

sec news digest

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October 25, 1974

RULES AND RELATED MATTERS

COMMISSION PROPOSES TO ADOPT SECURITIES EXCHANGE ACT RULES 19b-3 and 10b-22

The Commission today announced a proposal to adopt Rules 19b-3 and 10b-22 under the Securities Exchange Act of 1934. Rule 19b-3 would remove from all national securities exchanges their authority to fix rates of commission, effective May 1, 1975. Rule 10b-22 would make it unlawful for any broker, dealer or exchange member to agree or arrange with another broker, dealer or exchange member with respect to amounts to be charged other persons, subject to certain exemptions. These rules are proposed pursuant to Sections 2, 6, 10, 11, 19 and 23 of the Act.

In Securities Exchange Act Release 11019 (Sept. 19, 1974) the Commission requested national securities exchanges to effect changes in their constitution, rules and practices so as to eliminate those elements that require exchange members to charge any person any fixed rate of commission. Several exchanges have already indicated that they will not comply with the Commission's request. Accordingly, the Commission has determined to publish for comment proposed Rules 19b-3 and 10b-22.

In connection therewith, the Commission also announced it would hold a public investigation, including oral hearings, to obtain oral and written presentations of views and data and arguments. The Commission will invite representatives of the national securities exchanges, member firms and other organizations in the securities industry as well as other interested persons to appear at the oral hearings. The Commission will welcome requests from other persons to appear and, subject to time limitations, will accommodate as many such persons as possible. The oral hearings will commence on November 19, 1974, at 10 a.m., in Room 776 at the Commission's headquarters, 500 North Capitol Street, Washington, D.C. 20549. Other interested persons are invited to submit written comments to the Secretary of the Commission not later than December 10, 1974. (Rel. 34-11073)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

MANAGERS OF UNITED FUNDS COMPLEX TO PAY COMPLEX \$1,000,000

The Commission has accepted an offer of settlement by Continental Investment Corporation (CIC), of Boston, its wholly-owned subsidiary Waddell & Reed, Inc., of Kansas City, Missouri, a registered broker-dealer and investment adviser, and Kansas City Securities Corporation (KCSC), a wholly-owned subsidiary of Waddell & Reed and a registered broker-dealer. Waddell & Reed is principal underwriter and investment adviser for the United complex of mutual funds.

The Commission found that respondents violated the antifraud provisions of the securities acts in the offer and sale of shares of the United funds, the purchase and sale of the funds' portfolio securities, the receipt by KCSC of brokerage commissions from the funds, and arrangements under which the funds' custodian banks helped CIC maintain compensating balances with other banks, which had loaned CIC \$82.5 million to acquire Waddell & Reed, by deposits of their own funds. It was also found that respondents violated provisions of the Investment Company Act in the proxy statements for the funds' June 1971 shareholder meetings.

Respondents consented to the above findings without admitting or denying the charges against them. The Commission's order noted that respondents have undertaken to pay the United funds complex the sum of \$663,000, and United Funds, Inc., a member of that complex the additional sum of \$337,000. (Rel. IC-8556)

HOLDING COMPANY ACT RELEASES

INDIANA & MICHIGAN ELECTRIC COMPANY

A notice has been issued giving interested persons until November 18 to request a hearing on a proposal by American Electric Power Company, Inc., and its subsidiary, Indiana & Michigan Electric Company, to sell certain utility assets to an unaffiliated utility company. (Rel. 35-18619 - Oct. 24)

OHIO POWER COMPANY

An order has been issued authorizing Ohio Power Company (Ohio), subsidiary of American Electric Power Company, Inc., to amend its Articles of Incorporation to increase the authorized amount of common stock from 20,000,000 to 40,000,000 shares and to increase the authorized amount of cumulative preferred stock from 2,700,000 to 4,200,000 shares. (Rel. 35-18620 - Oct. 24)

APPALACHIAN POWER COMPANY

An order has been issued authorizing Appalachian Power Company (Appalachian), subsidiary of American Electric Power Company, Inc., to amend its Articles of Association to increase the authorized amount of common stock from 10,000,000 to 30,000,000 shares and to increase the authorized amount of cumulative preferred stock from 1,500,000 to 3,000,000 shares. (Rel. 35-18621 - Oct. 24)

DELMARVA POWER & LIGHT COMPANY

A notice has been issued giving interested parties until November 18 to request a hearing on a proposal of Delmarva Power & Light Company, a registered holding company, to issue and sell up to 200,000 shares of its common stock through a dividend reinvestment and common stock purchase plan. (Rel. 35-18622 - Oct. 25)

SYSTEM FUELS, INC.

A notice has been issued giving interested persons until November 20 to request a hearing on a post-effective amendment to a declaration of Middle South Utilities, Inc., a registered holding company, its subsidiary operating companies, Arkansas Power & Light Company, Louisiana Power & Light Company, Mississippi Power & Light Company, and New Orleans Public Service Inc., and System Fuels, Inc. (SFI), a jointly-owned nonutility subsidiary of the operating companies, regarding a two-year extension until December 8, 1976, of SFI's authorization to issue up to \$25,090,000 of notes to banks for the purchase of fuel oil for use by the operating companies. (Rel. 35-18624 - Oct. 25)

WISCONSIN GAS COMPANY

A notice has been issued giving interested persons until November 21 to request a hearing on a proposal of Wisconsin Gas Company, (Wisconsin Gas), subsidiary of American Natural Gas Company, to (1) borrow up to \$28 million on its promissory notes maturing November 27, 1975, under a line of credit arranged with several banks, or (2) sell commercial paper to a dealer in an aggregate amount not to exceed \$10 million with varying maturities no later than 270 days after the date of issue, or (3) issue its promissory notes to the trust department of a bank in an aggregate amount not to exceed \$5 million. The total of all such borrowings will not exceed \$28 million at any one time. Wisconsin Gas states that it proposes to use the proceeds to repay notes outstanding on November 28, 1974, and to partially finance its 1974 construction program. (Rel. 35-18625 - Oct. 25)

EASTERN UTILITIES ASSOCIATES

A supplemental order has been issued authorizing Eastern Utilities Associates, a registered holding company, to extend the maturity of a \$14,500,000 unsecured note to a bank and an open account advance to a subsidiary company to December 31, 1974. (Rel. 35-18626 - Oct. 24)

CONSOLIDATED NATURAL GAS COMPANY

A supplemental order has been issued regarding Consolidated Natural Gas Company, and certain of its subsidiaries, authorizing the proposed issue and sale of \$40 million of notes to banks by the holding company and the acquisition by the holding company of common stock of two of the subsidiary companies. (Rel. 35-18627 - Oct. 24)

INDIANA & MICHIGAN COMPANY

An order has been issued authorizing Indiana & Michigan Electric Company, subsidiary of American Electric Power, to loan up to \$10 million to an unaffiliated company to develop a coal mine. (Rel. 35-18614 - Oct. 21)

TRADING SUSPENSIONS

ADDITIONAL ACTION ON FOUR TRADING SUSPENSIONS

The SEC has announced the suspension of (a) exchange and over-the-counter trading in the securities of Canadian Javelin Ltd., and over-the-counter trading in the securities of Winner Industries, Inc. and Royal Properties, Inc. for the further ten-day period October 25 - November 3, inclusive; and (b) exchange and over-the-counter trading in the securities of BBI, Inc., and over-the-counter trading in the securities of Nicoa Corp. for the further ten-day period October 26 - November 4, inclusive.

SECURITIES ACT REGISTRATIONS

(S-7) XEROX CORPORATION

Stamford, Conn. 06904 - \$150 million of notes, due 1982, and \$150 million of sinking fund debentures, due 1999, to be offered for sale at a price of 100% of the principal amount plus accrued interest through a group of underwriters headed by The First Boston Corporation, 20 Exchange Place, New York, N.Y. 10005. Xerox Corporation primarily develops, manufactures and markets business products, principally xerographic copiers and duplicators, and related supplies and services. In addition, the company develops, produces and markets educational materials and information services and computer products. (File 2-52193 and 2-52194 - Oct. 23)

(S-7) CATERPILLAR TRACTOR CO.

100 N. E. Adams St., Peoria, Ill. 61629 - \$100 million of sinking fund debentures, due 1999, to be offered for sale through Lehman Brothers Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives. Caterpillar is a manufacturer of earthmoving, construction and materials handling machinery and equipment. (File 2-52198 - Oct. 23)

In a separate statement Caterpillar seeks registration of \$100 million of notes, due 1982, to be offered for sale through the same underwriters named above. (File 2-52199 - Oct. 23)

(S-14) ALLIED CHEMICAL CORPORATION

Park Avenue at Columbia Road, Morris Township, N.J. 07960 - \$3,162,000 of common stock, to be issued according to an Asset Purchase Agreement dated July 1, 1974 between the company and E. G. DeLia and Son Construction Corp., S. DeLia Corporation, Spartacus DeLia and Marie DeLia. The shares will be transferred to the DeLia corporations in exchange for substantially all the assets thereof and then distributed to Spartacus and Marie DeLia in liquidation of the DeLia corporations. Allied is engaged in three lines of business: energy, fibers and fabricated products, and chemicals. (File 2-52200 - Oct. 23)

(S-7) SAN DIEGO GAS & ELECTRIC COMPANY

101 Ash St., San Diego, Cal. 92101 - 2,000,000 shares of common stock, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006, and Blyth Eastman Dillon & Co. Incorporated, One Chase Manhattan Plaza, New York, N.Y. 10005. The company is an operating public utility supplying gas and electric service. (File 2-52203 - Oct. 24)

In a separate statement the company seeks registration of \$50 million of first mortgage bonds, Series N, to be offered for sale through the same underwriters named above. (File 2-52204 - Oct. 24)

REGISTRATIONS EFFECTIVE

Oct. 23: Baldwin D. H. Co., 2-51892; Knight Newspapers, Inc., 2-51975.
 Oct. 24: American Broadcasting Companies, Inc., 2-52017; Central Bancshares of the South, Inc., 2-51994; Clark Equipment Credit Corp., 2-52103; The Corporated Income Fund, Seventh Short Term Series, 2-52105; Idaho Power Co., 2-51762; Life Investors Inc. and Life Investors Ownership, 2-51619; Liquid Daily Resources Fund, 2-51809; Montana Dakota Utilities Co., 2-52019; Northeast Utilities, 2-51734.

RECENT 8K FILINGS

Form 8K is a report which must be filed with the SEC by the 10th of the month after any of the following important events or changes: changes in control of the registrant; acquisition or disposition of assets; legal proceedings; changes in securities (i.e., collateral for registered securities); defaults upon senior securities; increase or decrease in the amount of securities outstanding; options to purchase securities; revaluation of assets; submission of matters to a vote of security holders.

The companies listed below have filed Form 8-K reports for the month indicated, responding to the item of the form specified. Photocopies may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An index of the captions of the items of the form was included in Monday's News Digest.

COMPANY	ITEM NO.	MONTH
APPALACHIAN NATIONAL CORP	10,14	09/74
ARA SERVICES INC	7,14	09/74
ARCS EQUITIES CORP	3,13	09/74
ARROW HART INC	4,7,14	09/74
ASSOCIATED HOSTS INC	7	09/74
ATLANTA NATIONAL REAL ESTATE TRUST	13,14	09/74
AVIS INC	3,10,14	09/74
AVNET INC	4,7,14	09/74
BLOUNT INC	13,14	09/74
BORDEN INC	3	09/74
BROCK EXPLORATION CORP	NO ITEMS	09/74
BROWNING	2	09/74
BUEHLER CORP	13,14	09/74
BUTLER PUBLISHING CORP	7	09/74
CABLE FUNDING CORP	3	10/74
CAPITAL RESOURCES REAL ESTATE PARTNERSHI	13,14	09/74
CAROLINA CLINCHFIELD & OHIO RAILWAY	14	09/74
CATTLEMENS GROUP ASSOCIATES	3,8,13	09/74
CAYMAN CORP	13,14	09/74
CENTEX CORP	7,14	09/74
CENTRAL BANKING SYSTEM INC	13	09/74
CENVILL COMMUNITIES INC	3	09/74
CHASE MANHATTAN MORTGAGE & REALTY TRUST	11,14	09/74
CHB FOODS INC	7	09/74
CHEMICAL EXPRESS CO	9,13,14	09/74

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 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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