



SECURITIES AND EXCHANGE COMMISSION  
**NEWS DIGEST**

A Daily Summary of  
S.E.C. Activities

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NEW RULES AND RULE PROPOSALS

PROPOSE UNIFORM NET CAPITAL RULE. The Commission today announced a proposal to adopt a uniform net capital rule which will provide minimum standards for net capital both for broker-dealers who are members and non-members of exchanges. The most significant feature of the proposed rule would establish a minimum equity requirement for all broker-dealers and is aimed at insuring permanency of broker-dealer capital. This provision would require at least 30% of the broker-dealer's total capitalization in equity, thus limiting the amount of subordinate debt that could be incurred.

In announcing the proposed changes, SEC Chairman William J. Casey said that the SEC had drawn on its own experience during the industry's financial crisis of 1968-70, on its Study of Unsafe and Unsound Practices of Brokers and Dealers, as well as other formal studies of the SEC and the Congress. "The proposed rule," Casey said, "represents another major element of an emerging regulatory framework aimed at insuring financial responsibility and accountability in the securities industry." This uniform net capital rule should be looked at as part of a total program covering a series of comprehensive and interrelated new requirements."

Other major revisions of the proposed rule include, among other things, (1) elimination of the exemption from the new capital rule for members of Exchanges that have rules deemed more comprehensive than the Commission's, (2) reduction of the maximum permissible ratio of aggregate indebtedness to net capital from 20 to 1 to 15 to 1, (3) establishment of minimum capital requirements for market makers and writers and endorsers of options, and (4) new provisions for the treatment of stock record differences, free shipments of securities and dividends and interest receivable.

"The Commission seeks in this set of uniform net capital standards" Casey added, "the further development of a regulatory scheme that will bring greater customer protection through a strengthened capital structure for the securities industry, without inhibiting the vital flow of capital to the industry. The rule proposal provides for a 90 day comment, and we actively seek the comments and suggestions of the industry."

All interested persons are invited to submit their views and comments on the proposed rule in writing (triplicate) to: Lee A. Pickard, Division of Market Regulation, Securities and Exchange Commission, 500 N. Capitol St., Washington, D. C. 20549 on or before March 6, 1973. (Rel. 34-9891)

COMMISSION ANNOUNCEMENT

GERALD H. WRIGHT & CO.; GERALD H. WRIGHT SUSPENDED. An initial decision has been filed by Administrative Law Judge Sidney L. Feiler suspending the broker-dealer registration of Gerald H. Wright & Co., Dallas, Tex. for sixty days and suspending Gerald H. Wright, president and chairman of the board of Gerald H. Wright & Co., from association with any broker or dealer for sixty days. The period of suspension imposed on Gerald H. Wright & Co. also applies to its memberships in the National Association of Securities Dealers, Inc. and the Midwest Stock Exchange.

The decision was based on findings that from on or about January 1 to April 30, 1971, the registrant and Wright willfully aided and abetted violations of the Investment Advisers Act by causing another company to use the facilities of interstate commerce and of the mails in connection with its business as an investment adviser when that company was not registered as an investment adviser. It was further concluded that these respondents willfully aided and abetted additional violations of the Advisers Act by causing the unregistered investment adviser to enter into and perform investments advisory contracts containing prohibited compensation arrangements. These and other activities were held to be violations of anti-fraud provisions of the Securities Exchange Act and the Investment Advisers Act.

The decision is subject to appeal to the Commission.

COURT ENFORCEMENT ACTIONS

J. E. KENNEDY ENJOINED. The SEC Los Angeles Regional Office announced on November 27 that the Federal court in Los Angeles had permanently enjoined John E. Kennedy from violations of the registration and antifraud provisions of the Federal securities laws in connection with the offer and sale of limited partnership interests in real estate syndicates by Reliance Capital Corporation and other investment contracts involving real estate. Kennedy consented to the court order. (LR-5656)

FIRST MIDWEST INVESTMENT CORP. ENJOINED. The SEC Chicago Regional Office announced on November 28 that the Federal court in Milwaukee, Wisc. preliminarily enjoined First Midwest Investment Corp., a registered broker-dealer of Milwaukee, Wisc., from violations of the net capital and bookkeeping provisions of the Securities Exchange Act of 1934. In addition, pursuant to an application filed by the Securities Investor Protection Corporation, the Court appointed Frank C. Verbest as Trustee. The defendant consented to the Court order without admitting or denying the allegations and also consented to the appointment of the Trustee. (LR-5657)

OVER

COMPLAINT NAMES MUMMA OIL AND GAS, OTHERS. The SEC Washington Regional Office on December 1 announced the filing of a complaint in the Federal court in Baltimore, Md. seeking to enjoin Mumma Oil and Gas Company of Whitehall, Pa.; Weston C. Vogel of Allentown, Pa.; Clyde F. Mumma of Allentown, Pa.; Clyde Pierce Mumma of Bethlehem, Pa.; Edward H. Nelson of Bethesda, Md.; and Bernard A. Floto of Toledo, Ohio, from violations of the registration and anti-fraud provisions of the Federal securities laws in connection with the offer and sale of approximately \$1,600,000 of unregistered securities involving oil and gas wells in Pennsylvania and Ohio. (LR-5658)

JAY P. GREEN PLEADS NO CONTEST TO CRIMINAL CONTEMPT. The SEC Chicago and Washington Regional Office, announced that on November 29 Jay P. Green, Sr., individually and doing business as Sovereign Grace Publishers, and Religious Book Discount House, Inc., of which Green is president, all of Grand Rapids, Mich., entered pleas of nolo contendere in the Federal court in Wilmington, Del. to charges of criminal contempt, arising from alleged disobedience of a February 1970 permanent injunction which had prohibited the defendants from the offer and sale of various unregistered securities. The court accepted the pleas, and sentencing was deferred until completion of a pre-sentence report ordered by the court. (LR-5659)

#### INVESTMENT COMPANY ACT RELEASES

WINFIELD & CO. The SEC has issued an order granting an application of Winfield & Co., Inc., Applied Financial Systems, Inc. and Winfield Distributors, Inc., all of San Mateo, Calif. and Franklin Resources, Inc. and Franklin Distributors, Inc., both of New York, for an exemption from the provisions of Section 9(a) of the Act, insofar as any ineligibility to serve or act in the capacities enumerated in that section arises out of the injunction entered against Winfield & Co., Inc. and Winfield & Associates, Inc. in S.E.C. vs. Everest Management Corp., et al. (Rel. IC-7538)

MASSACHUSETTS INVESTORS GROWTH STOCK FUND. The SEC has issued a notice giving interested persons until December 18, 1972 to request a hearing on an application of Massachusetts Investors Growth Stock Fund, Inc., of Boston, Mass., for an order permitting the sale of Fund shares without a sales charge, in exchange for the assets of Planters Cotton Oil Mill, Inc., a personal holding company. (Rel. IC-7539)

EATON & HOWARD BALANCED FUND. The SEC has issued a notice giving interested persons until December 27 to request a hearing on an application by Eaton & Howard Balanced Fund, Eaton & Howard Stock Fund, Eaton & Howard Income Fund, Eaton & Howard Growth Fund, Inc., Eaton & Howard Special Fund, Inc., and Eaton & Howard, Incorporated, all of Boston, Mass., for an order exempting applicants from Section 22(d) of the Act so as to permit shares of the Funds to be sold without sales charges upon the exercise of reinvestment privileges which the Funds propose to offer to redeeming shareholders. (Rel. IC-7540)

BROAD STREET INVESTMENT CORPORATION. The SEC has issued a notice giving interested persons until December 27 to request a hearing on an application by Broad Street Investment Corporation, National Investors Corporation, Union Capital Fund, Inc., Whitehall Fund, Inc., and Union Service Distributor, Inc., all of New York, for an order exempting applicants from Section 22(d) of the Act so as to permit shares of the Funds to be sold without sales charges upon the exercise of reinvestment privileges which the Funds propose to offer to redeeming shareholders. (Rel. IC-7541)

THE TAX-EXEMPT ENVIRONMENTAL BOND FUND. The SEC has issued a notice giving interested persons until December 27 to request a hearing on an application of The Tax-Exempt Environmental Bond Fund, Series 1 and Subsequent Series, of New York, for an order exempting the fund from (a) the initial net worth provisions of Section 14(a); (b) the requirement of Rule 19b-1 that long-term capital gains may not be distributed more often than once during any one taxable year; and (c) certain requirements of Rule 22c-1 relating to the determination of the current net asset value of the fund's securities. (Rel. IC-7542)

FIRST INVESTORS FUND. The SEC has issued a notice giving interested persons until December 27 to request a hearing on an application by First Investors Fund, Inc., First Investors Fund for Growth, Inc., First Investors Discovery Fund, Inc., First Investors Fund for Income, Inc., First Investors Management Company, Inc., and First Investors Corporation, all of New York, for an order exempting applicants from Section 22(d) of the Act so as to permit shares of the Funds to be sold without sales charges upon the exercise of reinvestment privileges which the Funds propose to offer to redeeming shareholders. (Rel. IC-7543)

#### HOLDING COMPANY ACT RELEASE

ALLEGHENY POWER SYSTEM, INC. The SEC has issued an order authorizing Allegheny Power System, Inc., a New York registered holding company, to acquire and pledge shares of the common stock of two of its electric utility subsidiaries, Monongahela Power Company and West Penn Power Company, which are authorized to issue and sell such stock to Allegheny for cash considerations of \$6,000,000 and \$22,000,000, respectively. Net proceeds from the sale of the stock, together with other corporate funds, will be used by the subsidiaries to finance their construction programs. (Rel. 35-17791)

CONTINUED

TRUST INDENTURE ACT RELEASE

THE FLINTKOTE COMPANY. The SEC has issued a notice giving interested persons until December 26, 1972 to request a hearing upon an application by the Flintkote Company under the Trust Indenture Act of 1939 for an order that the trusteeship of Bankers Trust Company under three indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify Bankers Trust Company from acting as trustee under these indentures.

SECURITIES ACT REGISTRATIONS FILED

LOUISIANA-PACIFIC CORPORATION, a wholly-owned subsidiary of Georgia-Pacific Corporation, 1300 S. W. Fifth Ave., Portland, Ore. 97201 - approximately 14,033,356 shares of common stock. It is proposed to distribute such shares to common stockholders of record of Georgia-Pacific on January 2, 1973, at the rate of one share for each four Georgia-Pacific shares held. Louisiana-Pacific is engaged in the lumber and related businesses. (File 2-46412 - Nov 27)

SOUTHEASTERN SURGICAL SUPPLY CO., wholly-owned subsidiary of Consurgico Corp., 1346 S. Adams St., Tallahassee, Fla. 32303 - 615,000 shares of common stock. Consurgico proposes to distribute such shares to stockholders of record on September 29, 1972, at the rate of one share for each share held. Southeastern sells medical and laboratory equipment and supplies. (File 2-46413 - Nov 24)

MCRAE OIL CORPORATION, 2200 Esperson Bldg., Houston, Tex. 77002 - 3,151,280 shares of common stock. The company proposes to offer to repurchase shares sold since its incorporation in 1962 without registering such shares under the Texas Securities Act or obtaining an exemption from such registration at prices ranging from 25¢ to \$3 per share at the purchase price plus 6% per annum interest. Of these shares, 2,193,400 are held by directors and officers of the company, who advised McRae that they do not intend to offer their shares for repurchase by McRae. McRae engages in oil and gas exploration and related activities. (File 2-46342 - Nov 17)

CAFETERIAS, INC., 4900 Broadway, San Antonio, Tex. 78286 - 250,000 shares of common stock, of which 110,000 are to be offered for sale by the company and 140,000 by certain shareholders. The offering is to be made (\*at \$16 per share maximum) through underwriters headed by Rotan Mosle Inc., 2200 Bank of the Southwest Bldg., Houston, Tex. 77002. The company operates cafeterias located in suburban Texas. Of the net proceeds, \$800,000 will be used for repayment of bank debt incurred to acquire cafeteria sites and pay building costs and the balance for working capital and other corporate purposes. (File 2-46415 - Nov 28)

MISCELLANEOUS

CORRECTION RE G. A. TALIAFERRO AND G. OSTROW. In its summary on the setting aside of NASD sanctions against George Allen Taliaferro and Gerald Ostrow, the SEC News Digest of December 1 should have reported that George Allen Taliaferro and Gerald Ostrow were principals of Western Securities Corporation, not Webster Securities Corporation.

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Power Conversion, Inc. and Topper Corporation for the further ten-day period December 5-14, inclusive.

SECURITIES ACT REGISTRATIONS. Effective December 4: Hi-Plains Cattle Fund, Inc., 2-45116; ADRs of International Computers (Holdings) Limited, 2-46391; Israel Development Corp., 2-45545; Kedco Management Corp., 2-45610 (90 days); Keller Industries, Inc., 2-46340; Mathematica, Inc., 2-46266; Multivest Funding Programs, Inc., 2-43842; National Farming Program/1972, 2-45169 (90 days); National Starch and Chemical Corp., 2-46299 & 2-46300; Saga Administrative Corp., 2-46078; Slater Electric Inc., 2-45979; Sunoco Exploration Partnership, Ltd., 2-45978.

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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