



# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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## NEW RULES AND RULE PROPOSALS

PROPOSAL TO AMEND RULE 17a-2 REQUIRING REPORTS BY UNDERWRITERS IF STABILIZING PURCHASES ARE MADE. The Commission has invited public comments on the proposed amendments and has requested that such comments be submitted in writing on or before July 3, 1972.

Rule 17a-2 provides that the member of an underwriting syndicate or group which makes stabilizing purchases for the account of the syndicate shall file separate reports on Form X-17A-1 "as manager" with respect to the syndicate transactions in the stabilized and offered securities, and if the offering is a rights offering, in the rights. These reports must be filed on each business day following the day on which such transactions occur. As to the other members of the syndicate for whose account stabilizing purchases were made, each of them is required to file "not as manager" one report on Form X-17A-1 reflecting all his transactions in each such security within a specified period ending with the termination of stabilizing. These reports must be filed within 5 business days after such termination.

The proposed amendments to the rule and form would require the reports "not as manager" to be submitted to the syndicate manager, rather than directly to the Commission, within 5 business days after termination of stabilizing, and the manager would have 10 business days after such termination to file with the Commission all such reports "not as manager," including its own report(s) "not as manager" showing its transactions in each of the same securities during the prescribed period other than its transactions for the syndicate account.

The proposed amendments would also require all reports on Form X-17A-1 "as manager" and "not as manager" to be filed in duplicate-original. (Rel. 34-9605)

## COMMISSION ANNOUNCEMENT

SEC CITES SMITH JACKSON & CO., OTHERS. The SEC has ordered public proceedings under the Securities Exchange Act of 1934 involving Smith Jackson & Co., Inc., broker-dealer of New York, N. Y., Steven S. Smith, president and principal shareholder of Smith Jackson, and Michael Snyder, registered representative of Smith Jackson.

The proceedings are based upon allegations of the Commission's staff that some time from January 1, 1968 to May 31, 1969 respondents violated the antifraud provisions of the Federal securities laws in that Snyder, singly or in concert with broker-dealers and others, among other things, established nominee accounts at Smith Jackson and other broker-dealers for the purpose of purchasing and selling new issue securities underwritten by such broker-dealers and intended for distribution to the public and also established such accounts on a reciprocal basis in order to buy and sell new issue securities intended for distribution to the public for their own benefit and to conceal their beneficial interest in such securities transactions and that Smith-Jackson and Smith failed reasonably to supervise Snyder with a view to preventing the alleged violations.

A hearing will be scheduled by further order to take evidence on the staff allegations and to afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the allegations are true, and if so, whether any action of a remedial nature should be ordered by the Commission.

TRADING BAN TERMINATED IN GRAPHIC - SCANNING. The SEC announced on May 23 the termination of the trading suspension in the securities of Graphic Scanning Corporation as of the close of business on May 23, 1972. The suspension was terminated after the company issued a release clarifying an earlier release relating to a contract between the company and the Commission.

The company stated that its prior release failed to disclose that the service provided (the SEC) will be at no cost to the Commission, that no revenues will be obtained from the Commission unless and until such time as the Commission determines to utilize such services, and that the Commission, furthermore, is under no obligation to use the transmission service. (Rel. 34-9615)

## DECISION IN ADMINISTRATIVE PROCEEDING

THOMAS R. BLONQUIST SUSPENDED FROM COMMISSION PRACTICE AND ENJOINED. The Commission announced the issuance of an order accepting the resignation of Thomas R. Blonquist, a Salt Lake City attorney, from appearing or practicing before it for 3 years. The order was entered pursuant to Blonquist's offer of settlement in disqualification proceedings based on charges that he was lacking in character and integrity and had engaged in unethical and improper professional conduct. It was alleged that he prepared a notification and offering circular for a public offering in 1969 of stock of Rico Enterprises, pursuant to Regulation A under the Securities Act of 1933, which he knew or should have known contained materially misleading statements, and that he failed to disclose to certain clients, including that company, that he also represented persons on the opposite side of transactions with those clients. (Rel. 34-9607)

Under the settlement offer, Blonquist also agreed to consent, in an injunctive action brought by the Commission in the Federal District Court in Utah, to a permanent injunction against violations of registration provisions of the Securities Act, without admitting or denying the allegations of the Commission's complaint. The injunction was issued April 27, 1972. (LR-5397)

OVER

HOLDING COMPANY ACT RELEASE

WESTERN MASS. ELECTRIC. The SEC has issued a notice giving interested persons until June 15 to request a hearing upon an application of Western Massachusetts Electric Company, West Springfield subsidiary of Northeast Utilities, to issue and sell \$30 million of first mortgage bonds, Series J, due 2002, at competitive bidding. Net proceeds will be used to repay short-term borrowings (estimated at \$30 million) incurred in financing in part of the company's construction program, estimated at \$45 million for 1972. (Rel. 35-17582)

INVESTMENT COMPANY ACT RELEASE

NUVEEN INCOME FUND. The SEC has issued a notice giving interested persons until June 13 to request a hearing upon an application of Nuveen Income Fund, Series 1 Monthly Payment Plan (and subsequent series) and John Nuveen & Company, Inc. (Nuveen), of Chicago, for an order exempting them and all subsequent series of Nuveen Income Fund from the net worth provisions of the Act, subject to certain conditions. (Rel. IC-7193)

TRUST INDENTURE ACT RELEASE

RALSTON PURINA COMPANY. The SEC has issued a notice giving interested persons until June 5 to request a hearing upon an application of the Ralston Purina Company for a finding that the trusteeship of Morgan Guaranty Trust Company under an indenture heretofore qualified under the Trust Indenture Act of 1939 and a second indenture not qualified under the Act is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify Morgan from acting as trustee under the two indentures. Ralston has issued \$50 million of 7.7% sinking fund debentures, due 1996, under an indenture dated March 15, 1971 between the company and Morgan which is qualified under the Act. Morgan has entered into an indenture dated February 15, 1972 with Ralston Purina Overseas Finance N.V., a Netherlands Antilles company, and Ralston, pursuant to which there have been issued \$25 million of Overseas' 7½% guaranteed debentures, due 1987, which are unconditionally guaranteed by the company, and are not qualified under the Act.

SECURITIES ACT REGISTRATIONS

SOUTHWESTERN GROUP INVESTORS, INC., 3300 Main St., Houston, Tex. 77002, filed a registration statement on May 22 seeking registration of 3,457,099 shares of common stock. It is proposed to offer these shares in exchange for the permanent reserve fund stock of the following Associations, at the specified rates: 6.7686 shares for each share of Abilene Savings Association; 1.2513 shares for each share of Brownsville Savings & Loan Association; 1.2919 shares for each Exchange Savings and Loan Association share; 2.3687 shares for each Surety Savings & Loan Association share and 9.4394 shares for each United Savings Association share. Southwestern is a savings and loan holding company. (File 2-44319)

TELEPROMPTER CORPORATION, 50 West 44th St., New York, N. Y. 10036, filed a registration statement on May 22 seeking registration of 1,700,000 shares of common stock, to be offered for public sale (\* at \$35 per share maximum) through underwriters headed by Allen & Co. Inc., 30 Broad St., and Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, both of New York City. The company is engaged principally in the cable television (CATV) business. Of the net proceeds of its stock sale, \$12.5 million will be used to repay a note due June 30 and the balance for CATV construction purposes, program origination plans and additional working capital. (File 2-44323)

MISCELLANEOUS

SECURITIES ACT REGISTRATIONS. Effective May 23: American Depository Receipts, 2-44166; American Hospital Supply Corp., 2-43999; American Republic Assurance Co., 2-36441; Designcraft Jewel Industries, Inc., 2-40549; Energy Conversion Devices, Inc., 2-40597; Environmental Research Corp., 2-43697 (40 days); Flatley Realty Investors, 2-43089 (90 days); First S & L Shares, Inc., 2-42636; Florida National Banks of Florida, Inc., 2-43132; Florida Power Corp., 2-43964; Frigitronics, Inc., 2-43294; Eli Lilly & Co., 2-44026; Gulf Republic Financial Corp., 2-41940 (90 days); J. B. Lippincott Co., 2-43598 (90 days); Luby Corp., 2-43550 (July 2); Median Mortgage Investors, 2-43922; Monsanto Co., 2-44071; The Mountain States Telephone & Telegraph Co., 2-44116; Prevor-Mayrsohn International, Inc., 2-40862; Radiofone Corp., 2-42504; Reinell Industries, Inc., 2-43530; Rodac Corp., 2-43037 (90 days); UAL, Inc., 2-43977.

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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