



# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A Daily Summary of  
S.E.C. Activities

Washington, D.C. 20549

(Prepared by the SEC Office of Public Information)

(Issue No. 72-226)

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## DECISION IN ADMINISTRATIVE PROCEEDING

NASD DECISION AGAINST EXECUTIVE SECURITIES AND PRINCIPALS SET ASIDE. The SEC has issued an order setting aside the disciplinary action taken by the NASD against Executive Securities Corp., North Miami, Fla., a member of the NASD, and Henry H. Winkler, Jr., Joseph A. Lugo, Jr., and Elliot I. Eiseman, operating heads and registered principals of the member.

The NASD found that in January 1968 respondents sold to the public, pursuant to a registration statement filed with the Commission, 100,000 shares of common stock of the member without the use of an underwriter. The NASD concluded that the member's "underwriting" of its own securities constituted an unfair and unreasonable underwriting arrangement in violation of its Rules of Fair Practice, as interpreted in its statement of policy then in effect with respect to the "Review of Underwriting Arrangements," in that it lacked the element of arm's-length bargaining between an issuer and an underwriter necessary in the determination of a fair offering price. The NASD considered that its 1970 revision of the statement of policy to deal specifically with "self-underwritings" did not reflect a change from existing practice.

The Commission, in overturning the NASD decision upon respondents' application for review, noted that the member was an issuer, not an underwriter, and that no underwriting arrangement was involved because it did not propose to use an underwriter. It held that a statement of policy which expressly related to the review of underwriting arrangements between an issuer and an underwriter who is an NASD member could not properly be transformed into a per se prohibition of "self-underwritings."

Commissioner Owens, in a dissenting opinion, expressed the view that the NASD's interpretation of its statement of policy was in keeping with the objective of its Rules and was reasonable. (Rel. 34-9861)

## NEW RULES AND RULE PROPOSALS

AMENDMENTS TO RULE 17a-2 CLARIFIED. The SEC has issued a release to correct misinterpretations of the new method of filing Form X-17A-1 in accordance with recent Amendments to Rule 17a-2 and Form X-17A-1 as outlined in Securities Exchange Act of 1934 Release No. 9717, dated August 15, 1972. In the text of the Amendment to Rule 17a-2 providing the above instruction for filing Form X-17A-1 report the words "in duplicate original" were inadvertently inserted both in the rule and in INSTRUCTION V on the Form itself. The text should have stated that only one completed Form X-17A-1 is required. Therefore, the managing underwriter is to report as required in subparagraph (d)(1) of Rule 17a-2 on single copies of Form X-17A-1. In addition, syndicate members filing "not as manager" reports need file only one copy of the report with the manager for transmittal to the Commission. (Rel. 34-9876)

## COURT ENFORCEMENT ACTION

PARISI ENJOINED. The SEC Washington Regional Office announced that on November 20 the Federal court in Philadelphia permanently enjoined Gaetano Parisi of Brooklyn, N. Y., an officer of Albert & Maguire Securities Co., Inc., of Philadelphia, from further violations of the hypothecation, net capital, bookkeeping and financial reporting provisions of the Federal securities laws. Parisi consented to the court order without admitting or denying the allegations. (LR-5640)

## INVESTMENT COMPANY ACT RELEASES

BROWN FUND OF HAWAII. The SEC has issued an order exempting the proposed sale of assets of The Brown Growth Income Fund, Inc. to Brown Fund of Hawaii, both of Honolulu, in exchange for shares of stock of the latter. (Rel. IC-7518)

PENNSYLVANIA FUND. The SEC has issued a notice giving interested persons until December 22 to request a hearing on the application by Pennsylvania Fund, Tax-Exempt Municipal Investment Trust (First and Subsequent Series) New York unit investment trust, for an order: granting confidential treatment to the statement of earnings of Butcher & Sherrerd, one of the sponsors of Applicant, which statement has been filed by the Fund as required by the Act; permitting units of the Fund to be offered to the public after Fund's portfolio of bonds, in an amount in excess of \$100,000, has been created, but before any units have been sold; and permitting Fund sponsors to purchase and resell units at prices based on a unit evaluation made as of the preceding Friday by an independent evaluator. (Rel. IC-7519)

COMMERCE FUND. The SEC has issued a notice on an application of Commerce Fund, Inc. and Industries Exchange Fund, Inc., Houston mutual funds, which have common officers and directors, and the same investment adviser, for an order pursuant to Section 17(b) of the Act exempting from the provisions of Section 17(a) of the Act the proposed sale of substantially all of the assets of Industries in exchange for shares of common stock of Commerce. (Rel. IC-7520)

OVER

INVESTORS CAPITAL EXCHANGE FUND. The SEC has issued a notice giving interested persons until December 22 to request a hearing on an application for an order of the Commission declaring that Investors Capital Exchange Fund, Inc. of Boston, Mass., has ceased to be an investment company. (Rel. IC-7521)

NARRAGANSETT CAPITAL CORP. The SEC has issued an order upon an application of Narragansett Capital Corporation, Providence, R. I. closed-end investment company, exempting the sale by Bevis Industries, Inc. of the assets of its subsidiary, Newman-Crosby Steel Co. to a new Rhode Island Corporation, and the sale of an adjoining parcel of approximately 8 acres of land to Business Development Company of Rhode Island. Bevis is a company controlled by Narragansett Capital Corporation, a closed-end investment company. (Rel. IC-7522)

#### SECURITIES ACT REGISTRATIONS FILED

PACIFIC GAS AND ELECTRIC COMPANY, 77 Beale St., San Francisco, Calif. 94106 - 2,000,000 shares of redeemable cumulative first preferred stock (\$25 par), to be offered for sale (\*at \$28 per share maximum) through underwriters headed by Dean Witter & Co. Inc., 45 Montgomery St., San Francisco, Calif. 94106, and Blyth Eastman Dillon & Co. Net proceeds will be applied to the reduction of short-term notes issued for temporary financing of additions to the company's utility plant. Construction expenditures are estimated at \$535 million for 1972 and \$2.7 billion for the period 1973 through 1976. (File 2-46323 - Nov 16)

SAN DIEGO GAS & ELECTRIC COMPANY, 101 Ash St., San Diego, Calif. 92101 - 1,500,000 shares of common stock - to be offered for sale (\*at \$20 per share maximum) through underwriters headed by Blyth Eastman Dillon & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, New York 10006. Net proceeds will be applied to retirement of short term notes issued for temporary financing of additions to the company's utility properties. Construction expenditures are estimated at \$132.5 million for 1973. (File 2-46324 - Nov 16)

PROVINCE OF ONTARIO (U.S. Agent: N. J. Sweetlove, Government of Ontario, Canada, 1251 Avenue of the Americas, Suite 1080, New York, N. Y. 10020) - \$100 million of debentures, due 2002, to be offered for sale through underwriters headed by Salomon Brothers, One New York Plaza, and Wood Gundy Inc., 100 Wall St., both of New York. Net proceeds will be advanced to The Hydro-Electric Power Commission of Ontario for its construction program, estimated at \$560 million for 1972. (File 2-46325 - Nov 16)

STOCK PLANS FILED. The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:  
 Addressograph-Multigraph Corporation, Cleveland, Ohio (File 2-46315) - 200,000 shares  
 K-Tel International, Inc., Minneapolis, Minn. (File 2-46316) - 150,000 shares  
 RCA Corporation, New York, N. Y. (File 2-46320) - 200,000 shares

#### MISCELLANEOUS

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of First Leisure Corporation for the further ten-day period November 27 through December 6, inclusive.

SECURITIES ACT REGISTRATIONS. Effective November 24: General Dynamics Corp., 2-46269; General Public Utilities Corp., 2-45955.

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

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