

# 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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## NEW RULES AND RULE PROPOSALS

PROPOSED SEC RULES CALL FOR REPORTS BY NASDAQ COMPANIES. The SEC today announced a proposal for the revision of its rules under the Securities Exchange Act (Release 34-9077) to require that any non-listed company which files annual reports with the Commission, upon being advised that any class of its securities is to be quoted in the NASDAQ interdealer quotation system of the National Association of Securities Dealers, Inc., shall thereafter file a Form 10-C report with the Commission on any aggregate net change with respect to the amount of securities of such class outstanding which exceeds 5%. Any name change in such company also should be reported on Form 10-C. A copy of such reports also would be filed with the NASD. Comparable information is now required by the major securities exchanges. Views and comments upon the proposal may be submitted not later than March 19.

RULE ON TIMELY DIVIDEND NOTICE PROPOSED. The SEC today announced a proposal to adopt a new Rule 10b-17 under the Securities Exchange Act (Release 34-9076) to require companies whose securities are publicly traded to furnish public investors with timely advance notice of the right to receive dividend and other rights which accrue to holders of record of a specified class of securities as of a specified date ("the record date"). Interested persons may submit views and comments thereon not later than March 19.

The proposed rule would require issuers of publicly traded securities to furnish specified advance information concerning such rights to the National Association of Securities Dealers, Inc. (NASD) or an exchange on which the securities are registered and which has substantially comparable procedures to those proposed herein. These reports would be required at least ten days prior to the record date set by the issuer for determining the identity of the security holders to whom rights accrue. In the case of a rights offering or other subscription offering, the information would be required on or before the record date and in no event later than the day on which the registration statement, to which the offering relates, becomes or is declared effective by the Commission. In those situations where the issuer would report to the NASD, the proposed rule would also provide that exemptions from these requirements could be granted by the Commission. It is contemplated, however, that such an exemption would be granted only in special circumstances where the purposes of the rule are not applicable and where the NASD does not need the report to enable it to adequately disseminate the information to its members and the investing public.

RULE RE ABANDONED FILINGS PROPOSED. The SEC today announced a proposal to adopt a new Rule 479 under the Securities Act (Release 33-5132) to provide a procedure whereby the Commission may determine whether a registration statement or a post-effective amendment to such a statement has been abandoned and remove such statement or amendment from consideration as a pending matter. Views and comments thereon may be filed not later than March 17.

The proposed rule provides that when a registration statement or amendment has become out of date by the passage of nine months from the filing date, or the filing of the latest substantive amendment, and the registrant has not furnished a satisfactory explanation as to why it has not amended or withdrawn the registration statement, the Commission may, in its discretion, follow the procedure set forth in the proposed rule. The proposed rule also provides that an abandoned registration statement or amendment shall be suitably marked and shall remain in the files of the Commission.

REGISTRATION AND REPORTING REQUIREMENTS CLARIFIED. The SEC today announced certain interpretations of its requirements for registration statements and reports under the Securities Act and the Securities Exchange Act (Release Nos. 33-5133 and 34-9083). The interpretations related to information required by Form 10 (registration application) and Form 10-K (annual report) in regard to the description of business, the summary of operations and financial statements.

As to the "Business" item of each form, information falling within the scope of paragraph (d) with regard to business dependent upon a single customer or a very few customers, or within paragraph (e) with regard to operations outside the United States, is required to be included in response to paragraph (c)(1), "Information as to lines of business," or (c)(2), "Information as to classes of similar products or services," or both paragraphs (c)(1) and (c)(2) as may be appropriate, if (1) such disclosure is specifically required by paragraph (c)(1) with respect to a line of business, (2) such disclosure is specifically required by paragraph (c)(2) with respect to a class of similar products or services, or (3) the omission of such information would render the response to the item misleading.

Concerning the "Summary of Operations" item of each form where per share earnings are disclosed, pursuant to instruction 3, the information with respect to the computation of per share earnings on both primary and fully diluted bases, presented by exhibit or otherwise, must be furnished even though the amounts of per share earnings on the fully diluted basis are not required to be stated under the provisions of Accounting Principles Board Opinion No. 15. That Opinion provides that any reduction of less than 3% need not be considered as dilution (see footnote 2 to paragraph 14 of the Opinion) and that a computation on the fully diluted basis which results in improvement of earnings per share not be taken into account (see paragraph 40 of the Opinion).

OVER

As to financial statements, it was observed (among other things) that notes to financial statements must be furnished for both of the two years for which such statements are required to be furnished. Preferably such notes should be integrated.

#### COMMISSION ANNOUNCEMENT

SEC ANNUAL REPORT FILED. The 36th Annual Report of the SEC, reviewing its activities under the Federal securities laws for the Fiscal Year Ended June 30, 1970, was filed with Congress today. Copies may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402, at \$1 per copy. (Press copies available in Room 892 of the SEC Washington Office.)

#### HOLDING COMPANY ACT RELEASE

NEW ENGLAND POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-17005) authorizing New England Power Company, Westboro, Mass. subsidiary of New England Electric System (NEES) to issue and sell short-term promissory notes up to a maximum aggregate amount of \$75,000,000 to be outstanding at any one time. The notes will be sold through December 31, 1971, to Industrial National Corporation in addition to a bank, NEES and/or dealers in commercial paper as authorized by a previous Commission order.

SCIENCE CAPITAL FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6356) giving interested persons until March 11 to request a hearing upon an application by Science Capital Fund, Inc., New York management investment company, for an order declaring that it has ceased to be an investment company. The Fund represents that subsequent to registering under the Act in December 1968, it issued no securities, has not engaged nor does it intend to engage in any business activities, a proposed public offering of Fund's securities has been abandoned and a registration statement regarding the proposed public offering has been withdrawn.

#### SECURITIES ACT REGISTRATIONS

WAINOCO OIL PROPOSES OFFERING. Wainoco Oil and Chemicals Limited (the general partner), 312 Fourth Avenue, S. W., Calgary 1, Alberta, Can., filed a registration statement (File 2-39407) with the SEC on Feb 12 seeking registration of \$6,000,000 of preformation limited partnership interests in Wainoco 71 Company (the "Partnership"), to be offered for public sale in minimum amounts of \$10,000. No underwriting is involved; participating NASD members will receive up to a 7% selling commission. The Partnership is to be formed to search and drill for oil and gas. John B. Ashmun, president of the general partner, owns 19.87% of its outstanding common stock, management officials as a group 40.58% and Palm Enterprises (a partnership in which Ashmun has a one-quarter interest) 12.46%.

DATA ACCESS SYSTEMS TO SELL STOCK. Data Access Systems, Inc., 503 Route 10, Dover, N. J., filed a registration statement (File 2-39409) with the SEC on February 12 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$3.50 per share. The offering is to be made on a best efforts, all or none basis by L. L. Fane & Company, Inc., 240 West Front St., Plainfield, N. J. 07076, which will receive a 35¢ per share selling commission plus \$25,000 for expenses. The company has agreed to sell the underwriter, for 1¢ per warrant, five-year warrants to purchase 20,000 shares.

Organized in June 1969, the company markets a variety of computer oriented communication systems and devices used in connection with computer time sharing operations and other data communication systems. Of the net proceeds of its stock sale, \$100,000 will be used to establish two regional offices and for expansion of its principal office, and \$300,000 to purchase inventory; the balance will be added to the company's general funds and used for working capital and other corporate purposes. The company has outstanding 452,400 common shares (with a 25¢ per share net tangible book value), of which Robert T. Coppoletta, president, and William J. Jauch, vice president, own 31.8% each. Purchasers of the shares being registered will acquire a 30.7% stock interest in the company for their investment of \$700,000 (they will sustain an immediate dilution of \$2.43 in per share book value from the offering price); present shareholders will then own 69.3%, for which they paid \$155,555, or an average of 34¢ per share.

AMERICAN METAL CLIMAX PROPOSES FINANCING. American Metal Climax, Inc., 1270 Avenue of the Americas, New York, N. Y., filed a registration statement (File 2-39410) with the SEC on February 12 seeking registration of \$50,000,000 of sinking fund debentures, due 1996, and \$50,000,000 of notes, due 1978, to be offered for public sale through underwriters headed by Lehman Brothers Inc., One William St., New York, N. Y. 10004. The interest rates, offering prices and underwriting terms are to be supplied by amendment.

The company is engaged in the exploration for and mining of ores and minerals and the smelting, refining and other treatment of minerals and metals. Net proceeds of its financing will be added to the company's general funds and, together with other funds generated internally or derived from other sources, will be used for working capital purposes and for capital expenditures, including the development of the Henderson molybdenum project (near Empire, Colo.). In addition to indebtedness and preferred stock, the company has outstanding 23,688,504 common shares. Ian MacGregor is board chairman and Donald J. Donahue president.

LTV AEROSPACE PROPOSES RIGHTS OFFERING. LTV Aerospace Corporation, 1600 Pacific Ave., P. O. Box 5003, Dallas, Tex. 75222, filed a registration statement (File 2-39411) with the SEC on February 12 seeking registration of 61,955 shares of \$4 Series A cumulative preferred stock (\$20 par). It is proposed to offer these shares for subscription by common stockholders (other than its parent, Ling-Temco-Vought, Inc. or any of its subsidiaries) at the rate of .024 of a Series A preferred share for each common share held, and at \$100 per

share. The record date is to be supplied by amendment. According to the statement, the sole purpose of the offering is to provide stockholders the right to purchase Series A preferred shares on generally the same basis as the parent purchased 103,645 shares on July 10, 1970, at which time the company agreed with the parent to make such an offering. The company also agreed that the parent would have the right to purchase additional shares of the stock not subscribed for in an amount not to exceed four times the number of shares subscribed for by other stockholders.

LTV Aerospace is primarily engaged in the design, development and production of military aircraft, commercial aircraft components and other aerospace products and in furnishing related administrative and technical support services. Net proceeds of its stock sale will be added to the company's working capital and used for general corporate purposes, which may include the repayment of notes payable to banks. In addition to indebtedness and preferred stock, the company has outstanding 6,900,066 common shares, of which the parent owns 62.6%. Paul Thayer is board chairman of the company and board chairman and president of the parent and Forbes Mann is president of the company.

LVO CABLE TO SELL STOCK. LVO Cable, Inc., LVO Enterprise Bldg., 522 South Boston, Tulsa, Okla. 74101, filed a registration statement (File 2-39412) with the SEC on February 12 seeking registration of 374,000 shares of common stock, to be offered for public sale through CBWL-Hayden, Stone, Inc., 767 Fifth Ave., New York, N. Y. 10022. The offering price (\$12 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is primarily engaged in the cable television business, distributing television signals and special information program services to subscribers by means of closed coaxial cable network systems and in related activities. Of the net proceeds of its stock sale, up to \$2,100,000 will be used to repay existing short-term bank indebtedness incurred to liquidate long-term debt; and the balance will be added to the company's general funds and will be available for working capital and for the acquisition or construction of new, or expansion or modernization of existing, cable television and microwave systems. In addition to indebtedness, the company has outstanding 1,100,000 common shares. Wayne E. Swearingen is board chairman and Gene W. Schneider president and chief executive officer.

LINCOLN MORTGAGE INVESTORS PROPOSES OFFERING. Lincoln Mortgage Investors (the "Trust"), 609 South Grand Ave., Los Angeles, Calif. 90017, filed a registration statement (File 2-39414) with the SEC on February 16 seeking registration of \$12,000,000 of convertible subordinated debentures, due 1991, with warrants attached to purchase 600,000 shares of beneficial interest in the Trust, to be offered for public sale in units, each consisting of a \$100 debenture and warrants to purchase 5 shares, and at \$100 per unit. The offering is to be made through underwriters headed by W. E. Hutton & Co., 14 Wall St., New York, N. Y. 10005, and Wagenseller & Durst, Inc., 611 West 6th St., Los Angeles, Calif. 90017; the interest rate on the debentures and the underwriting terms are to be supplied by amendment.

The Trust invests in first mortgage construction loans and other real estate interests. It intends to qualify as a real estate investment trust under the Internal Revenue Code. First Lincoln Management Corporation, a wholly-owned subsidiary of First Lincoln Financial Corporation, will serve as investment adviser. Douglas S. McDonald is board chairman of the Trust and Owen H. Richelieu, Jr., is president and chief executive officer of the Trust and board chairman of the adviser. Clayton R. Cook is president and chief executive officer of the adviser.

FLORIDA GAS TRANSMISSION TO SELL BONDS. Florida Gas Transmission Company, Orlando and Orange Aves., Winter Park, Fla. 32789, filed a registration statement (File 2-39417) with the SEC on February 16 seeking registration of \$18,000,000 of first mortgage pipe line bonds, due 1991, to be offered for public sale through underwriters headed by Blyth & Co., Inc., 14 Wall St., New York, N. Y. 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company owns and operates a natural gas transmission system and is engaged in the purchase, transmission and sale of natural gas as well as the transportation of natural gas for others. Net proceeds of its bond sale will be used to retire short-term borrowings incurred by the company to provide interim financing for its \$17.3 million expansion of the pipeline system which was completed in 1970 and for other improvements to its facilities. In addition to indebtedness, the company has outstanding 252,571 common shares. W. J. Bowen is president and chief executive officer.

NATIONAL GENERAL PROPOSES RIGHTS OFFERING. National General Corporation, One Carthay Plaza, Los Angeles, 90048, and its wholly-owned subsidiary, Digital Development Corporation, 5575 Kearny Villa Rd., San Diego 92123, jointly filed a registration statement (File 2-39418) with the SEC on February 16 seeking registration of 2,100,000 shares of Digital Development (constituting all its outstanding common shares). National proposes to offer such shares for subscription by its common stockholders; the record date and subscription terms (which may be either shares of National's common stock and cash or shares of National's common stock solely) are to be supplied by amendment. Loeb, Rhoades & Co., 42 Wall St., New York, N. Y. 10005, has agreed to head a group of underwriters who will solicit purchases pursuant to the rights offer; Loeb Rhoades will receive a \$100,000 management fee plus 5¢ per Digital share purchased; in addition, 45¢ per share will be paid to Loeb Rhoades and participating dealers where such dealer is named on the subscription form.

National conducts through subsidiaries a range of business operations primarily related to casualty insurance and leisure time activities. Digital Development is engaged in the development, manufacture and sale of memory devices used with digital computers and other special systems which devices provide a means for large volume storage of data and relatively fast access to the stored information. In addition to indebtedness and preferred stock, National has outstanding 4,976,904 common shares, of which management officials as a group own 784,500 shares. Eugene V. Klein is board chairman and chief executive officer and Irving H. Levin is president and chief operating officer of National.

MISCELLANEOUS

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the February 5 News Digest.

8K Reports for Dec 1970

Cascade Steel Rolling Mills Inc. Sept 1970 (3,13) 0-3732-2	American Beef Packers, Inc (4,13) 0-4504-2
Computing & Software, Inc (13) 1-5586-2	Clinton Merchandising, Inc Jan 1971 (11,12,13) 1-6550-2
Vandervoort's, Inc. (3) 0-3409-2	Computer Devices Corporation (1,2,4,7,8,11,13) 2-28646-2
ADA Financial Service Corporation (1,2,3,7,11,12,13) 2-32349-2	Seacrest Industries Corp (1,7,11,13) 0-2252-2
Cambridge Industries, Inc 2-36107-2 Nov & Dec 1970 (2,7,8,12,13)	TFI Companies, Incorporated (12) 1-4722-2
Canadian Javelin Ltd. (2,12,13) 1-4192-2	Empire Life Insurance Co (7,9) 2-20749-2
Datronc Rental Corp Oct 1969 (2,13) 0-2868-2	Wilson & Co., Inc Sept 1970 (9,13) 1-5433-2
Nov 1969 (11) 0-2868-2	
Oct 1970 (8) 0-2868-2	
Dec 70(12,13) 2-2868-2	
Ducommun Incorporated (8,12) 0-1222-2	Acme Precision Products, Inc. (8,13) 1-6135-2
First Republic Corp of America (1,7, 13) 0-1437-2	Tennis Unlimited, Inc. (3) 2-31471-2
Avco Community Developers, Inc. (2,13) 1-6274-2	Airlift Intl, Inc. (2) 1-5551-2
Combustion Engineering Inc (7) 1-117-2	Alliance Medical Inns, Inc. (1) 2-33086-2
Leader International Industries, Inc. (12) 1-6125-2	California Medical Centers (2,12,13) 0-3661-2
Longines Wittnauer Watch Co Voting Trust (12,13) 2-14133-2	Century Geophysical Corp (13) 1-4520-2
Marmon Group Inc (2,4,7,8,11,12,13) 1-2466-2	Intermountain Gas Co Jan 1971 (11) 0-1358-2
Oregon National Life Insurance Co (3,12) 2-22328-2	
Servicemaster Industries, Inc Aug 1970 (2,13) 0-3168-2	Combined Media, Inc (11,13) 2-31108-2
Wolverine Industries, Inc. (7,9,13) 1-5746-2	Compusamp, Inc (7,13) 2-33106-2
	Electrogasdynamics, Inc Jan 1971 (12) 2-33843-2
	Penn Pacific Corp Nov 1970 (2,13) 0-730-2
Combined Communications Corporation (2,7,13) 0-4729-2	Scotten Dillon Co (7,8,12) 1-6178-2
Dynarad, Inc (7,9,13) 2-32153-2	Woods Corp (2,13) 1-5338-2
Sterling Oil of Oklahoma, Inc Jan 1971 (3) 0-1497-2	
Texas Plastics, Inc (7,13) 0-4230-2	Flying Tiger Corp (3,11,12,13) 1-6547-2
	Genesco, Inc. (11,13) 1-3083-2
	Ground/Data Corporation Nov 1970 (11,13) 0-5279-2

SECURITIES ACT REGISTRATIONS. Effective February 17: The American Plan Corp., 2-38520 (40 days); Brunswick Corp., 2-39278; Dana Corp., 2-39243; The Green Shoe Manufacturing Co., 2-39265; Katy Industries, Inc., 2-39210; Madison Square Garden Corp., 2-38872; Texas Utilities Co., 2-39285; Trailer Train Co., 2-38831 (40 days); U. S. Plywood-Champion Papers Inc., 2-39321.

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.