

sec news digest

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December 31, 1975

RULES AND RELATED MATTERS

PROPOSED RULE 6e-2: VARIABLE LIFE INSURANCE

The Commission has issued notice of its proposal to adopt Rule 6e-2 under the Investment Company Act of 1940 for separate accounts established and maintained by insurance companies to fund variable life insurance contracts. Proposed Rule 6e-2 would exempt a variable life insurance separate account which qualifies under the Rule from the registration requirements of the Act provided that it complies with all other provisions of the Act as if it were a registered investment company issuing periodic payment plan certificates except to the extent that the Rule would provide specific exemptions.

Variable life insurance is a new equity-insurance product which has not been offered previously to the general public. It will provide a cash surrender value and a death benefit, the latter guaranteed not to be less than the initial face amount of the contract, which vary to reflect the investment performance of a separate account in which the assets supporting the contract are invested.

The principal provisions of proposed Rule 6e-2 provide limited exemptions from sections of the Investment Company Act which require management accountability to contract-holders (Sections 13, 15 and 16), limitations on sales loads which may be charged in connection with the sale of a variable life insurance contract (Section 27) and require issuers of such contracts to offer refunds under certain circumstances (Section 27).

The primary exemption from the "accountability" provisions of the Act would permit the insurance company which established and maintains the variable life insurance separate account or the appropriate state insurance regulator, in certain instances, effectively to veto changes in the separate account's investment policies, its investment adviser or principal underwriter which may be proposed by variable life insurance contract-holders or the board of directors of the separate account. The exemptions from the sales load and refund provisions would permit the insurer to calculate the maximum permissible sales load after deduction of certain specified insurance and insurance-administrative charges; to measure the statutory 9% limitation on sales load over a period of up to 20 years; to include an allowance for dividends in calculating sales load under participating variable life insurance contracts; and to modify the 18-month refund requirement for "front-end load" contracts by increasing the refund period to 30 months and reducing the amount of excess sales load required to be refunded.

Proposed Rule 6e-2 was developed from four primary sources: comments received by the Commission in response to its notice of intention to propose an exemptive rule under Section 6(e) of the Act for variable life insurance (Rel. IC-8691, February 27, 1975), exemptions generally granted to issuers of variable annuity contracts, exemptions found by the Commission to be necessary or appropriate for Equitable Variable Life Insurance Company (Rel. IC-8992, October 16, 1975), and relevant exemptions provided by former Rule 6e-1 for separate accounts funding certain tax qualified pension and profit-sharing plans.

The Commission has requested comments on the proposed Rule by February 20, 1976.
(Rel. IC-9104)

The Commission today announced adoption of an amendment to Rule 310 under Regulation B under the Securities Act of 1933 which requires the furnishing of satisfactory assurance to the Commission that the relevant state securities administrators have been notified of a proposed offering pursuant to Regulation B. The notification to the administrators is to consist of a written statement setting forth the information regarding the offeror and offering specified in Rule 318(a)(1)-(6), together with the date the offering sheet was or will be filed with the Commission. A written representation listing the states so notified furnished in a letter to the staff will serve as satisfactory assurance. A note has been added alerting offerors to the fact that intentional misstatements or omissions in the letter to the staff constitute Federal criminal violations under 18 USC §1001.

The Commission cautioned offerors regarding their responsibilities under the federal securities laws and condemned the use of high-pressure sales campaigns in sale of securities under Regulation B. The Commission also emphasized that pursuant to Rule 306(a)(ii), Regulation B would be unavailable to any offeror, for example, if it or any of its officers, directors, predecessors or affiliates has been enjoined by a state court from violating the state's securities laws in connection with the offer or sale of fractional undivided interests in oil or gas rights. (Rel. 33-5662)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

BACHE & CO., INCORPORATED AND THREE INDIVIDUALS SANCTIONED

The Commission has suspended retail sales operations at the Bache & Co., Incorporated (Bache) branch office located at 1336 Chestnut Street, Philadelphia, Pennsylvania, for fifteen (15) business days and has suspended execution of the sanction upon the condition that Bache implement and carry out certain undertakings which provide that Bache inform customers of its Philadelphia branch office of the settlement of this proceeding; suggest to those customers methods by which they may protect themselves from losses similar in nature to those sustained in this matter; and directs those customers in the future to make their checks payable to Bache and encourages them to contact the branch manager in the event of a serious discrepancy in their accounts. In addition Bache has undertaken to recirculate to all registered representatives and appropriate back-office personnel in its Philadelphia branch office a statement of its policy regarding delivery of customer checks. Bache has also undertaken to notify all registered representatives employed in its Philadelphia branch office that they are not to engage in personal transactions with customers of the firm.

Among other things, Bache also has undertaken to notify all affected employees of certain procedures they should follow with respect to the manner in which customers' confirmations, bank drafts, checks and currency are to be handled and its policies with respect to customer and employee mail.

The Commission has also censured Jacob B. Petrosky, a Bache vice-president and manager of the Bache Philadelphia, Pennsylvania office, Steven C. Kraus, a former Bache officer and Lewis Maniloff, a former Bache registered representative. The sanctions shall be effective at the opening of business the second Monday after the date of this order.

The sanctions were based on findings that Bache, Petrosky and Kraus failed reasonably to supervise a person subject to their supervision with a view to preventing violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, committed by such person.

The Commission's action was taken pursuant to offers of settlement in which the respondents, without admitting or denying the charges against them, consented to the above findings and sanctions. (Rel. 34-11598)

COMMISSION ANNOUNCEMENTS

STAFF PROCEDURES FOR REVIEW OF INVESTMENT COMPANY SALES LITERATURE

The Commission has called attention to procedures followed by its Division of Investment Management Regulation with respect to the review of investment company advertisements and other sales literature filed with the Commission. (Rel. 33-5661)

**JAMES C. KENNEDY APPOINTED
ASSISTANT REGIONAL ADMINISTRATOR**

Paul F. Leonard, Administrator of the Washington Regional Office has announced the appointment of James C. Kennedy as Assistant Regional Administrator (Enforcement) of the Washington Regional Office. Mr. Kennedy joined the Washington Regional Office in June of 1967 as a legal assistant and became a trial attorney in March of 1968. He has served in successively more responsible positions in the Washington Regional Office since that time, including Branch Chief and, most recently, as Chief Enforcement Attorney. Mr. Kennedy received his J.D. degree from the American University in 1967 and his BBA degree from Georgetown University in 1964.

ORDERS FOR PUBLIC PROCEEDINGS

BACHE & CO., INC., OTHERS CENSURED

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against Bache & Co. Inc., of New York City, a registered broker-dealer, David Schonzeit, a vice-president of Bache and manager of its Miami, Florida office, and Fred Berens, a vice-president and registered representative employed in the same office

The proceedings are based upon an alleged failure by Bache and Schonzeit to reasonably supervise Berens, a person subject to their supervision, with a view to preventing violations of the securities laws. Berens is alleged to have wilfully violated Section 17 of the securities laws.

Simultaneously with the institution of the proceeding, the Commission accepted the offers of settlement submitted by Bache, Schonzeit and Berens without admitting or denying the allegations contained in the order for proceedings. In accordance with these offers of settlement, the Commission has censured Bache and suspended Schonzeit from association with any broker or dealer for a period of 15 days and has suspended Berens from association with any broker or dealer for a period of 60 days commencing January 12, 1976. (Rel. 34-11958)

INVESTMENT COMPANY ACT RELEASES

SOUTHEASTERN CAPITAL CORPORATION

An order has been issued permitting Atlanta Capital Management Company (Adviser) to serve as investment adviser to the successor corporation of a proposed merger between Southeastern Capital Corporation with and into Phoenix, Inc. pursuant to an advisory agreement entered into between Adviser and Southeastern. (Rel. IC-9103 - Dec. 30)

HOLDING COMPANY ACT RELEASES

NATIONAL FUEL GAS COMPANY

An order has been issued approving proposals by National Fuel Gas Company to issue and sell commercial paper and/or notes to a bank and to loan of the proceeds thereof to a subsidiary for unsecured short-term notes. (Rel. 35-19317 - Dec. 30)

THE COLUMBIA GAS SYSTEM

An order has been issued approving a proposal of The Columbia Gas System, Inc., a registered holding company, and 13 of its wholly-owned subsidiaries, whereby Columbia will make open account advances to its subsidiaries and such subsidiaries will make intrasystem prepayments of promissory notes held by Columbia. The maximum aggregate amount of such prepayments is estimated at \$413,500,000 at any one time outstanding. (Rel. 35-19318 - Dec. 30)

CONSOLIDATED NATURAL GAS COMPANY

An order has been issued authorizing Consolidated and two nonutility subsidiaries, Supply Corp. and CNG Producing, to complete the transfer of gas production properties from Supply Corp. to CNG Producing. (Rel. 35-19319 - Dec. 30)

TRADING SUSPENSIONS

ADDITIONAL ACTION ON THREE TRADING SUSPENSIONS

The SEC has announced the suspension of (a) exchange and over-the-counter trading in the securities of Equity Funding Corp. for the further ten-day period January 2 - 11, inclusive; (b) exchange and over-the-counter trading in the securities of Canadian Javelin Ltd. for the further ten-day period January 4 - 13, inclusive; and (c) exchange and over-the-counter trading in the securities of Continental Vending Machine Corporation for the further ten-day period January 5 - 14, inclusive.

SELF-REGULATORY ORGANIZATIONS

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed October 29 by the Boston Stock Exchange. The rule change eliminates the required two-minute time delay prior to the execution of certain round-lot orders on the exchange and redefines the term "next transaction occurring in the primary market" to mean the next transaction in the primary market as reported on the Consolidated Tape at the Boston Stock Exchange after the order is placed with a dealer for execution. (Rel. 34-11962)

NOTICE OF PROPOSED RULE CHANGE

The Boston Stock Exchange has filed a proposed rule change under Rule 19b-4 to reduce the fee for members admitted to the exchange by transfer, and the proposal has become effective pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act. Publication of the proposal and the Commission's order is expected to be made in the Federal Register during the week of January 5, 1976. (Rel. 34-11963)

MISCELLANEOUS

MAGMETCO, INC.

A notice has been issued giving interested persons until January 13 to request a hearing on an application of Magmetco, Inc., as successor to Magnetic Metals Company, pursuant to Section 12(h) of the Securities Exchange Act of 1934 for an order exempting Magmetco from the requirements of Sections 13 and 15(d) of the 1934 Act, to the extent that such sections would otherwise require Magmetco to file a quarterly report on Form 10-Q for the quarter ended September 30, 1975, and an annual report on Form 10-K for the year ending December 31, 1975. (Rel. 34-11966)

SECURITIES ACT REGISTRATIONS

(S-1) WELLS FARGO BANK, N.A.

464 California St., San Francisco, Cal. 94144 - \$10 million of participating units in three common trust funds (Equity Securities Fund, Fixed Income Fund and Real Estate Equity Fund), to be offered for sale under Wells Fargo Keogh Plan Trusts for adoption by self-employed individuals and partnerships. Contributions to such trusts will be invested as directed by participants in the Keogh Plans in the common trust funds at the net asset value as determined from time to time or in Wells Fargo Bank interest-bearing accounts. Wells Fargo Bank, N.A., a national bank, is trustee of the Wells Fargo Keogh Plan Trusts. (File 2-55249 - Dec. 29)

(S-1) STEIGER TRACTOR, INC.

3101 First Avenue North, Fargo, N.D. 58102 - 18,850 shares of common stock, to be offered for repurchase under a rescission offer by a certain shareholder at the price paid to such shareholder by each purchaser. Steiger manufactures four-wheel drive, articulated tractors. (File 2-55265 - Dec. 29)

(S-1) ITT FINANCIAL CORPORATION

212 South Central Ave., St. Louis, Mo. 63106 - \$25 million of junior subordinated debentures, due 1985, to be offered for sale through underwriters headed by Kuhn,

Loeb & Co., 40 Wall St., New York, N.Y. 10005 and Lazard Freres & Co., One Rockefeller Plaza, New York, N.Y. 10020. ITT Financial is a holding company, subsidiaries of which are in the consumer and commercial finance business and in the life and accident and health insurance business. (File 2-55262 - Dec. 29)

(S-1) RADICE REALTY & CONSTRUCTION CORP.

2601 East Oakland Park Blvd., Suite 308, Fort Lauderdale, Fla. - 266,680 shares of nonvoting, noncumulative preferred stock, and 667,700 shares of common stock. The company proposes to issue these shares of preferred and common stock in exchange for its outstanding 8.4% convertible subordinated debentures, due 1994, presently in default. The company offers to exchange each \$1,000 of principal amount of the debentures, plus accrued interest, for 40 shares preferred stock and 100 shares of common stock. The Company is primarily involved in the development of real estate in the South Florida area. (File 2-55263 - Dec. 29)

(S-14) CENTURY GREETINGS, INC.

CIRCLE FINE ART CORPORATION

1500 West Monroe St., Chicago, Ill. 60607; 58 East Walton, Chicago, Ill. 60611 - 1,212,059 shares of common stock of each company, to be distributed to the stockholders of Arts & Leisure Corp., parent of each company, upon the liquidation of Arts & Leisure Corp. Century principally manufactures and distributes Christmas cards, and Circle purchases, publishes and sells original paintings and graphics. (File 2-55260 - Dec. 24)

(S-1) AMCO ENERGY CORPORATION

540 Meadows Bldg., Dallas, Tex. 75206 - 2,444,902 shares of common stock. These shares will be offered in exchange for fractional leasehold interests in certain oil and gas properties located in West Texas, and for limited partnership interests in certain limited partnerships holding interests in such properties, at the rate of one share for each \$2 in exchange price assigned to each leasehold interest and/or limited partnership interest plus 80% of the net operating income attributable to such interest since July 1, 1975. Also included in this registration statement are 30,000 shares to be offered and issued to Ram Exploration Co., Stockton, California, operator of these oil and gas properties. Consummation of the exchange offer is conditioned upon the company receiving valid tenders of sufficient interests which will aggregate at least 80% of the total working interests in the properties. However, the company will have the option to accept all valid tenders in the event that at least 30% of the total working interests are so tendered. Amco is engaged in the business of acquiring, developing and operating oil and natural gas producing properties and performing contract drilling services. (File 2-55251 - Dec. 29)

(S-16) MINNESOTA MINING AND MANUFACTURING COMPANY (3M)

3M Center, St. Paul, Minn. 55101 - 13,393 shares of common stock. These shares were issued in exchange for the business, assets and goodwill of Zip Change Letters, Inc. (Zip). Zip has been or will be liquidated and the 3M shares exchanged for the Zip shares. The 3M shares may be offered for sale from time to time at prices current at the time of sale by the former stockholders of Zip who receive shares. 3M produces a wide variety of products, including copying and microfilm, adhesives, abrasives, tape, reflective and decorative materials, electrical materials, printing products and magnetic recording materials. (File 2-55254 - Dec. 29)

(S-16) CHICAGO PNEUMATIC TOOL COMPANY

6 East 44th St., New York, N.Y. 10017 - 100,000 shares of common stock, which may be offered for sale from time to time by Mr. Louis W. Johnson at prices current at the time of sale. Chicago Pneumatic is a manufacturer of industrial machinery. (File 2-55245 - Dec. 24)

(S-16) HICKORY FARMS OF OHIO, INC.

1021 North Reynolds Rd., Toledo, Ohio 43615 - 200,000 shares of common stock, which will be offered to eligible employees of the company by a principal shareholder thereof at a price of \$5.00 per share. Hickory Farms is a franchiser and operator of specialty food stores. (File 2-55250 - Dec. 24)

(S-14) S.M. FLICKINGER CO., INC.

45 Azalea Drive, P.O. Box 1086, Buffalo, N.Y. 14240 - 368,866 shares of voting cumulative convertible preferred stock, no par value (the convertible preferred stock) and an undetermined number of shares of common stock issuable upon conversion of the convertible preferred stock. It is proposed to offer these shares in exchange for the outstanding common stock of P.A. & S. Small Company, York, Pa., at a rate of one share of convertible preferred stock for each Small share. The company is engaged in the wholesale and retail food distribution business. (File 2-55240 - Dec. 24)

(S-14) HAMILTON BROTHERS CORPORATION

1600 Broadway, Denver, Colo. 80202 - 3,365,322 shares of common stock and 2,930,686 shares of Class A stock. It is proposed to offer these shares to the stockholders of Hamilton Brothers Petroleum Corporation in connection with a merger of a subsidiary of Hamilton Brothers Corporation into Hamilton Brothers Petroleum Corporation, as a result of which Hamilton Brothers Petroleum Corporation will become a wholly owned subsidiary of Hamilton Brothers Corporation. Such shares are to be issued on a share for share basis in exchange for the issued and outstanding shares of common stock and Class A stock of Hamilton Brothers Petroleum Corporation. Hamilton Brothers Petroleum Corporation is engaged in the exploration for and production of oil and gas. (File 2-55244 - Dec. 24)

(S-1) MCI COMMUNICATIONS CORPORATION

1150 17th St., N.W., Washington, D.C. 20036 - 1,580,500 shares of common stock and 84,460 shares of Series B cumulative convertible preferred stock. MCI intends to make an offer to acquire the 580,394 outstanding shares of common stock of N-Triple-C Inc., not owned by MCI, in exchange for 260,197 shares of MCI common stock plus shares to cover fractional interests and to make an offer to acquire the presently outstanding 8% convertible subordinated debentures, due 1983 of N-Triple-C in the amount of \$8,446,000 in exchange for 84,460 shares of Series B preferred stock. MCI offers a variety of intercity business and data communication services. N-Triple-C is a majority-owned subsidiary of MCI. (File 2-55246 - Dec. 24)

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:

Rochester Instrument Systems, Inc., Rochester, N.Y. (File 2-55173 - Dec. 15) - \$425,058 of common stock

Barclay Industries, Inc., Lodi, N.J. (File 2-55178 - Dec. 15) - 270,000 shares
Metridata Computing, Inc., Louisville, Ken. (File 2-55179 - Dec. 15) - 95,000 shares

Wal-Mart Stores, Inc., Bentonville, Ark. (File 2-55180 - Dec. 15) - 1,000,000 shares

Home Oil Company Ltd., Calgary, Alberta, Canada (File 2-55181 - Dec. 15) - 126,520 shares

Anheuser-Busch, Inc., St. Louis, Mo. (File 2-55190 - Dec. 17) - 850,000 shares

Malone & Hyde, Inc., Memphis, Tenn. (File 2-55205 - Dec. 19) - 200,000 shares

Marriott Corp., Washington, D.C. (File 2-55208 - Dec. 19) - 750,000 shares

Earth Resources Co., Dallas, Tex. (File 2-55215 - Dec. 19) - 200,000 shares

United Guaranty Corp., Greensboro, N.C. (File 2-55217 - Dec. 19) - 29,555 shares

R. L. Burns Corp., San Bernardino, Cal. (File 2-55221 - Dec. 22) - 375,000 shares

Levi Strauss & Co., San Francisco, Cal. (File 2-55222 - Dec. 22) - 30,000 shares

Vulcan Materials Co., Birmingham, Ala. (File 2-55229 - Dec. 23) - 125,000 shares

Chris-Craft Industries, Inc., New York, N.Y. (File 2-55234 - Dec. 23) - 495,868 shares

International Video Corp., Sunnyvale, Cal. (File 2-55247 - Dec. 29) - 178,448 shares

REGISTRATIONS EFFECTIVE

Dec. 10: Baird Atomic Inc., 2-54735.

Dec. 23: Bob Evans Farms Inc., 2-55102; Country Kitchen International Inc., 2-51880; Eastern Air Lines Inc., 2-55009; Emerson Electric Co., 2-52220; First Pennsylvania Financial Services Inc., (90 days), 2-54706; Lear Siegler Inc., 2-55012; Louisiana General Services Inc., 2-55123; Orion Research Inc., 2-54865; Southeastern Michigan Gas Co., 2-55064; University Patents Inc., 2-55141; Wal-Mart Stores Inc., 2-55180.

REGISTRATIONS EFFECTIVE CONT.

Dec. 24: Adams Drug Co. Inc., 2-54128; Alcan Aluminum Ltd., 2-55139; Gulf Life Holding Co., 2-53705; Husky Oil Ltd., 2-55018; Independent Silver Producers Inc. (90 days), 2-54276; NRM Petroleum Corp., 2-54760; The Travelers Fund, 2-53757.

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.

RECENT 8K FILINGS

Form 8K is a report which must be filed with the SEC by the 10th of the month after any of the following important events or changes: changes in control of the registrant; acquisition or disposition of assets; legal proceedings; changes in securities (i.e., collateral for registered securities); defaults upon senior securities; increase or decrease in the amount of securities outstanding; options to purchase securities; revaluation of assets; submission of matters to a vote of security holders.

The companies listed below have filed Form 8-K reports for the month indicated, responding to the item of the form specified. 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 items of the form was included in Monday's News Digest.

COMPANY	ITEM NO.	MONTH
WESTINGHOUSE ELECTRIC CORP	3	11/75
WESTON INTERNATIONAL CORP	3,13	11/75
WEYERHAEUSER CO	3,7	11/75
WHEELING PITTSBURGH STEEL CORP	3,8,14	11/75
WHITE CONSOLIDATED INDUSTRIES INC	3	11/75
WHITE DRUG ENTERPRISES INC	13	11/75
WILSON H J CO INC	11	11/75
WILSON LEASING CO	11,14	11/75
WISCONSIN ELECTRIC POWER CO	3	11/75
WISCONSIN MICHIGAN POWER CO	13	11/75
WISCONSIN POWER & LIGHT CO	3,7,13	11/75
WITTER DEAN ORGANIZATION INC	3	11/75
WOOD INDUSTRIES INC	11	11/75
WOODS CORP	2,13,14	11/75
WYOMING BANCORPORATION	1,13	11/75
AMENDMENTS TO REPORTS ON FORM 8-K		
ASARCO INC	7,13,14	11/75
CHEM NUCLEAR SYSTEMS INC	10,14	07/75
ELECTRONIC RESEARCH ASSOCIATES INC	14	10/75
GOLDEN WEST FINANCIAL CORP	1	10/75
HALLIBURTON CO	8	10/75
IOWA PUBLIC SERVICE CO	13	09/75

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 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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