SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

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RULE FOR INVESTMENT COMPANY TAX ACCOUNTING ADOPTED. The SEC today announced the adoption of amendments to its Rule 2a-4 under the Investment Company and Rule 6-02-9 of its accounting rules (Regulation S-X) with respect to provision for Federal income taxes by registered investment companies.

Rule 2a-4 defines the term "current net asset value" of redeemable securities issued by registered investment companies used in computing periodically the current price of such securities for the purpose of distribution, redemption, and repurchase. Subparagraph (a)(4) of Rule 2a-4 provides that in computing such current net asset value expenses shall be included to the date of calculation. The amendment of Rule 6-02-9 of Regulation S-X would specifically provide that a company which retains realized capital gains and designates such gains as a distribution to shareholders in accordance with Section 852(b)(3)(D) of the Internal Revenue Code shall, on the last day of its taxable year (and not earlier), make provision for taxes on such undistributed capital gains realized during such year. The amendment of Rule 2a-4 under the Act adds a sentence to subparagraph (a)(4) to require that appropriate provision shall be made for Federal income taxes in accordance with Rule 6-02-9 of Regulation S-X.

Under the provisions of the Code, the taxes on realized capital gains retained by the company are payable by the company only on behalf of those persons who are shareholders on the last day of the taxable year in which the gains were realized.

The primary purpose of the amendments is to assure that regulated investment companies excepted by provisions of the Code from the payment of Federal income taxes on net income and realized capital gains distributed to shareholders will make appropriate provision for taxes on any realized undistributed capital gains designated as distributions to shareholders under provisions of the Code. The rule amendments codify the generally accepted practice of making provision, on the last day of the taxable year of the investment company, for taxes on realized undistributed capital gains designated as distributions to shareholders. The amended rules would not affect the rights of any person who may have redeemed shares prior to the adoption of the amendments.

The amendments are effective December 31, 1969; accordingly, thereafter no further provision shall be made for taxes in the circumstances related in the amendment to Rule 6-02-9 except on the last day of the taxable year. (Release IC-5943)

PENN SQUARE FUND RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-5946) permitting Penn Square Mutual Fund, Philadelphia mutual fund, to issue its shares at other than the public offering price thereof in exchange for substantially all of the assets of JCM, Inc.

ACORN FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5947) exempting The Acorn Fund, Inc., Chicago mutual fund, R. J. Levy, Harris, Inc. ("Levy Harris"), Stelk, Inc., Irving B. Harris, James H. Lorie, Donald Paul Nathanson, Ralph L. Wanger, Jr. and Lynn A. Williams from certain provisions of the Act with respect to the proposed merger of Stelk into Acorn and certain transactions incident thereto.

COLUMBIA GAS SYSTEM RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16570) authorizing The Columbia Gas System, Inc., New York holding company to make open account advances to 17 subsidiaries from time to time as they may be required for construction and other corporate purposes, and authorizing the subsidiary companies to prepay with excess cash from time to time prior to the end of 1970 up to $193,258,000 of their outstanding promissory notes and open account construction loans held by Columbia.

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Rajac Industries, Inc., for the further ten-day period January 2-11, 1970, inclusive.

COMMODITIES DISTRIBUTION PROPOSES OFFERING. Commodities Distribution Company, a wholly-owned subsidiary of Commodities Management Company ("Management Company"), 3090 Sandburg Court, San Diego, Calif. 92122, filed a registration statement (File 2-35719) with the SEC on December 22 seeking registration of $2,000,000 of limited partnership interests in Commodities Trend Funds ("Funds"), to be offered for public sale at a minimum subscription of $1,000. Participating NASD members will receive up to a 7% selling commission. Funds will be formed to invest in commodities futures contracts. Management Company will serve as general partner of Funds. Various broker-dealers (including Hayden, Stone, Inc., of which Joseph M. Maguire, Jr., president of Management Company, is a registered representative) will act as brokers for the commodities transactions. Maguire and four other company officials own 16.67% each of the outstanding common stock of Management Company.

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CONTINENTAL TELEPHONE SHARES IN REGISTRATION. Continental Telephone Corporation ("Continental"), 222 S. Central, St. Louis, Mo. 63105, filed a registration statement (File 2-35726) with the SEC on December 22 seeking registration of 209,305 shares of $.80 convertible preferred stock, Series C. These shares are deliverable from time to time to holders of outstanding 6% convertible subordinated debentures, due 1987, of Apache Corporation, upon conversions thereof. As of November 30, Apache owned 944,133 shares of common stock of North American Communication Corporation, of which 313,860 shares were reserved for assignment to Apache debentureholders upon conversion of their debentures. Upon the merger on December 31 of North American into Continental Telephone Company of North America, a subsidiary of Continental, Apache received approximately 629,422 shares of Continental $.80 convertible preferred stock, Series C, of which about 209,305 shares were delivered to the Trustee upon conversion of Apache debentures.

OIL-DRI CORP. FILES FOR OFFERING AND SECONDARY. Oil-Dri Corporation, 520 North Michigan Ave., Chicago, Ill. 60611, filed a registration statement (File 2-35730) with the SEC on December 23 seeking registration of 175,000 shares of common stock, of which 87,500 are to be offered for public sale by the company and 87,500 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by William Blair & Co., 135 S. LaSalle St., Chicago, Ill.; the offering price ($18 per share maximum*) and underwriting terms are to be supplied by amendment.

The company mines, processes and markets absorbent clay minerals for use in industry as an oil, grease and water absorbent, in the home as an absorbent cat litter, in agriculture as a carrier for chemical pesticides and in horticulture as a soil conditioner and as a decorative ground cover. Part of the net proceeds of its sale of additional stock will be used to build new plant in Georgia for processing absorbent clay minerals (estimated to cost $800,000) and $150,000 will be used to retire existing short-term bank indebtedness; the balance will be added to the company's general funds and used for general corporate purposes. The company has outstanding 570,000 common shares, of which a Jaffee family trust owns 80.26%, and Richard M. Jaffee, president, and Robert D. Jaffee, executive vice president, 9.87% each.

SONICS INTERNATIONAL FILES FOR OFFERING AND SECONDARY. Sonics International, Inc., 7101 John W. Carpenter Freeway, Dallas, Tex. 75247, filed a registration statement (File 2-35731) with the SEC on December 23 seeking registration of 275,000 shares of common stock, of which 255,000 are to be offered for public sale by the company and 20,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Institutional Equity Corporation, Houston Natural Gas Bldg., Houston, Tex. 77002; the offering price ($8.50 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the underwriters a 75¢ per share commission and Institutional Equity $12,500 for expenses; in addition, it has agreed to sell to Institutional Equity, for $150, a five year option to purchase 15,000 shares, exercisable after one year at $10.20 per share, and to sell to Goodbody & Co., for $50, a similar option to purchase 5,000 shares.

The company is engaged in the development and application of sonic and ultrasonic energy, with emphasis in the area of its use in industrial pollution abatement and correction and hydrocarbon recovery techniques, and in providing consulting and technical services to the petroleum industry. Of the net proceeds of its sale of additional stock, $400,000 will be used in the field of industrial pollution abatement and correction, $200,000 to complete development and field testing of its ultrasonic tools for down-hole use in the recovery of hydrocarbons, $150,000 to increase inventories, employ additional marketing personnel, and increase advertising and $160,000 for expansion of its efforts in industrial cleaning through the design, manufacture and sale of new cleaning systems; the balance will be added to the company's general funds and used for general corporate purposes. The company has outstanding 595,910 common shares (with a $0.497 per share book value), of which J. R. Bilhartz, president, owns 30% and management officials as a group 56%. Purchasers of the shares being registered will acquire 275,000 shares for their investment of $2,337,500*; present shareholders will then own 595,910 shares, for which they paid $259,049 ($.435 per share), and rendered services, and provided other consideration in assets with a negligible cost basis to such persons.

DAYLIN SHARES IN REGISTRATION. Daylin, Inc., 9606 Santa Monica Blvd., Beverly Hills, Calif. 90210, filed a registration statement (File 2-35732) with the SEC on December 23 seeking registration of 1,170,774 shares of common stock, of which 606,060 are issuable upon conversion of $10,000,000 of 7% subordinated guaranteed convertible bonds, 1989, of Daylin International N. V., a wholly-owned subsidiary of Daylin, and 564,714 are issuable pursuant to Daylin's 1964 and 1969 Qualified Stock Option Plans.

CONSOLIDATED EDISON TO SELL BONDS. Consolidated Eidson Company of New York, Inc., 4 Irving Place, New York 10003, filed a registration statement (File 2-35734) with the SEC on December 23 seeking registration of $125,000,000 of first and refunding mortgage bonds, Series HH, due 2000, to be offered for public sale through underwriters headed bv Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York, and two other firms. The interest rate, offering price and underwriting terms are to be supplied by amendment. A public utility, the company will use the net proceeds of its bond sale for the construction of utility plant and to repay from time to time at or before maturity short term obligations (aggregating $66,600,000 on December 22) incurred as a result of its construction program. Construction expenditures were $300,000,000 during 1969 and are estimated at $1,985,000,000 during the years 1970-1974.

AMERICAN MEDICAL TO SELL STOCK. American Medical Corporation, 340 San Jacinto Bldg., Houston, Tex. 77002, filed a registration statement (File 2-35735) with the SEC on December 23 seeking registration of 150,000 shares of common stock, to be offered for public sale through underwriters headed by Institutional Equity Corporation, 844 Houston Natural Gas Bldg., Houston, Tex. The offering price ($3.75 per share maximum*) and underwriting terms are to be supplied bv amendment. The company has agreed to sell Institutional Equity, for $150, a five-year warrant to purchase 15,000 shares, exercisable after one year at 120% of the offering price.

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The company through subsidiaries sells, rents and distributes hospital, medical and surgical supplies and equipment to hospitals, clinics, nursing homes, doctors and others, including the public. Of the net proceeds of its stock sale, $240,000 will be used to retire short-term bank indebtedness incurred to finance accounts receivable, inventory and certain personal property; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 519,000 common shares (with a 61¢ per share book value), of which Harvey M. Lowry, board chairman, owns 47.98%, E. E. Martin, president, 24.08% and management officials as a group 96.14%.

GILBERT COMPANIES TO SELL DEBENTURES. The Gilbert Companies, Inc., 2200 Lockbourne Road, Columbus, Ohio 43207, filed a registration statement (File 2-35736) with the SEC on December 23 seeking registration of $1,000,000 of 9-7/8% subordinated sinking fund debentures, to be offered for public sale at 100% of principal amount. The offering is to be made through The First Columbus Corp., 58 East Gay St., Columbus, Ohio, which will receive a commission of $65 per $1,000 of debentures sold. The company also has agreed to pay the underwriter up to $13,000 for expenses and to sell it, for $100, a five-year warrant to purchase 10,000 shares.

The company is primarily engaged in the retail distribution of popular priced men's, women's and children's footwear and certain related items, through leased shoe departments in self-service discount department stores and company-operated self-service shoe stores. It does not manufacture any of the products that it sells. Net proceeds of its debenture sale will be added to the company's general funds and used to reduce outstanding bank loans, obtained primarily to provide subsidiaries with funds to acquire, to carry on and to expand their respective businesses. In addition to indebtedness, the company has outstanding 601,985 common and 118,780 Class A shares. Of both classes of stock, Ivan Gilbert, board chairman, owns 15.9%, Miran Investment Company, 17.9% and management officials as a group 17.9%. Robert J. Franco is president.

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

Litton Industries, Inc., Beverly Hills, Calif. 90213 (File 2-35720) - 100,000 shares and Options to purchase 100,000 shares
Shareholders Capital Corporation, Los Angeles, Calif. (File 2-35733) - 1,842,103 shares
Academy Computing Corporation, Oklahoma City, Okla. 73105 (File 2-35739) - 150,000 shares

SEC POSES RATE STRUCTURE QUESTIONS; INVITES COMMENTS. The SEC has invited interested persons to submit written arguments in response to certain questions growing out of its commission rate structure hearings. In the course of those hearings, which began on July 1, 1968, over 5,000 pages of testimony have been taken and numerous exhibits received. The Commission stated that it is aware of pending exchange studies designed to formulate criteria for appraising the reasonableness of commission rates and that it may be desirable to await completion of these studies before trying to resolve the basic question of whether rate fixing by the exchanges should be replaced by competition as urged by the Department of Justice, or whether, as urged by the exchanges, exchange fixed commission rates are, with limited exceptions, necessary to the proper working of the exchange auction markets. Short of resolving this question on an all or none basis, certain of the issues under consideration appear sufficiently identified and have been sufficiently explored on the record to allow the Commission to invite the submission of briefs and to hear oral arguments in preparation for their resolution. Comments on the eight questions posed by the Commission are due on or before February 2, 1970 (for details, see Release 34-8791). Thereafter, the Commission will schedule oral argument.

SECURITIES ACT REGISTRATIONS. Effective December 30: Central Power & Light Co., 2-35561; Century Cinema Corp., 2-32867 (90 days); Chicago Bridge & Iron Co., 2-35631; Devon International, Ltd., 2-33820 (90 days); First & Merchants Corp., 2-35652; Lamp Fashion, Inc., 2-34153 (90 days); Mitsubishi Electric Corp., 2-35636; National Learning Corp., 2-31431 (90 days); Record Retention and Retrieval Corp., 2-34033 (Mar 30); Resident Care Centers, Inc., 2-32352 (90 days); Southwestern Investment Co., 2-35559 (40 days); Spartans Industries, Inc., 2-35651; Taxtronics, Inc., 2-32842 (Mar 30); Winn-Dixie Stores, Inc., 2-35609.

Withdrawn December 24: 1969 Trico Oil & Gas Exploration Program, 2-32033; National Union Electric Corp., 2-33472; Baltimore Gas & Electric Co., 2-35453.

Withdrawn December 29: Browning Arms Co., 2-33457 & 2-33745; Hovsons, Inc., 2-33027.

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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