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

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DECISION IN ADMINISTRATIVE PROCEEDING

HOUSTON SECURITIES SETTLEMENT ACCEPTED. The SEC today announced the issuance of an order under the Securities Exchange Act (Release 34-8886) accepting an offer for settlement of administrative proceedings involving Houston Securities Corporation and its president and principal stockholder, George K. Waki, of Houston, Tex. The proceedings were based upon staff charges that Houston Securities and Waki violated the anti-fraud provisions of the Federal securities laws in connection with the offer and sale between January 1968 and September 1969 of common stocks of Ultra Jet Industries, Inc. of Florida, Continental Investment Corporation of Arizona and Pan American Industries, Inc. of Arizona, more particularly that in the offer and sale of such securities they failed to disclose that the securities had not been registered under the Securities Act, that none of the companies had any operating divisions and two of them had large operating deficits; that asserted subsidiaries purportedly owned by the companies were never in fact acquired by them; that the market for the stocks of the companies was artificially created and maintained and the market price bore no relation to their actual value; and that certain subsidiaries and other assets were being acquired by the companies from the persons with whom respondents acted in concert at prices in excess of either their actual value or their cost to such persons. It also was alleged that they offered and sold the securities of such companies in violation of the Securities Act registration provisions, and bid for and purchased the securities while engaged in their distribution in violation of Rule 10b-6.

Houston Securities consented to the issuance of a Commission order permitting withdrawal of its broker-dealer registration, effective July 20 (it may engage in securities transactions prior thereto to the extent necessary to accomplish "an orderly liquidation of its securities"); and Waki consented to an order barring him from further association with a broker-dealer, effective the same date. They also agreed to dismiss their appeal from a Federal court order of temporary injunction (Lit Release 4609) against violations of the anti-fraud and registration provisions of the Federal securities laws in connection with securities of the above-named companies and consented to a court order of permanent injunction, but without admitting or denying the allegations contained in the Commission's complaint.

COMMISSION ANNOUNCEMENT

SIMULATED MATERIALS OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Simulated Materials, Inc. ("SMI"), of Merrimac, Mass. The order provides an opportunity for hearing, upon request, on the question whether the suspension order should be vacated or made permanent.

Regulation A provides a conditional exemption from registration under the Securities Act with respect to public offerings of securities not exceeding \$300,000 in amount. Pursuant to a notification filed in October 1969, SMI proposed the public offering of 300,000 common shares at \$1 per share. The Commission asserts in its suspension order that it has "reasonable cause to believe" that the SMI offering circular was false and misleading and omitted certain material facts, particularly with respect to the representation that if \$300,000 was not received in the sale of stock and deposited in escrow by March 30, 1970, the full purchase price of shares would be returned to purchasers, the failure to disclose that an order for the purchase of caskets referred to therein was a contingent order and that products shipped pursuant to such orders had been returned as unacceptable, and the manner and method by which the shares would be publicly offered. Moreover, according to the allegations, misrepresentations were made in the offer and sale of SMI stock concerning the profits to be derived from casket sales, the production capacity of the company, marketing arrangements made with leading casket companies, and that a market would be made in SMI stock upon completion of the offering.

HOLDING COMPANY ACT RELEASE

CONSOLIDATED NATURAL GAS RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16729) authorizing Consolidated Natural Gas Company ("Consolidated"), New York, to make up to \$157,000,000 of open account advances to subsidiaries (\$82,000,000 for construction purposes, \$55,000,000 for gas storage inventories and \$20,000,000 for working capital purposes), as follows: Consolidated Gas Supply Corporation, The East Ohio Gas Company, The Peoples Natural Gas Company, West Ohio Gas Company and The River Gas Company. Consolidated plans to issue and sell debentures during 1970 and, following such sale, the open account advances to subsidiaries for construction will be converted into long term notes of such subsidiaries. It also proposes to issue and sell up to \$55,000,000 of short-term notes to a group of banks during 1970, proceeds of which will be used to finance the seasonal increase in gas storage inventories of the subsidiaries. Consolidated further proposes to purchase 49,000 capital shares (\$100 par) of Gas Supply and 17,000 capital shares (\$100 par) of Peoples; the subsidiaries will use the proceeds for construction purposes. Construction expenditures for the subsidiaries for 1970 are estimated at \$48,270,000 for Gas Supply, \$18,590,000 for East Ohio, \$16,640,000 for Peoples, \$480,000 for River and \$1,335,000 for West Ohio.

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Consolidated also proposes to issue and sell up to \$50,000,000 of commercial paper to a commercial paper dealer (which may include up to \$25,000,000 of short-term notes to banks) from time to time up to May 15, 1971. The proceeds of such financing will be used to provide up to \$20 million of the working capital advances to subsidiaries and up to \$30 million of working capital requirements of Consolidated.

INVESTMENT COMPANY ACT RELEASE

STATE STREET INVESTMENT SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6057) giving interested persons until June 11 to request a hearing upon an application of State Street Investment Corporation ("State Street") for an exemption order with respect to the proposed acquisition of the assets of Woods Investment Corporation ("Woods") in exchange for State Street shares at their net asset value. Originally organized in 1946 as Accurate Products, Inc. and engaged in the manufacture and sale of automotive parts and accessories, Woods, in September 1969, sold all its operating assets, changed its name and has since been primarily engaged in investing, reinvesting and trading in securities. At present Woods has one stockholder and is a personal holding company for Federal income tax purposes. At February 28, 1970, the market value of Woods' assets was approximately \$618,154.

SECURITIES ACT REGISTRATIONS

RAPID SHOP TO SELL STOCK. Rapid Shop Corporation, 1519 Pioneer Bldg., St. Paul, Minn. 55101, filed a registration statement (File 2-37406) with the SEC on May 18 seeking registration of 225,000 shares of common stock, to be offered for public sale at \$2.50 per share. No underwriting is involved; participating NASD members will receive a 25¢ per share selling commission.

Organized in April 1969, the company plans to open, own and operate self-service convenience retail food stores under the name "Rapid Shop Superette." Of the net proceeds of its stock sale, \$80,500 will be used to purchase a land site in the city of Brooklyn Center, Minn., \$195,000 to purchase inventory and \$75,000 for other expenses such as lease deposits, advertising and organization costs for possibly 15 additional leased stores; the balance will be used for working capital purposes. The company has outstanding 145,000 common shares (with a 60¢ per share book value), of which Irving P. Goldberg, president, owns 15.5% and management officials as a group 76%. Purchasers of the shares being registered will acquire a 61% stock interest in the company for their investment of \$562,500 (they will sustain an immediate dilution of 82¢ per share in book value from the offering price); present shareholders will then own 39%, for which they paid \$95,000.

H & B AMERICAN SHARES IN REGISTRATION. H & B American Corporation, 11661 San Vicente Blvd., Los Angeles, Calif. 90049, filed a registration statement (File 2-37408) with the SEC on May 18 seeking registration of 84,920 outstanding shares of common stock. These shares, acquired in connection with certain acquisitions, may be offered for sale from time to time by the holders thereof at prices current at the time of sale (\$14-1/8 per share maximum*). James Broadcasting Co., Inc., may sell 19,034 shares and 40 others the remaining shares being registered. The company is principally engaged in the CATV business. It has outstanding 5,293,106 common shares.

SECURITY MORTGAGE INVESTORS FILES FOR SECONDARY. Security Mortgage Investors (the "Trust"), 1718 Peachtree Rd., N.W., Atlanta, Ga. 30309, filed a registration statement (File 2-37409) with the SEC on May 18 seeking registration of \$10,000,000 of outstanding 5-7/8% convertible subordinated debentures, due 1984. These debentures (or the underlying common shares) may be offered for sale from time to time by the holders thereof at prices current at the time of sale.

The company was organized in July 1968 to operate as a real estate investment trust. The Chase Manhattan Bank (National Association) as trustee for various employee benefit trusts may sell all of \$5,000,000 of debentures and seven others the remaining debentures being registered.

COUSINS MORTGAGE INVESTMENTS PROPOSES OFFERING. Cousins Mortgage and Equity Investments (the "Trust"), 300 Interstate North, Atlanta, Ga. 30339, filed a registration statement (File 2-37410) with the SEC on May 18 seeking registration of 2,500,000 shares of beneficial interest, to be offered for public sale at \$20 per share. The offering is to be made through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine St., New York 10005, and The Robinson-Humphrey Co., Inc., 2 Peachtree St., N. W., Atlanta, Ga. 30303; the underwriting terms are to be supplied by amendment. Hubbard, Westervelt & Mottelay, Inc., a wholly-owned subsidiary of Merrill Lynch engaged in the real estate finance business, has entered into an agreement with Investment Advisory Company, adviser to the Trust, pursuant to which the adviser will pay Hubbard 10% of the advisory fee payable by the Trust to the adviser.

Recently organized, the Trust intends to qualify as a real estate investment trust under the Internal Revenue Code. Its primary investment objective is to provide its shareholders with both a fixed return through investments in long-term first mortgages and, whenever possible, an opportunity for additional income or capital appreciation through participations in the projects financed. It is anticipated that these projects will include apartments, shopping centers, office buildings and commercial properties. Thomas G. Cousins is board chairman of the Trust and board chairman and president of Cousins Properties Incorporated (parent of the adviser) and Thomas M. McComb, Jr., is president of the Trust.

MEDIARTS PROPOSES OFFERING. Mediarts, Inc., 9229 Sunset Blvd., Los Angeles, Calif. 90069, filed a registration statement (File 2-37411) with the SEC on May 19 seeking registration of 300,000 shares of common stock and 150,000 common stock purchase warrants, to be offered for public sale in units, each consisting of two shares and one warrant, and at \$20 per unit. The offering is to be made through underwriters headed by Ladenburg, Thalmann & Co., 25 Broad St., New York 10004, which will receive a \$1.60 per unit commission.

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The company has agreed to pay the Ladenburg firm \$30,000 for expenses and to issue to it a special five-year warrant to purchase 30,000 shares, exercisable after one year at \$12 per share. In connection with a private placement of 100,000 shares in April, the company issued to that firm and to another investment banker special five-year warrants to purchase 4,375 and 625 shares, respectively, exercisable after one year at \$4 per share.

Organized in 1968, the company is engaged or will engage in developing and producing feature-length motion pictures and phonograph records and in music publishing. Of the net proceeds of its stock sale, \$650,000 will be used as a revolving fund for recording costs and recording artists' advances, \$300,000 to maintain an inventory of finished records, \$500,000 as a revolving fund for preproduction expenses of feature-length motion pictures and \$300,000 for administrative expenses; the balance will be added to the company's working capital and used for general corporate purposes, including possible acquisition of additional motion picture, record and copyright properties. The company has outstanding 550,000 common shares, of which Alan W. Livingston, board chairman and president, owns 32% and management officials as a group 82%. Purchasers of the shares being registered will acquire a 35.3% stock interest in the company for their investment of \$3,000,000; present shareholders will then own 64.7%, for which they paid \$718,000 in cash and intangible property.

WARD FOODS SHARES IN REGISTRATION. Ward Foods, Inc., 2 Pennsylvania Plaza, New York 10001, filed a registration statement (File 2-37412) with the SEC on May 19 seeking registration of 120,000 shares of common stock. These shares are issuable upon exercise of warrants expiring January 2, 1979, issued in connection with the sale by Ward Foods Overseas Capital Corporation, N.V., a foreign subsidiary of Ward, of \$15,000,000 of subordinated promissory notes guaranteed by Ward. These shares (or warrants) may be offered for sale from time to time by the holder thereof (Hambros Bank Limited, as principal and agent for several foreign investors) at prices current at the time of sale (\$60 per share maximum*). The company is engaged in baking operations and other areas of food production, processing and distribution. In addition to indebtedness and preferred stock, the company has outstanding 3,111,385 common shares.

IDENTIFICATION TO SELL STOCK. Identification Corporation, 406 Paulding Ave., Northvale, N. J. 07647, filed a registration statement (File 2-37413) with the SEC on May 19 seeking registration of 300,000 shares of common stock, to be offered for public sale through Kluger & Ellis, 26 Broad, New York 10004, and I. George Weston & Son, Inc., 648 Ocean Ave., Long Branch, N. J. 07740. The offering price (\$5 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the underwriters \$22,500 for expenses and to grant them five-year options to purchase 30,000 shares. It has also agreed to pay a finder's fee to Wall Street Consultants, Inc. (the amount to be supplied by amendment).

The company was organized in August 1967 for the purpose of manufacturing and selling personal identification devices for use in various governmental, industrial and commercial applications. Of the net proceeds of its stock sale, \$360,725 will be paid to Sibany Manufacturing Corporation (including \$337,053 representing loans), \$165,000 for capital equipment and leasehold improvements for proposed manufacturing, \$190,000 for production engineering of personal identification devices and \$380,000 for sales promotion and service activities; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 1,468,592 common shares (with a 70c per share book value), of which Sibany owns 82.5% and management officials as a group 7%.

INTERNATIONAL GALLERIES TO SELL STOCK. International Galleries, Inc., 110 Northeast 79 St., Miami, Fla., filed a registration statement (File 2-37414) with the SEC on May 19 seeking registration of 100,000 shares of common stock, to be offered for public sale through underwriters headed by L. F. Orbe & Co., 115 East 69th St. New York 10021; the offering price (\$7.50 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to sell the Orbe firm, for \$100, five-year warrants to purchase 10,000 shares.

The company was organized in October 1969 for the purpose of engaging in the design, sale and distribution of interior furnishings, including furniture, wall and floor coverings, lighting devices, fabrics and decorative accessories. Net proceeds of its stock sale will be added to working capital and used for general corporate purposes. The company has outstanding 270,000 common shares (with a 14c per share book value), of which Fred J. Lighte, president, owns 18%, management officials as a group 44% and Arnold M. and Ruth W. Greenfield 18%. Purchasers of the shares being registered will acquire a 27% stock interest in the company for their investment of \$750,000*; present stockholders will then own 73%, for which they will have invested and contributed \$45,000 or 16-2/3c per share.

SECURITIES ACT REGISTRATIONS. Effective May 19: Allied Stores Corp., 2-37359; ARA Services, Inc., 2-37046; Brockton Taunton Gas Co., 2-37172 (40 days); Coherent Radiation, 2-35776 (90 days); DeSoto, Inc., 2-37259; Eduscope, Inc., 2-35778 (90 days); GAC Corp., 2-37397; Great Western Financial Corp., 2-36733; Norris Oil Exploration Program - 1970, 2-35964 (90 days); Sears, Roebuck & Co., 2-37265; Skyline Oil Co., 2-36913; Summit Properties, 2-36420 (Jun 29); Valley Bancorporation, 2-35880 (90 days); White Hall Farms, Inc., 2-35038 (90 days).

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.