

...two Government reports raise rates again. [D12.]
 ...German mark and declined .]
 ...a Government projection, huge cotton harvest. [D11.]
 ...on the rebound after six Place. [D4.]
 ...a British import to raise its ing. [D15.]

...ths and Lows D7
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 ...ck Options D14
 ...asury Issues D12

...ge D2.

1 Threatens Hill's Stores

dived stock in exchange for the they held when Hill's emerged a bankruptcy last October. They ve the retailer's shares are h much more than the price at h they currently trade.
 though they have nothing but se for Mr. Bozic's skills as a ager and retailer, they have oned that he has done little to alert l Street to the company's strong ormanace and prospects.
 esterday, Mr. Bozic, president chief executive of Hill's, said only, the company was taking Dick- r's suggestions under considera- Hill's has scheduled a confer- e call to discuss the developments. its shareholders next Wednes- ut to fight a stock buyback, which ld add \$150 million in debt to the 's balance sheet, Mr. Bozic will are off against some of the most rressive investors around.
 ark Dickstein, head of the Dick- n & Company partnership, made rtune trading commodities and accumulated a second fortune,

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MacArthur S. McBurney for The New York Times

A system from the Net Market Company allows credit card shopping on the Internet in total privacy. Net Market's chief executive, Daniel M. Kohn, foreground, worked at the company's office in Nash-

ua, N.H., yesterday. Behind him, from left, were the president, Roger Lee; program developer, Mark Birmingham; senior program developer, Guy H. T. Haskin, and chief information officer, Eiji Hirai.

Attention Shoppers: Internet Is Open

By PETER H. LEWIS

At noon yesterday, Phil Brandenburger of Philadelphia went shopping for a compact audio disk, paid for it with his credit card and made histo-

ry. Moments later, the champagne corks were popping in a small two-story frame house in Nashua, N.H. There, a team of young cyberspace entrepreneurs celebrated what was apparently the first retail transaction on the Internet using a readily available version of powerful data encryption software designed to guarantee privacy.

Experts have long seen such iron-clad security as a necessary first step before commercial transactions can become common on the Internet, the global computer network.

From his work station in Philadel-

phia, Mr. Brandenburger logged onto the computer in Nashua, and used a secret code to send his Visa credit card number to pay \$12.48, plus shipping costs, for the compact disk "Ten Summoners' Tales" by the rock musician Sting.

"Even if the N.S.A. was listening in, they couldn't get his credit card number," said Daniel M. Kohn, the 21-year-old chief executive of the Net Market Company of Nashua, N.H., a new venture that is the equivalent of a shopping mall in cyberspace. Mr. Kohn was referring to the National Security Agency, the arm of the Pentagon that develops and breaks the complex algorithms that are used to keep the most secret electronic secret secret.

Even bigger organizations working on rival systems yesterday called the achievement by the tiny Net Market a welcome first step.

"It's really clear that most companies want the security prior to doing major commitments to significant electronic commerce on the Internet," said Cathy Medich, executive director of Commercenet, a Government and industry organization based in Menlo Park, Calif., that hopes to establish standards for commercial transactions on the Internet and other networks.

The idea is to make such data communications immune to wiretaps, electronic eavesdropping and theft by scrambling the transmissions with a secret code — a security technique known as data encryption.

While Commercenet and other organizations have been working to develop a standard for the automated data encryption of commercial trans-

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Phone Bill Advances In Senate

By EDMUND L. ANDREWS

Special to The New York Times

WASHINGTON, Aug. 11 — After negotiating at least a temporary cease-fire between feuding industry groups, the Senate Commerce Committee overwhelmingly approved a sweeping bill today to rewrite the 60-year-old communications law.

If enacted, the legislation would allow local telephone and cable television companies to enter each other's businesses, and it would gradually free the seven "Baby Bell" companies to offer long-distance service.

After weeks of arduous negotiations, the Commerce Committee approved the measure by a vote of 18 to 2, a margin that greatly increases the likelihood that Congress will enact such a measure in September.

Dispute Is Brokered

Today's vote became possible after Senator Ernest F. Hollings, the South Carolina Democrat who is chairman of the Senate committee and principal sponsor of the Senate bill, and Senator John C. Danforth, Republican of Missouri, brokered a bitter dispute between the Bell companies and long-distance carriers like the AT&T Corporation and MCI.

Local phone companies had threatened to oppose several provisions, particularly ones that would not allow them to enter the cable TV market as quickly as they want.

"We're playing catch-up ball, and consumers are paying the price," Senator Hollings said. "This bill creates more competition."

The Bell companies have insisted that they be allowed to provide long-distance service, from which they have been barred by the antitrust consent decree that broke up the Bell System in 1984, as part of a deal to open their monopolies to new competitors. The long-distance industry argued that the local companies should be kept out until they faced real competition in their own markets.

Senator Hollings agreed to give up a requirement that the Bell companies first face "actual and demon-

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