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COMMISSION ANNOUNCEMENTS

SEC REPORT CALLS FOR REPEAL OF 22(d) OF '40 ACT. At the suggestion of the Senate's Committee on Banking, Housing and Urban Affairs, the SEC directed its staff to study the potential economic impact of a repeal on Section 22(d) of the Investment Company Act of 1940. That section permits mutual fund managers to fix the prices at which fund shares are sold to the public and requires that all retail dealers adhere rigidly to such prices. The Commission on Friday transmitted the staff's report to the Senate.

The report is in two parts. Part I consists of Chairman Casey's letter of transmittal of November 10, 1972, and of Chapter I, a 143-page summary of the entire report for the non-economist reader. Chapter I also contains considerable background material that is not in the body of the report. The staff's report finds mutual fund distribution marked by high acquisition costs for buyers and low per capita incomes for sales personnel. This suggests, among other things, that the present distribution system is inefficient. The report concludes that the repeal of Section 22(d) would lower acquisition costs for many mutual fund investors but finds immediate benefits for very small investors (people who put \$1,000 or less into a mutual fund) and for buyers of funds distributed by so-called captive organizations, which act as the sole distributors of the funds they sell, "highly unlikely." A report notes that there has been something of a recent trend toward no-load funds and concludes that lower distribution costs elsewhere in the industry would have no appreciable impact on its no-load sector.

As for the impact of repeal on the investment company industry, the report finds protracted net redemptions highly improbable. It points out that redemption rates are influenced primarily by stock market conditions and investor expectations.

Copies of Part I of the report can be obtained by writing to the Commission's Publications Unit, Washington, D. C. 20549. The supply of Part II, however, is limited. Copies of it will be available in the Commission's Public Reference Room at its headquarters office in Washington and in its regional and branch offices around the country. Those wishing to do so may arrange for duplicating all or some of Part II at the usual charges for such service.

The report's findings suggest that 22(d) serves no compelling interest and should be repealed. But before making any definitive recommendations to the Congress as to what should or should not be done about Section 22(d) the Commission will hold public hearings at which interested persons will be asked to comment on the report and on all aspects of mutual fund sales compensation. Among the topics to be inquired into at these hearings are further liberalization of the Commission's mutual fund advertising rules; simplifying mutual fund prospectuses; sales to groups of investors at lower charges; the soundness of present administrative interpretations as to the permissibility of charges for recommending or effecting purchases of no-load shares; and the NASD's proposed rules with respect to excessive sales loads. As previously announced (Investment Company Act Release No. 7475), the hearings will begin on December 11, 1972. People who wish to appear at them should make written submissions in triplicate to Allan S. Mostoff, Director, Division of Investment Company Regulation, Washington, D. C. 20549, no later than December 6, 1972. All such material should be designated "Mutual Fund Distribution Hearings", File No. 4-164.

CONSOLIDATED MOGUL MINING CO. REG A OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock of Consolidated Mogul Mining Co., Inc., of Salt Lake City, Utah.

Pursuant to a notification filed on September 7, 1972, Consolidated Mogul proposed to offer 3,000,000 shares of common stock at \$.10 per share. According to the order, the Commission's staff has reason to believe that: (1) the offering circular failed to state the disposition of shares by Gregory Chachas and Charles Foote and the purchase of shares by J. William Pace and Thad B. Emery; the relationship between Gregory Chachas and Station Zebra, Inc. and transfers of mining claims between themselves and Consolidated Mogul; and the prior affiliation of Gregory Chachas with Consolidated Mogul as officer, director, promoter and principal security holder; and (2) the terms and conditions of Regulation A have not been complied with in that, among other things, the notification failed to describe an injunction against the underwriter. The Regulation A exemption is not available to Consolidated Mogul because the underwriter, V. E. Anderson & Co., is the subject of a permanent injunction for violations of the Federal securities laws.

DECISION IN ADMINISTRATIVE PROCEEDING

NASD BAR AGAINST RICHARD J. FAWCETT UPHELD. The SEC has issued an order dismissing the application of Richard J. Fawcett, Inglewood, Calif., a registered representative of a member of the National Association of Securities Dealers, Inc., for review of an NASD decision barring him from association with any member.

The Commission found, as had the NASD, that Fawcett violated NASD's Rules of Fair Practice in that, in October 1969, he improperly endorsed checks of the member payable to two customers, used the proceeds of \$762 for his own purposes, and effected an unauthorized transaction amounting to over \$1,500 in a customer's account. (Rel. 34-9847)

OVER

NEW RULES AND RULE PROPOSALS

PROPOSED AMENDMENT TO RULE 31a-2(f). The SEC today proposed to amend Rule 31a-2(f) under the Investment Company Act of 1940 to permit microfilming of books and records kept by investment companies under certain specified conditions. By the proposed amendment, the hard copy maintenance and preservation requirements under Rule 31a-2 would be relaxed to permit the microfilming process to be used for the initial maintenance of records, and to authorize compliance with the preservation requirements of Rule 31a-2 in the form of immediate substitution for the hard copy record. A registered investment company utilizing microfilm under the proposed amended Rule would be required to have reader-printer equipment available to be used by Commission personnel, and the directors of the investment company, and to keep duplicate copies of the microfilm. (Rel. IC-7486)

COURT ENFORCEMENT ACTIONS

NATURAL ENERGIES, INC., CHARLES R. ALLEN & FERRELL L. PRIOR ENJOINED. The SEC Washington Regional Office announced that on November 8, 1972, that the Federal court in Alexandria, Va., after a hearing, preliminarily enjoined Ferrell L. Prior of Parkersburg, W. Va., from further violations of the registration requirements and anti-fraud provisions of the Federal securities laws in connection with the offer and sale of fractional undivided working interest in oil and gas leases located in West Virginia. The Court entered a similar order permanently enjoining the two other defendants, Natural Energies, Inc. and Charles R. Allen also of Parkersburg, upon their consent to such order, without admitting or denying the allegations of the complaint. December 6, 1972 has been set for the trial on the Commission's motion for a permanent injunction against Prior. (LR-5617)

PROPOSAL FOR W. L. MOODY & CO. APPROVED. The SEC Fort Worth Regional Office announced on November 2 that the Federal court in Texas had approved an application of E. O. Buck, receiver for W. L. Moody & Co., Bankers, Unincorporated (the company) of Galveston, Tex., permitting the receiver to accept \$3.4 million from Shearn Moody, Jr., owner of the company, and to commence payment of \$6 million to depositors of the company. It is anticipated that with the receipt of such funds by the receiver, together with other liquid assets of the company, all public depositors will be paid in full. The company and Shearn Moody were permanently enjoined from violation of the registration and antifraud provisions of the Federal securities laws in September and a temporary receiver was appointed at that time. (LR-5605)

COMPLAINT CITES BRADFORDS, LIFE STOCK RESEARCH. The SEC on November 10 filed a complaint in the Federal District Court of New York, seeking a preliminary and permanent injunction against J. C. Bradford, J. C. Bradford, Jr., C. J. Bradford & Co., J. C. Bradford & Co., Inc., and Life Stock Research Corp., to enjoin them violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and seeking disgorgement of profits derived from trading in the stock of The Old Line Life Insurance Company of America (Old Line) conducted with knowledge of material non-public information concerning an interest by USLIFE Corporation (a New York corporation) in acquiring Old Line.

J. C. Bradford & Co., a New York Stock Exchange member firm with its principal offices in Nashville and an office in New York City, is a market maker in Old Line. J. C. Bradford is president and J. C. Bradford, Jr. is vice president of J. C. Bradford & Co. J. C. Bradford & Co., Inc., which is wholly owned by J. C. Bradford & Co., owns 81% of the voting stock of Life Stock Research Corp., a registered investment adviser with offices in Chicago, Ill. and Nashville, Tenn. Life Stock is investment adviser to Life Insurance Investors, Inc., a registered open-end investment company. Life Insurance Investors owns 8% of the stock of Old Line. Neither Life Insurance Investors nor Old Line is named as a defendant in the Commission's complaint.

Specifically, the complaint alleges that on April 19, 1972, Gordon E. Crosby, Jr., board chairman and chief executive officer of USLIFE Corporation, telephoned J. C. Bradford and advised him that USLIFE was then in a position to offer and exchange ratio of one share of common stock of USLIFE for each common share of Old Line. On April 19, 1972 the closing bid price for the common stock of Old Line was \$33 per share; on the same date the closing price on the New York Stock Exchange of USLIFE was \$61 per share. The complaint alleges that by letter dated April 19, 1972 and received by J. C. Bradford on or about April 21, 1972, Crosby confirmed his telephone conversation with Bradford of April 19, 1972.

On April 21, 1972, Bradford purchased for his wife's account 2,000 shares of Old Line; between April 21 and April 26, 1972 he purchased 5,400 shares of Old Line for the account of Life Stock; and on April 27, 1972, J. C. Bradford, Jr. purchased for his own account 1,225 shares of Old Line. The first public disclosure of USLIFE's interest in acquiring Old Line did not occur until June 29, 1972. (LR-5614)

INVESTMENT COMPANY ACT RELEASES

CONTINENTAL ASSURANCE COMPANY SEPARATE ACCOUNT B. The SEC has issued an order exempting Continental Assurance Company Separate Account B and Continental Assurance Company from the provisions of Section 22(d) to the extent necessary to permit applicants to apply a schedule of sales charges which provides for quantity discounts on the basis of the quantity of securities being purchased and the total of the purchase payments previously made. (Rel. IC-7488)

PIONEER FUNDS. The SEC has issued an order permitting Single Payment Plans for the Accumulation of Shares of Pioneer Fund, Inc. to be sold without any sales charges in exchange for shares of Pioneer Fund, Inc. Pioneer Enterprise Fund, Inc., or Pioneer II, Inc. (Rel. IC-7489)

UNITED FUNDS CANADA - INTERNATIONAL LTD. The SEC has issued a notice giving interested persons until December 8 to request a hearing on an application of United Funds Canada - International Ltd., Toronto, Ont. for an order declaring that it ceased to be an investment company. (Rel. IC-7490)

NEL EQUITY FUND. The SEC has issued a notice giving interested persons until December 6 to request a hearing upon an application by Nel Equity Fund, Inc., Nel Growth Fund, Inc., New England Life Side Fund, Inc. and Nel Equity Services Corporation, all of Boston, Mass., for an order permitting persons who have redeemed shares of any of the Funds a one-time privilege within 15 days to (1) reinstate their accounts by repurchasing shares at net asset value up to the amount redeemed, or (2) purchase under the exchange privilege available to shareholders of the funds, shares of any other of the funds at net asset value up to the amount of the redemption proceeds. (Rel. IC-7491)

MUTUAL OF OMAHA GROWTH FUND. The SEC has issued a notice giving interested persons until December 6 to request a hearing upon an application of Mutual of Omaha Growth Fund, Inc., of Omaha, Neb. for an order permitting a proposed transaction in which the Fund's redeemable securities will be issued at a price other than the current public offering price in exchange for substantially all the assets of First Security Growth Fund, Inc. (Rel. IC-7492)

HOLDING COMPANY ACT RELEASE

MIDDLE SOUTH UTILITIES. The SEC has issued a notice giving interested persons until December 5 to request a hearing upon a proposal of System Fuels, Inc. (SFI), a joint non-utility subsidiary of four public utility subsidiaries of Middle South Utilities, Inc., a registered holding company. To enable SFI to acquire and maintain an inventory of fuel oil for use by the four utility companies, SFI proposes to issue up to \$12,000,000 of notes (guaranteed by Middle South) to a bank. (Rel. 35-17758)

SECURITIES ACT REGISTRATIONS

AARON BROTHERS CORPORATION, 960 N. La Brea Ave., Los Angeles, Calif. 90038, filed a registration statement on November 2 seeking registration of 210,926 shares of common stock, of which 150,000 are to be offered for public sale by the company and 60,926 (being outstanding shares) by the holders thereof. The offering is to be made at \$10 per share through underwriters headed by Calcap Securities Corp., 1900 Avenue of the Stars, Los Angeles, and First California Company Inc., 555 California St., San Francisco. The company is engaged in the manufacture, import and sale of picture frames, paintings, prints, art supplies and hobby and craft materials. Net proceeds will be used to open new retail stores (\$500,000) and for working capital and other corporate purposes. (File 2-46210)

TEKTRONIX, INC., 14150 S. W. Karl Braun Dr., Tektronix Industrial Park, P. O. Box 500, Beaverton, Ore. 97005, filed a registration statement on November 2 seeking registration of 500,000 outstanding shares of common stock, to be offered for public sale (*at \$46-3/8 per share maximum) through underwriters headed by Lehman Brothers, Inc, One William St., New York. The company manufactures and markets electronic display and measurement equipment. (File 2-46212)

GENERAL FLAVORS, INC., 10801 Decatur Rd., Philadelphia, Pa. 19154, filed a registration statement on November 2 seeking registration of 167,000 shares of common stock, to be offered for public sale at \$3 per share by Abbott Securities Corp., 1225 York Rd., Abington, Pa. 19001. The company is engaged in the manufacture and sale of flavors for use principally in the dairy, prepared foods, confectionery and distiller spirits industries. Of the net proceeds of its stock sale, \$379,000 will be used to reduce bank debt and the balance for working capital and other corporate purposes. (File 2-46214)

MUNICIPAL INVESTMENT TRUST FUND, EIGHTH PENNSYLVANIA SERIES, filed a registration statement on November 2 seeking registration of \$15,750,000 of units. The Fund was formed for the purpose of obtaining tax exempt income through investment in a portfolio of interest-bearing state, municipal and public authority bonds, the interest on which is, in the opinion of recognized bond counsel, exempt from all Federal and Pennsylvania income tax under existing law. The Fund was created by a trust agreement among Merrill Lynch, Pierce, Fenner & Smith Inc., and Walston & Co., Inc., as sponsors, United States Trust Company of New York as trustee and Standard & Poor's Corporation as evaluator. (File 2-46215)

USLIFE INCOME FUND, INC., 125 Maiden Lane, New York 10038, filed a registration statement on November 2 seeking registration of 4,000,000 shares of common stock, to be offered for public sale at \$15 per share through underwriters headed by E. F. Hutton & Co., Inc., One Battery Park Plaza, and Shearson, Hammill & Co. Inc., 14 Wall St., both of New York. The Fund is a closed-end diversified management investment company whose primary investment objective is to provide a high level of current income to shareholders through a diversified portfolio composed predominantly of marketable fixed income securities. USLIFE Advisers, Inc., a subsidiary of USLIFE Corporation, will act as investment adviser. (File 2-46216)

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:

General Host Corporation, New York, N. Y. (File 2-46191) - 331,500 shares
 United Merchants and Manufacturers, Inc., New York, N. Y. (File 2-46192) - 660,012 shares
 Terminal Communications, Inc., Raleigh, N. C. (File 2-46197) - 49,000 shares
 Warner-Lambert Company, Morris Plains, N. J. (File 2-46198) - 50,000 shares
 Northgate Exploration Limited, Toronto, Canada (File 2-46204) - 250,000 shares
 Lane Wood, Inc., Dallas, Tex. (File 2-46205) - 38,700 shares
 National CSS, Inc., Norwalk, Conn. (File 2-46206) - 120,000 shares
 Monsanto Company, St. Louis, Mo. (File 2-46213) - 4,300 shares

MISCELLANEOUS

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated responding to the item on the 8K form numbered in the parentheses. Photocopies may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An index of the captions of the several items in the form was included in the November 1 News Digest.

8K Reports for July 72

Coffee-Mat Corp. (11,13,14)	1-5367-2	Victory Markets Inc (3)	0-1199-2
Computer Sciences Corp (13)	1-4850-2	Weingarten Markets Realty Co (7,13)	2-14373-2
Fieldcrest Mills Inc. (3)	1-5137-2	Work Wear Cor (7,8)	1-4784-2
Portland Canning Co Inc. (1,3,6,12)	0-3929-2		
Structural Foam Products Inc (7,11)	2-30565-2	Equity Enterprises Inc (11)	0-5568-2
Tenney Engineering Inc. (13)	1-4142-2	Filways Inc (12)	1-5979-2
Travelodge International Inc (11)	1-6558-2	Tomanet Mobile Parks Inc (7)	2-35763-2
Varisystems Corp (3)	2-43498-2	Bancorporation of Montana (11)	0-6121-2
Victor Comptometer Corp. (13,14)	1-4610-2	Forum Restaurants Inc (13)	0-5125-2
		Walton-Vairex Corp. (2,13)	0-6221-1
Betz Laboratories Inc (7,10)	0-2085-2		
Conrac Corp. (4,8,13)	1-4391-2	Condec Corp. (10)	1-3899-2
Fox-Stanley Photo Puoducts Inc (11)	1-6876-2	United States Banknote Corp(11)	0-1630-2
Her Majesty Industries Inc (13)	1-6013-2		
Seaco Computer Display Inc (1,3,7,8,14)	0-5212-2	Atlantic Technology Corp. (3,7,12)	0-5442-2
Technomic Research Associates Inc (11)	0-5821-2	Iown Electric Light & Power Co. (7,14)	1-4117-2
Torginol Industries Inc. (3)	0-1977-2	Trailer Train Co. (7,14)	2-20540-2
U.I.P. Corp (11,12,14)	1-4203-2		
USM Corp (11,14)	1-1599-2	Continental Airlines Inc (7)	1-3661-2
Vetco Offshore Industries Inc (12,13)	1-5889-2	Unimet Corp (9)	0-6030-2
		Welsh Corp (13)	0-2752-2

SECURITIES ACT REGISTRATIONS. Effective November 10: Alza Corp., 2-45825 & 2-45826; American Property Investors II, 2-43714 (90 days); Arcata National Corp., 2-46077; Carnation Co., 2-46203; Ellman's, Inc., 2-45637; Lincoln National Direct Placement Fund Inc., 2-42870 (Feb 9); MCI Communications Corp., 2-45984; Pacific Plantronics, Inc., 2-46062; Post Coach, Inc., 2-44454 (90 days); Prudential Funds, Inc., 2-45940; Southwest Forest Industries, Inc., 2-44491 (40 days); Sun Valley Co. Inc., 2-45291 (90 days); SYS Computer Corp., 2-44617; Trans Union Corp., 2-46164; Tyler Corp., 2-45974.

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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