50,000 of 494,000. The selling stockholders presently own a total of 49.03% of the outstanding stock, and trusts of which John Drew Betz is sole trustee or co-trustee own 7.12%.

GROWTH PROGRAMS FILES. Growth Programs, Inc., 115 Broadway, New York 10006, depositor and sponsor of the Programs for the Accumulation of Shares of Supervised Investors Growth Fund, Inc., filed a registration statement (File 2-26006) with the SEC on February 20 seeking registration of \$30,000,000 of investments in said programs.

OHIO EDISON RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15671) authorizing Ohio Edison Company, Akron, Ohio, to exchange with the Village of Hudson, Ohio, certain electric distribution and related facilities, and to pay Hudson \$2,793 in cash, subject to certain adjustments. The properties to be acquired by Ohio Edison, which include 4.3 pole miles of overhead distribution facilities, are adjacent to the distribution facilities of Ohio Edison. As of April 30, 1966, 79 retail customers located in Hudson were served by Ohio Edison through facilities to be transferred to Hudson. Upon the transfer of these facilities to Hudson it will serve all the retail electric customers within its corporate limits. As of the same date, 164 retail customers not within Hudson's corporate limits were served by Hudson through the facilities to be transferred to Ohio Edison.

COMPLAINT CITES FLAGSHIP MOTOR HOTEL, OTHERS. The SEC announced February 20 (LR-3649) the filing of a complaint (USDC, Md.) seeking to enjoin Flagship Motor Hotel of Ocean City, Maryland, Inc., Ocean Towers of Ocean City, Maryland, Inc., Midway Construction Company, Inc., Irving S. Reamer, and William H. Klebold from further violations of the registration and anti-fraud provisions of the Federal securities laws in the sale of investment contracts of Flagship Motor Hotel and Ocean Towers.

BERNZOMATIC, REICH ENJOINED. The SEC New York Regional Office announced February 16 (LR-3650) the entry of a Federal court order (USDC SDNY) permanently enjoining BernzOmatic Corporation and Sidney J. Reich from violating the Securities Act registration provisions in the sale of Class A common stock of BernzOmatic.

BLAUNER CO. ENJOINED. The SEC New York Regional Office announced February 16 (LR-3651) the entry of a Federal court order (USDC SDNY) preliminarily enjoining Seymour Blauner, individually and d/b/a Seymour Blauner Company, New York, N. Y., from further violating the anti-fraud provisions of and net capital rule under the Securities Exchange Act. Blauner Co. was restrained from transferring or otherwise disposing of the firm's assets, and James M. Spector was named receiver of the assets of the defendant.

LINCOLN NATIONAL LIFE RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-4848) with respect to the proposed issuance of variable annuity contracts by Lincoln National Variable Annuity Fund A, Fort Wayne, Ind., subsidiary of The Lincoln National Life Insurance Company. The Fund was established in September 1966 as a segregated investment account to hold assets set aside by Lincoln National Life in relation to contributions received by the latter in respect to its proposed variable annuity contracts.

SECURITIES ACT REGISTRATIONS. Effective February 20: American Airlines, Inc., 2-25926 (Apr 1); Applied Technology, Inc., 2-25868 (Apr 1); Capital Funding Corp., 2-24816 (40 days); Gulf Aerospace Corp., 2-25572 (90 days); Hale Kaanapali Apartment Hotel Development Co., Inc., 2-25489 (90 days); Huntington Bancshares Inc., 2-25909 (90 days). Effective February 21: Duplex Products Inc., 2-25911 (May 22); General Telephone Co. of Calif., 2-25940; Handy & Harman, 2-25961 (90 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.