

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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DECISIONS IN ADMINISTRATIVE PROCEEDINGS

SANCTIONS IMPOSED ON FIRST NORTHWEST. The SEC today announced a decision under the Securities Exchange Act (Release 34-8992) in which it censured First Northwest Company, of Minneapolis, and ordered the 15-day suspension of its broker-dealer registration (following which it will withdraw from registration), for violations of various provisions of the Exchange Act and Commission rules thereunder. The Commission also suspended its president, Otto D. Christenson, from association with any securities firm for a like period; and for two years he may not serve in a supervisory capacity for any securities firm without Commission approval. The suspensions are effective October 12.

In an offer of settlement submitted by First Northwest and Christenson, which the Commission accepted, they consented to Commission findings of violation and to the imposition of the indicated sanctions, without admitting or denying the violations. It was represented therein that First Northwest has done no business since March 31; and a recent report indicates that it was then in compliance with the Commission's bookkeeping rules and that no securities or funds were owed to customers.

According to the Commission's decision, during the period April 1969 to July 1970 First Northwest, aided and abetted by Christenson, violated the Commission's confirmation, record-keeping, net capital and reporting rules as well as the margin rules (Regulation T) of the Federal Reserve Board; also, there was a failure to disclose, in connection with transactions in securities of Miniature Instruments, Inc., that there was a control relationship between First Northwest and that company.

CONTINENTAL PHOTOCOLOR SUSPENSION PERMANENT. The SEC today announced a decision under the Securities Act (Release 33-5089) in which it made permanent a prior order temporarily suspending a Regulation A exemption from registration with respect to a public offering of stock by Continental Photocolor Corp., of Braintree, Mass. Commencing in May 1969 Continental made an offering of 80,000 shares at \$3.75 per share; total sales amounted to 13,986 shares. In its decision, the Commission held that false and misleading representations were made in the offer and sale of Continental stock, in violation of the Securities Act anti-fraud provisions. These included statements that the offering was over-subscribed, that buyers would be able to resell the stock at a quick profit, that the issuer was operating at a profit and that it had a unique pricing method which gave it a competitive advantage. In fact, no market developed in the stock, the issuer was in poor financial condition and continued to incur substantial losses, and it was forced to cease operations in July 1969 and was ultimately liquidated. No funds were returned to investors. Following a hearing on the allegations, Continental withdrew its request for a hearing, admitted the allegations in the temporary order and consented to the permanent suspension of the Regulation A exemption.

HOLDING COMPANY ACT RELEASES

JERSEY CENTRAL P&L SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16863) giving interested persons until November 4 to request a hearing upon an application of Jersey Central Power & Light Company, Morristown, N. J., subsidiary of General Public Utilities Corporation, to issue and sell \$16,000,000 of first mortgage bonds, due 2000, at competitive bidding. Jersey Central will use the net proceeds to pay a portion of \$48,000,000 of short-term bank notes to be outstanding at the date of the sale of the bonds. Proceeds of such notes have been or will be used to finance its construction program, estimated at \$239,600,000 for 1970-71.

SOUTHERN CO. SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16864) giving interested persons until October 30 to request a hearing upon an application of The Southern Company, Atlanta holding company, proposing the offering and sale at competitive bidding of sufficient common shares (the precise number to be supplied by amendment) as to result in aggregate cash proceeds of approximately \$75,000,000. Southern proposes to use the proceeds to make additional, previously authorized investments in subsidiaries, to pay short term notes of \$23,100,000 issued for the purpose of making such investments, and to acquire 40,000 additional common shares of Alabama Power Company for \$4,000,000 and 120,000 additional common shares of Georgia Power Company for \$12,000,000. Georgia and Alabama propose to use the proceeds of their stock sales to pay short-term notes and to finance, in part, their 1970 construction expenditures, estimated at \$226,761,000 and \$158,666,000, respectively.

INVESTMENT COMPANY ACT RELEASES

COMMUNICATIONS FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6205) giving interested persons until November 21 to request a hearing upon the application of Communications Fund, Inc. (the Fund), of New York, for an exemption from all provisions of the Act. According to the application, the Fund was organized for the purpose of making investments in and loans to small business concerns under the Small Business Act of 1958, and all of its outstanding notes and debentures are held by the SBA, and all of its capital stock is owned by Communications Corp. of America (Communications).

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Communications has outstanding 968,500 common shares, 908,500 of which are held beneficially^{held} by 11 individuals and the balance of 60,000 (being less than 10%) by Industro Transistor Corporation, a publicly-held company. Accordingly, the Fund has been excluded from the definition of an investment company by reason of Section 3(c)(1) of the Act, since its outstanding securities other than short term paper are beneficially owned by not more than 100 persons. However, Industro proposes to distribute 50,000 Communications shares to its stockholders through a stock dividend; thereupon, there will be more than 100 beneficial owners of Communications' securities and the Fund will no longer be entitled to exemption pursuant to Section 3(c)(1). For reasons related in its application, the Fund seeks a continuation of its exempt status under the Act on and after the stock distribution by Industro.

WISCONSIN LIFE RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6207) exempting The Wisconsin Life Insurance Company and The Wisconsin Life Insurance Company Variable Account A, Madison, Wisc., from certain provisions of the Act in connection with the proposed sale of Account A variable annuity contracts.

COURT ENFORCEMENT ACTIONS

TURNER ENTERS GUILTY PLEA. The SEC Washington Regional Office announced October 2 (LR-4771) that Auldus H. Turner, Jr., of Pittsburgh and Los Angeles entered a "nolo" plea before Federal court in Pittsburgh to an indictment charging violations of the Securities Act registration provisions in the offer and sale of the common stock of Turbo-Cast Industries, Inc.

WANDERON & CO. ENJOINED. The SEC New York Regional Office today announced (LR-4772) that Wanderon & Co. of Jersey City, N. J. had been preliminarily enjoined from violations of the financial responsibility and anti-fraud provisions of the Federal securities laws by the Federal court in New Jersey. The Court order also provides for a freeze on the assets of Wanderon & Co. pending a determination as to whether a receiver should be appointed.

SECURITIES ACT REGISTRATIONS

SOUTHWESTERN PUBLIC SERVICE TO SELL BONDS. Southwestern Public Service Company, 720 Mercantile Dallas Bldg., Dallas, Tex. 75201, filed a registration statement (File 2-38566) with the SEC on October 8 seeking registration of \$15,000,000 of first mortgage bonds, due 1975, to be offered for public sale through underwriters headed by Dillon, Read & Co. Inc., 46 William St., New York 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment. A public utility, the company will apply the net proceeds of its bond sale to the payment of bank loans which were obtained for the construction of additions and improvements to its properties and to payment of future costs of additions and improvements. Construction expenditures are estimated at \$18,800,000 for 1971 and \$18,100,000 for 1972.

CITIZENS UTILITIES TO SELL BONDS. Citizens Utilities Company, High Ridge Park, Stamford, Conn. 06905, filed a registration statement (File 2-38567) with the SEC on October 8 seeking registration of \$20,000,000 of collateral trust and first mortgage bonds, to be offered for public sale at competitive bidding. A public utility, the company will use the net proceeds of its bond sale to repay short term bank loans (estimated not to exceed \$20,000,000 at the time of the bond sale) incurred to finance the company's expansion; the balance, together with compensating balances released by repayment of bank loans, will be added to the company's general funds and used for expansion of the company's facilities. Construction expenditures are estimated at \$20,200,000 for 1970 and not to substantially exceed that amount in 1971.

TOLEDO EDISON TO SELL BONDS. The Toledo Edison Company, 420 Madison Ave., Toledo, Ohio 43601, filed a registration statement (File 2-38569) with the SEC on October 9 seeking registration of \$35,000,000 of first mortgage bonds, due 2000, to be offered for public sale through underwriters headed by The First Boston Corp., 20 Exchange Pl., and Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., both of New York. The interest rate, offering price and underwriting terms are to be supplied by amendment. A public utility, the company will use the net proceeds of its bond sale for repayment of short-term notes payable to banks and others (aggregating \$25,750,000 on September 30) incurred in connection with the financing of the company's construction program, and to defray a portion of the company's construction program. Construction expenditures are estimated at \$36,000,000 for 1970 and \$54,000,000 for 1971.

MISCELLANEOUS

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Continental Vending Machine Corporation for the further ten-day period October 13-22, 1970, inclusive.

SECURITIES ACT REGISTRATIONS. Effective October 9: Appalachian Power Co., 2-38406; Hawkeye Land and Cattle Co., 2-37298 (90 days); Howmedica, Inc., 2-37983; Inland Steel Co., 2-38394; Sandia International Metals Corp., 2-35193 (90 days); Southdown, Inc., 2-37696 (40 days); Trans Atlas Corp., 2-38189 (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.