

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington, D.C. 20549

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

(Issue No. 70-172)

FOR RELEASE September 3, 1970

## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

**HENDRICKS & CO. SUSPENDED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-8971) in which it suspended the broker-dealer registration of C. H. Hendricks & Co., of Houston, Tex. for 60 days commencing September 8, for violations of the record-keeping, reporting, and credit provisions of the Act. The Commission found that Alan Hendricks, vice president and treasurer, and James Gary Fritts, a registered representative, aided and abetted certain of the firm's violations, and that Alan Hendricks and Clinton H. Hendricks, II, president and majority stockholder, failed to exercise proper supervision to prevent the violations. Clinton Hendricks and Fritts were suspended from association with any securities firm for 60 days and Alan Hendricks for six months, also effective September 8.

In offers of settlement submitted by the respondents, they waived a hearing and, without admitting the violations, consented to Commission findings of violations and/or failure to supervise and to imposition of the indicated sanctions. As part of the settlement offer, it was stipulated that the firm may not resume its securities business following expiration of its 60-day suspension if its books and records are not in compliance with Commission rules, and that the firm for a period of one year will refrain from conducting any retail customer transactions except in mutual fund shares.

According to the Commission's decision, during the period March 1968 - March 1970, Hendricks & Co.'s customer ledger cards for six accounts contained false entries reflecting receipts and payments by the firm on various securities transactions in those accounts (maintained for Alan Hendricks, Fritts and three of the firm's customers). The recorded payments were not made on the dates shown but at later times, and in some instances securities purchased in the accounts were sold before delivery was made, and the owner of the account would then pay to or receive from the firm only the amount of the loss or profit on the transaction. The firm also failed to make and keep current certain books and records, filed a financial report for 1969, which was not properly certified, and failed promptly to file an amendment showing that Fritts had become a vice-president in March 1970.

**SANCTIONS INVOKED ON HENTZ & CO.** The SEC today announced a decision under the Securities Exchange Act (Release 34-8973) in which it ordered the 30-day suspension of <sup>of trading by</sup> the Lincoln Road Mall branch office in Miami Beach of H. Hentz & Co., New York broker dealer firm, commencing September 8, for violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of stock of Applied Synthetics Corporation. For an additional ten days the said branch office may not participate in any primary or secondary offerings of securities. Harvey Kramer, a registered representative employed in the Lincoln Road Mall branch, was suspended from association with any securities firm for 60 days by reason of his participation in the violations, and Joseph A. Rayvis and Frank J. McCormack, general partners, were suspended for 15 and 5 business days, respectively, for failure to exercise proper supervision to prevent the violations. The respondents consented to imposition of the indicated sanctions without admitting the violations.

According to the Commission's decision, Hentz & Co. and Kramer during the period May 23 to August 24, 1968, and while Kramer was a director of Applied Synthetics, offered and sold that company's stock pursuant to an effective registration statement covering 275,000 shares. In connection therewith, they violated the anti-fraud provisions of the securities laws by withholding from public sale a number of shares, placing them instead with officials and other persons associated with the issuer. They also violated the registration provisions by the use of a prospectus which concealed the actual method of distribution of the stock.

## HOLDING COMPANY ACT RELEASE

**OHIO EDISON RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16824) authorizing the Ohio Edison Company to issue and sell \$45,000,000 of first mortgage bonds, due 1995, at competitive bidding. Ohio Edison will use the net proceeds for the acquisition of property, the construction, completion, extension, renewal, or improvement of its facilities, for repayment of unsecured short term debt (estimated at \$8,000,000), or for the reimbursement of its treasury for expenditures made for such purposes. Construction expenditures for the year 1970 are estimated at \$92,445,000.

## INVESTMENT COMPANY ACT RELEASE

**BANK OF NEW YORK COMPANY RECEIVES ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release IC-6179), with respect to common trust funds established by any bank controlled by The Bank of New York Company, Inc., and maintained by it exclusively for the collective investment and reinvestment of moneys contributed thereto by the bank of one or more banks controlled by it, provided (1) each bank contributing moneys to such common trust funds makes its contributions solely in its capacity as a trustee, executor, administrator or guardian within the meaning of Section 3(c) (3) of the Act, and (2) such common trust fund meets the requirements of Section 100-c (17) of the New York Banking Law.

OVER

**FIRST DEVONSHIRE CORP. ENJOINED.** The SEC New York Regional Office today announced (LR-4737) that the Federal court in New York City had preliminarily enjoined First Devonshire Corporation, of New York City, from violations of the net capital, hypothecation, antifraud and financial reporting provisions of the Federal securities laws. The temporary restraining order of August 27 freezing the assets of the firm was continued and Thomas J. Cahill, Esq., was appointed as receiver.

**CHARLES PLOHN & CO. ENJOINED.** The SEC New York Regional Office today announced (LR-4738) that the Federal court in New York City had preliminarily enjoined Charles Plohn & Co., New York registered broker-dealer and a suspended member of the New York, American and other principal stock exchanges, from violations of the hypothecation and antifraud provisions of the Federal securities laws. Robert P. Patterson, Jr., of New York City, was appointed a receiver.

**MANSFIELD DRILLING ENJOINED.** The SEC Chicago Regional Office today announced (LR-4739) that Mansfield Drilling Company, Inc., an Ohio corporation, and William Griffith, its president, consented to the entry by the Federal court in Cleveland permanently enjoining the defendants from violations of the antifraud provisions of the Federal securities laws in the offer and sale of fractional undivided working interests in oil and gas leases and wells located in Stark County, Ohio and other Ohio counties.

**SIX SENTENCED.** The SEC New York Regional Office announced August 31 (LR-4740) that the Federal court in New York City sentenced the following for violations of the Federal securities laws in connection with the sale of stock of Kent Industries, Inc.: Thomas F. Quinn, a lawyer and former stockbroker, was sentenced to two years in jail with all but six months to be suspended; Gary Seiden and David Gennaro were each sentenced to one year in jail with all but two months suspended. Each of the three defendants was placed on probation for one year upon expiration of their confinement. Albert J. Laytenne, a lawyer, was sentenced to two years in jail with all but three months suspended and placed on probation for one year upon expiration of confinement; and David Garibas and Donald A. Torillo received one year suspended sentences and were placed on probation for one year.

#### SECURITIES ACT REGISTRATIONS

**BENGUET MINING PROPOSES EXCHANGE OFFER.** Benguet Mining, Inc. ("Mining Company"), P. O. Box 817, Manila, Philippines, filed a registration statement (File 2-38284) with the SEC on August 31 seeking registration of 3,268,366 shares of common stock. Benguet Consolidated Inc. ("Benguet"), a Philippine corporation, which owns all the 3,268,366 outstanding shares of Mining Company, proposes to exchange said shares for an equal number of outstanding shares of Benguet. The purpose of the exchange offer is to create two public companies, one of which (Mining Company) will own and operate the Philippine assets and the other of which (Benguet) will continue to own the 92½% interest in the Port Authority and other real estate ventures located outside the Philippines. The separation will facilitate the transfer of 60% of the capital stock of Mining Company to Philippine nationals as required by the Philippine constitution on or before July 3, 1974.

Mining Company was organized in July to succeed to all of the assets of Benguet which are located in the Philippines. Benguet's principal business in the Philippines is mining and milling gold. In March 1969, Benguet acquired 92½% of the outstanding shares of the Port Authority, a land development company located in Freeport on Grand Bahama Island. Benguet has outstanding 21,150,758 common shares, of which Mrs. Georgette Groves owns 19.5% and management officials as a group 9%. R. W. Crosby is president and board chairman of Mining Company.

**NORTHWEST OHIO BANCSHARES PROPOSES EXCHANGE OFFER.** Northwest Ohio Bancshares, Inc. ("Bancshares"), 100 W. 10th St., Wilmington, Del. 19899, filed a registration statement (File 2-38286) with the SEC on August 31 seeking registration of 820,962 shares of common stock. It is proposed to offer these shares in exchange for all the 720,649 outstanding shares of capital stock of The Toledo Trust Company on a share-for-share basis and for all the 80,251 outstanding shares of capital stock of The First National Bank of Findlay at the rate of 1.25 shares for each Findlay Bank share.

Bancshares was organized for the purpose of becoming a bank holding company. Donald M. Dresser is board chairman and Samuel G. Carson president of Bancshares and of Toledo Trust.

**NORTHERN STATES POWER PROPOSES RIGHTS OFFERING.** Northern States Power Company, 414 Nicollet Mall, Minneapolis, Minn. 55401, filed a registration statement (File 2-38287) with the SEC on August 31 seeking registration of 1,729,298 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each ten shares held. The unsubscribed shares are to be offered for public sale at competitive bidding. The subscription price (\$23 per share maximum\*) and underwriting terms are to be supplied by amendment. A public utility, the company will add the net proceeds of its stock sale to its general funds for use in prepaying part of outstanding short-term borrowings (expected to aggregate \$50 million at October 31) incurred in connection with the company's construction program. Construction expenditures are estimated at \$173 million in 1970 and \$596 million in the four-year period 1971-1974.

**DIRKS ELECTRONICS TO SELL STOCK.** Dirks Electronics Corporation, 754 North Pastoria Ave., Sunnyvale, Calif. 94086, filed a registration statement (File 2-38288) with the SEC on August 31 seeking registration of 454,500 shares of common stock, to be offered for public sale at \$5.50 per share. No underwriting is involved; participating broker-dealers will receive a 10% selling commission.

Organized in April 1967, the company will develop, manufacture, market and service small computers and components and related equipment. Of the net proceeds of its stock sale, \$750,000 will be used for capital equipment purchases and leasehold improvements, \$500,000 for marketing and sales development, \$500,000 for development of products and \$250,000 for manufacturing and software development; the balance will be added to the company's general corporate funds and used for working capital. The company has outstanding 1,778,333 common shares, of which Gerhard H. Dirks, president and board chairman, and the Gertrud I. Dirks Estate own 41.33% each.

**BALTIMORE GAS & ELECTRIC TO SELL BONDS.** Baltimore Gas and Electric Company, Charles Center, Baltimore, Md. 21203, filed a registration statement (File 2-38289) with the SEC on August 31 seeking registration of \$30,000,000 of first refunding mortgage bonds, due 2000, to be offered for public sale at competitive bidding. A public utility, the company will use the net proceeds of its bond sale, together with the proceeds of the proposed sale of 300,000 shares of cumulative preference stock (see News Digest of August 24), for general corporate purposes, including construction expenditures, and to repay short-term borrowings expected to aggregate \$15,000,000 at September 30. Construction expenditures totalled \$141,006,000 in 1969 and are estimated at \$230,000,000 in 1970, \$275,000,000 in 1971 and \$225,000,000 in 1972.

**SELF DEVELOPMENT CORP. PROPOSES OFFERING.** Self Development Corporation, 18 East 48th St., New York, N. Y. 10017, filed a registration statement (File 2-38290) with the SEC on August 31 seeking registration of 195,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on a best efforts, "60,000 shares or none" basis by Fund Securities, Inc., 355 Victory Blvd., Staten Island, N. Y., which will receive a 50¢ per share selling commission plus \$4,000 for expenses. The company has agreed to sell the underwriter, for \$195, six-year warrants to purchase 19,500 shares, exercisable after 13 months at \$5 per share.

The company was organized in July as a wholly-owned subsidiary of Computer General Corporation for the purpose of acquiring all of the outstanding common stock of Self Development, Inc. ("SDI"). It intends to engage in the development, manufacture and sale of educational devices and related educational material. Of the net proceeds of its stock sale, \$300,000 will be used for sales development and advertising and establishment of dealer-representatives and promotional programs, \$250,000 for development of educational materials, equipment, development laboratories, production of and testing of the effectiveness of current educational materials and \$150,000 for the purchase of parts for, and manufacture of, a Self Development Computer (a portable teaching/learning device); the balance will be added to the company's general funds and used for general corporate purposes. The company has outstanding 455,000 common shares, of which Computer General owns 40% and management officials as a group 18%. Purchasers of the shares being registered will acquire a 30% stock interest in the company for their investment of \$975,000; Computer General will then own 40%, acquired in return for a 10-year \$260,000 4% non-negotiable promissory note and other shareholders will own 30%, for which they will have contributed the common stock of SDI, which company had net assets at May 31 (adjusted for subsequent conversion of debt and sales of stock) totaling \$9,216 and a 10-year \$65,000 4% non-negotiable promissory note.

**VERMONT YANKEE NUCLEAR POWER TO SELL BONDS.** Vermont Yankee Nuclear Power Corporation, Rutland, Vt., filed a registration statement (File 2-38291) with the SEC on September 1 seeking registration of \$80,000,000 of first mortgage bonds, Series A, due 1998, to be offered for public sale at competitive bidding. Sponsored by ten investor-owned New England utilities to construct, own and operate a nuclear-powered generating plant, the company will apply the net proceeds of its bond sale towards costs incurred in connection with the construction of the plant, including repayment of the bank loan and subordinated notes to the sponsors, reimbursement of interest paid or accrued on the bank notes and subordinated notes and payment of interest on the bonds due prior to the earlier of plant completion date or December 31, 1972. Construction expenditures are estimated at \$18,200,000 for the last half of 1970 and \$24,500,000 in 1971.

**CAROLINA TELEPHONE TO SELL DEBENTURES.** Carolina Telephone and Telegraph Company, 122 East St. James St., Tarboro, N. C. 27886, filed a registration statement (File 2-38292) with the SEC on September 1 seeking registration of \$25,000,000 of debentures, due 2000, to be offered for public sale through underwriters headed by Kidder, Peabody & Co., 20 Exchange Place, New York, N. Y. The interest rate, offering price and underwriting terms are to be supplied by amendment. A wholly-owned subsidiary of United Utilities, Incorporated, the company will apply the net proceeds of its debenture sale to repayment of bank borrowings, which aggregated \$18,400,000 at August 31, and will use the balance for general corporate purposes. Construction expenditures totaled \$172,601,000 for the 5½ years ended June 30, 1970.

**HAWAIIAN ELECTRIC TO SELL BONDS.** Hawaiian Electric Company, Inc., 900 Richards St., Honolulu, Hawaii 96813, filed a registration statement (File 2-38293) with the SEC on September 1 seeking registration of \$23,000,000 of first mortgage bonds, Series Q, due 2000, to be offered for public sale through underwriters headed by Dillon, Read & Co. Inc., 46 William St., New York, N. Y., and Dean Witter & Co. Incorporated, 45 Montgomery St., San Francisco, California. The interest rate, offering price and underwriting terms are to be supplied by amendment. A public utility, the company will apply the net proceeds of its bond sale to payment at maturity of \$5,000,000 principal amount of Series E 3-1/8% first mortgage bonds, due October 1, 1970, and to the payment of short-term bank loans and commercial paper borrowings (estimated at \$13,750,000 at time of such application) obtained for the purpose of financing a portion of the company's 1970 capital expenditure program; any remaining balance will be applied toward the company's capital expenditure programs, estimated at \$31,077,000 for 1970 and \$31,882,000 for 1971.

**WESTERN UNION TO SELL DEBENTURES.** Western Union Corporation, 60 Hudson St., New York, N. Y. 10013, filed a registration statement (File 2-38294) with the SEC on September 1 seeking registration of \$85,000,000 of convertible subordinated debentures, due 1995, to be offered for public sale through underwriters headed by Kuhn, Loeb & Co., 40 Wall St., New York, N. Y. The interest rate, offering price and underwriting terms are to be supplied by amendment.

Organized in 1969, the company acquired all the outstanding common shares of The Western Union Telegraph Company ("Telegraph Company") in January 1970. Through Telegraph Company, it is engaged primarily in the offering of telegraph message services to the public. Of the net proceeds of its debenture sale, \$71,000,000 will be made available to Telegraph Company, either by way of loan, additional equity investment or otherwise, for the prepayment of bank loans obtained in connection with Telegraph Company's modernization program; the balance will be added to the company's general funds and used for general corporate purposes, including further investments in or advances to subsidiaries. In addition to indebtedness and preferred shares, the company has outstanding 9,030,487 common shares. Russell W. McFall is board chairman and president.

#### IMPORTANT NOTICE

Many requests for copies of documents referred to in the daily SEC News Digest have erroneously been directed to the Government Printing Office. They should be addressed: Public Reference Section, Securities and Exchange Commission, Washington, D. C. 20549. The reproduction cost will approximate 12¢ per page, plus postage, for mailing within four days, to 25¢ per page, plus postage, for overnight mailing. Cost estimates given on request.

**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. The captions of the items are as follows:

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Legal Proceedings.
- Item 4. Changes in Securities.
- Item 5. Changes in Security for Registered Securities.
- Item 6. Defaults upon Senior Securities.
- Item 7. Increase in Amount of Securities Outstanding.
- Item 8. Decrease in Amount of Securities Outstanding.
- Item 9. Options to Purchase Securities.
- Item 10. Revaluation of Assets or Restatement of Capital Share Account.
- Item 11. Submission of Matters to a Vote of Security Holders.
- Item 12. Other Materially Important Events.
- Item 13. Financial Statements and Exhibits.

Copies of the reports 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.

#### 8K's for Jun 70

Alco Standard Corp(7,13)	1-5964-2	Burns & Towne Inc(2,4,13)	0-3541-2
Bankers United Management Corp (2,13)	0-3716-2	Sun City Industries Inc(11)	2-24901-2
Berel Industries Inc Apr 70(3, 13)	0-2561-2	United-Overton Corp(11)	0-4913-2
CIC Leasing Corp (1,4,7,12,13)	0-1480-2	Charles Town Racing Assoc IncMar 70 (12,13) & May 70(11,13)	0-1433-2
Lafayette Funds Inc(7)	2-28620-2	Mountain National Corp Apr 70(11)	0-2814-2
Northrop Corp(4,13)	1-3229-2	Aurora Corp of Illinois May 70(12,13) & Jun 70(2,12,13)	0-1737-2
Ozite Corp(12)	0-2138-2	Basic Food Industries Inc(2,3,13)	2-34205-2
Westbury Fashions Inc(12)	1-4528-2		

#### SECURITIES ACT REGISTRATIONS. Effective September 1: Del E. Webb Corp., 2-38280.

Effective September 2: Central Ill. Public Service Co., 2-38105; Diamond Shamrock Corp., 2-38162; Electro-Catheter Corp., 2-35375 (90 days); El Paso Natural Gas Co., 2-38129 (Oct 12); First Bancshares of Fla., Inc., 2-36378 (Nov 30); Illinois Bell Telephone Co., 2-38178; Meridian Funding Corp., 2-36453 (90 days); Motivational Systems, Inc., 2-36451 (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.