

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



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DECISION IN ADMINISTRATIVE PROCEEDING

MURRAY BROOKS FIRM SUSPENDED. The SEC today announced a decision under the Securities Exchange Act (Release 34-8990) in which it ordered the 90-day suspension of the broker-dealer registration of Murray Brooks, Stonestreet, Wallace, Penn and Co., of Detroit, effective October 1, for violations of the Commission record-keeping and net capital rules as well as Regulation T of the Federal Reserve Board during the period January ¹⁹⁶⁸ June 1970. Robert E. Penn, the company's president, was barred from further association with any securities firm for his failure to exercise proper supervision of the firm's operations to prevent the violations.

In a settlement offer of the respondents, which the Commission accepted, both the Murray Brooks firm and Penn waived a hearing and consented to Commission findings of violations, as indicated, and to the indicated sanctions. Under terms of the settlement, Penn may for a period of 90 days assist the firm in effecting liquidating transactions in the firm's inventory through other broker-dealer firms and assist it in finding a manager and to obtain financing for its operations; and he undertook to dispose of his stock interest in the company within 60 days. The firm undertook to provide monthly trial balances to the Commission for the next twelve months; and after the expiration of the 90-day suspension it may not resume its securities business unless the Commission is informed in writing that its books and records comply with Commission rules and that it meets the Commission's minimum net capital requirements.

HOLDING COMPANY ACT RELEASES

JERSEY CENTRAL P&L RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16847) authorizing the Jersey Central Power and Light Company, Morristown subsidiary of the General Public Utilities Corporation, to issue and sell 250,000 shares of cumulative preferred stock (\$100 par) at competitive bidding. The company will use part of the net proceeds thereof to repay \$21,000,000 of short-term bank borrowings which were incurred for construction purposes and which are expected to aggregate \$48,000,000 at the time of sale; \$4,000,000 will be used to make payments to Metropolitan Edison Co., an affiliate, for its interest in the jointly-owned Three Mile Island Nuclear Generating Station.

COLUMBIA GAS SYSTEM RECEIVES ORDER. The SEC has issued an order (Release 35-16848) authorizing United Fuel Gas Company, Manufacturers Light and Heat Company, and Cumberland and Allegheny Gas Company, gas utility subsidiaries of The Columbia Gas System, Inc., New York holding company, to transfer to a new Columbia Gas subsidiary, Columbia Gas of West Virginia, Inc., properties and other assets used by them in their retail distribution operations in West Virginia. The new subsidiary will then engage in the purchase, distribution and sale of natural gas at retail in West Virginia; the three selling companies will cease such operations but will sell natural gas to the new subsidiary at wholesale. The property transfers are part of a program of Columbia Gas to provide that retail gas distribution facilities in a given state will be owned and operated by a single company subject to jurisdiction of the appropriate state commission.

INVESTMENT COMPANY ACT RELEASES

A.N.C. CORP. SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6196) giving interested persons until October 20 to request a hearing upon the application of A.N.C. Corp. (formerly ANEC Capital Corp.) 420 Lexington Ave., New York, declaring that it has ceased to be an investment company under the Act. The company's stockholders in 1969 approved a plan to transfer substantially all of its assets and liabilities to Mahon Technology Group, Inc., in exchange for 198,450 shares of Technology stock, and to dissolve after completion of the distribution of the Technology shares in exchange for company stock on a share-for-share basis. As of June 30, 1970, ninety one stockholders had not yet exchanged their holdings of 5,536 shares of company stock.

EQUITABLE LIFE OF IOWA SEEKS ORDER. Equitable Life Insurance Company of Iowa ("Equitable"), of Des Moines, and affiliated companies, have applied to the SEC for an exemption order under the Investment Company Act; and the Commission has issued an order (Release IC-6197) giving interested persons until October 13 to request a hearing thereon.

According to the application, Equity of Iowa Variable Annuity Account A ("Separate Account"), was established by Equity Insurance Company of Iowa ("Equity"), a wholly-owned subsidiary of Equitable, in connection with the proposed offering of individual variable annuity contracts. Equity proposes to transfer all of its assets, including Separate Account, to Equitable, following which Separate Account will be known as Equitable of Iowa Variable Annuity Account A. Equitable, Separate Account, and E. I. Sales, Inc., principal underwriter for Separate Account, seek an order of exemption with respect to the determination of net asset value, sales charges and other matters involved in the sale of variable annuities by Separate Account.

OVER

COURT ENFORCEMENT ACTIONS

KITZMILLER AND MOORE ACQUITTED. The SEC Chicago Regional Office today announced (LR-4759) that on September 8 the Federal court in Indianapolis found Jack B. Kitzmiller and Alexander J. Moore not guilty of violations of the antifraud provisions of the Federal securities laws in the offer and sale of stock of Midwestern United Life Insurance Company.

ROSEGOLD CORP. ENJOINED. The SEC Chicago Regional Office announced September 17 (LR-4760) that Rosegold Corporation, a Nevada corporation, Sherman Richter, its president, and Edward Roitenberg, its treasurer, had consented to the entry of an order by the Federal court in Minneapolis of permanent injunction from further violations of the registration and antifraud provisions of the Federal securities laws in the offer and sale of Rosegold stock.

SECURITIES ACT REGISTRATIONS

CANAVERAL OFFERING OF COOLAIRE STOCK. Coolaire Manufacturing Co. Inc., 10400 S.W. 187th St., Miami, Fla. 33157, filed a registration statement (File 2-38438) with the SEC on September 24 seeking registration of 500,000 common shares. It is proposed to offer these shares for subscription at \$2 per share by holders of the outstanding common stock of Canaveral International Corp., the parent company, at the rate of one share for each three Canaveral shares held. No underwriting is involved.

The company is engaged in the manufacture and sale of air conditioners for foreign cars. Net proceeds from the sale of the common stock will be applied to the reduction of the then outstanding borrowings of the company, with the balance to be added to working capital for general corporate purposes. In addition to indebtedness, the company has outstanding 1,000,000 common shares, of which 95% is owned by Canaveral. Joseph M. Armbruster is president.

GROUND WATER INDUSTRIES PROPOSES OFFERING. Ground Water Industries, Railroad Ave., and High St., Milford, Conn. 06460, filed a registration statement (File 2-38439) with the SEC on September 24 seeking registration of 100,000 shares of common stock, to be offered for public sale through underwriters headed by Shaskan & Co., 67 Broad St., New York 10004. The offering price (\$10 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to sell the underwriter, for \$100, five-year warrants to purchase 10,000 shares exercisable after one year at the offering price.

The company, through two of its subsidiaries, markets a line of products for the distribution and treatment of water for residential, commercial and industrial customers. Of the net proceeds of its stock sale, \$350,000 will be used for working capital and \$100,000 to reimburse working capital and repay temporary financing utilized in the acquisition of office facilities and warehouse fixtures and equipment for its building in Liverpool, N. Y.; the balance will be used for expansion and the development of the company's industrial park in Liverpool. In addition to indebtedness, the company has outstanding 250,000 common shares of which Joel Finkle, chairman and chief executive officer owns over 94%.

VIRGINIA REAL ESTATE TRUST PROPOSES OFFERING. Virginia Real Estate Investment Trust, 511 Mutual Bldg., Richmond, Va. 23219, filed a registration statement (File 2-38440) with the SEC on September 24 seeking registration of 1,500,000 shares of beneficial interest, to be offered for public sale at \$10 per share. The offering is to be made through underwriters headed by Scott & Stringfellow, 115 Mutual Bldg., Richmond Bldg., Richmond, Va. 23219, and the Cecil-Waller Co., 906 N. Thompson St., Richmond, Va. 23230; the underwriting terms are to be supplied by amendment.

The trust was established for the purpose of making investments in equity interests in real property and intends to qualify as a real estate investment trust under the Internal Revenue Code. Virginia Advisory Service will act as investment advisor and consultant to the Trust. Henry Clay Hofheimer, II, is chairman of the trust.

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:
Federal-Mogul Corporation, Southfield, Mich. 48075 (File 2-38430) - 70,000 shares
The Murray Ohio Manufacturing Company, Nashville, Tenn. 37204 (File 2-38437) - 78,000 shares
National Steel Corporation, Pittsburgh, Pa. 15219 (File 2-38442) - 536,126 shares

SECURITIES ACT REGISTRATIONS. Effective September 25: Campbell Machine, Inc., 2-33777 (90 days); Communications Satellite Corp., 2-38213; The Connecticut Light and Power Co., 2-38177 (Nov 24); Oceanography Development Corp., 2-37273 (90 days); Occidental's Separate Account Fund C, 2-36250; Harcourt Brace Jovanovich, Inc., 2-37878 (40 days); Williamhouse-Regency Inc., 2-38205 (40 days); Zero Manufacturing Co., 2-38173.

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.