

sec news digest

Issue 76-203

(SEC Docket, Vol. 10, No. 14 - November 2)

OCT 20 1976

October 19, 1976

RULES AND RELATED MATTERS

U.S. SECURITIES AND EXCHANGE COMMISSION

COMMISSION ADOPTS VARIABLE LIFE RULES

The Commission today announced the adoption of rules under the Investment Company Act of 1940 for variable life insurance separate accounts. They will become effective November 30, 1976, culminating several years of comprehensive regulatory study and planning in this field.

As a practical matter, this action will facilitate insurance companies for the first time offering variable life insurance contracts to the general public. (One company previously applied for and obtained an order of the Commission which granted certain exemptions from the 1940 Act and permitted it to offer variable life insurance.)

Variable life insurance contracts provide for death benefits and cash surrender values which vary to reflect the investment experience of the separate account established to provide for such payments. It is this participation in investment experience that gives this type of separate account some of the same characteristics as those of other types of investment companies and gives rise to the SEC's jurisdiction. The contracts also provide for a guaranteed minimum death benefit and an assumption of the mortality and expense risks thereunder by the life insurer. These contracts will be registered under the Securities Act of 1933 and all purchasers will therefore receive a prospectus which fully describes the product.

The principal provisions of these rules, Rule 6e-2 and 6c-3, provide limited exemptions from provisions of the Investment Company Act of 1940 which would otherwise be applicable to such contracts. Those provisions require management accountability to contract holders, impose limitations on sales loads which may be charged in connection with the sale of a variable life insurance contract, and require issuers of such contracts to offer refunds under certain circumstances. (Rel. IC-9482)

TRADING SUSPENSIONS

TRADING SUSPENDED IN RICHFORD INDUSTRIES, INC.

The SEC announced the single ten-day suspension of exchange and over-the-counter trading in the securities of Richford Industries, Inc. (Richford), a Delaware corporation located in Miami, Florida, for the period beginning on October 18 and terminating at midnight (EDT) on October 27, 1976.

The Commission ordered the suspension at the request of the company because of the lack of adequate and accurate public information about Richford's financial condition. (Rel. 34-12903)

INVESTMENT COMPANY ACT RELEASES

THE CORPORATE INCOME FUND SERIES COMPANY

A notice has been issued giving interested persons until November 9 to request a hearing on an application of The Corporate Income Fund Series Company, Inc. (Applicant) with regard to its Investment Accumulation Programs (Programs) for an order temporarily exempting Applicant and the Programs from Sections 15(a) and 16(a) of the Act to the extent necessary to permit Applicant's investment advisers and directors to serve without prior shareholder approval until a meeting of each Program's shareholders to be held within 180 days after the effectiveness of each of Applicant's registration statements filed under the Securities Act of 1933. (Rel. IC-9480 - Oct. 15)

EQUITY EXCHANGE FUND

A notice has been issued giving interested persons until November 8 to request a hearing on an application of Equity Exchange Fund, a California and New Jersey limited

partnership, for an order exempting it from Sections 2(a)(3), 2(a)(19), and 22(e) of the Act. (Rel. IC-9481 - Oct. 15)

HOLDING COMPANY ACT RELEASES

WESTERN MASSACHUSETTS ELECTRIC COMPANY

A notice has been issued giving interested persons until November 8 to request a hearing on a proposal of Western Massachusetts Electric Company, subsidiary of Northeast Utilities, to issue and sell \$30 million of first mortgage bonds at competitive bidding and to issue and sell unsecured promissory notes to banks in the amount of \$20 million. (Rel. 35-19715 - Oct. 15)

DELMARVA POWER & LIGHT COMPANY

A notice has been issued giving interested persons until November 9 to request a hearing on a proposal of Delmarva Power & Light Company, a registered holding company, to issue a secured promissory note in an amount not in excess of \$40 million to repay State pollution control bonds. (Rel. 35-19716 - Oct. 15)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGE

The Depository Trust Company has filed a proposed rule change pursuant to Rule 19b-4 (SR-DTC-76-10) establishing procedures for issuer dividend reinvestment services. Publication of the submission is expected to be made in the Federal Register during the week of October 18. (Rel. 34-12896)

The American Stock Exchange, Inc. (Amex) has filed a proposal under Rule 19b-4 (SR-Amex-76-23) to rescind its Rules 957 and 983 which require the filing with Amex of certain information which is available to the Exchange through other sources. Publication of the proposal is expected to be made in the Federal Register during the week of October 18. (Rel. 34-12899)

Amex has also filed proposed rule changes under Rule 19b-4 (SR-Amex-76-24) to (1) add the requirement that compared trades agree as to trade date if other than the date of submission; and (2) permit allocations of exercise assignment notices to customers on the basis of the type of margin deposited. Publication of the proposal is expected to be made in the Federal Register during the week of October 18. (Rel. 34-12902)

MISCELLANEOUS

RETIREMENT PLAN AND SERVICE STAFF PENSION PLAN OF CRAVATH SWAINE & MOORE

A notice has been issued giving interested persons until November 8 to request a hearing on an application of Cravath, Swaine & Moore (Cravath), a New York partnership, for an order under Section 3(a)(2) of the Securities Act of 1933, exempting interests or participations issued in connection with its Retirement Plan and Service Staff Pension Plans (the Plans) from the registration requirement of Section 5 of the Act, provided that the Plans meet the requirements for qualification under Section 401 of the Internal Revenue Code of 1954 (the Code). The Plans are of a type commonly referred to as "Keogh" plans, which cover persons (Cravath's partners) some of all of whom are "employees" within the meaning of Section 401(c)(1) of the Code. (Rel. 33-5752)

AMERICAN CHAIN & CABLE COMPANY, INC.

An order has been issued granting the application of American Chain & Cable Company, Inc., a New York corporation, under Section 12(h) of the Securities Exchange Act of 1934 for an exemption from the provisions of Section 15(d) of that Act. It appeared to the Commission that the requested exemption would not be inconsistent with the public interest or the protection of investors. (Rel. 34-12906)

SECURITIES ACT REGISTRATIONS

(S-1) INSTITUTE FOR SCIENTIFIC INFORMATION, INC.

325 Chestnut St., Philadelphia, Pa. - 330,708 shares of common stock, to be offered for sale through underwriters headed by Fahnestock & Co., 110 Wall St., New York, N.Y. Of these, 100,000 will be sold by the company and 230,708 by certain selling shareholders. ISI is engaged in the publication of indexes, abstracts and other guides to current scientific and technical literature. (File 2-57320 - Oct. 1)

(S-16) FAIRMONT FOODS COMPANY

333 West Loop North, Houston, Tex. 77024 - 70,000 shares of common stock, to be offered by a certain selling stockholder to employees of the company selected by its senior management, at a proposed offering price of \$10.50 per share. Fairmont Foods Company operates a chain of convenience grocery stores under the UtoteM name and manufactures and distributes a full line of dairy products and a diverse line of snack and convenience foods. (File 2-57336 - Oct. 1)

(S-16) WETTERAU INCORPORATED

8400 Pershall Rd., Hazelwood, Mo. 63042 - 10,000 shares of common stock, to be offered by Ferlyn Prather in exchange for units of limited partnership interests in Chestnut Street Exchange Fund, a California limited partnership operating as an open-end diversified investment company. Wetterau is principally engaged in the distribution and sale of food and nonfood products to individually owned and operated supermarkets. (File 2-57417 - Oct. 13)

(S-6) STEPHENS ARKANSAS TAX-EXEMPT BOND FUND, SERIES ONE

c/o Stephens Inc., 114 E. Capitol Ave., Little Rock, Ark. 72201 - \$2,275,000 of units of fractional undivided beneficial interest, to be offered for sale by Stephens Inc., the underwriter and sponsor, at prices related to the offering prices of the underlying bonds. Series One is the first of a series of unit investment trusts to be created under trust indentures between Stephens Inc., as sponsor, Union National Bank, Little Rock, Arkansas, as trustee, and Robert P. Lindsey, Little Rock, Arkansas, as evaluator. Series One will consist of interest-bearing obligations issued by or on behalf of the State of Arkansas or cities, counties, municipalities, school districts and authorities and political subdivisions thereof, the interest on which is, in the opinion of counsel, exempt from all Federal income tax and Arkansas income tax under existing law. The objectives of Series One are federally tax-exempt income, Arkansas tax-exempt income, and conservation of capital through a diversified investment in tax-exempt bonds. (File 2-57424 - Oct. 14)

(S-1) THE FED-MART CORPORATION

8001 Othello St., San Diego, Cal. 92111 - 906,000 shares of common stock. It is proposed to offer these shares for subscription by common shareholders of record on the record date at the rate of two additional shares for each three shares held. Transferable subscription warrants will be issued to such shareholders. The record date and subscription price will be determined prior to the commencement of the offering. Bache Halsey Stuart Inc., 100 Gold St., New York, N.Y. 10038, is acting as dealer-manager and will have an option to purchase any or all of the unsubscribed shares. Any unsubscribed shares not purchased by the dealer-manager will be purchased by the company's majority shareholder, Mr. Hugo Mann as trustee for Mann GmbH. The Fed-Mart Corporation is a low-margin mass merchandiser operating a chain of 47 (including one franchise) combination supermarket-general merchandise stores. (File 2-57425 - Oct. 15)

(S-14) AMF INCORPORATED

777 Westchester Ave., White Plains, N.Y. 10604 - 250,000 shares of common stock, which AMF expects to issue in connection with the merger of Wyatt Corporation into AMF. Each outstanding common share of Wyatt will be converted into 0.0801874 of a share of AMF. AMF is a worldwide producer of leisure time and industrial products. (File 2-57427 - Oct. 15)

(S-7) GENERAL TELEPHONE COMPANY OF FLORIDA

610 Morgan St., Tampa, Fla. 33601 - \$50 million of first mortgage bonds, Series T, to be offered for sale at competitive bidding. The company provides telephone service. (File 2-57428 - Oct. 15)

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:

Nuclear Dynamics, Inc., Phoenix, Ariz. (File 2-57389 - Oct. 12) - 140,025 shares
General Mills, Inc., Minneapolis, Minn. (File 2-57391 - Oct. 12) - 1,200,000 shares
Manhattan Industries, Inc., New York, N.Y. (File 2-57394 - Oct. 12) - 190,000 shares
Samuel Moore and Co., Aurora, Ohio (File 2-57403 - Oct. 13) - 71,154 shares
Richardson-Merrell Inc., Wilton, Conn. (File 2-57406 - Oct. 13) - 776,119 shares
Sundance Oil Co., Denver, Colo. (File 2-57407 - Oct. 12) - 131,000 shares
Automatic Data Processing, Inc., Clifton, N.J. (File 2-57409 - Oct. 13) - 300,000 shares, and (File 2-57410 - Oct. 13) - 300,000 shares
Acton Corp., Acton, Mass. (File 2-57412 - Oct. 13) - 50,000 shares
Bolt Beranek and Newman Inc., Cambridge, Mass. (File 2-57413 - Oct. 12) - 150,000 shares
Hawaii Bancorporation, Inc., Honolulu, Hawaii (File 2-57416 - Oct. 14) - 29,000 shares
Acton Corp., Acton, Mass. (File 2-57419 - Oct. 12) - 366,150 shares
Chicago Bridge & Iron Co., Oak Brook, Ill. (File 2-57420 - Oct. 14) - 400,000 shares
National CSS, Inc., Norwalk, Conn. (File 2-57422 - Oct. 14) - 195,910 shares
Bankamerica Corp., San Francisco, Cal. (File 2-57423 - Oct. 15) - 325,100 shares

REGISTRATIONS EFFECTIVE

Oct. 6: Heritage Communications, Inc., 2-55984.
Oct. 14: Brown & Sharpe Manufacturing Co., 2-56821; McGraw-Edison Co., 2-57325; Scudder Municipal Bond Investors Ltd., 2-57139.
Oct. 15: The Dorsey Corp., 2-56930; Equity Exchange Fund, 2-57146; Kentucky Power Co., 2-57188; MFS Managed Municipal Bond Trust, 2-57150; Maryland National Corp., 2-56945; The Procter & Gamble Co., 2-57240; South Carolina Electric & Gas Co., 2-57337; Southwest Bancshares Inc., 2-57215; Total Petroleum (North America) Ltd., 2-56820.

NOTE TO DEALERS. When applicable the 90-day period of time dealers are required to use the prospectus is noted above in parentheses after the name of the issuer. As to the other issuers, there may be no such requirement to use a prospectus, or the requirement may be for a period of only 40 days; see Section 4(3) of the Securities Act of 1933 and Rule 174 (17 CFR 230.174) thereunder.

NOTICE

Many requests for copies of documents referred to in the SEC News Digest have erroneously been directed to the Government Printing Office. Copies of such documents and of registration statements may be ordered from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549. The reproduction cost is 10¢ per page plus postage (7 days) (\$3.50 minimum); 20¢ per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30¢ per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given on request. All other reference material is available in the SEC Docket.

SEC NEWS DIGEST is published daily. Subscription rates: 64.45/yr in U.S. first class mail; \$80.60 elsewhere.

SEC DOCKET is published weekly. Subscription rates: \$43.70/yr in U.S. first class mail, \$54.65 elsewhere. The News Digest and the Docket are for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.