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SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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NEW RULES AND RULE PROPOSALS

PROPOSE RULE ON INVESTMENT COMPANY PETTY CASH ACCOUNTS. The SEC announced today that it proposes to adopt new Rule 17f-3 under the Investment Company Act of 1940, as amended, dealing with establishment and maintenance of petty cash accounts by registered investment companies which retain bank custodians.

Where a registered investment company employs a bank custodian to hold its securities and similar investments, Section 17(f), as amended effective December 14, 1971, requires the cash proceeds from the sale of such securities and similar investments and other cash assets of the investment company to be similarly kept in the custody of such bank or banks. The Commission proposes pursuant to new Rule 17f-3 to permit registered investment companies which have bank custodians to hold up to \$500 in a petty cash account apart from bank custodianship. Proposed Rule 17f-3 would permit a petty cash account to be established in an amount not to exceed \$500 by resolution of an investment company's board of directors, provided the account is operated under the imprest system, and maintained subject to adequate controls approved by the board of directors over disbursements and reimbursements, including fidelity bond coverage of persons having access to the cash in the account.

Interested persons may submit their views and comments to the Secretary of the Commission on or before January 14, 1972. (Rel. IC-6862)

SEC ISSUES GUIDELINES RELATING TO CHECKING ACCOUNTS OF INVESTMENT COMPANIES. The SEC today announced guidelines in connection with the maintenance of checking accounts which should be considered by registered investment companies which retain bank custodians. Where a registered investment company employs a bank custodian to hold its securities and similar investments, Section 17(f) as amended effective December 14, 1971, requires the cash proceeds from the sale of such securities and similar investments and other cash assets of the investment company to be similarly kept in the custody of such bank or banks. A self-operating exception from bank custodianship is provided in new Section 17(f) for cash maintained in checking accounts in banks meeting certain qualifications, and the aggregate balances in such checking accounts cannot exceed the fidelity bond maintained by the registered investment company covering the officers and employers authorized to draw on the checking accounts.

The guidelines provide that checking accounts should be established pursuant to a resolution of the board of directors of the registered investment company which specifies the purposes for which such monies may be disbursed, that the amounts maintained in such accounts should not exceed that amount necessary to meet current recurring expenses and distributions declared and payable to stockholders, and also set forth various detailed steps which should be taken by the registered investment company to assure adequate controls are maintained in connection with the checking accounts. (Rel. IC-6863)

COMMISSION ANNOUNCEMENTS

SEE RISE IN PLANT SPENDING OVER NEXT SIX MONTHS. Business expenditures for new plant and equipment are expected to rise in the current quarter and during the first half of 1972, according to the survey conducted in late October and November by the Office of Business Economics of the Department of Commerce and the SEC. Outlays in the third quarter of 1971 were at a seasonally adjusted annual rate of \$80-3/4 billion. They are expected to rise to a rate of \$84.0 billion in the fourth quarter and to \$87.8 billion in the first half of 1972. Accordingly, investment in the first half of next year would be 6-1/2 percent above the second half of 1971 and 9 percent above the first half. (For further details, see Stat. Release No. 2559)

LIFE INSURANCE INDUSTRY PETITIONS FOR RULES EXEMPTING VARIABLE LIFE INSURANCE. On November 29, 1971, a petition was filed by the American Life Convention and Life Insurance Association of America requesting that the Commission adopt specified rules under the Securities Act of 1933, Securities Exchange Act of 1934, Investment Company Act of 1940 and Investment Advisers Act of 1940, which would exempt variable life insurance contracts having certain characteristics from the provisions of these Federal securities laws. After considering the petition, the Commission may institute a rule-making proceeding. A copy of the petition (File No. 4-149) has been placed in the Public Reference Room of the Commission for examination by interested persons.

COURT ENFORCEMENT ACTION

APPOINT RECEIVER FOR PARKER-ENGLAND & CO. The SEC New York Regional Office announced that on November 22, 1971 the Federal District Court for the Eastern District of New York, appointed John R. Dunne, Esq., Garden City, New York, temporary receiver of the assets and property of Parker-England & Co., Inc., a Hicksville, New York broker-dealer. In addition, the Court ordered a preliminary injunction enjoining Parker, England & Co., Inc., and its principals, Martin Sussman and Martin London from further violations of the net capital, anti-fraud and financial reporting provisions of the Securities Exchange Act of 1934, as well as the Commission's rule promulgated thereunder. (LR-5236)

OVER

HOLDING COMPANY ACT RELEASE

COLUMBIA GAS SYSTEM, INC. The Commission has issued an order giving interested persons until December 27 to request a hearing on application of the Columbia Gas System, Inc., and its wholly-owned subsidiary companies in connection with proposed open account advances to subsidiary companies involving intrasystem prepayment of promissory notes and proposed intrasystem issuance and acquisition of promissory notes. The notes prepaid will not exceed an aggregate of \$195,000,000 for all subsidiary companies during the year 1972. (Rel. 35-17385)

INVESTMENT COMPANY ACT RELEASES

SYNERCON CORPORATION. The Commission has issued an order granting temporary exemption from certain provisions of the Investment Company Act on application of Synercon Corporation, of Nashville, Tenn. until such time as the Commission has acted upon an application under Section 3(b)(2) of the Act filed by the company. (Rel. IC-6858)

MANHATTAN FUND, INC., OTHERS. The Commission has issued an order granting temporary exemptions from certain provisions of the Investment Company Act on behalf of the following applicants: Manhattan Fund, Inc., Hemisphere Fund, Inc., Liberty Fund, Inc., Fundex, Inc., and TMR Appreciation Fund, Inc., all of New York, effective from November 29, 1971 until applicants next scheduled shareholder meetings to be held between March 22 and June 21, 1972 at which time the applicants plan to take a course of action at their respective board of directors meetings on December 3, 1971 to conform the composition of the boards to the requirements of the Investment Company Amendments Acts of 1970. (Rel. IC-6857)

LING FUND, INC. The Commission has issued an order permitting withdrawal of an application by Ling Fund, Inc., of Dallas, which concerned a proposed transaction with Institutional Equity Corporation under the Investment Company Act. (Rel. IC-6859)

SECURITIES ACT REGISTRATIONS

KOLPAK INDUSTRIES, INC., Decaturville, Tenn., filed a registration statement on November 29 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$6 per share through Vaisman & Co., Inc., 59 Main St., Millburn, N. J. 07041. The company is engaged in the design and manufacture, in modular form, of commercial storage and display units. Of the net proceeds of its stock sale, \$122,000 will be used to pay the company's obligations to Decatur and Perry Counties, Tenn., with respect to certain lease-purchase agreements and the balance for working capital and other corporate purposes. (File 2-42476)

TRUTH VERIFICATION CORPORATION, 130 West 42nd St., New York, filed a registration statement on November 29 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$3.50 per share through Vaisman and Company, Inc., 59 Main St., Millburn, N. J. 07041. The company is primarily engaged in offering its security investigation services to commercial and industrial customers. Of the net proceeds of its stock sale, \$100,000 will be used to open additional polygraph testing centers and the balance for working capital and other corporate purposes. (File 2-42477)

TRANSWORLD INVESTMENT CORPORATION, 26 Columbia Turnpike, Florham Park, N. J. 07932, filed a registration statement on November 29 seeking registration of 300,000 shares of common stock, to be offered for public sale (*at \$7 per share maximum) through underwriters headed by Lineberger, Lowe & Co. Inc., 76 Beaver St., New York 10005. The company is an international land sales representative engaged primarily in the sale of subdivided land for residential and resort purposes. Of the net proceeds of its stock sale \$1,100,000 will be used to repay a portion of the company's bank indebtedness and the balance for working capital and other corporate purposes. (File 2-42478)

DURO-TEST CORPORATION, 2321-2401 Kennedy Blvd., North Bergen, N. J. 07047, filed a registration statement on November 30 seeking registration of 388,790 shares of common stock, of which 252,450 are issuable pursuant to Employees' Stock Purchase Plan--1967, and 136,340 are reserved for issuance upon exercise of outstanding warrants issued in connection with the sale by the company of \$3,500,000 of subordinated 5-1/2% debentures Series A, due 1982. (File 2-42479)

MISCELLANEOUS

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the securities of Ecological Science Corporation for the further ten-day period December 5 through December 14, 1971, inclusive, and of over-the-counter trading in the securities of Continental Vending Machine Corporation for the further ten-day period December 7 through December 16, 1971, inclusive.

SECURITIES ACT REGISTRATIONS. Effective December 1: John Hancock Variable Account A, 2-38827. Effective December 2: The Charter Company, 2-42071; City Stores Co., 2-41226; General Telephone Co. of Indiana, Inc., 2-42248; Multivest Real Estate Inc., 2-42313 (90 days); Old Republic International Corp. 2-42290; Western Realty Partners, 2-41498 (90 days).

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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