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A brief summary of financial proposals filed with and actions by the S.E.C.



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FOR RELEASE March 23, 1970

COMMISSION ANNOUNCEMENTS

TOMBSTONE SILVER STANDARD OFFERING SUSPENDED. The SEC has issued an order suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed public stock offering by Tombstone Silver Standard, Inc., of Payson, Utah. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed July 24, 1969, the company ("Tombstone") proposed the public offering of 3,000,000 common shares at 10¢ per share. In its suspension order the Commission asserts that it has "reasonable cause to believe" (among other things) that Tombstone's offering circular failed to disclose (a) that a public offering of its securities was made just prior to the filing of its notification in apparent violation of the Federal securities laws; (b) the contingent liability which arose by reason thereof (c) certain material transactions between Tombstone and its promoters and officers and that certain officers were in fact nominal officers and that other individuals were actually in control of the company; and (d) a concise description of the mining property interests held by Tombstone under option agreements and the risks involved in drilling for metallic mineral deposits on such properties.

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

SANCTIONS IMPOSED ON SCHROTT WHITAKER FIRM. The SEC today announced a decision under the Investment Advisers Act (IA-260) in which it ordered that for 30 days commencing March 23 the investment adviser firm of Schrott, Whitaker and Douglas, Inc., and its president, John D. Schrott, Jr., of Arlington, Va., be suspended from acting as an investment adviser and from soliciting or accepting new subscribers (they may manage existing accounts, but without compensation), and that they shall suspend all advertising activity for 60 days. At the same time, the Commission made permanent its order of August 13, 1969, temporarily suspending a claimed Regulation A exemption from registration under the Securities Act with respect to a proposed public offering of the firm's stock (Release 33-5053). In an offer of settlement, which the Commission determined to accept, both the firm and Schrott consented to the foregoing actions of the Commission without admitting or denying the violations.

According to the Commission's decision, the Schrott, Whitaker firm ("registrant") and Schrott violated provisions of the Investment Advisers Act and Rule 206(4)-1 thereunder in that, from May '68 through April '69 registrant and Schrott published and distributed advertisements about the investment advisory services provided by registrant and by dial Analysis Corporation, a registered investment adviser of which Schrott was president and director, which referred to testimonials concerning Schrott's ability to make outstanding selections; falsely stated that Schrott had parlayed six hundred dollars into one million and had been requested by a major publisher to write a book on investment techniques, that registrant and dial were able to obtain advance or other information and provide advisory services that others could not, that registrant had an expert investment staff, and that a hypothetical portfolio based on actual trades had increased 70% within one year; and contained references to past recommendations of Schrott which were or would have been profitable without setting out a list of all recommendations made by Schrott within the immediately preceding period of not less than one year, and in that respondents used restrictive legends on certain of registrant's and dial's documents purporting to limit registrant's liability to customers only to losses resulting from fraud or bad faith on the part of registrant or to the amount of subscriptions fees paid to dial.

The Commission's suspension of the Regulation A exemption with respect to the proposed stock offering by registrant was based upon the inclusion in the firm's offering circular of misrepresentations similar to those discussed above and the company's non-compliance with certain other terms and conditions of Regulation A.

HARRY BOXER SUSPENDED. The SEC today announced the issuance of a decision under the Securities Exchange Act (Release 34-8845) in which it ordered that Harry Boxer, of New York, former registered representative with Weinberg, Ost & Hayton, Inc., be suspended from association with any securities firm for 60 days, effective March 23, for violations of the short-selling, margin and record-keeping provisions of the Act. Without admitting or denying the violations, which occurred in 1966, Boxer consented to the Commission's findings of violation and to the 60-day suspension. According to the Commission's decision, Boxer (among other things) caused exchange members to effect sell orders of the Weinberg firm marked "long" when in fact such sell orders were "short", and effected short sales below the prices at which the last sales thereof had been effected, which is prohibited by SEC rules. (For earlier, related action concerning the Weinberg firm and other respondents, see News Digest of Nov. 4, 1969 and Release 34-8736).

OVER

INVESTMENT COMPANY ACT RELEASES

LANGLEY & CO. SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6005) giving interested persons until April 6 to request a hearing upon an application of W. C. Langley & Co., New York, prospective representative of a group of underwriters of a proposed public offering of shares of common stock of the Colwyn Risk Fund, Inc., a registered closed-end investment company, for exemption of Langley, its co-underwriters and dealers from provisions of Section 30(f) of the Act to the extent that it adopts the "insider" reporting and related provisions of Section 16(b) of the Securities Exchange Act. Langley expects to purchase more than 10% of the initial amount of Colwyn common stock to be outstanding, thereby becoming an "insider" subject to Section 16(b) of the Exchange Act.

EBASCO INDUSTRIES SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6006) giving interested persons until April 3 to request a hearing upon an application of Ebasco Industries Inc., a New York corporation, and Brazilian Electric Power Company ("Bepco"), and Empresas Electricas Argentinas ("EEA"), Florida corporations, each a registered closed-end non-diversified investment company, for an order declaring that each has ceased to be an investment company as defined in the Act. In August 1969, Ebasco was merged into Boise Cascade Corporation, and Bepco and EEA, former wholly-owned subsidiaries of Ebasco, became wholly-owned subsidiaries of Boise Cascade. Boise Cascade does not engage primarily or propose to engage primarily in the business of investing, reinvesting, or trading in securities. Applicants represent that Bepco and EEA have ceased to be investment companies as defined in the Act, since all their outstanding securities are directly owned by Boise Cascade.

HOLDING COMPANY ACT RELEASES

BOISE CASCADE RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16655) exempting Boise Cascade Corporation and all of its subsidiaries from all provisions of the Act since Boise Cascade is not, and derives no material part of its income from subsidiaries which are engaged principally in business as a public utility.

WASHINGTON GAS LIGHT SEEKS ORDER. Washington Gas Light Company, of Washington, D. C., has applied to the SEC for exemption from provisions of the Holding Company Act; and the Commission has issued an order (Release 35-16652) giving interested persons until April 15 to request a hearing thereon. The company (applicant) is primarily a gas utility company; but it also is a holding company by reason of ownership of all of the outstanding stock of three companies and all but .7% of the stock of a fourth, as follows: Frederick Gas Company, Inc. (which sells natural gas at retail in Frederick, Md.), Martinsburg Gas & Heating Company (which sells natural gas at retail in Martinsburg, W. Va.), and Hampshire Gas Company (a West Virginia corporation organized to acquire oil and gas leases and which now has 12 wells which are considered productive). Applicant also owns 336,911 shares or 99.3% of the outstanding common stock of Shenandoah Gas Company which is engaged in the distribution and sale of natural gas in northwestern Virginia. Shenandoah Gas' remaining 2,414 shares are held by about 30 other holders.

Section 3(a)(2) of the Act, under which the exemption application is filed, provides that the Commission upon application shall exempt any holding company if it is "predominantly a public-utility company whose operations as such do not extend beyond the State in which it is organized and States contiguous thereto." Applicant is organized under the laws of the District of Columbia and of the State of Virginia. The combined net plant of the four subsidiaries constitutes 5.4% of that of applicant, and their combined revenues 3.3%. Applicant agrees that, if its exemption application is granted, it will register as a holding company for the limited purpose of filing a plan to eliminate the outstanding minority stock interest in Shenandoah (under the Act, any such plan must provide fair and equitable treatment of all interests effected).

POTOMAC EDISON SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16654) giving interested persons until April 10 to request a hearing upon an application of The Potomac Edison Company, Hagerstown, Md., subsidiary of Allegheny Power System, Inc., with respect to proposed, additional equity investments in subsidiaries, as follows: The Potomac Edison Company of Pennsylvania, \$1,390,000; The Potomac Edison Company of Virginia, \$1,705,000; and The Potomac Edison Company of West Virginia, \$6,030,000. The subsidiaries will use the proceeds thereof to finance necessary property additions and improvements. Construction expenditures for 1970 are estimated by the subsidiaries at \$2,312,000, \$3,571,000 and \$7,890,000, respectively.

NORTHEAST UTILITIES RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16656) releasing jurisdiction over fees (aggregating some \$34,439) incurred or to be incurred by Northeast Utilities, West Springfield, Mass. and its subsidiary, Holyoke Water Power Company ("HWP"), in connection with all transactions incident to a plan and amendments thereto for the elimination of the publicly-held interests in the capital stock of HWP approved by the Commission in December 1968 (Release 35-16246).

POTOMAC EDISON SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16657) giving interested persons until April 16 to request a hearing upon an application of The Potomac Edison Company, Hagerstown, Md., subsidiary of Allegheny Power System, Inc., to offer and sell, at competitive bidding, \$20,000,000 of first mortgage and collateral trust bonds, due 2000, and 50,000 shares of cumulative preferred stock (\$100 par). The company will use the net proceeds of its financing for its construction program (including payment of \$20,500,000 of short-term bank loans incurred therefor).

HARTFORD ELECTRIC SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16658) giving interested persons until April 16 to request a hearing upon an application of The Hartford Electric Light Company, Wethersfield, Conn. subsidiary of Northeast Utilities, to offer and sell, at competitive bidding, \$20,000,000 of first mortgage bonds, due 2000, and 200,000 shares of preferred stock (\$50 par). The company will use the net proceeds of this offering to finance its construction program, to supply funds for its investment in nuclear generating companies and to repay short-term borrowings which were incurred for these and similar purposes. Construction expenditures are estimated at \$66,500,000 for 1970.

COURT ENFORCEMENT ACTIONS

V L NORWOOD SENTENCED. The SEC Atlanta Regional Office announced March 18 (LR-4563) that the Federal court in Jacksonville, Fla., had imposed a four-year prison sentence on Vernon Lee Norwood, of Port Angeles, Wash., upon his plea of guilty to two counts of an indictment charging that, while president of the now-defunct broker-dealer firm of Atlantic Investment Securities, Inc., of Ormond Beach, Fla., Norwood caused that firm to extend and maintain credit to and for customers in violation of the margin rules (Regulation T) of the Federal Reserve Board.

SECURITIES ACT REGISTRATIONS

FIDELCO GROWTH INVESTORS PROPOSES OFFERING. Fidelco Growth Investors, 1200 E. Lancaster Ave., Rosemont, Pa. 19010, filed a registration statement (File 2-36620) with the SEC on March 17 seeking registration of 1,200,000 shares of beneficial interest with warrants to purchase 600,000 shares of beneficial interest, to be offered for public sale in units, each consisting of one share and one-half warrant, and at \$25 per unit. The offering is to be made through underwriters headed by The First Boston Corp., 20 Exchange Pl., and Francis I. duPont, A. C. Allyn, Inc., 1 Wall St., both of New York; the underwriting terms are to be supplied by amendment.

The Trust was organized by Fidelity Corporation of Pennsylvania ("Fidelity"--a one bank holding company) and its subsidiary, Latimer & Buck, Inc., and proposes to qualify as a "real estate investment trust" under the Internal Revenue Code. The Trust proposes to invest principally in long-term mortgages and other real estate financing transactions, and in connection therewith to seek arrangements which will provide it, in addition, to a fixed return, with the opportunity for a growing yield on its investments measured by the economic productivity of the real estate. In addition, it intends to invest in short-term first mortgage construction and development loans. Latimer & Buck Advisers, Inc., will serve as investment adviser. Howard Petersen is chairman of the Trust and of Fidelity and J. Harris Latimer is president of the Trust and of Latimer & Buck, Inc.

CENTRAL & SOUTHWEST FILES FOR OFFERING. Central and South West Corporation, 800 Delaware Ave., Wilmington, Del. 19899, filed a registration statement (File 2-36621) with the SEC on March 17 seeking registration of 1,000,000 shares of common stock, to be offered for public sale at competitive bidding (at \$46 per share maximum*). A public utility holding company, the company owns four electric utility companies which operate in Texas, Oklahoma, Arkansas and Louisiana. The net proceeds of its stock sale will be used from time to time primarily to purchase additional common shares of system companies (or loaned to such companies on a short-term basis pending such equity investments), for the purpose of enabling the subsidiaries to finance a part of the cost of their 1970-71 construction programs. About \$4,000,000 will be used to pay short-term borrowings made or to be made for such purpose prior to the receipt of the proceeds of the stock sale. Aggregate construction expenditures of the system are estimated at about \$127,600,000 for 1970 and \$134,700,000 for 1971.

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 (please give News Digest "Issue No." in ordering). 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 March 3 News Digest.

Misc. 8K Reports

Well Intercontinental Corp
Dec. 1969(7,12,13) 1-4354-2

Adcom Metals Co
Dec. 1969(7,13) 2-31500-2

Drug-Fair Community Drug Co
Oct. 1969 (12) 1-4387-2

American Biomedical Corp
Sept. 1969(2,13) 2-31531-2

DMH Corp
Feb. 1970(11,12,13) 1-4818-2

Cotter & Co
Feb. 1970(7,11,13) 2-20910-2

Amended 8K's

Federated Purchaser Inc #1 for
Dec 69(3) 1-4310-2

Cerro Corp Amended for Jan 70
(7,13) 1-1518-2

Church's Fried Chicken Inc #1 for
Oct 69(4) 2-31774-2

Flying Diamond Land and Mineral Corp
#1 for Oct 69(7,13) 0-4033-2

Designcraft Jewel Industries Inc #1 for
Jan 70(2,13) 2-31445-2

Eckmar Corp Amended for Jan 70
(2) 1-5405-2

O/C REGISTRATIONS REPORTED. The following issuers of securities traded over-the-counter have filed registration statements with the Commission pursuant to requirements of Section 12(g) of the Securities Exchange Act (companies which currently file annual and other periodic reports with the SEC are identified by "***"):

<u>File No.</u>	<u>O-Registrants</u>	<u>Location</u>
4351	Applied Logic Corp**	Princeton, NJ
4358	Biomedical Resources Corp	New York, NY
4434	CP Financial Corp	Bala Cynwyd, Penn.
4430	Computer Microtechnology Inc	Sunnyvale, Calif.
4347	Dyna Ray Corp	New York, NY
4353	Peter Eckrich and Sons Inc**	Fort Wayne, Ind.
4356	Freedom Holding Corp**	Salt Lake City, Utah
4340	Guardian Care Inc**	Rocky Mount, NC
4366	Lykes-Youngstown Financial Corp**	Atlanta, Ga.
4359	Marva Industries Inc**	Elizabeth, NJ
4440	Metro Meat Packing Inc	St. Paul, Minn.
4432	Pacific Engineering & Production Co of Nevada	Henderson, Nev.
4445	Pizza Papa Inc	Mnpls., Minn.
4349	Reinell Industries Inc	Marysville, Wash.
4444	Sav-On Inc	Yonkers, NY
4421	Search Investments Corp	Mnpls., Minn.
4363	Strategic Industries Inc**	New York, NY
4341	Sunlite Oil Co Ltd	Calgary, Alberta, Canada
4429	3H Building Corp**	Rolling Meadows, Ill.
4346	Thriftway Leasing Co	Newark, NJ
4438	Tran-Aire Systems Inc	Houston, Tex.

CORRECTION RE INNOVATIVE FUND. Morgan, Olmstead, Kennedy and Gardner acts as sub-adviser to Innovative Fund, Inc., not as principal underwriter as reported in the News Digest of February 12.

SECURITIES ACT REGISTRATIONS. Effective March 19: Sentinel Drilling Program - 1970, 2-35582 (90 days). Effective March 20: Associated Leisure Enterprises, Inc., 2-35148 (90 days); Astro Controls, Inc., 2-34452; Crown Zellerbach Corp., 2-36527; Killearn Properties, Inc., 2-34710 (90 days); Magness 1970 Drilling Fund, Ltd., 2-34792 (90 days); Narragansett Electric Co., 2-36398; Pennsylvania Power & Light Co., 2-36492; Prudential Funds, Inc., 2-36230 (40 days). Withdrawn March 19: Apparel Retailers, Inc., 2-32880; South Bay Clubs, Inc., 2-35697.

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.

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