

sec news digest

U.S. SECURITIES & EXCHANGE COMMISSION

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Issue 74-50

(SEC Docket, Vol. 3, No. 19 - Mar 26)

March 13, 1974

MAR 27 1974

CHAIRMAN SPEAKS

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CONFIDENCE AND LIQUIDITY

The Commission is "increasingly concerned not only with the present and future structure of our markets, but also with the financial health and profitability of the securities industry and the morale of its members as we work toward the future," Chairman Ray Garrett, Jr. told a PBW Stock Exchange group in Philadelphia yesterday. The liquidity crisis was cited by Mr. Garrett as a prime example of a current problem cutting into profitability for broker-dealers, threatening the vitality of our classic auction markets in their efficient role of value determination and facing portfolio managers with disturbing prospects.

Asking where the individual investor had gone, Mr. Garrett observed, "it sometimes seems that the individual investor was really only a creature of someone's perverse imagination and that, if he existed at all, he now is, at the least, an endangered and perhaps extinct species, a quaint relic of a less complex era. . . Many believe that the lack of a steady stream of small orders from individual investors, combined with the strain imposed on the securities markets by the trading habits of institutions, have brought us to a liquidity crisis of major proportions."

Mr. Garrett pointed to actions taken or supported by the SEC to instill individuals with confidence in our markets:

- (1) Rule 15c3-3, the free credit balance rule, restricting the use of cash and securities customers leave with their brokers;
- (2) the creation of SIPC--The Securities Investor Protection Corporation;
- (3) the tightening of net capital standards for broker-dealers; and
- (4) the making of proposals to implement facets of the planned central market system for listed securities.

In addition, he noted two pieces of proposed legislation should work to restore investor confidence: legislation requiring some disclosure by institutions of certain shareholding and trading transactions and legislation to amend the tax laws to provide a graduated, long-term capital gains tax.

In conclusion, Mr. Garrett expressed confidence that the efforts of the securities industry and the SEC will see the return to the markets of individual investors in a more welcome and suitable environment.

RULES AND RELATED MATTERS

PROPOSAL TO MODIFY SECO BROKER-DEALERS FEES

The SEC today announced a proposal to modify the fees and assessments payable to the Commission by registered broker-dealers who are not members of the National Association of Securities Dealers, Inc. ("nonmember" or "SECO" broker-dealers). Under the proposal, the initial fee for SECO broker-dealers would be \$500 and the annual assessment would include a base fee of \$250 and a fee of \$12 for each associated person. These increases have been necessitated by the increased costs to the Commission in administering the SECO program. The Commission proposes the amendments to become effective June 1, 1974. All interested persons may submit written comments on the proposed amendments by April 12, 1974 to George A. Fitzsimmons, Secretary, Securities and Exchange Commission 500 N. Capital St., Washington, D.C. 20549 and should refer to File No. S7-519. (Rel. 34-10678)

COURT ENFORCEMENT ACTIONS

JOHN B. LICATA, OTHERS ENJOINED

The San Francisco Branch Office announced on March 5 that the U.S. District Court in California, in SEC v. Golden Gate Fund, et.al., permanently enjoined John B. Licata and John B. Licata & Co. from violations of the antifraud provisions of the securities laws. The defendants consented to the court order without admitting or denying the allegations of the complaint. (LR-6275)

TRADING SUSPENSIONS

ELECTROSPACE CORP. TRADING SUSPENDED

The SEC has announced the suspension of trading on the American Stock Exchange and over the counter in the securities of Electrospace Corp., of Long Island, New York, for a ten-day period beginning on March 12 and continuing through March 21, 1974. The Commission initiated the suspension at the request of the company and because of the lack of adequate and accurate information concerning the company's financial condition. (Rel. 34-10679)

ADDITIONAL ACTION ON TWO TRADING SUSPENSIONS

The SEC has announced the suspension of exchange and over-the-counter trading in the securities of Equity Funding Corp. and over-the-counter trading in the securities of Industries International Inc. for the further ten-day period March 13-22, inclusive.

INVESTMENT COMPANY ACT RELEASES

SCHOONER CAPITAL CORPORATION

A notice has been issued giving interested persons until April 8 to request a hearing on an application of Schooner Capital Corporation, a Massachusetts small business investment company, for an order permitting Schooner to purchase securities of Fire Control Engineering Co. Schooner is an affiliate of Inventure Capital Corporation, a closed-end investment company and security holder of Fire Control. (IC-8266)

HOLDING COMPANY ACT RELEASES

THE CONNECTICUT LIGHT & POWER COMPANY

An order has been issued authorizing The Connecticut Light and Power Company (CL&P), subsidiary of Northeast Utilities, to sell \$65 million of first mortgage bonds and 1,000,000 shares of its preferred stock (\$50 par) at competitive bidding. Total proceeds (estimated at \$115 million) will be used to finance construction, retire short-term indebtedness, and for other corporate purposes. (Rel. 35-18319)

MISSISSIPPI POWER COMPANY

An order has been issued authorizing Mississippi Power Company, subsidiary of The Southern Company, to amend its Articles of Incorporation to increase authorized preferred stock (\$100 par) by 150,000 shares, and to sell such shares at competitive bidding. (Rel. 35-18317)

SECURITIES ACT REGISTRATIONS

(S-1) AMERICAN MOTORS CORPORATION

14250 Plymouth Rd., Detroit, Mich. 48232 - 500,000 shares of capital stock issuable under the company's 1972 Stock Option Plan. American Motors is in the general automotive business. (File 2-50226 - Feb 15)

(S-14) BAYROCK GROWTH FUND, INC.

40 Wall St., New York, N. Y. 10005 - 1,200,000 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common shares of The Lenox Fund, New York, N. Y. in connection with a merger of the two funds. Bayrock Growth Fund is a registered, open-end investment company. (File 2-50243 - Feb 21)

(S-14) AMERICAN LEADERS FUND, INC

421 Seventh Ave., Pittsburgh, Pa. 15219 - 3,140,000 shares of capital stock. It is proposed to offer these shares in connection with the merger of Presidential Exchange Fund, Inc., Second Presidential Exchange Fund, Inc. and Fifth Presidential Exchange Fund, Inc. into American Leaders Fund, Inc. The merger will be accomplished on the basis of net asset values of each of the Funds determined as of the same point in time. (File 2-50299 - Feb 27)

(S-14) CREDITRIFT FINANCIAL, INC.

601 N.W. Second St., Evansville, Ind. 47708 (New Credithrift) - 10,160,012 shares of common stock. It is proposed that these shares will be issued upon conversion of the outstanding common stock of Credithrift Financial Corporation (Credithrift) on a share for share basis under a corporate reorganization of Credithrift. New Credithrift is a wholly-owned subsidiary of Credithrift, a holding company, the subsidiaries of which are engaged in the consumer finance business and the writing of credit life and accident insurance. If the corporate reorganization is consummated, New Credithrift will become the parent holding company of Credithrift and its subsidiaries. (File 2-50314 - Feb 28)

(S-16) HERCULES INCORPORATED

Hercules Tower, 910 Market St., Wilmington, Del. 19899 - 70,977 shares of common stock which may be offered for sale from time to time by a shareholder at prices current at the time of sale. Hercules manufactures and sells chemicals and allied products. (File 2-50335 - Mar 4)

(S-14) INGERSOLL-RAND COMPANY

200 Chestnut Ridge Rd., Woodcliff Lake, N. J. 07675 - 998,884 shares of common stock. It is proposed to offer these shares in exchange for the common stock of Schlage Lock Company of San Francisco, California, at the ratio of 1.23 Ingersoll-Rand shares for each Schlage share. The transaction is conditioned upon the approval by the shareholders of a proposed merger of Schlage with a wholly-owned subsidiary of Ingersoll-Rand Company. (File 2-50351 - Mar 7)

(S-7) OTTER TAIL POWER COMPANY

215 South Cascade St., Fergus Falls, Minn. 56537 - 271,757 of common stock, to be offered for sale through underwriters headed by White, Weld & Co. Incorporated, One Liberty Plaza, 91 Liberty St., New York, N. Y. 10006, and Dain, Kalman & Quail, Incorporated, 100 Dain Tower, Minneapolis, Minn. 55401. The company is an operating public utility, engaged primarily in the production, transmission, distribution and sale of electric energy. (File 2-50382 - Mar. 8)

(S-7) BORDEN, INC.

277 Park Ave., New York, N. Y. 10017 - \$100 million of sinking fund debentures, due 2004, to be offered for sale through underwriters headed by Morgan Stanley & Co. Incorporated, 1251 Avenue of the Americas, New York, N. Y. 10020. The company purchases, manufactures, processes and distributes a broad range of food, dairy and chemical products. (File 2-50369 - Mar. 8)

(S-1) GREAT BASINS PETROLEUM CO. (the general partner)

1011 Gateway West, Century City, Los Angeles, Cal. 90067. Up to \$10 million of pre-formation partnership interests in two partnerships, to be offered for sale in minimum subscriptions of \$10,000 by selected NASD members. The partnerships will engage in the exploration and development of oil and gas properties. (File 2-50384 - Mar. 11)

(S-1) THUNDERBIRD HOMES, INC.

1320 East Moorehead St., Charlotte, N. C. 28024 - 453,146 shares of common stock. It is proposed to offer these shares in exchange for the capital stock of CMC Group, Inc. on a share for share basis. Thunderbird Homes is a wholly-owned subsidiary of CMC Group, Inc. This distribution is contingent upon the closing of a proposed merger of CMC Group, Inc. into First Railroad & Banking Company of Georgia. Thunderbird Homes, Inc. operates five mobile home retail sales lots in South Carolina. (File 2-50387 - Mar. 11)

STOCK PLANS FILED

The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

Data Disc, Incorporated, Sunnyvale, Cal. (File 2-50362 - Mar 7) - 90,000 shares
Allegheny Ludlum Industries, Inc., Pittsburgh, Pa. (File 2-50367 - Mar 7) - 350,000 shares
Dentsply International Inc., York, Pa. (File 2-50371 - Mar 8) - 20,000 shares
General Motors Corporation, Detroit, Mich. (File 2-50375 - Mar 8) - 5,500,000 shares

REGISTRATIONS EFFECTIVE

March 7: General Foods Corporation, 2-50181.

March 11: Crown Zellerbach Corp., 2-50342; Monthly Income Shares, Inc., 2-50022.

March 12: American Realty Trust, 2-48513; The Connecticut Light and Power Co., 2-50142; De Anza National Mobile Estates, Ltd., 2-49256 (90 days); General Mills, Inc., 2-50327; The Hancock Group, Inc., 2-50195; Massachusetts Investors Trust, 2-49753; Mellon National Corp., 2-50203; Montana Power Co., 2-49884; National Gypsum Company, 2-50090; Province of Ontario, 2-50280.

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown in parentheses after the name of the issuer.

NOTICE

Many requests for copies of documents referred to in the SEC News Digest have erroneously been directed to the Government Printing Office. Copies of such documents and of registration statements may be ordered from the Public Reference Section, Securities and Exchange Commission, Washington, D. C. 20549. The reproduction cost is 12¢ per page plus postage for mailing within four days (\$2 minimum) and 25¢ per page plus postage for over-night mailing (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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