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# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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A Daily Summary of  
S.E.C. Activities

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FOR RELEASE February 29, 1972

## COMMISSION ANNOUNCEMENTS

SEC COMMENCES "HOT ISSUES" HEARINGS. The Commission yesterday commenced hearings into the so-called "hot issues" - new issues which rise substantially in the aftermarket -- to determine if present forms, rules and regulations of the Commission provide adequate disclosure and other protections to investors in connection therewith. The hearings are being held to determine the facts in connection with hot issues for two broad purposes: (1) to aid in the enforcement of the Securities Exchange Act of 1934 and in the prescribing of rules and regulations under both the Securities Act of 1933 and the Exchange Act, and (2) to secure information to serve as a basis for possible legislation.

Articles recently appearing in the financial press are raising questions based in part on an increase registered offerings of new companies, as to whether a new hot issue security market is presently developing. In recent months there has been a substantial increase in the number of issuers filing registration statements under the '33 Act for the first time. For example, for the first half of fiscal 1972 there were 632 first time filings compared to 352 for the first half of fiscal 1971.

The first objective of the hearing is to determine how the Commission best can exercise its responsibilities to maintain public investor confidence in the new issues markets as a means of raising capital and thus, serve the Commission's primary function of protecting investors and the public interest. Second, the proceeding will involve a broad examination of the availability and allocation of venture capital from all sources and the role of the new issues market in relation to other possible sources. This examination may also involve to some extent analysis of the Commission's policy relating to its interpretations of the private offering exemption of Section 4(2) of the Securities Act of 1933. Finally, the proceeding will analyze the process of distribution of new issues of securities and the trading of those securities in the so-called "after-market."

The hearings will involve an analysis of sixty specified companies as well as testimony on the part of various individuals and institutions.

TRADING SUSPENDED IN DATAMEDIA COMPUTER SERVICE, INC. The SEC today ordered the temporary suspension of trading in the common stock of Datamedia International, Inc. ("Datamedia"), formerly Datamedia Computer Service, Inc. of Dallas, Texas for a ten-day period beginning February 28, 1972. The suspension will terminate March 8, 1972.

The suspension was ordered because of the unavailability of adequate and accurate financial and other information about the company and its operations. The Commission has been informed by officials of Datamedia that the company has issued false information to the public which includes among other things a claim that the company had a sales backlog of approximately \$1,000,000. Company officials have stated that there is no such backlog and in fact the company has no backlog at all. Company officials have also stated that the false information concerning the backlog has been included in the annual report on Form 10-K. Additionally, Datamedia has not yet filed financial statements for the year ended September 30, 1971 although such statements are a required part of the 10K filing. On February 11, 1972 the company issued a release to the press stating that preliminary figures indicate an operating loss for the year ended September 30, 1971 in excess of \$200,000 with an additional write-off of inventories exceeding \$100,000. The company advises that when the financial statements are issued, the loss may be even higher. The President and Vice President of the company, who held these positions during the time the present Datamedia officials claimed false statements were being issued, have tendered their resignation. Thus, Datamedia has requested that trading in its securities be suspended. (Rel. 34-9512)

REVOKE PRUDENTIAL INVESTMENT AND DENY MIAMI SECURITIES. Hearing Examiner Ralph H. Tracy has filed an initial decision which revokes the broker-dealer registration of Prudential Investment Corporation and denies such registration to Miami Securities, Inc. Both firms are located in Miami. Additionally, Nicholas M. Torelli, president of the two firms and Sidney Leavitt and Howard Leon Alderson, former salesmen of Prudential, were barred by the decision from association with any broker or dealer. The Examiner found, among other things, that Prudential and Torelli, violated the Commission's net capital and financial reporting rules and unlawfully offered and sold unregistered common stock of S&M Industries Inc. The Examiner also found that Prudential, Torelli, and Leavitt violated the anti-fraud provisions of the securities laws in the sale of stock of Continental Investment Corporation of Arizona, and that Alderson had fraudulently converted customers' funds to his personal use. The decision is subject to review by the Commission on its own motion or on petition of the parties.

## NEW RULES AND RULE PROPOSALS

ADOPTION OF RULE 15b8-2 UNDER EXCHANGE ACT. The SEC has announced the adoption of Rule 15b8-2 under the Securities Exchange Act of 1934 under which firms and individuals who have been expelled, barred or suspended from the NASD or from an exchange are not deemed qualified under Section 15(b)(8) of the Act to engage in securities activities as nonmembers. The rule also contains a provision for applying to the Commission for relief from such disqualification. Filing of such an application may stay the operation of the rule pending a Commission decision on the merits. (Rel. 34-9504)

OVER

ADOPTION OF AN AMENDMENT TO PARAGRAPH (c) OF RULE 10b-17. The SEC announced today that it has amended Rule 10b-17 under the Securities Exchange Act of 1934. Essentially, Rule 10b-17 requires issuers of publicly traded securities to furnish advance information concerning impending dividends or other distributions, stock splits, rights or other subscription offerings to the National Association of Securities Dealers, Inc., or an exchange on which the securities are registered and which has substantially comparable notification procedures. Presently, paragraph (c) of the rule exempts securities issued by open-end investment companies registered under the Investment Company Act of 1940 (the "1940 Act") from the advance notification requirements. The amendment would expand the scope of this exemptive provision by also including within it securities issued by unit investment trusts registered under the 1940 Act. (Rel. 34-9503)

#### HOLDING COMPANY ACT RELEASE

COLUMBIA GAS SYSTEM. The SEC has issued an order authorizing thirteen subsidiaries of the Columbia Gas System, Inc., Wilmington, Del., to issue and sell \$100 million of 25-year installment promissory notes to the parent. Net proceeds will be used by the subsidiaries to repay unsecured promissory notes payable to the parent and maturing February 25, 1972, and issued to provide funds for construction. (File 35-17467)

#### INVESTMENT COMPANY ACT RELEASE

BOSTON FINANCIAL REHABILITATION PARTNERSHIPS. The SEC has issued a notice giving interested persons until March 17 to request a hearing upon an application of Boston Financial Rehabilitation Partnerships-I, of Boston, and Boston Financial Technology Group, its general partner, for an order exempting them from all provisions of the Act. According to the application, Partnerships was organized in September 1971 to implement the policy of Title IX of the Housing and Urban Development Act and to provide investors a means to acquire equity interests in governmentally assisted low and moderate income housing. Partnerships has filed a registration statement covering \$5 million of limited partnership interests to be sold only to qualified investors in units of \$5,000. Applicants contend that the conditions imposed by Boston's articles of incorporation and by the FHA, which regulates, among other things, debt, asset and financing arrangements and supervises construction of the project, afford at least as much protection to investors as the Act. (Rel. IC-7018)

#### SECURITIES ACT REGISTRATIONS

FIRST & MERCHANTS CORPORATION, 827 East Main St., Richmond, Va. 23261, filed a registration statement on February 23 seeking registration of \$25 million of notes, due 1980, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co. Inc., One Chase Manhattan Plaza, New York, N.Y. 10005. The company is a bank holding company, which owns all the outstanding stock of First & Merchants National Bank and The First National Bank of Danville, both Virginia banks. Net proceeds will be used to finance, in part, the cost of construction of a new headquarters building and to finance activities of First Realty Mortgage Corporation and First Development Corporation, wholly-owned subsidiaries of the company. (File 2-43144)

TIBURON VINTNERS, INC., 1680 Tiburon Blvd., Tiburon, Calif. 94920, filed a registration statement on February 24 seeking registration of 350,000 shares of common stock, of which 210,967 are to be offered for public sale by the company and 139,033 (outstanding shares or issuable upon exercise of warrants) by the holders thereof. The offering is to be made (\*at \$39.25 per share maximum) through underwriters headed by CBWL-Hayden, Stone Inc., 767 Fifth Ave., New York, N.Y. 10022 and Birr, Wilson & Co., Inc., 155 Sansome St., San Francisco, Calif. 94104. The company primarily produces and sells premium quality table wines. Of the net proceeds of its stock sale, \$2 million will be used to reduce short-term bank debt used to finance inventory purchases and the balance for working capital and other corporate purposes. (File 2-43152)

FRUEHAUF FINANCE COMPANY, 10900 Harper Ave., Detroit, Mich. 48232, filed a registration statement on February 22 seeking registration of \$25 million of debentures, due 1992, and \$25 million of notes, due 1979, to be offered for public sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York 10005. A wholly-owned subsidiary of Fruehauf Corporation, the company purchases installment contracts from Fruehauf and finances leases by Fruehauf of its products. Net proceeds will be used to reduce short-term debt. (File 2-43157)

LOGOS DEVELOPMENT CORPORATION, 45 Dolson Ave., Middletown, N. J. 10940, filed a registration statement on February 24 seeking registration of 125,000 shares of common stock, to be offered for public sale (\*at \$10 per share maximum) by Cohen, Goren Equities, Inc., 99 John St., New York 10005. The company is principally engaged in furthering the development of a proprietary computer system for high speed language translation. Net proceeds from the stock sale will be used for working capital and other corporate purposes. (File 2-43158)

TELEBEAM CORPORATION, 1501 Broadway, New York 10036, filed a registration statement on February 24 seeking registration of 300,000 shares of common stock, to be offered for public sale by the company, (\*at \$12 per share maximum) through underwriters headed by Morgan, Kennedy & Co., Inc., 5 Hanover Square, New York 10004. The company is engaged in developing a pay television system. Of the net proceeds of its stock sale, \$1,800,000 will be used to purchase component parts and capital equipment and the balance for working capital and other corporate purposes. (File 2-43161)

URBAN IMPROVEMENT FUND LIMITED, (the Partnership) 6505 Wilshire Blvd., Los Angeles, Calif. 90048, filed a registration statement on February 25 seeking registration of \$10 million of partnership interests to be offered for public sale at \$1,000 per unit with a required minimum purchase of 5 units. The offering is to be made on a best-efforts basis; no underwriting is involved. The Partnership will invest in Federally assisted housing projects. John Kusmiersky and Donald J. O'Leary are the General Partners. (File 2-43162)

COMMERCIAL-INCOME PROPERTIES FUND LIMITED, (the Partnership), 6505 Wilshire Blvd., Los Angeles, Calif. 90048, filed a registration statement on February 25 seeking registration of \$10 million of partnership interests, to be offered for public sale at \$500 per unit with a required minimum purchase of 5 units. The offering is to be made on a best-efforts basis; no underwriting is involved. The Partnership will invest in improved real estate. John Kusmiersky and Donald J. O'Leary are the General Partners. (File 2-43163)

BRAND INSULATIONS, INC., 2350 W. Fulton St., Chicago, Ill. 60612, filed a registration statement on February 25 seeking registration of 350,000 shares of common stock to be offered for public sale (\*at \$12 per share maximum) through underwriters headed by Johnson, Lane, Space, Smith & Co., Inc., 1000 Commerce Bldg., Atlanta, Ga. 30303. A wholly-owned subsidiary of Manufacturers National Corporation (a one-bank holding company), the company is primarily engaged in insulating various mechanical systems. Net proceeds from the stock sale will be used to retire indebtedness to the parent and short-term bank debt and the balance added to the general funds of the company. (File 2-43164)

INDIANA GROUP, INC., 115 N. Pennsylvania St., Indianapolis, Ind. 46204, filed a registration statement on February 25 seeking registration of 490,500 shares of common stock, of which 400,000 are to be offered for public sale by the company and 90,500 (being outstanding shares) by the holders thereof (\*at \$27 per share maximum) through underwriters headed by The First Boston Corp. 20 Exchange Place, New York, N.Y. 10004, and City Securities Corp. 400 Circle Tower, Indianapolis, Indiana 46204. The company through subsidiaries is engaged in the property and casualty insurance business. Of the net proceeds of its stock sale, \$7,500,000 will be invested as additional capital in a subsidiary company, \$1,750,000 may be used for the acquisition of another insurance company from a subsidiary and the balance for general corporate purposes. (File 2-43165)

TUCSON GAS & ELECTRIC COMPANY, 220 W. 6th St., Tucson, Ariz. 85702, filed a registration statement on February 25 seeking registration of \$25 million of first mortgage bonds, due 2002, to be offered for public sale through underwriters headed by Blyth & Co., Inc., 14 Wall St., and The First Boston Corp., 20 Exchange Pl., both of New York 10005. Net proceeds will be applied to the reduction of short-term notes. Construction expenditures are estimated at \$77 million for 1972 and \$64 million for 1973. (File 2-43166)

#### 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 3 News Digest.

#### 8K Reports for Jan 72

Bancohio Corp (12,14)	0-1411-2	Cryplex Inds Inc (2,7,13)	2-24371-2
Continental Coffee Co (7,8,11,13,14)	2-37930-2	Fabrics Natl Inc (12)	1-5967-2
Eckmar Corp (2,8,13)	1-5405-2	Hughes Supply Inc Dec 71 (13,14)	0-5235-2
Medenco Inc (2,7,14)	1-6782-2	Sunnydale Farms Inc (8)	1-6045-2
Penna Real Estate Invst Trust (11,12,13)	1-6300-2	Bekland Resources Corp. (4,11,13,14)	0-5629-2
United Jersey Banks (12)	1-6451-2	Eastern Airlines Inc Dec 71 (7,8)	1-3049-2
Jim Walter Corp (3)	1-4868-2	Fairfield Noble Corp (8)	1-5163-2
		Gamble-Skogmo Inc Thrift & Profit	
		Sharing Plan (7,8)	2-340C7-2
		General Motors Corp (3,8)	1-143-2

8K Reports for Jan 72

Hubbard Real Estate Invsts (2,13)	1-6309-2	Ashland Oil Inc (11)	1-2918-2
Keller Inds Inc (11,13)	1-4234-2	Berg Enterprises Inc (7)	0-5864-2
Mohawk Data Sciences Corp Dec 71 (7,13)	1-5474-2	Cenco Hospital & Convalescent Homes Corp (3,7,8,13,14)	0-5762-2
Newmont Mining Corp (7,14)	1-1153-2	Family Dollar Stores Inc (4,11,13,14)	1-6807-2
North American Data Systems Inc (3,13)	2-29312-2	Harnischfeger Corp (2,7,14)	1-6840-2
Teletronics Int'l Inc (7,11,13)	2-39152-2	ITI Corp (2,4,10,11,13)	1-3819-2
Burton-Hawks Inc (12)	0-5781-2	Midas-Int'l Corp (1,4,8,11,13,14)	0-1041-2
Colorado Natl Bankshares Inc (12,13)	0-3248-2	South Carolina Elec & Gas Co (7,13)	1-3375-2
Filmways Inc Feb 72 (1,2,11)	1-5979-2	Woman's Life Ins Co Of America Inc (1,14)	2-21237-2
General Elec Credit Corp (7,14)	1-6461-2	American Beverage Corp (12)	0-2817-2
General Housewares Corp (3)	0-4837-2	American District Tel Co (12)	1-6084-2
General Tel Co Of Upstate New York Inc Dec 71 (7,12)	2-34622-2	Jersey Central Power & Light Co (11,13,14)	1-3141-2
McCulloch Oil Corp (7,12,13)	1-3924-2	Keydata Corp (11,13)	0-5261-2
RFS Products Inc (7,11,13)	1-6601-2	Nationwide Nursing Centers Inc (2,3,7,13,14)	0-4370-2
Faritan Plastics Corp (10,13,14)	0-3285-2	Sutro Mortgage Invst Trust Dec 71 (7)	1-6114-2
Tipperary Land & Exploration Corp (12)	0-2960-2	Central Hudson Gas & Elec Corp (3)	1-3268-2
Wolf Corp (1,2,8,14)	1-6576-2	Century Tel Enterprises Inc (7,11,13,14)	2-38897-2
American Pyramid Companies Inc (2,3,14)	0-2372-2	Clasco Inc (2,8,14)	0-4616-2
Easic Sciences Inc (7)	2-33154-2	Eastern & Pacific Inds Corp (3,9,14)	1-5737-2
Colonial Sand & Stone Co Inc (13)	1-3417-2	Int'l Rectifier Corp (3)	1-4399-2
Founders Financial Corp Dec 71 (1,2,7,12,13)	0-4847-2	Oxford Elec Corp (2,11,14)	1-5518-2
Graybar Elec Co Inc (7)	0-255-2	Piper Inds Inc (2,14)	2-41129-2
Kansas Lower & Light Co (8,13)	1-3523-2	Applied Logic Corp (1,4,7,8,9,11,13,14)	0-4351-2
Northern Corp (13)	0-4405-2	Bio-Medical Sciences Inc (13)	0-5613-2
Ormark Inds Inc (12)	1-5385-2	Browning-Ferris Inds Inc (7,14)	1-6805-2
Stellar Inds Inc (11)	1-6193-2	Chadbourne Inc (2,14)	1-3926-2
American Finance System Inc (4,7,14)	1-5625-2	Alfred Hart Co (13,14)	1-5136-2
Atlantic Oil Corp Feb 72 (1,2,7,14)	1-2969-2	Health-Chem Corp (8,13)	1-6787-2
Booz-Allen & Hamilton Inc (11,13)	0-5346-2	G Heileman Brewing Co Inc (7)	1-4738-2
Fibreboard Corp (10)	1-271-2	Nuclear Data Inc (10)	1-5779-2
First S & L Shares Inc (12)	0-5281-2	Val D'Or Inds Inc (13,14)	0-3915-2
Int'l Textbook Co (12)	0-800-2		
Miss Int (1,12,13)	0-1062-2		
Tandy Corp (3,13)	1-5571-2		

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of exchange trading in the securities of Topper Corporation for the further ten-day period February 29 - March 9, 1972 inclusive.

SECURITIES ACT REGISTRATIONS. Effective February 25: American Building Maintenance Industries, 2-43057; Pension Investment Fund, Inc. 2-38648.

\*As estimated for purposes of computing the registration fee.

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