
Following the issuance of that Statement, the Commission established three industry advisory committees to study and report on market disclosure, block trading and the regulation and structure of a central market system. These advisory committees have completed their work and have transmitted their final reports and recommendations to the Commission.

In addition, over the past year, two congressional subcommittees have completed extensive studies, which devoted considerable attention to the structure and regulation of a central market system. The subcommittees have issued final reports and have begun to introduce legislation to implement their recommendations.

The Commission is issuing this report, therefore, after receiving the benefit of the most current thinking in this area. It is intended to provide direction to the development of the structure and regulatory framework within which a central market system would operate.

The Commission's Policy Statement should not be construed as an indictment of our existing capital markets, which continue to provide reliable service to all investors, large and small. But meaningful improvements can and should be made to accommodate these markets to the stresses of increased institutionalization of trading and other dynamically changing forces. In the Commission's view, the central market system will improve our existing system by bringing together all of our existing markets so that they are equally regulated and visible to all, and so that at the same time their members will be encouraged to compete, resulting in a substantial benefit for investors.

At the heart of the central market system described in the Policy Statement would be a comprehensive communications linkage between market centers, consisting of a real-time composite last sale reporting system and a composite quotation system displaying the bids and offers of all qualified market makers in listed securities. The necessary steps which have to be taken to achieve the composite reporting system already are well under way. The next step will be to demonstrate a similar commitment to making the composite quotation system a reality. To this end, the Commission indicated it intends to republish proposed Securities Exchange Act Rule 17a-14 in the near future.

The implementation of an operating communications system would necessarily precipitate some major changes in the way securities are traded today, the Commission stated. Rather than let such changes occur without direction, however, the Commission intended, in this Policy Statement, to anticipate some of the problem areas and to sketch out a broad regulatory framework within which the new communications network could operate efficiently.

The major steps proposed may be grouped into three broad categories: first, regulation to maintain the integrity of the communications linkage, such as eligibility criteria for securities to be included, short sale regulation and anti-manipulative rules; second, regulation of competing market makers within the system, particularly with regard to their responsibilities to maintain a fair and orderly market; and third, regulation to ensure that the system will maintain the best auction features of the exchange markets and thereby provide a welcome environment for individual public investors. These auction features include an "auction trading" rule and a "public preference" rule, both of which are designed to maximize the opportunity for public orders to meet without the intervention of a dealer. Thus, these rules should have the effect of centralizing all buying and selling interest in listed securities and eliminating the fragmentation which has plagued our markets.

The Statement sets forth in detail the Commission's preliminary conclusions and the steps it plans to take, or to request the self-regulatory bodies to take, for their realization. The Commission emphasized, however, that, because of the complexity of these issues and the unique efficiency already attained by the United States capital markets, any major structural changes must be analyzed in depth before, and monitored closely after, their implementation. Therefore, the Commission hopes to receive comments from all interested persons -- investors, large and small, self-regulatory bodies, broker-dealers and government agencies -- on all aspects of the views expressed in the Policy Statement. The 68 page Policy Statement will be available in the Commission's public reference room at 500 N. Capitol St., Washington, D. C., and in the public reference rooms of SEC regional offices throughout the country. (Rel. 34-10076)
DECISIONS IN ADMINISTRATIVE PROCEEDING

DENS MCCAALEY & CO., SUSPENDED PENDING PROCEEDINGS. The SEC has issued an interim order suspending the broker-dealer registration of Denis McCauley & Co., Inc., of Minneapolis, pending final determination of the issues raised in broker-dealer proceedings against the firm and others. In those proceedings, the firm is charged with violations of the antifraud provisions of the Securities Exchange Act in connection with transactions in the stocks of Monarch General, Inc., Ecometrics, Inc. and Faraday Laboratories, Inc., and with a failure of supervision with respect to such violations. The firm consented to the interim suspension without admitting or denying the charges against it. (Rel. 34-10058)

GEORGE W. COLE SUSPENDED. The SEC announced the issuance of an order suspending George W. Cole, of Oklahoma City, who was a registered representative of a securities firm, from association with any SEC-registered broker-dealer for a period of 30 days. Thereafter, Cole may become so associated only in a supervised capacity, but may apply at any time for permission to become so associated in a supervisory capacity. Cole is presently a principal in a state-licensed broker-dealer firm.

The Commission order was based on findings that between May 1970 and February 1972, Cole violated the registration provisions of the Securities Act of 1933 in the sale of securities of Four Seasons Nursing Centers of America, Inc., Southwest Factories, Inc., Pioneer Nursing Centers, Inc. and Academy Computing Corporation.

The Commission order was issued pursuant to an offer of settlement in which Cole, without admitting or denying the charges against him, consented to the above findings and the indicated sanction. (Rel. 34-10059)

COURT ENFORCEMENT ACTIONS

ROBINSON & CO., INC. AND ROBERT ROBINSON ENJOINED; COMMISSION BARS ROBINSON. The SEC today announced that the Federal court in Philadelphia, Pa. has permanently enjoined Robinson & Co., Inc., a Philadelphia broker-dealer, and Robert Robinson, its president, from violations of the hypotheication, net capital and antifraud provisions of the Securities Exchange Act of 1934 and Commission rules thereunder. The defendants consented to the final judgment without admitting or denying the allegations of the Commission's complaint. Their consent was filed pursuant to an offer of settlement submitted by them to the Commission.

In related action also based on the settlement offer, the Commission instituted proceedings against Robinson under the Exchange Act and barred him from association with any broker-dealer, registered investment adviser or registered investment company. After a reasonable period and upon a proper showing, Robinson may apply for re-entry into the securities business in a non-supervisory capacity. However, without Commission approval he may not engage in specified activities, including those related to a back office or operations department, maintenance of a broker-dealer's records relating to its capital, or the obtaining of loans or capital or pledging of securities.

The Robinson firm, which was formerly a New York Stock Exchange member, has been out of business since September 1970 pursuant to orders issued by the Federal court in the injunctive proceedings. A receiver was appointed for the firm in proceedings under Chapter XI of the Bankruptcy Act. Substantial advances by the Exchange enabled him to discharge the firm's obligations pursuant to a plan of arrangement. The settlement offer obligates Robinson, if he becomes re-employed in the securities business, to set aside a portion of his earnings for reimbursement of any losses sustained by the Exchange in connection with the arrangement, subject to such rights as he or the firm may have against the Exchange.

According to the Commission's decision, in 1970 Robinson aided and abetted violations by the firm of hypotheication and net capital provisions of the Exchange Act and rules thereunder and, in violation of anti-fraud provisions, failed to disclose to customers the transfer of certain of the firm's subordinated capital needed to protect customers' funds and securities and that the firm was financially unable to deliver securities sold or to pay for securities purchased promptly. Robinson consented to these findings, which were based on the allegations in the injunctive action, without admitting or denying those allegations. (Rel. LR-5821 & 34-10075)

COMMISSION ANNOUNCEMENTS

EXHIBITS AND RELATED DOCUMENTS OF JOINT PLAN FILED BY EXCHANGES AVAILABLE FOR PUBLIC INSPECTION. The Commission announced that the New York, American, Midwest, Pacific and PBW Stock Exchanges and the NASD have filed various exhibits and related documents with respect to the joint plan which they filed with the Commission on March 2, 1973 pursuant to Rule 17a-15 under the Securities Exchange Act of 1934, providing for reporting of prices and volume of completed transactions with respect to securities registered on exchanges. The exhibits and related documents will be available for public inspection in the Commission's public reference room, and all interested persons may submit written comments on them. All comments should be directed to John M. Lifton, Associate Director, Division of Market Regulation, Securities and Exchange Commission, 500 N. Capitol St., Washington, D. C. 20549, on or before April 27, 1973, and should refer to File No. S7-433. (Rel. 34-10073)

The proceedings are based upon allegations of the Commission's staff that during the period from January 1, 1969 through on or about March 6, 1969 the respondents violated the registration provisions of the Federal securities laws by (a) offering common stock of Chemtrust Industries when no registration statement had been filed and (b) offering the stock for sale through the mails without a statutory prospectus. Registrant and respondents are also alleged to have violated the antifraud provisions by (a) making misrepresentations and omissions of material facts concerning a prospective rise in the price of Chemtrust stock, the listing of Chemtrust on a national stock exchange, the comparison of Chemtrust with Four Seasons Equity Corp., a prospective merger of Chemtrust, a prospective split in Chemtrust stock and that investors were "getting in on the ground floor" when they purchased Chemtrust stock and (b) by recommending and selling Chemtrust securities when, and without disclosing that, Rabin was not qualified or registered to sell securities. The respondents are also alleged to have violated the antifraud provisions when they offered and sold securities to Oregon residents without disclosing that Rabin was not licensed to sell securities in Oregon. Dundon and Feldman are alleged to have failed reasonably to supervise with a view to preventing the aforesaid 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.

INVESTMENT COMPANY ACT RELEASES

CNA-LARVIN INVESTMENT COMPANY. The SEC has issued an order permitting CNA Financial Corporation (CNA), the parent of the investment adviser to CNA-Larvin Investment Company (the Fund), a diversified, closed-end management investment company registered under the Act, to sell the Fund certain securities at CNA's cost upon the Fund's exercise of an option to purchase such securities which had been granted by CNA to the Fund in connection with the establishment of the Fund and the offer of its securities to the public. (Rel. IC-7741)

FUND MANAGEMENT CORP. The SEC has issued a notice giving interested persons until April 19 to request a hearing on an application of Fund Management Corporation, investment adviser to New America Fund, Inc., closed-end investment company, for an order granting a limited exemption to Fund Management from the provisions of the Act which prohibit a person from serving as investment adviser to a registered investment company unless the written terms of the advisory contract have been approved by a majority of the outstanding voting securities of the investment company. (Rel. IC-7744)

HOLDING COMPANY ACT RELEASES

THE SOUTHERN CO. The SEC has issued a notice giving interested persons until April 25 to request a hearing on a proposal of The Southern Company, of Atlanta, and two subsidiaries, Alabama Power Company and Georgia Power Company, to increase the aggregate amount of bank notes and/or commercial paper which may be issued from time to time through March 31, 1974 and which may be outstanding at any one time from $130,000,000, $65,000,000, $150,000,000 to $175,000,000, $130,000,000 and $300,000,000, for Southern, Alabama and Georgia, respectively. (Rel. 35-17919)

SECURITIES ACT REGISTRATIONS FILED

BUILDER MANTS OF AMERICA, INC., The Daniel Bldg., Greenville, S.C. 29602 - 300,000 shares of common stock, of which 67,000 are to be offered for sale by the company and 133,000 by certain shareholders. The offering is to be made (* at $15 per share maximum) through underwriters headed by J.C. Bradford & Co. Inc., 170 4th Ave. North, Nashville, Tenn. 37219. The company distributes building materials and provides merchandising and various management services. Net proceeds will be used to repay outstanding bank loans and for working capital and other corporate purposes. (File 2-47353 - Mar 23)

HAMILTON INVESTMENT TRUST, 342 Westminster Ave., Elizabeth, N.J. 07208 - 1,250,000 shares of beneficial interest and warrants to purchase 1,250,000 shares, to be offered for sale in units, each consisting of one share and one warrant. The offering is to be made (* at $2 per unit maximum) through underwriters headed by Blyth Eastman Dillon & Co. Inc., 1 Chase Manhattan Plaza, New York 10005. The Trust invests primarily in first mortgage construction and development loans. Hamilton Advisers, Inc. is investment adviser. (File 2-47356 - Mar 23)

DADE ENGINEERING CORP., wholly-owned subsidiary of Aluminum Insulating Company, Inc., 558 West 18th St., Hialeah, Fla. 33010 - 240,950 shares of common stock. Aluminum proposes to distribute the Dade shares to Aluminum shareholders, at the rate of one Dade share for each two Aluminum shares held. The company through a subsidiary manufactures metal frames, chassis and cabinets used to mount and house electronic components used in the computer, aircraft and radar industries and through Dade manufactures prefabricated walk-in refrigerated rooms and doors. (File 2-47357 - Mar 22)
L. W. LIMITED (THE PARTNERSHIP), 917 Provident Tower, One East Fourth St., Cincinnati, Ohio 45202 - $3 million of partnership interests, to be offered for sale at $2,500 per unit. No underwriting is involved. The Partnership was organized in December 1972 to invest primarily in real estate, both improved and unimproved. H. W. Hobson, Jr. and S. W. Jacobs, J. R. Williams and W. J. Williams are the general partners. (File 2-47358 - Mar 22)

COASTAL CARIBBEAN OILS & MINERALS, LTD., Bank of Bermuda Bldg., Hamilton, Bermuda - 850,000 shares of common stock, which may be offered for sale from time to time by the company at prices prevailing at the time of sale (at $.60 per share maximum). Also included in this statement are 475,000 shares of common stock, issuable upon exercise of options to The Catawba Corporation and others. A Bermuda company, Coastal Caribbean through subsidiaries has interests in undeveloped properties in Florida. According to the prospectus, the company and its subsidiaries have no income-producing properties and have incurred substantial unrecovered costs, aggregating $3,628,281 at December 31, 1972. Net proceeds will be applied to expenses of sustaining properties and for other corporate purposes. (File 2-47360 - Mar 23)

ENVIRONMENTAL RESEARCH AND DEVELOPMENT CORPORATION, 1001 South Palm Canyon Dr., Palm Springs, Calif. 92262 - $25 million of 8-3/4% first mortgage convertible bonds, due 1983, and 1,000,000 shares of common stock, to be offered for sale in units, each consisting of a $100 bond and four shares. The offering is to be made at $120 per unit through underwriters headed by Palm Springs Securities Corp., 5725 East River Road, Chicago. The company is principally engaged in the acquisition of real property near Palm Springs for development and sale. Of the net proceeds, $610,000 will be used to pay short-term bank loans and the balance for working capital and other corporate purposes. (File 2-47361 - Mar 23)

BORDEN, INC., 277 Park Ave., New York, N.Y. 10017 - 662,008 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common and Class B common stock of Alex Colman, Inc., at the rate of 0.5687 Borden share for each Colman share. Borden primarily manufactures and distributes a broad range of food, dairy and chemical products. Colman manufactures and sells women's apparel. (File 2-47362 - Mar 23)

EQUITY PROPERTIES LIMITED 1973-B, 1900 Avenue of the Stars, Los Angeles, Calif. 90067 - $5,700,000 of partnership units, to be offered for sale at $300 per unit with a minimum purchase of six units by Equity Funding Securities Corp., 1900 Avenue of the Stars, Los Angeles, Calif. The Partnership was formed to own and operate six garden-type apartment properties in Arizona and Southern California. EFC Property Management, Inc. is the general partner. (File 2-47364 - Mar 26)

WESTERN BEEF CATTLE FUND, INC. (THE GENERAL PARTNER), 1800 American National Bank Bldg., Amarillo, Tex. 79101 - $7,500,000 of partnership interests, to be offered for sale in minimum amounts of $5,000. The Partnership will be formed to engage in the cattle feeding business. (File 2-47367 - Mar 26)

THE NORFOLK & CAROLINA TELEPHONE & TELEGRAPH COMPANY, 103 South Road St., Elizabeth City, N. C. 27909 - 10,000 shares of Class B non-voting common shares ($100 par), to be offered for subscription by common stockholders, at the rate of one new share for each 3.925 shares held, and at $100 per share. Net proceeds will be applied toward payment of short-term loans obtained to finance the company's construction program. Construction expenditures are estimated at approximately $3,385,800 for 1973 and $3,770,570 for 1974. (File 2-47375 - Mar 26)

MISCELLANEOUS

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of (a) Star-Glo Industries and Crystallography Corporation for the further ten-day period March 30 through April 8, inclusive, (b) Continental Vending Machine Corporation for the further ten-day period March 31 through April 9, inclusive, and (c) Meridian Fast Food Service, Inc. for the further ten-day period April 1 through April 10, inclusive.

SECURITIES ACT REGISTRATIONS. Effective March 29: Berg Enterprises, Inc., 2-46760; Current Income Shares, Inc., 2-47078 (90 days); Ecological Correctives, Inc., 2-47252 (90 days); Intel Corp., 2-47278; Merrill Lynch & Co., Inc., 2-47399; Michigan Tax Exempt Bond Fund Ninth Series, 2-47216; Microwave Associates, Inc., 2-47195; Midland Glass Co., Inc., 2-46885; Ogden Corp., 2-47305; Tillamook House Joint Venture, 2-43647 (90 days); Whitaker Corp., 2-43161.

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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Copies of registration statements may be ordered from the Commission's Public Reference Section. All other referenced material is available in the issue of the SEC Docket indicated in parentheses below the News Digest Issue No. Both the News Digest ($2.00 a year, first class mail, $8.25 additional for foreign mailing, $25.00 additional for air mail) and the SEC Docket ($17.00 a year, first class mail, $4.25 additional for foreign mailing) are for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.