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SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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FOR RELEASE November 8, 1971

DECISION IN ADMINISTRATIVE PROCEEDING

AIDS, BRONSON AND COUNTER SUSPENDED FROM INVESTMENT ADVISORY BUSINESS. The SEC has issued an order suspending Analytical Investment Decision Systems, Inc., d/b/a AIDS, of Bellevue, Wash., an applicant for registration as an investment adviser, and Robert E. Bronson III, its president and a director, and Virgil A. Counter, a director, from engaging in the investment advisory business for 30 days. The order made the suspension and registration application effective upon its issuance.

The suspension was based on findings that from January through April 1971, respondents among other things engaged in the investment advisory business without registration and violated antifraud provisions of the securities laws in that they directly and indirectly published and distributed advertisements which contained prohibited testimonials concerning AIDS' services, referred to past specific securities recommendations without furnishing required information as to each such recommendation, and used bait advertising techniques. In addition, according to the Commission's decision, respondents made misleading statements concerning the advisory services to be rendered by the firm.

The Commission's action was taken pursuant to an offer of settlement filed by respondents in which, without admitting or denying the charges, they consented to the above findings and the indicated sanctions, and the firm agreed to make restitution of all fees paid by clients during the period in question. (Rel. IA-300)

NEW RULES AND RULE PROPOSALS

RULE ESTABLISHES MINIMUM SECURITIES RECORDS CONTROLS. The SEC announced today that it has adopted Rule 17a-13, amended Form X-17A-5, and amended Rule 17a-3 under the Securities Exchange Act of 1934, effective January 1, 1972. Rule 17a-13 applies to all members of national securities exchanges who do business with or for others than members of national securities exchanges, and to all brokers and dealers except broker-dealers who limit their business to the sale and redemption of securities of registered investment companies and interests or participations in an insurance company separate account and those who solicit accounts for federally insured savings and loan associations, provided that such persons promptly transmit all funds and securities and hold no customer funds and securities. However, the Rule does not apply to insurance companies which are registered broker-dealers, solely by reason of their purchase and sale of securities on behalf of their general and separate accounts, provided that they otherwise meet the exemptive conditions of the Rule. The rule requires a quarterly "box count" and verification of all securities not in a broker's physical possession. The amendment to Rule 17a-3, adding a new clause (a)(4)(F), creates a security difference account to which the unresolved long and short differences have to be posted. The amendment to Form X-17A-5 requires the appropriate reporting of stock record differences and requires the accountants to review and comment on the practices and procedures employed in complying with Rule 17a-13 and in the resolution of the stock record differences. (Rel. 34-9376)

COMMISSION ANNOUNCEMENT

REGISTRATION GUIDE FOR INSURANCE PREMIUM FUNDING PROGRAMS PUBLISHED. The SEC has authorized publication of a registration guide which sets forth the position of the Commission's Division of Corporation Finance of requiring in registration statements under the Securities Act of 1933 certain disclosure involved in the offering of programs for the funding of life insurance premiums. These programs involve the offering of securities, usually mutual fund shares, and the use of such shares as collateral for a loan the proceeds of which are then used to pay the premium on a life insurance policy sold to the customer at or about the same time. The SEC has taken the position that such programs involve an investment contract which is a security under the Securities Act of 1933. (Rel. 33-5209)

COURT ENFORCEMENT ACTIONS

LEWSADDER, INCENTIVE GROUP ENJOINED. The SEC San Francisco Regional Office announced that on October 13 a Federal court in Los Angeles permanently enjoined Charles W. Lewsadder, and Incentive Group Inc., both of Los Angeles from violating the anti-fraud provisions of the Federal securities laws, and certain provisions of the Investment Company Act of 1940. The complaint which was filed on June 18, 1971, alleged that, among other things, defendants and Incentive Fund Inc., violated the above provisions in the sale and redemption of Fund's shares, specifically that during such sales and redemptions, defendants failed to disclose that Fund's portfolio turned over at a rate in excess of that stated in its prospectus, and Fund's brokerage commissions went to brokers providing remuneration and other benefits to Lewsadder and Group. In consenting to the order, Lewsadder and Group neither admitted or denied the allegations. (LR-5203)

OVER

TARZWELL FOUND GUILTY IN NEVADA. The SEC Fort Worth Regional Office announced that on October 23 a Federal jury at Las Vegas found Donald W. Tarzwell, also known as Michael J. O'Shea, guilty on one count of an indictment charging violations of the anti-fraud provisions of the Securities Act of 1933. (LR-5204)

GARAHAH ENJOINED IN NEW YORK. The SEC New York Regional Office announced that on October 27 the Federal district court in New York permanently enjoined Joseph Garahan, an attorney of Bethpage, N. Y. from violating the registration provisions of the Federal securities acts in connection with the offer and sale of securities of A. K. Electric Corp. (LR-5205)

MANOR NURSING, OTHERS ENJOINED. The SEC New York Office announced that on October 21, the Federal District Court in New York enjoined Manor Nursing Center, Inc., and 14 other defendants from violating the registration and anti-fraud provisions of the Federal securities laws and ordered disgorgement by all the defendants of the approximately \$1.9 million which they realized in a public offering of Manor Securities. In addition certain of the defendants were enjoined from violating Sections 5(b)2, Section 15(c)2 and Rule 15c2-4 of the Federal securities act.

The court found that a "monstrous" fraud had been perpetrated upon the investing public in a public offering by Manor under which 350,000 newly issued Manor shares and 100,000 offered by selling shareholders at \$10 per share were made for a total offering of \$4.5 million. The selling shareholders consisted of Ira Feinberg Manor's president, Glendale, Inc., and Atlantic Services, Inc., two corporations represented by Ivan Ezrine, and Arthur Sutton, Samuel Beinberg, Suzanne Marnane and Gladys Halford. (LR-5206)

INVESTMENT COMPANY ACT RELEASES

TRAVELERS EQUITIES ACCUMULATION PLAN. The SEC has issued a notice giving interested persons until Nov. 24 to request a hearing upon an application of Travelers Equities Accumulation (Travelers Plan), Hartford, Conn. unit investment trust, for an order declaring that it has ceased to be an investment company as defined in the Act. Travelers Plan represents that it was designed as a vehicle for making shares of Travelers Equities Fund, Inc., a registered mutual fund, available to employees and agents of the Travelers Insurance Companies (Travelers) without a sales charge. Travelers Plan represents further that as a result of the adoption by the Commission of Rule 22d-1(h), and a determination by the sponsor (Travelers Equity Sales, Inc.) and Travelers not to pursue the matter further, Fund shares are no longer available to a broad list of employees and agents of Travelers. 1/ (Release IC-6806)

CONDREN HOUSING PARTNERS. The SEC has issued a notice giving interested persons until November 26 to request a hearing upon an application of Condren Housing Partners, New York limited partnership, for an order exempting it from all provisions of the Act. The Partnership was formed in September to provide private investors a means to acquire equity interests in governmentally assisted low or moderate income housing projects. William J. Condren and Condren Management Corporation (all of whose capital stock is owned by Condren) are general partners. The projects in which the general partners invest funds will be subject to substantial regulation by the FHA or other government agency granting assistance. The Partnership submits that its capital structure is not complex and that exemption from provisions of the Act is necessary in the public interest to permit the application of substantial private funds to the achievement of "important national goals." 1/ (Release IC-6807)

SYNERCON CORPORATION. The SEC has issued a notice giving interested persons until November 24 to request a hearing upon an application of Synercon Corp., Nashville, Tenn., for temporary exemption from provisions of the Act until its application for exemption from provisions of the Act has been acted on by the Commission. The 60-day period of exemption provided in the Act expired on October 17. 1/ (Release IC-6808)

CITIZENS INVESTMENT FUND. The SEC has issued a notice giving interested persons until November 26 to request a hearing upon an application of Citizens Investment Fund, Park Ridge, Ill., for an order declaring that it has ceased to be an investment company. The Fund abandoned its intended public offering of units because of the Supreme Court decision which held that the operation of such a fund for the collective investment of funds held by a national bank as managing agent would be illegal under certain provisions of the Federal banking laws. 1/ (Release IC-6809)

HOLDING COMPANY ACT RELEASES

MIDDLE SOUTH UTILITIES. Middle South Utilities, Inc., New York holding company, has filed a proposal with the SEC to acquire the remaining 110,005 (4.8%) outstanding shares of capital stock of Arkansas-Missouri Power Company not now owned by Middle South; and the Commission has issued an order scheduling the proposal for a hearing on December 15. Middle South proposes to issue shares of its common stock in exchange for the publicly-held shares of Ark-Mo, at the rate of 0.7 Middle South shares for each Ark-Mo. shares. (Rel. 35-17341)

GENERAL PUBLIC UTILITIES. The SEC has issued a notice giving interested persons until November 29 to request a hearing on an application of General Public Utilities Corp., New York holding company, to issue and sell 1,400,000 shares of common stock at competitive bidding. Net proceeds will be used in payment of the company's outstanding short-term promissory notes, the proceeds of which have been or will be used for investment in its subsidiary companies. 1/ (Release 35-17342)

NORTHEAST UTILITIES. The SEC has issued an order upon an application of Northeast Utilities, Hartford, Conn. holding company, and The Connecticut Light & Power Co., The Hartford Electric Light Co., Western Mass. Electric Co., and The Millstone Point Company extending to July 2, 1972 the period for completion by Millstone of satisfactory permanent financing arrangements with respect to the transfer assignment by the subsidiaries of their respective interests in a nuclear fuel contract to Millstone. (Release 35-17343)

INDIANA & MICHIGAN ELECTRIC CO. The SEC has issued an order authorizing Indiana & Michigan Electric Co., Fort Wayne, Ind., subsidiary of American Electric Power Company, Inc., to issue and sell 350,000 shares of cumulative preferred stock (\$100 par) at competitive bidding. Net proceeds of its stock sale, together with other available funds, will be used towards the payment, at maturity, of its commercial paper issued in connection with its construction program, estimated at \$60 million for the last quarter of 1971 and for 1972 and for working capital purposes. (Release 35-17344)

GEORGIA POWER COMPANY. The SEC has issued an order authorizing Georgia Power Company, Atlanta subsidiary of The Southern Company, to amend its charter so as to increase the amount of short-term debt it may have outstanding from 10% to 20% of its other capitalization and to submit its proposal for approval to holders of its outstanding preferred stock at a meeting to be held December 14, and to solicit proxies in connection therewith. (Release 35-17345)

NEW ENGLAND ELECTRIC SYSTEM. The SEC has issued an order authorizing New England Electric System, to make a \$20 million contribution to New England Power Company Westborough, Mass. subsidiary. New England Power will apply the proceeds towards reduction of short-term promissory notes (aggregating \$57 million) issued to pay for capitalizable expenditures or to reimburse its treasury therefor. (Release 35-17346)

MIDDLE SOUTH SERVICES. The SEC has issued a notice giving interested persons until November 29 to request a hearing upon an application of Middle South Services, Inc., New Orleans subsidiary of Middle South Utilities, Inc., to issue and sell up to \$1 million of long-term unsecured subordinated notes to the parent during a five-year period. Services will use proceeds for expansion of its electronic data processing functions, personnel and facilities. 1/ (Release 35-17347)

SECURITIES ACT REGISTRATIONS

BONNIEBROOK MINERAL SPRING WATER, INC., c/o Johanna Farms, Inc., P.O. Box 272, Flemington, N.J. 08822, filed a registration statement on October 29 seeking registration of 300,000 shares of common stock and warrants to purchase 600,000 shares, to be offered for public sale in units, each consisting of one share and two warrants. The offering is to be made at \$1 per unit through Leonard Brothers, Inc., 50 Broadway, New York 10004. The company is engaged in bottling and selling mineral spring water. Net proceeds of its stock sale will be used for advertising and promotion and other corporate purposes. (File 2-42269)

ZOLLER & DANNEBERG EXPLORATION (the general partner), 1600 Broadway, Denver, Colo. 80202, filed a registration statement on October 29 seeking registration of \$2,500,000 of pre-organization limited partnership interests in Premier Oil & Gas Program: Income Series, Spring '72 Production Partnership, to be offered for public sale at \$5,000 per unit. The offering is to be made on a best effort basis by Hugh Johnson & Co., Inc., 1800 Rand Bldg., Buffalo, N.Y. 14203. The Partnership is to be formed for the purpose of oil and gas exploration. (File 2-42270)

IROUOIS INDUSTRIES, INC., 41 West Putnam Ave., Greenwich, Conn. 06830, filed a registration statement on November 2 seeking registration of 425,000 shares of common stock, of which 200,000 are to be offered for public sale by the company and 225,000 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$21.625 per share maximum) through underwriters headed by Eastman Dillon, Union Securities & Co., Inc., One Chase Manhattan Plaza, New York 10005. The company is engaged primarily in the production and marketing of natural vitamins and health food supplements, the bottling and distribution of aromatic bitters and beverage flavorings and the distribution of beer and ale. Of the net proceeds of its stock sale, \$1,500,000 will be used in connection with the construction of leasehold improvements and the purchase of production equipment and the balance for working capital and other corporate purposes. (File 2-42285)

ANDERSON, CLAYTON & CO., 1010 Milam St., Houston, Tex. 77002, filed a registration statement on November 2 seeking registration of 375,000 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering is to be made (*at \$41 per share) through underwriters headed by Morgan Stanley & Co., Inc., 140 Broadway, New York 10005. The company is engaged in processing and distributing consumer and industrial foods and related products, in the insurance and other businesses. (File 2-42286)

OVER

STEWART INFORMATION SERVICES CORP., 1302 Rusk Ave., Houston, Tex. 77002, filed a registration statement on November 2 seeking registration of 300,000 shares of common stock, of which 150,000 are to be offered for public sale by the company and 150,000 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$17 per share maximum) through underwriters headed by Shearson, Hammill & Co., Inc., 14 Wall St., New York 10005. The company is engaged primarily in the title insurance and information business. Net proceeds of its stock sale will be used to repay short-term indebtedness of certain subsidiaries of a subsidiary and for working capital and other corporate purposes. (File 2-42288)

DART DRUG CORPORATION, 3301 Pennsy Dr., Landover, Md., 20785, filed a registration statement on November seeking registration of 375,000 shares of Class A common stock, of which 300,000 are to be offered for public sale by the company and 75,000 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$25 per share maximum) through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine St., New York 10005. The company is engaged in operating retail discount drug stores in the Washington, D.C. area. Of the net proceeds of its stock sale, \$3,200,000 will be applied toward the cost of opening 14 stores and the balance for working capital and other corporate purposes. (File 2-42289)

OIL REPUBLIC INTERNATIONAL CORPORATION, 307 North Michigan Ave., Chicago, Ill. 60601, filed a registration statement on November 2 seeking registration of 500,000 shares of common stock, to be offered for public sale (*at \$35 per share maximum) through underwriters headed by White, Weld & Co., 20 Broad St., New York 10005. The company is engaged in marketing insurance and in writing workmen's compensation coverage for the coal mining industry. Net proceeds of its stock sale will be contributed to its subsidiary, Old Republic Life Insurance Company, or added to investment funds of that subsidiary and used for working capital purposes. (File 2-42290)

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:

American Telecommunications Corp., El Monte, Calif. (File 2-42238) - 117,200 shares
 Northrop Corporation, Los Angeles, Calif. (File 2-42240) - 514,562 shares
 Fort Stockton Oil Company, Denver, Colorado (File 2-42277) - 255,700 shares
 Bundy Corp., Detroit, Mich. (File 2-42278) - 150,000 shares
 Great American Corp., Baton Rouge, La. (File 2-42287) - 6,274 shares

MISCELLANEOUS

DELISTING REQUESTED. The SEC has issued an order under the Securities Exchange Act giving interested persons until November 22 to request a hearing upon an application of the National Stock Exchange to withdraw from listing and registration the common stock of Royal Atlas Corp., effective at the opening of business on November 22, 1971. (Release 34-9379)

SECURITIES ACT REGISTRATIONS. Effective Nov. 3: Geo Resources Management Corp., 2-39139 (90 days).
Nov. 4: Angelica Corp., 2-41537; Bakerindustries, Inc., 2-42069; Bandag Inc., 2-42042; Beneficial Corp., 2-42037; Capital Mortgage Investments, 2-42118; Central and State National Corp. of Alabama, 2-39827 (90 days); Central Telephone Co., 2-42111; Colonial Penn Group, Inc., 2-41947; The Detroit Edison Co., 2-42160 and 2-42161; Ford Motor Co., 2-42132 and 2-42133; General Development Corp., 2-41045; Gordon Jewelry Corp., 2-42099; Indiana & Michigan Electric Co., 2-42109; International Hydronics Corp., 2-40549; International Paper Co., 2-42080; Lancaster Colony Corp., 2-41934; Modern Merchandising, Inc., 2-41802 (90 days); Pennsylvania Power & Light Co., 2-42013; Redken Laboratories, Inc., 2-41997 (2-2-72); Royal Palm Beach Colony, Inc., 2-40758; Unimet Corp., 2-39421 (90 days); Virginia Commonwealth Bankshares, Inc., 2-41630.

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 issuer.

* As estimated for purpose 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 details of the release.

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