

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. 70-185)

FOR RELEASE September 23, 1970

NEW RULES AND RULE PROPOSALS

EXCHANGE MEMBER REPORTING RULE PROPOSED. The SEC today announced a proposal to revise its Rules 15c3-1 and 17a-5 under the Securities Exchange Act (Release 34-8984); and it invited the submission of views and comments thereon not later than October 23. Under the provisions of Rule 15c3-1, a broker or dealer who is a member in good standing of a national securities exchange and thereby subject to its net capital rules, is exempt from the Commission's net capital requirements. However, if any such firm ceases to be a member of an exchange by reason of the termination or suspension of its membership or an agreement for the sale of its membership, it thereby becomes subject to the Commission's net capital rule. In order to obtain current information on the financial status of any such firm at the time it becomes subject to its net capital rule, the Commission proposes to amend its rules to require that within 48 hours after the termination or suspension of a firm's membership in an exchange or after it has entered into an agreement for the sale of its membership, such firm shall file a verified copy of its trial balance and computations of aggregate indebtedness and net capital as of the date of such event. The report also shall include the dollar amount of loans secured by customers' securities, analyzed to show the sources of all securities used as collateral for these loans and the aggregate amount of customers' debit balances as of the date of such event. In addition, the exchange would be required to notify the Commission promptly whenever a member ceases to be a member in good standing.

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

EQUITY CORP. PLAN APPROVED. The SEC today announced a decision under the Investment Company Act (Release IC-6194) authorizing The Equity Corporation, a registered closed-end non-diversified investment company of New York, to submit to a vote of its shareholders a proposal for the disposition of all operating assets and securities of controlled companies within one year, the investment of all the proceeds in investment securities, and the operation of Equity as a closed-end diversified investment company (with a primary investment objective of long-term growth of capital). The Commission previously had rejected an application of Equity for an order declaring that it had ceased to be an investment company and terminating its registration, on the ground that Equity, in violation of the Act, had changed the nature of its business so as to cease to be an investment company without the required, prior approval of stockholders, and it called upon the company, if the management still desired that it not be an investment company, to propose a plan for shareholder approval which would constitute a "real alternative" of a viable investment company business. Although Equity proposes to recommend disapproval of the plan by shareholders, the Commission concluded that it would provide shareholders a choice and that, if the plan is disapproved by shareholders, the Commission would then enter an order granting deregistration upon appropriate application.

ALVIN UDELL SUSPENDED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8986) in which it ordered the 30-day suspension of Alvin Udell, of New York City, from association with any broker-dealer firm, commencing at the opening of business September 24, and the withdrawal of his broker-dealer registration as a sole proprietor operating under the name Alger Investors Company. Udell waived a hearing and, without admitting or denying the allegations against him, consented to Commission findings that from June 1 to August 31, 1969, he violated the Securities Act registration provisions in the offer and sale of stock of Imperial Investment Corporation (known as Fallon Smith Corp. until July 1969). He also consented to imposition of the indicated sanction and to a further provision that, if he reenters the securities business after expiration of the 30-day suspension, he will be prohibited for six months from having a proprietary interest in any broker or dealer and from supervising registered representatives, branch office operations, sales, training and compliance.

MICHIGAN CONSOLIDATED PLEA DENIED. The SEC today issued a decision under the Holding Company Act (Release 35-16842) denying a motion by the Michigan Consolidated Gas Company and the Michigan Consolidated Homes Corporation for an order authorizing the issuance by Homes Corporation of a mortgage note to enable it to operate two housing projects in Michigan pending compliance with a divestiture order previously issued by the Commission. In previous actions, the Commission denied the application of the two companies to finance, construct and operate two housing projects under Section 9(c)3 of the Act, and a motion for "interim" authorization to complete projects already undertaken. In its new motion, Homes Corporation sought authority to issue a \$2,166,000 mortgage note, to be assigned to the Government National Mortgage Association, providing funds for the operation of these projects and to pay present and prospective bills, pending the implementation of the Commission's divestiture order. The motion was rejected by the Commission, Commissioner Smith filing a dissenting statement indicating that he favored conditional approval of the motion.

HOLDING COMPANY ACT RELEASES

LOUISIANA P&L SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16840) giving interested persons until October 20 to request a hearing upon an application by Louisiana Power & Light Co. (New Orleans), a registered holding company and an electric utility subsidiary of Middle South Utilities, Inc., to sell \$20,000,000 of first mortgage bonds, due 2000, at competitive bidding. Louisiana Power also proposes to amend its certificate of incorporation to authorize 70,000 shares of a new series of cumulative preferred stock, \$100 par value, also to be offered for sale at competitive bidding. Louisiana Power will apply the net proceeds of this financing to the payment of \$18,000,000 of short-term bank loans and to the 1970 construction program, which is estimated at \$75,700,000.

OHIO EDISON SEEKS ORDER. The SEC has issued an order (Release 35-16843) under the Holding Company Act giving interested persons until October 8 to request a hearing upon an application by Ohio Edison Company (Akron) and its subsidiary, Pennsylvania Power Company, to participate with Duquesne Light Co. of Pittsburgh, a non-affiliate, in the financing of a new coal mine. The companies have entered into an agreement with North American Coal Corporation to purchase coal from the new mine on a long term basis, the mine to be developed and operated by North American which has organized a new corporation, Quarto Mining Co., for this purpose. They propose to acquire notes of Quarto to finance the development of the new mine. Ohio Edison's share of the \$18 million of capital required will be 48% or \$8.6 million, Pennsylvania's portion will be 20.8% or \$3.8 million and Duquesne Light's portion will be 31.2% or \$5.6 million.

NORTHEAST UTILITES OFFERING PROPOSAL. The SEC has issued an order under the Holding Company Act (Release 35-16845) giving interested persons until October 14 to request a hearing upon a stock offering proposal of Northeast Utilities, West Springfield, Mass., holding company. As previously reported (News Digest of September 10), the company proposed to offer 3,000,000 common shares for sale at competitive bidding. Net proceeds of such sale will be used to reduce short-term borrowings incurred to make investments in subsidiaries and to pay \$15,000,000 of secured notes which matured in 1969.

INVESTMENT COMPANY ACT RELEASE

REGISTRATION ON TAURUS INV. CO, TERMINATED. The SEC has issued an order under the Investment Company Act (Release IC-6195) declaring that Taurus Inv. Co., Oreg. Ltd., has ceased to be an investment company and that its registration as such shall cease to be in effect.

SECURITIES ACT REGISTRATIONS

PREMIER CORP. PROPOSES OFFER. Premier Corporation, 5600 East Grand River Ave., Fowlerville, Mich. 48836, filed a registration statement (File 2-38404) with the SEC on September 18 seeking registration of investment contracts related to 2,000 commercial beef breeding herds of Angus, Hereford and Crossbred cattle (each consisting of 10 non-registered females) and 150 purebred beef breeding herds (each consisting of 10 registered Aberdeen Angus females and a one-third interest in a registered Aberdeen Angus breeding bull), to be offered for public sale at \$7,500 and \$35,000 per herd, respectively. No underwriting is involved; participating NASD dealers will receive up to 7% selling commission. Net proceeds from the sale will be used for working capital and to purchase additional animals and raise cattle and for other general and administrative expenses. The company was organized in February 1969. W. L. Brittain is president and chief executive officer.

REAL ESTATE TRUST (CALIF.) SHARES IN REGISTRATION. Real Estate Investment Trust of California (the "Trust"), 2497 East Harbor Blvd., Ventura, Calif. 93003, filed a registration statement (File 2-38407) with the SEC on September 21 seeking registration of 100,000 shares of beneficial interest, to be issued from time to time in connection with acquisitions of income-producing real properties. Also included in this statement are 28,500 shares, to be offered for subscription by shareholders, at the rate of one share for each four shares held, and at a price to be supplied by amendment (\$15 per share maximum*). leasing such properties Organized in 1968, the Trust is engaged primarily in owning fee interests in real properties, to commercial tenants, and acquiring additional real properties for a similar purpose. It operates as a "real estate investment trust" pursuant to provisions of the Internal Revenue Code. A. A. Milligan is president.

SULLIVAN PRE-SCHOOL CENTERS PROPOSES RIGHTS OFFERING. M. W. Sullivan Pre-School Centers, Inc., 2192 Du Pont Dr., Irvine, Calif. 92664, filed a registration statement (File 2-38410) with the SEC on September 21 seeking registration of 131,500 shares of common stock. Of these shares 65,000 are to be offered for sale to Behavioral Research Laboratories, and 66,500 for subscription by holders of Behavioral Research Laboratories common stock at the rate of one share for each 40 Behavioral Research shares held, and all at \$2.50 per share. Behavioral Research and certain of its principal stockholders have indicated that they will subscribe for all of the shares offered to them and such principal stockholders have indicated they propose to over-subscribe for all shares not subscribed for by other shareholders.

Sullivan Pre-School Centers (the "company") was organized in April by Behavioral Research to operate child development pre-school centers. Part of the net proceeds of its stock sale will be paid to Behavioral Research to retire short-term debt and interest thereon incurred by the company to fund organizational and development expenditures, including leasehold improvements and other start-up expenditures relating to its first Pre-School Center; the balance will be added to the company's working capital and used for general corporate purposes. No shares are presently outstanding. Allen D. Calvin is board chairman and Robert E. Jenkins president.

GULF RESOURCES FILES FOR SECONDARY. Gulf Resources & Chemical Corporation, 2125 Tenneco Bldg., Houston, Tex. 77002, filed a registration statement (File 2-38408) with the SEC on September 21 seeking registration of 150,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The offering is to be made through underwriters headed by Bear, Stearns & Co., One Wall St., New York, N. Y. 10005; the offering price (\$9.875 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in mining, smelting, refining and marketing certain non-ferrous metals, including lead, zinc, cadmium, silver and gold, and related activities. In addition to indebtedness and preferred stock, it has outstanding 4,019,970 common shares. Robert H. Allen is president. Pete Chernicky and Edward G. Kriebel propose to sell 75,000 shares each of 312,113 and 312,112 shares held, respectively. Such shares were acquired in connection with the company's acquisition of C & K Coal Company in January.

LOLA CO. PROPOSES OFFERING. Lola Company (the "Partnership"), 225 W. 44th St., New York, N. Y., filed a registration statement (File 2-38402) with the SEC on September 18 seeking registration of \$500,000 of pre-formation limited partnership interests, to be offered for public sale at \$10,000 per unit. The Partnership is to be formed for the purpose of producing a dramatico-musical play presently entitled "The Word is Love," an original musical comedy with book by David Shaber, music by Clint Ballard and lyrics by Lee Goldsmith. The musical is based upon the dramatic play "Come Back Little Sheba" by William Inge. Alexander H. Cohen is the general partner.

APPALACHIAN POWER PROPOSES OFFERING. Appalachian Power Co., 40 Franklin Rd., Roanoke, Va., filed a registration statement (File 2-38406) with the SEC on September 18 seeking registration of \$70,000,000 of first mortgage bonds, due 1975, to be offered for public sale at competitive bidding. A public utility subsidiary of American Electric Power Co. Inc., the company will use the net proceeds of its bond sale to pay at maturity a like principal amount of first mortgage bonds, 3½% series due December 1, 1970. Any excess will be applied to general corporate funds to pay for property additions and improvements. Construction costs for 1970 and 1971 are estimated at \$296,792,000 of which \$170,268,000 is scheduled to be spent in 1970.

SECURITY BOND FUND PROPOSES OFFERING. Security Bond Fund, Inc., 700 Harrison St., Topeka, Kans. 66603, filed a registration statement (File 2-38414) with the SEC on September 21 seeking registration of 2,988,000 shares of common stock, to be offered for public sale at net asset value plus an 8-3/4% sales charge on purchases of less than \$10,000 (\$9.86 per share maximum*). The Fund is a mutual fund with the investment objective of preserving capital while generating interest income. Security Management Company, Inc., a wholly-owned subsidiary of Security Benefit Life Insurance Company, will serve as investment adviser and Security Distributors, Inc., a wholly-owned subsidiary of the adviser, as distributor of Fund shares. Dean L. Smith is president and board chairman.

NUVEEN FUND PROPOSES OFFERING. Nuveen Tax-Exempt Bond Fund, Series 32, 209 South LaSalle St., Chicago, Ill. 60604, filed a registration statement (File 2-38415) with the SEC on September 21 seeking registration of \$16,500,000 of participating units in the Fund. The Fund is one of a series of investment companies created by the sponsor and underwriter, John Nuveen & Co. (Inc.), a wholly-owned subsidiary of Investors Syndicate of America, Inc.; it consists of a diversified portfolio of interest-bearing obligations issued by or on behalf of states, counties, municipalities and territories of the United States and authorities and political subdivisions thereof, the interest from which, in the opinion of counsel for the sponsor, is exempt from all Federal income taxes under existing law.

RESERVE RESOURCES PROPOSES OFFERING. Reserve Resources, Inc. (the "general partner"), 200 W. Douglas, Wichita, Kans. 67202, filed a registration statement (File 2-38412) with the SEC on September 21 seeking registration of \$5,000,000 of limited partnership interests in the Reserve Resources 1971 Oil & Gas Program #1 (the "Partnership"), to be offered for public sale in \$5,000 units. The offering is to be made by Kansas-Alexandria Corporation and selected NASD members, which will receive a 7% selling commission. The Partnership was formed to engage primarily in the exploration for oil and gas. Hershberger Explorations, Inc. is the parent of the general partner. Kenneth L. Ingham is president of the general partner and James W. Hershberger is president and Wesley H. Sowers board chairman of the parent.

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:

The Felsway Corporation, Totowa, N. J. 07512 (File 2-38405) - 45,000 shares
 The Rucker Company, Oakland, Calif. 94612 (File 2-38411) - 494,769 shares
 Green Giant Company, Le Sueur, Minn. 56058 (File 2-38413) - 100,000 shares
 Franklin New York Corporation, New York, N. Y. 10017 (File 2-38417) - 159,340 shares

SECURITIES ACT REGISTRATIONS. Effective September 22: American Airlines, Inc., 2-38352; Automation Industries, Inc., 2-38254; Belden & Blake and Co. Ltd. Partnership No. 41, 2-37671; Com Comp., Inc., 2-36167 (90 days); Dell Drilling Fund-1970, 2-36498 (90 days); Digital Equipment Corp., 2-38367 (40 days); The Goodyear Tire & Rubber Co., 2-38295; Hughes Supply, Inc., 2-37220 (Dec. 21); Iowa Beef Processors, Inc., 2-38065 (Nov. 1); King's Department Stores, Inc., 2-38351; Marcor, Inc., 2-38142; Massachusetts Income Development Fund, Inc., 2-36430 (Dec. 21); The Money Variable Account A, 2-34727; Nippon Electric Co. Ltd., 2-38148 (Nov. 2); Telecor, Inc., 2-37654; Terminal Data Corp., 2-37323 (40 days); Texas Gas Transmission Corp. & 2-38269, (Nov. 2).

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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