

sec news digest

a daily summary from the securities and exchange commission

Issue 73-196
(SEC Docket, Vol. 2, No. 17 - Oct. 23)

October 10, 1973

RULE PROPOSALS AND ADOPTIONS

PROPOSED RULE 146 REVISED. The Commission today released for public comment revisions to its proposed Rule 146, "Transactions by an Issuer Not Involving Any Public Offering". The proposed Rule would provide more objective standards for determining when offers or sales of securities by an issuer would be deemed to be exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. It would not be, however, the exclusive means of satisfying the Section 4(2) exemption. Rule 146 was first proposed for comment in Securities Act Release No. 5336 (November 28, 1972).

The Rule, as revised, contains conditions relating to the manner of offering, the nature of the offerees and the availability of information to them, the number of purchasers and the disposition of securities sold pursuant to the Rule. The most significant revisions of the first proposal are: (1) a modified "independence" concept for the investment or offeree representative which requires disclosure of any relationship between the issuer and the representative; (2) the application of the "ability to bear the economic risk test" only to offerees who rely on an offeree representative to meet the knowledge and experience standards; (3) an expanded definition of "access to" information to make it clear that the test can be met either through the traditional access by reason of relationship with the issuer, or by the furnishing of information in the format and manner specified in the Rule; (4) limiting the calculation of the number of purchasers to purchasers of securities of the same or similar class and specifically separating out banks, officers and directors, employees purchasing pursuant to stockholder approved plans, business combinations, and purchasers for cash of more than \$150,000; and (5) addition of a section dealing specifically with business transactions. The requirement of filing a Form 146 to describe transactions made in reliance on the Rule has been retained, but modified. The comment period on the revised proposed Rule will end November 15, 1973.

When the Commission originally proposed Rule 146 for comment, it also proposed an amendment to Rule 257 under the Securities Act. The Commission has now withdrawn this proposed amendment to Rule 257. (Rel. 34-5430)

COMMISSION ANNOUNCEMENTS

COMMITTEE ON MODEL COMPLIANCE PROGRAM FOR BROKER-DEALERS TO MEET. The Commission's Advisory Committee on a Model Compliance Program for Broker-Dealers, established on October 25, 1972 (Rel. 34-9835), will hold public meetings on October 17-18, 1973 at the office of the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D. C. The meetings will commence at 9:00 a.m., local time. Interested persons may attend and appear before or file statements with the Advisory Committee.

The Committee was formed to assist the Commission in developing a model compliance program to serve as an industry guide for the broker-dealer community. The Commission plans to publish a guide to broker-dealer compliance under the securities act to advise broker-dealers of the standards to which they should adhere if investor confidence in the fairness of the market place is to be warranted and sustained. The Committee's recommendations are not intended to result in the expansion of Commission rules governing broker-dealers, but to inform broker-dealers as to the existing requirements and how they may comply with them.

The Committee's meetings will be held to review drafts and proposals concerning its proposed report to the Commission on compliance guidelines for broker-dealers.

PUBLIC REFERENCE ROOM TO RELOCATE. Beginning Monday, November 5, the Public Reference Room will be located in Room 6101 at 1100 L Street, N.W., Washington, D. C. The visiting hours will remain 9:00 - 4:30. Though the reference room will not be closed at all during this period, the timeliness of service may be impaired the week before and the week after relocating.

Written requests for documents should still be addressed to the Public Reference Room, Securities and Exchange Commission, 500 North Capitol Street, Washington, D. C. 20549.

COURT ENFORCEMENT ACTIONS

STAR-GLO INDUSTRIES, INC. ENJOINED. An order was issued on October 3 permanently enjoining Star-Glo Industries, Inc., from violating the registration provisions and Joseph R. Starita from aiding and abetting violations of the registration provisions and from violating the anti-fraud provisions of the securities laws. The Court ordered Star-Glo to submit a plan to the Court and the Commission to clarify problems on number of validly outstanding shares and the holders of record of those shares. Upon the implementation of the submitted plan, Star-Glo will file a registration statement under Section 12(g) of the Securities Exchange Act with the Commission.

Star-Glo and Starita consented to the entry of the order and admitted the Commission's allegations with respect to Star-Glo's failure to file under Section 12(g) and indicated its failure to file was precipitated by the failure of prior management to supply current management with adequate and complete stock records. (LR-6086)

CHARLES T. DOLAN PLEADS GUILTY. The SEC Denver Regional Office announced that Charles T. Dolan of Englewood, Colorado pleaded guilty to one count of securities fraud on October 3, 1973 in Federal District Court in Denver, Colorado, involving securities issued by United States Investment Corporation. Sentencing of Dolan was deferred. (LR-6087)

INVESTMENT COMPANY ACT RELEASES

LOEB, RHOADES & CO. A notice has been issued giving interested persons until October 29 to request a hearing on an application of Loeb, Rhoades & Co., New York broker-dealer, for an order exempting it and its co-underwriters from Section 30(f) of the Act to the extent that such Section adopts Section 16 of the Securities Exchange Act of 1934 with respect to transaction incident to the proposed distribution of shares of common stock of Precious Metals Holding, Inc., a registered closed-end investment company. (Rel. IC-8026)

INVESTMENT COMPANY OF AMERICA. A notice has been issued giving interested persons until October 30 to request a hearing on an application of Investment Company of America, a Los Angeles mutual fund, for an order exempting the proposed public offering and sale of its shares in Japan from certain provisions of the Act. (Rel. IC-8027)

HOLDING COMPANY ACT RELEASES

METROPOLITAN EDISON COMPANY. An order has been issued authorizing Metropolitan Edison Company ("Met-Ed"), subsidiary of General Public Utilities Corporation, to sell 150,000 shares of cumulative preferred stock at competitive bidding. Net proceeds will be used to pay all or a portion of short-term bank loans expected to be outstanding at the time of stock sale or for construction purposes. (Rel. 35-18113)

THE NARRAGANSETT ELECTRIC COMPANY. A notice has been issued giving interested persons until November 5 to request a hearing on an application of The Narragansett Electric Company, a subsidiary of New England Electric System, to sell 200,000 shares of common stock to the parent. (Rel. 35-18114)

CHASE MANHATTAN SERVICE CORPORATION. An order has been issued granting Chase Manhattan Service Corporation a modification of the timely filing requirement for Form UTD filed by Chase under Rule 7(d) of the Public Utility Holding Company Act of 1935 10 days after the prescribed deadline for filing. (Rel. 35-18115)

CENTRAL AND SOUTH WEST CORPORATION. A notice has been issued giving interested persons until October 31 to request a hearing on a proposal of Central and South West Corporation, a registered holding company, to sell short-term notes to banks and/or commercial paper to a dealer in commercial paper, to make loans to its subsidiaries (Central Power and Light Company, Public Service Company of Oklahoma, Southwestern Electric Power Company, West Texas Utilities Company, and Transok Pipe Line Company), and to be exempted from competitive bidding. (Rel. 35-18116)

JERSEY CENTRAL POWER AND LIGHT COMPANY. An order has been issued authorizing Jersey Central Power & Light Company, subsidiary of General Public Utilities Corporation, to sell up to \$96 million of short-term notes to banks. Jersey Central will use the proceeds for construction purposes and the repayment of other short-term borrowings. (Rel. 35-18117)

CENTRAL POWER AND LIGHT COMPANY. An order has been issued authorizing Central Power and Light Company, subsidiary of Central and South West Corporation to sell \$46 million of first mortgage bonds, due 2003, at competitive bidding. Net proceeds will be used to retire first mortgage bonds, due 1973, and to finance a part of construction costs to its electric utility properties. (Rel. 35-18118).

SECURITIES ACT REGISTRATIONS FILED

PROVINCE OF ONTARIO (U.S. Agent: N.J. Sweetlove, Government of Ontario, 1251 Avenue of the Americas, Suite 1080, New York, N.Y. 10020) - \$125 million of debentures, due 2003, to be offered for sale through underwriters headed by Salomon Brothers, One New York Plaza, New York 10004. Net proceeds are to be advanced to The Hydro-Electric Power Commission of the Province. (File 2-49067 - Sept. 18)

SOUTHLAND PAPER MILLS, INC., State Highway 103, Lufkin, Tex. - 6,717,100 of voting agreement shares. Holders of a majority of the outstanding common stock of the company are solicited for participation in the 1973 Voting Agreement, established by seven individuals. (File 2-49068 - Sept. 18)

ELECTROSPACE SYSTEMS, INC., 320 Terrace Village, Richardson, Tex. 75080 - 257,436 shares of common stock. It is proposed to offer these shares in exchange for the outstanding shares of Omega-T Systems, Incorporated, at the rate of one share for each seven Omega-T shares. Electrospace manufactures and installs electronic systems for aircraft, manufactures antennas and other electronics equipment and performs communication system studies and analysis for Defense Communication agencies and Army Security Agency. (File 2-49069 - Sept. 18)

MCGRAW-EDISON COMPANY, 333 West River Road, Elgin, Ill. 60120 - 75,000 shares of common stock. It is proposed to offer these shares in exchange for all of the assets and business of Prestige Products, Inc. Prestige shareholders will then receive .1893 McGraw share for each Prestige share held. McGraw-Edison manufactures and markets a wide variety of products used in the transmission, distribution, control, utilization and consumption of electrical energy. Prestige manufactures portable lamps and light products. (File 2-49100 - Sept. 20)

SPIRAL METAL COMPANY, INC., 515 Madison Ave., New York, N.Y. 10022 - 280,000 shares of common stock, which may be offered for sale, pledged or otherwise disposed of from time to time by certain shareholders. The company is a trader and broker in non-ferrous metals, including silver and gold. (File 2-49101 - Sept. 20)

FIRST TENNESSEE NATIONAL CORPORATION, 165 Madison Ave., Memphis, Tenn. 38103 - 150,000 shares of common stock. It is proposed to offer these shares in exchange for the outstanding shares of common stock of Jackson State Bank, at the rate of three shares for each Bank share. First Tennessee is a bank holding company, which owns seven banks in Tennessee. (File 2-49102 - Sept. 20)

SECURITIES ACT REGISTRATIONS. Effective October 9: American Telecommunications Corp., 2-49187; Allied Bancshares, Inc., 2-48819; American Cattle Co., 2-47804; Basco, Inc., 2-49175; CCNB Corp., 2-48967; Cedar Point Oil and Gas Co., 2-47203; Central Power and Light Co., 2-49014; Continental Investment Corp., 2-49062; Dynell Electronics Corp., 2-48606; Envirodyne, Inc., 2-48354; First Virginia Bankshares Corp., 2-48828; McGraw-Edison Co., 2-49143; Metropolitan Edison Company, 2-48940; Provident Resources Ltd., 2-47575 (90 days); Temporary Investment Fund, Inc., 2-47015.

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown in parentheses after the name of the issuer.

MISCELLANEOUS

TRADING SUSPENSIONS CONTINUED. The SEC has initiated the suspension of over-the-counter trading in the securities of Royal Properties, Inc., for the further ten-day period October 10-19, inclusive.

COMPANIES WHICH RECENTLY ACQUIRED STOCK OF OTHER COMPANIES. Companies and individuals must report to the Commission on Schedule 13D the acquisition of more than 5% of the stock of another company within 10 days of such acquisition. During the period September 13-17, the following companies or individuals filed Schedule 13D's regarding the acquisition of stock of other companies.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER & NUMBER OF SHARES</u>	<u>DATE FILED</u>
Taballe National Bank	Nationwide Industries, Inc. Common Stock - 76,226 shs.	9-13-73
Keystone Custodian Fund, Series S-4	Rucker Pharmacal Co., Inc. Common Stock - 69,500 shs.	9-14-73
* GRF Corp.	Source Capital, Inc. Common Stock - 700,000 shs. on conversion of Preferred Common Stock - 550,000 shs. on exercise of Warrants	9-17-73
* Harold V. Goodman	Mischer Corp. Common Stock - 112,500 shs. Common Stock - 143,333 shs. on conversion of Notes	9-17-73
Investors Stock Fund, Inc.	Timken Co. Common Stock - 550,000 shs.	9-17-73
Rotmans of London, Inc.	Liggett & Myers Inc. Common Stock - 706,500 shs. Pref. Stock - 7,200 shs.	9-17-73
Moss Development Corp.	Nationwide Industries, Inc. Common Stock - 784,000 shs.	9-17-73
Interstate Investments, Inc.	Nationwide Industries, Inc. Common Stock - 1,970,000 shs.	9-17-73
Central National Bank in Chicago	Nationwide Industries, Inc. Common Stock - 149,055 shs.	9-17-73
Triad-American Capital Management, Inc.	Security Capital Corp. Common Stock - 528,483 shs. Common Stock - 25,000 shs. on exercise of Option Common Stock - 121,910 shs. on execution of agreement	9-17-73
Investors Mutual, Inc.	Babcock & Wilcox Co. Common Stock - 879,300 shs.	9-17-73
* Amended Acquisition Report		

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Copies of registration statements may be ordered from the Commission's Public Reference Section. All other referenced material is available in the issue of the SEC Docket indicated in parentheses below the News Digest Issue No. Both the News Digest (\$33.00 a year, first class mail, \$8.25 additional for foreign mailing, \$25.00 additional for air mail) and the SEC Docket (\$17.00 a year, first class mail, \$4.25 additional for foreign mailing) are for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.