COMMISSION ANNOUNCEMENTS

OFFSHORE FUND LEGISLATION PROPOSED BY THE SEC. The SEC announced on April 3 that it submitted legislative proposals to Congress which would enable creation of Foreign Portfolio Sales Corporations or Trusts to be organized in the United States for the sale of mutual fund shares to foreigners. The legislation was prepared by the staff of the Commission with assistance of the staff of the Treasury Department and would amend the Investment Company Act of 1940 and the Internal Revenue Code. The proposals were developed by an inter-agency Offshore Fund Task Group assembled on the initiative of the Commission and comprised of representatives of the Commission, the Treasury Department, the State Department and the Federal Reserve Board. The Task Group also received valuable advice and assistance from an informal business advisory group.

In announcing the proposal, SEC Chairman G. Bradford Cook said: "I believe the increased investor protection afforded to foreigners by the proposal would result in a desirable improvement of foreign investor confidence in offshore funds which invest in United States securities. Recent situations encountered by the Commission, some of which have resulted in enforcement actions, indicate the extent of the current regulatory void and how important it may be in terms of investor protection and the preservation of the integrity of the United States securities markets to take whatever steps may be possible to fill that void. Offshore funds now provide an investment vehicle for foreign investors with which these new funds would be competitive. The proposal merely permits the domestication of such funds without changing the basic tax effect on the fund or the foreign shareholders. Indeed, increased United States investment through these funds may well generate additional revenue through increased economic activity."

The Task Group was formed as a follow-up to recommendations in the Commission's Institutional Investor Study submitted to Congress in March 1971. In the Study the Commission noted the well-publicized difficulties experienced by certain offshore funds and their sponsors and said: "The Commission believes that foreign investor confidence in offshore funds that invest in American securities could be bolstered significantly if they were to become subject to Commission regulation under Federal securities laws. Offshore funds currently receive treatment under the Internal Revenue Code which provides them with competitive advantages over domestic, registered investment companies seeking to sell in offshore markets. Equalization of these advantages would enable U.S. registered investment companies to compete more effectively with unregulated offshore funds. The net result would be beneficial both to foreign investor protection and the United States securities markets, as well as to the United States balance of payments."

After reviewing existing United States laws with the assistance of the business advisory group, the Task Group generally agreed on the outline of a new proposal for a Foreign Portfolio Sales Corporation as a new form of United States mutual fund, organized in the United States and registered with the Commission but intended for sale to nonresidents and noncitizens of the United States.

Under the proposed legislation, the Investment Company Act of 1940 would first be amended to provide specifically for the registration and regulation of domestic investment companies organized for the sale of their securities to foreigners. Related amendments would provide greater flexibility under the Act to the Commission in allowing registration of foreign investment companies and to enable the Commission to deal with the problem of "shell" companies organized in the United States with foreign officers, directors, and trustees.

This portion of the proposed legislation will be considered initially.

The Commission recommended that if the amendments to the Investment Company Act are considered favorably by Congress, Congress should then consider amending the Internal Revenue Code so that United States mutual funds that register with the Commission could sell their shares exclusively to foreign investors with tax treatment comparable to that presently available to investments in the United States through offshore funds, with respect to estate taxes, capital gains and interest and dividend income.

PRIVATE NONINSURED PENSION FUNDS, 1972. The total assets of private noninsured pension funds amounted to $114.3 billion at book value and $150.0 billion at market value on December 31, 1972, according to estimates released today by the SEC. During 1972 the book value of total assets held by these pension funds increased $7.9 billion or 7.6 percent. This rate of growth compares to 9.7 percent in 1971 and 7.1 percent in 1970. Over the last ten years, the average rate of growth was 10.6 percent. For details, see the April 4, 1973 issue of the SEC Statistical Bulletin.

CENTRAL ENERGY CORP. The SEC has issued an order pursuant to Section 12(h) of the Securities Exchange Act of 1934 exempting Central Energy Corporation from the registration provisions of the Act. The company appears to have no business and is in the process of completing its liquidation. There is no public market for the company's common stock. (Rel. 34-10079)
SEC ORDER PROCESSES AGAINST BRUNS NORDENMAN & CO., INC., ET AL. The SEC has issued an order for administrative proceedings against Bruns Nordeman & Co., Inc., a New York City broker-dealer, Ira Schults of New York City, Pressman, Frolich & Frost, a New York City broker-dealer, Stanleigh Bader formerly of New York City, Mayer & Schweitzer, an Ohio corporation and former broker-dealer, Herbert Schweitzer of New York City, CKW Securities, formerly a New York City broker-dealer, Leon Kaplan of New York City, V. P. Naddeo & Co., a now defunct New York City broker-dealer, Fred Mazzeo of New York City, Steven Rand of New York City, Michael Hellerman of New York City, for alleged violations of the registration and anti-fraud provisions of the Federal securities laws in connection with the offer and sale of the securities of Imperial Investment Corp.

Vincent Naddeo of New York City was charged with a prior injunction which was obtained against him for aiding and abetting violations of the bookkeeping and net capital rules of the Securities Exchange Act of 1934 while he was a principal at V. P. Naddeo & Co., Inc., a now defunct New York City broker-dealer.

Louis Handwiler, of New York City a former registered representative of Bruns Nordeman was charged with violations of Sections 5(a) and 5(c) of the Securities Act of 1933 (offer and sale of unregistered securities).

In addition Bruns Nordeman & Co., Inc., Pressman, Frolich & Frost, Inc., Mayer & Schweitzer, CKW Securities, Inc., and V. P. Naddeo & Co., Inc. are charged with failing to adequately supervise pursuant to Section 15(b)(5)(B) of the Exchange Act. CKW Securities, Inc., Louis Kaplan and V. P. Naddeo & Co., Inc. were charged with violations of Section 17(a) of the Securities Exchange Act of 1934 (failure to maintain current and accurate books and records).

The Commission also charged in the order for proceedings that in 1969 Robert S. Keser, Henry Imholz, William J. Donner, Arthur G. Hessell, Jr. and Nicolas Lewes were convicted after their plea of guilty to an indictment charging them with aiding and abetting violations of Regulation T (the margin regulations).

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 defense thereto for the purpose of determining whether the allegations are true and if so, what if any remedial action should be ordered by the Commission. (Rel. 34-10080)

OWENS-ILLINOIS OVERSEAS CAPITAL CORP. The SEC has issued a notice giving interested persons until April 23 to request a hearing upon an application of Owens-Illinois Overseas Capital Corporation (Capital Corp.) for an order exempting the company from the registration provisions of Section 12(h) of the Securities Exchange Act of 1934. Capital Corp., a Delaware corporation and a wholly-owned subsidiary of Owens-Illinois, Inc., an Ohio corporation registered under Section 12(g) of the Act, was organized by Owens-Illinois in December 1966 principally to obtain funds for the capital requirements of Owens-Illinois' international operations. Capital Corp. issued $20 million of debentures convertible into Owens-Illinois common stock and unconditionally guaranteed by Owens-Illinois which are listed on the Luxembourg and New York Stock Exchanges. Trading in the debentures on the New York Stock Exchange has been minimal. Holders of the debentures have the benefit of the disclosure and reporting requirements of the Act as applied to Owens-Illinois, as well as the continuing annual registration under the Securities Act of 1933 of the common stock of Owens-Illinois into which the debentures are convertible. Capital Corp. contends, in part, that as a result of the guarantee by Owens-Illinois, the debenture holders do not require the protection afforded by the Act. (Rel. 34-10081)

DECISIONS IN ADMINISTRATIVE PROCEEDING

NATIONAL BOND AND FRED A. MATHEWS SUSPENDED. The SEC announced the issuance of an order suspending the broker-dealer registration of Nationwide Bond, Inc., of Birmingham, Ala., for 30 days; and suspending Fred A. Mathews, former president of the firm, from association with any broker-dealer for the same period.

The sanctions imposed by the Commission were based on its findings that respondents conducted business when associated persons of the firm had not successfully completed the securities examination required by the Commission for certain personnel of over-the-counter firms which are not members of a registered securities association; that respondents had not filed the requisite personnel forms with respect to such persons or paid the prescribed fees; and that respondents also failed to comply with net capital, record-keeping and reporting requirements.

The Commission's order was issued pursuant to an offer of settlement in which respondents, without admitting or denying the charges against them, consented to the above findings and the indicated sanctions. (Rel. 34-10072)

COURT ENFORCEMENT ACTIONS

GERALD BUDNET, OTHERS INDICTED. The SEC New York Regional Office announced that on March 29 a Federal grand jury in New York indicted Gerald Rudnet, Irwin Rudnet, Patrick Brady, all of Queens, and Martin Delaney of Brooklyn, charging the Rudnets as principals of Morgan, Kennedy, and Brady, as cashier, with offering and delivering, a former stock loan representative of Hayden Stone, with accepting bribes to induce Delaney to cause Hayden Stone to borrow stock from Morgan, Kennedy. In return Morgan, Kennedy received $155,000. Brady and Delaney were further charged with intentionally falsifying the books and records of Hayden Stone to conceal certain of the loans. It is alleged that the loans were made to alleviate Morgan, Kennedy's serious cash shortages, that they were not fully collateralized and that there was no legitimate business purpose for such loans. (LR-5822)
MARTIN DUANE CAREY AND CHARLES EDWARD COULON, JR., INDICTED. The SEC Washington Regional Office announced that on March 14 a Federal Grand Jury in Alexandria, Va., indicted Martin Duane Carey of Hot Springs, Ark. and Charles Edward Coulon, Jr. of West Hickory, Pa. charging violations of the registration and anti-fraud provisions of the Securities Act of 1933, mail fraud, and conspiracy in the offer and sale of unregistered fractional undivided working interests in oil and gas leases in and around Warren County, Pa. The indictment also named Carmelo Tomassulo, e.k/a Salvatore Tomassulo of Wheaton, Md. and Jack William Holts, Sr. of Sharrodsville, Ohio as unindicted co-conspirators. (LR-5826)

INVESTMENT COMPANY ACT RELEASES

VENCAP. The SEC has issued a notice giving interested persons until April 27 to request a hearing on an application filed by Vencap, Inc., of Wilmington, Del., for an order declaring that it has ceased to be an investment company. (Release 30-7750)

HOLDING COMPANY ACT RELEASES

METROPOLITAN EDISON CO. The SEC has issued an order authorizing Metropolitan Edison Company, Berks County, Pa. holding company, to issue and sell 250,000 shares of its cumulative preferred stock at competitive bidding. The proceeds will be used, together with other funds, to finance its 1973 construction program, estimated at $150,900,000 and to pay short-term promissory notes, estimated at $41,400,000, incurred for such purpose. (Release 35-17922)

SECURITIES ACT REGISTRATIONS FILED

HEXCEL CORPORATION, 11711 Dublin Blvd., Dublin, Calif., 94566 - 113,000 shares of common stock. It is proposed to issue these shares in connection with the proposed merger of Fine Organics, Inc., into a wholly-owned subsidiary of Hexcel. Hexcel principally produces and sells a family of honeycomb materials used by, among others, the aerospace industry, and provides related services. Fine Organics manufactures and sells organic chemicals and industrial cleaners and solvents. (File 2-47323 - Mar 21)

HEWLETT-PACKARD COMPANY, 1501 Page Mill Road, Palo Alto, Calif., 94304 - 62,859 shares of common stock. It is proposed to issue these shares in exchange for the outstanding shares of Field Emission Corporation of Washington at the rate of 6.308 Hewlett-Packard shares for each Field Emission share. Hewlett-Packard manufactures and markets precision electronic instruments and systems for measurement, analysis and computation. Field Emission manufactures and markets x-ray machines and other electronic instruments for diagnostic work. (File 2-47333 - Mar 22)

INEXCO OIL COMPANY, 1200 Houston Club Blvd., Houston, Tex., 77002 - 200,000 shares of common stock, issuable pursuant to options granted or to be granted by the company pursuant to stock option plans or related plans. The company explores for and produces oil and gas. (File 2-47341 - Mar 22)

MORTGAGE INVESTORS OF WASHINGTON, 7316 Wisconsin Ave., Bethesda, Md., 20014 - 650,000 shares of beneficial interest, to be offered for sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York. The Trust invests primarily in short-term first mortgage construction loans and in first mortgage land and development loans. MII Advisors, Inc. is investment adviser. (File 2-47387 - Mar 27)

IDS LIFE VARIABLE ANNUITY FUND B. IDS Tower, Minneapolis, Minn., 55402 - $20 million of group variable annuity contracts, designed to provide retirement annuity benefits for employees of public educational institutions and of organizations exempt from tax under Section 501(c)(3) of the Internal Revenue Code, as tax deferred annuity contracts pursuant to provisions of Section 403(b) of the Code. (File 2-47430 - Mar 29)

SCHAWK GRAPHICS, INC., 4546 North Kedzie Ave., Chicago, Ill., 60625 - 246,150 shares of common stock, of which 68,100 are to be offered for sale by the company and 178,050 by certain shareholders. The offering is to be made (at $15 per share maximum) through underwriters headed by William Blair & Co., 135 South LaSalle St., Chicago, Ill., 60603. The company performs color separations and other photoplatemaking services for various printing processes. Net proceeds will be used for working capital and other corporate purposes. (File 2-47431 - Mar 29)

FIRST NATIONAL BANKSHARES OF FLORIDA, INC., 2400 East Atlantic Blvd., Pompano Beach, Fla., 33062 - 457,840 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common stock of the following banks at the specified rates: 14 shares for each share of The Indian River Citrus Bank; 5 shares for each share of The Beach Bank of Vero Beach; 3 shares for each share of The Sebastian River Bank; and 1.41 shares for each share of The Westside Bank of Vero Bank. Bankshares is a bank holding company, which has four banking subsidiaries. (File 2-47432 - Mar 29)

CASTLEWOOD INTERNATIONAL CORPORATION, 16565 Northwest 15th Ave., Miami, Fla., 33169 - 346,800 shares of common stock, of which 250,000 are to be offered for sale by the company and 96,800 by certain shareholders. The offering is to be made (at $18 per share maximum) through underwriters headed by Oppenheimer & Co., One New York Plaza, New York 10004. The company owns and operates a chain of 73 retail package liquor stores and cocktail lounges. Of the net proceeds, $2,950,000 will be used to prepay indebtedness and the balance for working capital purposes. (File 2-47434 - Mar 29)
GROUP OPERATIONS, INCORPORATED, 2025 I St., N.W., Washington, D. C. 20006 - 150,000 shares of common stock, to be offered for sale at $4 per share by Maynard, Merel & Co., Inc., 160 Broadway, New York 10038. The company markets on a limited basis a computer system called "Editor." Of the net proceeds, up to $300,000 will be used to expand marketing of its computer system and the balance for working capital and other corporate purposes. (File 2-47435 - Mar 29)

CSC, INC., One Industrial Dr., Maple Plain, Minn. 55359 - 262,512 shares of common stock, acquired by First Midwest Corporation through the exercise of warrants. First Midwest proposes to distribute such shares as a dividend to its shareholders, at the rate of two CSC shares for each three First Midwest shares held. CSC develops and services sales promotions and merchandising programs. (File 2-47436 - Mar 29)

ALEXANDER & ALEXANDER SERVICES INC., (Services), 1185 Avenue of the Americas, New York, N.Y. 10036 - 4,887,610 shares of common stock. It is proposed to issue these shares in exchange for the outstanding shares of Alexander & Alexander Inc., (the company), on a share-for-share basis. The company conducts a nation-wide insurance brokerage and agency business. The exchange is proposed to permit Services to offer a broad range of additional services. (File 2-47437 - Mar 29)

CAVITRON CORPORATION, 11-40 Borden Ave., Long Island City, N.Y. 11101 - 90,548 shares of common stock, which may be offered for sale from time to time by certain shareholders at prices prevailing at the time of sale ($9.375 per share maximum) or in private transactions. The company produces and markets dental, medical/surgical, electronic and plastic assembly equipment and services and, to a lesser extent, aircraft instruments. (File 2-47438 - Mar 29)

MISCELLANEOUS

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Beneficial Laboratories, Inc., Proof Lock International Corp., and Trierx International Corporation for the further ten-day period April 4-13, inclusive, and exchange and over-the-counter trading in the securities of Topper Corporation and U.S. Financial Incorporated for the further ten-day period April 4-13, inclusive.

SECURITIES ACT REGISTRATIONS. Effective April 3: Alexander & Alexander Services Inc., 2-47437; American Equity Investment Trust, 2-46243 (40 days); Applied Materials, Inc., 2-46972; Burdett Oxygen Co. of Cleveland, Inc., 2-47022; Harris Industries, Inc., 2-47324; Carrier Corp., 2-47248; Excel Investment Co., 2-47064; G.R.I. Corp., 2-47394; Granger Associates, 2-47239 & 2-47238; Identicon Corp., 2-45794 (90 days); Louisville Gas and Electric Co., 2-47174; Metropolitan Edison Co., 2-47105; Municipal Investment Trust Fund, 12th Monthly Payment Series, 2-47085; Shenandoah Oil Corp., 2-46979 (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.

*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 ($33.00 a year, first class mail; $38.25 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.