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SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.

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FOR RELEASE May 3, 1971

COMMISSION ANNOUNCEMENTS

SEC ORDER CITES VICTOR SECURITIES. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of Victor Securities Corp., of New York. Also named as respondents were Victor Schaffsin, president and sole stockholder of Victor Securities, and Stephen Goldberg, Peter Ping Kin Ho and Simon Weinberger, registered representatives of Victor Securities.

The proceedings are based upon staff allegations that during the period from on or about May 20, 1970 to date Victor Securities, Schaffsin, Goldberg, Ho and Weinberger wilfully violated and wilfully aided and abetted violations of the anti-fraud and antimanipulative provisions of the Federal securities laws in connection with the offer and sale of securities of Firelite Industries, Ltd. and Pollution Research & Control Corp.; it is further alleged that Victor Securities violated, and the other respondents aided in violation of, the record keeping provisions of the Exchange Act; and that Victor Securities and Schaffsin failed reasonably to supervise persons subject to their supervision, who committed such violations.

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 defenses thereto, for the purpose of determining whether the allegations are true and, if so, whether any action of a remedial nature should be ordered by the Commission.

COMMISSION ASKS DISMISSAL OF VESCO-ICC SUIT. The Commission on Friday, April 30, made a motion, returnable Monday, May 3, 1971, in the Federal District Court in Newark to dismiss the complaint of Robert L. Vesco and International Controls Corp. on the ground that the Court lacks jurisdiction of the lawsuit because Congress has not authorized such suit.

COURT ENFORCEMENT ACTIONS

ECOLOGICAL SCIENCE, KOENIG ENJOINED. The Commission announced on Friday, April 30 that the Federal court in New York permanently enjoined Ecological Science Corporation and Harold P. Koenig of Hallandale, Fla. from violating the anti-fraud provisions of the Federal securities laws. In a complaint filed on April 30, the Commission alleged that ECO and Koenig violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder by issuing false and misleading statements and by engaging in a course of business to promote ECO stock to the financial community and to the general public in 1968 and 1969. The complaint also alleged that the statements and the course of business were primarily designed to create the misleading impression that ECO, which changes its name from Southern Gulf Utilities in 1968, was a dynamic and increasingly profitable company engaged primarily in pollution control. (LR-4995)

COMPLAINT CITES UNITED AMERICAN INDUSTRIES. The SEC today announced the filing of a complaint in the Federal court in Washington seeking an order directing United American Industries to file certain delinquent periodic reports, an amendment to its registration statement on Form 10 and prohibiting it from further violating the reporting requirements of the Securities Exchange Act. According to the Commission's complaint financial statements filed incident to an application for registration of its common stock under Section 12(g) of the Act were not certified, as required, certain required information was missing, and the company had not furnished other financial reports required to be filed. (LR-4997)

NINETEEN INDICTED IN STATE FIRE AND CASUALTY CASE. John A. Mitchell, Attorney General of the United States, Robert W. Rust, United States Attorney for the Southern District of Florida, and Irving M. Pollack, Director of the Commission's Division of Trading and Markets, announced that on April 30, 1971, a Federal grand jury at Miami, Fla. returned a 19-count indictment against S. Mort Zimmerman, Sam E. Giller, Amon DeNur, and Benjamin E. Dobson, all of Dallas, Tex., and C. Carey Matthews of Miami, Fla., charging each of them with violations of the mail fraud and wire fraud statutes and the anti-fraud provisions of Section 10 (b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder (securities fraud) and conspiracy to violate those statutes. The indictment, in essence, charges the defendants with devising and carrying out a scheme, starting in October 1967, to defraud the policy holders, claimants, agents, creditors, and public minority stockholders of State Fire and Casualty Company, a Miami, Fla., insurance company which was placed in receivership and declared insolvent on April 2, 1969, and June 16, 1969, respectively. (LR-4996)

INVESTMENT COMPANY ACT RELEASES

NML VARIABLE ACCOUNT B. The SEC has issued an order under the Investment Company Act exempting The Northwestern Mutual Life Insurance Company and NML Variable Annuity Account B, of Milwaukee, Wis., from certain provisions of the Act so as to permit (under certain circumstances) the offering of Account B securities with the sales load deducted from payments under contracts issued in Account B to decrease or vary within a contract year. (Release IC-6494)

OVER

NEW YORK SEPARATE ACCOUNTS. The SEC has issued an order under the Investment Company Act exempting from certain provisions of the Act New York Life Insurance Company, New York Life Separate Account N and New York Life Separate Account Q, all of New York, so as to permit, among other things, under certain specified circumstances, the sale of shares of Accounts N and Q at other than the current offering price. (Release IC-6495)

CHILE EXPLORATION. The SEC has issued an order under the Investment Company Act temporarily exempting Chile Exploration Company (Chilex) and Chile Copper Company (Chilco), both of New York, from the provisions of Section 7 of the Act until the Commission acts on Chilex's application for an order declaring that it is not an investment company. The Anaconda Company owns 99.81% of the outstanding shares of Chilco, which in turn owns all the outstanding stock of Chilex. Chilex owns 49% of Compania de Cobre Chuquicamata S.A., a Chilean corporation, with the remaining capital stock owned by an agency of the Republic of Chile. (Release IC-6496)

ANDES COPPER. The SEC has issued an order under the Investment Company Act temporarily exempting Andes Copper Mining Company from the provisions of Section 7 of the Act until the Commission has acted on Andes' application for an order declaring that it is not an investment company. The Anaconda Company owns 99.64% of the outstanding stock of Andes. Andes owns 49% of the capital stock of Compania de Cobre Salvador S.A. (Salvador), a Chilean corporation, with the remaining capital stock owned by an agency of the Chilean government. (Release IC-6497)

FRANKLIN LIFE VARIABLE FUND. The SEC has issued an order under the Investment Company Act giving interested persons until May 21 to request a hearing upon an application of The Franklin Life Insurance Company and Franklin Life Variable Annuity Fund B, Springfield, Ill., for exemption from certain provisions of the Act so as (among other things) to permit not more than six officers or responsible employees of Franklin Life to have access to the securities and similar investments of the Fund and to permit, under specified circumstances, the sale of Fund B securities at other than the current offering price. (Release IC-6498)

NEW YORK LIFE FUND. The SEC has issued an order under the Investment Company Act temporarily exempting New York Life Fund, Inc., of New York, from certain provisions of the Act so as to permit (a) the investment adviser, the directors and the independent public accountant of the Fund to act as such until the first meeting of shareholders of the Fund following the effective date of a registration statement and exempting the Fund from other provisions so as to permit, under certain circumstances, the sale of Fund securities without a written underwriting contract to persons other than the public, and (b) New York Life to be the custodian of Fund securities and other similar investments. (Release IC-6499)

THE INVERNESS FUND. The SEC has issued an order giving interested persons until May 20 to request a hearing upon an application of The Inverness Fund, Inc., (Maryland Fund), a registered non-diversified management investment company for an order declaring that it has ceased to be an investment company. On July 1, 1968 Inverness was merged into the Maryland Fund and since it has not conducted business as an investment company, it is no longer a separate entity from the Maryland Fund.^{1/} (Release IC-6500)

AMERICAN ENTERPRISE DEVELOPMENT CORP. The SEC has issued an order under the Investment Company Act certifying to the Secretary of the Treasury that American Enterprise Development Corporation, a non-diversified management investment company was, for the twelve months ending December 31, 1970, principally engaged in the furnishing of capital to other corporations which are principally engaged in the development or exploitation of inventions, technological improvements, new processes, or products not previously generally available. (Release IC-6501)

GENERAL INTERNATIONAL CORP. The SEC has issued an order under the Investment Company Act declaring that General International Corporation, Springfield, Ill., has ceased to be an investment company as defined in the Act. (Release IC-6502)

STATE BOND & MORTGAGE CO./STATE BANK & TRUST. The SEC has issued an order giving interested persons until May 21 to request a hearing on the application of State Bond and Mortgage Company and State Bank and Trust Company of New Ulm, Minn. for an order exempting it from certain provisions of the Investment Company Act of 1940 in order that the Bank could make loans to officers, directors and employees subject to certain conditions stipulated in the application.^{1/} (Release IC-6503)

HOLDING COMPANY ACT RELEASE

CENTRAL POWER & LIGHT CO. The SEC has issued an order giving interested persons until May 24 to request a hearing upon an application by Central Power and Light Company of Corpus Christi, Tex. to issue its unsecured promissory note in amount of \$3,000,000 to American General Life Insurance Company in connection with the purchase from American of 2,000 acres of land adjacent to Corpus Christi for use as a site for an electric generating station and cooling lake. The proposed note will mature in 1995.^{1/} (Release 35-17113)

SECURITIES ACT REGISTRATIONS

***HOUSTON NATURAL GAS SHARES IN REGISTRATION.** Houston Natural Gas Corporation, Houston Natural Gas Bldg., P. O. Box 1188, Houston, Tex. 77001, filed a registration statement with the SEC on April 23 seeking registration of 111,517 outstanding shares of common stock and 19,917 outstanding shares of cumulative convertible preference stock, Series A. These securities may be offered for sale from time to time by the holders thereof at prices current at the time of sale (**\$1-7/8 per common and \$53-3/8 per preferred share maximum). (File 2-40163)

***UNION FIDELITY FILES FOR OFFERING AND SECONDARY.** Union Fidelity Corporation, 1515 Locust St., Philadelphia, Pa. 19102, filed a registration statement with the SEC on April 26 seeking registration of 1,000,000 shares of common stock, of which 700,000 are to be offered for public sale by the company and 300,000 (being outstanding shares) by the holders thereof. The offering is to be made (**at \$30 per share maximum) through underwriters headed by New York Hanseatic Corporation, 60 Broad St., New York 10004.

The company is engaged in soliciting and underwriting health and accident insurance to individuals. Net proceeds of its stock sale will be added to the company's general funds and applied primarily to finance the further expansion of its mass marketing program in 1971 and 1972. In addition to indebtedness, the company has outstanding 4,475,142 common shares, of which Harry T. Dozer, board chairman and president, owns 23.34% and Dozor Holding Company, Inc. 22.91%. SMC Investment Corporation proposes to sell 100,000 of 225,000 shares held. (File 2-40172)

***PUBLIC SERVICE ELECTRIC TO SELL BONDS.** Public Service Electric and Gas Company, 80 Park Pl., Newark, N. J. 07101, filed a registration statement with the SEC on April 26 seeking registration of \$70 million of first and refunding mortgage bonds, due 2001, to be offered for public sale at competitive bidding. Net proceeds of its bond sale will be added to the company's general funds and used for general corporate purposes, including payment of a portion of its construction costs and payment of a portion of its unsecured short-term obligations. Construction expenditures are estimated at \$474,000,000 for 1971, \$471,000,000 in 1972 and \$409,000,000 in 1973. (File 2-40173)

***GENERAL AMERICAN TRANSPORTATION SHARES IN REGISTRATION.** General American Transportation Corporation, 120 South Riverside Plaza, Chicago, Ill. 60680, filed a registration statement with the SEC on April 26 seeking registration of 8,382 outstanding shares of common stock. These shares may be offered for public sale from time to time by the holders thereof at prices current at the time of sale (**\$50.75 per share maximum). (File 2-40174)

***UNITED STATES LEASING INTERNATIONAL SHARES IN REGISTRATION.** United States Leasing International, Inc., 633 Battery St., San Francisco, Calif. 94111, filed a registration statement with the SEC on April 26 seeking registration of 20,210 outstanding shares of common stock, issued pursuant to the company's Restricted Stock Purchase Program. (File 2-40175)

MISCELLANEOUS

UNLISTED TRADING GRANTED. The SEC has issued an order under the Securities Exchange Act granting an application of the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stocks of the following companies: Faberge, Incorporated, Overseas Shipholding Group, Inc., and Rollins, Inc. (Release 34-9163)

DELISTING GRANTED. The SEC has issued an order under the Securities Exchange Act granting an application of Federal Petroleum, Inc. to withdraw from listing and registration its Class A voting common stock from the National Stock Exchange, due to the limited trading activity on the Exchange. In a letter of April 5, the Exchange disagrees with the company's reason. (Release 34-9163)

SECURITIES ACT REGISTRATIONS. Effective April 29: Hart Schaffner & Marx, 2-40200. Effective April 30: Adobe Investment Corp., 2-39314 (90 days); Ashland Oil, Inc., 2-40252; Augat, Inc., 2-39690; Bertman Gas & Oil Drilling and Development Program, 2-38474 (40 days); Gannett Co., Inc., 2-39955; ISC Industries, Inc., 2-38192 (40 days); Jervis Corp., 2-39640; Kansas Gas and Electric Co., 2-39975; Massachusetts General Life Insurance Co., 2-40120; New York Life Fund, Inc., 2-35958 and New York Life Separate Account N and Q, 2-35960 and 2-35959; The New York Times Co., 2-40020 and 2-40021; Professional Development Corp. of America, 2-38698 (90 days); Radiation and Environmental Materials, Inc., 2-39222 (90 days); Santa Fe Industries, Inc., 2-39633; Sav-A-Stop, Inc., 2-39658; Thermo-Dynamics, Inc., 2-36836 (90 days); TRW Inc., 2-40027; VF Corp., 2-39954.

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.

* This is a reporting company and further information with respect to its business and operations is available in the Commission's Public Reference files.

** As estimated for purposes of computing the registration fee.

1/ Pending distribution of this Release by the Commission to the appropriate mailing lists, interested persons should consult the Federal Register for full details of the application.