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COMMISSION ANNOUNCEMENTS

SEC ANNOUNCES PROGRAM TO INTERVIEW BROKER-DEALERS AND INSTITUTIONAL MANAGERS ON COMMISSION RATE EXPERIENCES

The SEC announced today that, as part of its continuing program of monitoring experiments with stock exchange commission rates, its staff would interview selected brokers and institutional managers to assess their experiences. The inquiry would also focus upon restraints on institutions' ability to select brokers based on factors other than commission charges, such as the range of services provided by the brokers.

In September, 1973, in connection with its consideration of commission rates, the Commission announced it would not object to an increase in such rates if the exchanges adopted rules eliminating the prohibition on member firms charging their customers commission rates exceeding the NYSE's commission rate schedule. In addition, the Commission announced it would act to terminate the fixing of commission rates by stock exchanges after April 30, 1975, if the stock exchanges do not adopt rule changes achieving that result.

Responding to the flexibility afforded by programs of limited price competition under revised exchange rules, member firms recently implemented diverse commission rate schedules which in certain instances have resulted in increased rates. Citing resistance to these limited price increases because of problems of institutional managers respecting fiduciary standards, as well as other factors, some member firms and securities industry organizations have reported roll-backs in these price increases.

The Commission staff conducted similar interviews early in 1972 respecting experience under stock exchange rules which then permitted commission rates to be competitively determined on the portion of orders over \$500,000. The information obtained then proved useful to the Commission in the exercise of its regulatory functions. The Commission expects this inquiry to be similarly useful in light of the advent of fully competitive rates after April 30, 1975.

Members of the interested public are invited to submit to the Commission, in writing, any information on this subject which they feel will assist the Commission in the exercise of its regulatory responsibilities. Such submissions should be addressed to Mr. Lee Pickard, Director, Division of Market Regulation, Securities and Exchange Commission, 500 North Capitol St., Washington, D. C. 20549, and refer to: "In re Survey on Experience With Rate Increases."

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

HARRIS UPHAM & CO. CENSURED, BRANCH OFFICE SUSPENDED

The Commission has censured Harris Upham & Co., Incorporated, a New York City broker-dealer, and suspended its branch office at 445 Park Avenue from engaging in over-the-counter stock activities, except for unsolicited or mutual fund transactions, for 15 days beginning August 12.

The sanctions were based on a finding that, during the period September 1972 through March 1973, the firm failed to exercise reasonable supervision over one of its salesmen with a view to preventing him from violating antifraud provisions of the securities acts in his activities involving the purchase, offer and sale of securities of The Bolton Group, Ltd.

The Commission's order was issued under an offer of settlement in which the firm, without admitting or denying the charges against it, consented to the finding and the sanctions imposed. The firm represented that it has revised or will revise, its compliance procedures relating to surveillance and solicitation of purchases. (Rel. 34-10930)

**GLENDALE SECURITIES CORPORATION AND
DOLF JAMES ROMEO SANCTIONED**

The Commission has revoked the broker-dealer registration of Glendale Securities Corporation, of Ridgewood, New York, expelled the firm from NASD membership, and barred Dolf James Romeo, who was president of Glendale, from association with any broker-dealer. The sanctions were based on findings that Glendale, aided and abetted by Romeo, violated the net capital, reporting and recordkeeping provisions of the Exchange Act. It was further found that Glendale and Romeo had been permanently enjoined from violations of those provisions, and that Glendale is being liquidated under the Securities Investor Protection Act.

Glendale and Romeo failed to answer the charges against them and were deemed in default. (Rel. 34-10933)

**MARROCCO & CO. REVOKED,
RONALD J. MARROCCO SANCTIONED**

The Commission has revoked the broker-dealer registration of Marrocco & Co., Inc., of Brookline, Massachusetts, and suspended Ronald J. Marrocco, the firm's president, from any association with a broker-dealer, investment adviser or investment company for 30 days, and from any such association in a supervisory or proprietary capacity for 6 months.

The sanctions were based on findings that the firm and Marrocco unlawfully sold unregistered securities of Technology Associates, Inc., and mailed confirmations for the sale of Technology stock to persons who were not customers of the firm and had not ordered the stock.

The Commission's order was issued under an offer of settlement in which the firm and Marrocco, without admitting or denying the charges against them, consented to the findings and sanctions. (Rel. 34-10927)

COURT ENFORCEMENT ACTIONS

MATTEL, INC., ENJOINED

The SEC announced that on August 8 the Federal court for the District of Columbia permanently enjoined Mattel, Inc., of Hawthorne, Calif., from violations of the antifraud and corporate reporting provisions of the securities laws. The Court also granted other relief. Mattel consented to the Court order without admitting or denying the allegations of the Commission's complaint.

In its complaint the Commission alleged, among other things, that Mattel filed false and misleading quarterly reports with the Commission and issued false and misleading press releases stating it was experiencing a substantial turnaround and had made profits for the first three quarters for its 1973 fiscal year ending February 3, 1973. The complaint further alleged that Mattel falsely stated in a press release dated February 5, 1973 it was in a definite turnaround situation and expected satisfactory earnings for its fiscal year ending February 3, 1973. In fact, Mattel had experienced operating losses throughout the year. Mattel first publicly announced on February 23, 1973 that it expected losses for the year and ultimately reported a loss of some \$32 million for the fiscal year ending February 3, 1973. The complaint charged that Mattel in its filings and releases overstated profits and understated costs in that it failed to make adequate interim and year-end adjustments to reserve provisions for inventory, accounts receivable, tooling, returns and insurance claim receivable.

The Court also ordered Mattel within 60 days:

(1) to appoint two additional directors, unaffiliated with Mattel and satisfactory to the Commission and approved by the Court, to its Board of Directors;

(2) to establish a Financial Controls and Audit Committee of four directors satisfactory to the Commission and approved by the Court, with the responsibility of reviewing and upgrading the Company's financial controls and reporting and having authority over the issuance of releases on financial statements and projections, and resolution of disputes with and selection of independent auditors for the company; and

(3) to establish a Litigation and Claims Committee of three directors, satisfactory to the Commission and approved by the Court, to review the Commission's complaint and other pending litigation and claims made against past and present officers and others and determine what, if any, actions should be taken by the Company against them and this committee will have authority over the resolution of any conflicts of interest. (LR-6467)

DISGORGEMENT BY Y.W.C. AND GEORGE IRVINE HALE ORDERED

The SEC announced that on July 25 the U.S. District Court for Florida issued an order directing Y.W.C., Inc. and George Irvine Hale, both of Miami, Florida, to disgorge forthwith to the Receiver previously appointed in the case the sums of \$983 and \$43,320, respectively. The funds are to be held by the Receiver pending further order of the Court. (LR-6464)

COMPLAINT NAMES GEORGIA INSTITUTIONAL FUNDING, INC., OTHERS

The Atlanta Regional Office announced that on July 31 the Commission filed a complaint in the Federal District Court at Atlanta, Georgia seeking to enjoin Georgia Institutional Funding, Inc., Alfred J. Miller, and Walter J. McMahon from violations of the antifraud provisions of the securities laws in the offer and sale of the investment notes of Georgia Institutional Funding, Inc. On July 9, 1974 Georgia Institutional Funding, Inc. filed under Chapter XI of the Bankruptcy Act in the Federal District Court at Atlanta, Georgia. (LR-6465)

CIRCUIT COURT REVERSES DISTRICT COURT ORDER IN SEC v. CONTINENTAL COMMODITIES CORP.

The Fort Worth Regional Office today announced that on July 17 the Fifth Circuit Court of Appeals reversed and remanded a District Court order denying the Commission's motion for preliminary injunction and appointment of a receiver in SEC v. Continental Commodities Corporation. The complaint alleged violations of the registration and antifraud provisions of the securities laws in the offer and sale of securities; i.e., investment contracts in the form of options on commodity futures contracts and promissory notes issued in partial settlement of customer accounts. In determining whether an investment contract was present, the Court stated that, "the critical factor is not the similitude or coincidence of investor input, but rather the uniformity of impact of the promotor's efforts." Referring to the "common enterprise" element of the Howey test, the Court states, "the critical inquiry is confined to whether the fortuity of the investments collectively is essentially dependent on promotor expertise."

The Court also found that the issuance of promissory noted in partial settlement of customer accounts constituted the sale of securities. (LR-6466)

INVESTMENT COMPANY ACT RELEASES

THE CAMBRIDGE FUND

A notice has been issued giving interested persons until August 30 to request a hearing on an application of The Cambridge Fund, Inc., a closed-end, non-diversified investment company, Tweedy, Browne & Knapp, NCD Financial Corporation, Inc., and Robert Waller, to permit a proposed sale by the Fund to Mr. Waller and NCD of certain of its portfolio securities. (Rel. IC-8448)

HOLDING COMPANY ACT RELEASES

CONSOLIDATED NATURAL GAS COMPANY

A notice has been issued authorizing Consolidated Natural Gas Company, a registered holding company, to amend its Certificate of Incorporation to authorize preferred stock and to solicit proxies in connection therewith. (Rel. 35-18520)

DELISTING AND UNLISTED TRADING ACTIONS

UNLISTED TRADING SOUGHT

A notice has been issued giving interested persons until August 16 to request a hearing on an application of the Midwest Stock Exchange Inc. for unlisted trading privileges in the common stocks of the following companies: Acquitaine Co. of Canada Ltd., Hesston Corp., Husky Oil Ltd., United Gas Pipe Line Co. (Rel. 34-10946)

SECURITIES ACT REGISTRATIONS

REGISTRATIONS EFFECTIVE

August 2: London Tin Corp. Ltd., 2-51628; Northwest Tax Exempt Bond Fund, Third Series, 2-51134; Scudder Managed Reserves, Inc., 2-50285; Summit Silver, Inc., 2-51567.
August 5: American Hospital Supply Corp., 2-51571; General Geothermal, Inc., 2-49981; McGraw-Edison Co., 2-51504; Missouri Portland Cement Co., 2-51178; Puritan Fashions Corp., 2-50814; United Jersey Banks, 2-51495; Volt Information Sciences, Inc., 2-50313
Wells Fargo & Co., 2-51480.

REGISTRATIONS WITHDRAWN

July 19: Liberty Loan Corp., 2-40117.
July 22: General Pet Corp., 2-48747.
July 31: United Tennessee Bancshares Corp., 2-48699.
August 1: Recycled National Paper Corp., 2-51525

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. 20519. 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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