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November 21, 1975

RULES AND RELATED MATTERS

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NOTICE OF FILING OF PROPOSED RULE CHANGE BY SELF-REGULATORY ORGANIZATIONS

LIBRARY

The Cincinnati Stock Exchange has filed a proposed rule change under Rule 19b-4 to authorize the Board of Trustees of the Exchange to reduce or suspend payment of dues by all regular members as circumstances warrant. The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the rule change is expected to be made in the Federal Register during the week of November 24. (Rel. 34-11855)

The PBW Stock Exchange, Inc. has filed a proposed rule change under Rule 19b-4 to modify the exercise price intervals which are established for options on securities trading between 100 and 200. Publication of the proposal is expected to be made in the Federal Register during the week of November 24. (Rel. 34-11859)

ADOPTION OF REVISED FINANCIAL STATEMENT REQUIREMENTS FOR INSURANCE COMPANIES OTHER THAN LIFE AND TITLE COMPANIES

The Commission announced the adoption of a revision of Article 7 of Regulation S-X relating to financial reporting requirements of insurance companies other than life and title companies. The revision generally requires that statements of these companies be prepared in accordance with generally accepted accounting principles. Other changes are intended to conform the requirements to current accounting and disclosure practices. (Rel. 33-5644)

COURT ENFORCEMENT ACTIONS

EASTERN FREIGHT WAYS, INC., OTHERS ENJOINED

The Commission announced on November 19 the filing of a civil injunctive action in the U.S. District Court for the District of Columbia against Eastern Freight Ways, Inc.; Associated Transport, Inc.; Myron Shevell, president and treasurer of Eastern and Associated, as well as chief executive officer and a director of Eastern; Henry Epstein, vice-president of Finance and secretary of Eastern and Associated; and Paul Levine, a shareholder of Eastern and Associated alleging violations of the antifraud, reporting, beneficial ownership and proxy provisions of the securities laws. Eastern, a New York corporation and Associated, a Delaware corporation both have their principal offices in Carlstadt, New Jersey.

The Commission also announced that the Honorable John H. Pratt, U.S. District Judge, District of Columbia, permanently enjoined Eastern from violations of the antifraud, reporting, beneficial ownership and proxy provisions of the securities laws. Associated was permanently enjoined from violations of the antifraud and reporting provisions. Eastern and Associated consented to the entry of the Court's judgment and order without admitting or denying the allegations in the Commission's complaint.

In addition to the entry of the permanent injunction, the Court, as part of the ancillary relief obtained by the Commission, among other things, ordered Eastern and Associated to appoint additional independent members to their Board of Directors who have had no prior affiliation with Eastern or Associated, maintain an executive committee consisting of the new additional directors; and appoint a new chief executive officer, as well as appoint additional trustees to Eastern's and Associated's employee pension funds. The Court also ordered Eastern and Associated to appoint separate special counsels for each company to conduct a full investigation into the allegations in the Commission's complaint and all other matters deemed appropriate and to submit a report to the Court and the Commission.

The Commission's complaint alleges various violations of the securities laws including the undisclosed use, by Eastern, of a nominee to acquire additional shares of Associated's stock; the undisclosed use of corporate funds of Eastern to reimburse said nominee; the unauthorized use of \$1.3 million belonging to Associated's pension fund and other unauthorized transactions related to the fund; other undisclosed loans to officers, as well as other acts of mismanagement of Eastern and Associated, including the falsification of the books and records of the companies, the overstatement of accounts receivable by Associated, the manipulation of the market in the securities of Eastern, and the making of various filings by Eastern and Associated with the Commission, which were false and misleading for failing to disclose these activities. (LR-7171)

**COMPLAINT NAMES HERALD RENE BAXTER
AND RENE BAXTER INVESTMENT SERVICES, INC.**

The Los Angeles Regional Office has announced that on November 14 a complaint was filed in the U.S. District Court in Phoenix, Arizona against Herald Rene Baxter and Rene Baxter Investment Services, Inc., an Arizona corporation, registered with the Commission as an investment adviser.

The complaint alleges that the defendants refused to permit examiners of the Commission permission to inspect the books and records of the investment adviser. The complaint seeks a preliminary and permanent injunction and a mandatory injunction ordering the defendants to permit examiners the right to inspect the investment adviser's books and records. (SEC v. Herald Rene Baxter, et al.). (LR-7172)

**COMPLAINT NAMES TIME LENDERS, INC.
AND WALTER WENCKE**

The Los Angeles Regional Office announced that on October 24 the Commission filed a complaint in the U.S. District Court in San Diego seeking injunctions against Time-Lenders, Inc., headquartered in San Diego, California; and Walter Wencke, of Rancho Santa Fe, California; from violations of the reporting and proxy provisions of the securities laws. The complaint also seeks ancillary relief in the form of injunctions compelling the defendants to correct Time-Lenders' reports, the appointment of a special agent for Time-Lenders, and an order restraining the defendants from disposing of Time-Lenders' assets pending resolution of the matters set forth in the Commission's complaint.

The Commission's complaint alleges, among other things, that Wencke caused Time-Lenders to amend its articles and thereby reduce the number of its outstanding shares by means of a 100 to 1 reverse stock split and concurrent repurchase of fractional shares. The complaint further alleges that prior to these transactions, Wencke's affiliates owned 100% of Time-Lenders' non-voting stock and 60% of its voting stock; and that after the recapitalization was effected, the number of voting shareholders was reduced from 999 to 44.

The complaint also alleges that Wencke caused Time-Lenders to file an annual report on Form 10-K for 1975, which was materially false and misleading with respect to the purposes, circumstances and legality of the reverse stock split and fractional share repurchase amendments and transactions. In addition, the complaint alleges that the defendants either solicited consents to the reverse stock split and fractional share repurchase amendments without supplying Time-Lenders' shareholders with written proxy statements, or that the defendants failed to supply information to shareholders substantially equivalent to the information which would be required to be transmitted if a solicitation had been made. (SEC v. Time-Lenders, Inc., et al., CV-75-1032-GT, S.D. CA). (LR-7173)

INVESTMENT COMPANY ACT RELEASES

LIQUID DAILY RESOURCES FUND

An order has been issued declaring that Liquid Daily Resources Fund has ceased to be an investment company. (Rel. IC-9039 - Nov. 19)

TRADING SUSPENSIONS

ADDITIONAL ACTION ON THREE TRADING SUSPENSIONS

The SEC has announced the suspension of (a) over-the-counter trading in the securities of Industries International Inc. and Westgate California Corp. for the further ten-day

period November 23 - December 2, inclusive; and (b) exchange and over-the-counter trading in the securities of Canadian Javelin Ltd. for the further ten-day period November 25 - December 4, inclusive.

TRUST INDENTURE ACT RELEASES

ALLIED PRODUCTS CORPORATION

A notice has been issued giving interested persons until December 15 to request a hearing on an application of Allied Products Corporation (Allied), pursuant to Section 310(b)(1)(ii) of the Trust Indenture Act of 1939 declaring that the trusteeship of Continental Illinois National Bank and Trust Company of Chicago (Continental), under an indenture with Allied and two indentures with respective municipalities of Olive Branch, Mississippi and Prattville, Alabama is not so likely to involve a material conflict of interest as to make it necessary to disqualify Continental from acting as trustee. (Rel. TI-418)

SECURITIES ACT REGISTRATIONS

(S-1) INVESTORS SYNDICATE OF AMERICA, INC. (ISA)

IDS Tower, Minneapolis, Minn. 55402 - 100,000 units of installment-payment face-amount certificates, Series I-76, to be issued in multiples of \$5 monthly installments or face amounts of \$3,075, beginning with a minimum monthly installment of \$20 and a minimum face amount (or maturity value) of \$12,300, and will be distributed through Investors Diversified Services, Inc. ISA is a face-amount certificate investment company registered under the Investment Company Act of 1940. (File 2-54881 - Oct. 28)

(S-5) SHORT-TERM U.S. GOVERNMENT SECURITIES TRUST

421 Seventh Ave., Pittsburgh, Pa. 15219 - 1,000,000 shares of beneficial interest, to be offered for sale by the Trust's Distributor, Federated Securities Corp. The Trust intends its primary business to be that of an open-end diversified investment company investing exclusively in U.S. Government securities maturing in one year or less. (File 2-54929 - Nov. 3)

(S-10) INDEPENDENT ENERGY CORPORATION

2829 W. Northwest Highway, Dallas, Tex. - \$450,000 of undivided interests in oil and gas leases, to be offered for sale in minimum amounts of \$3000. No underwriting is involved. The company is engaged in developing oil and gas leases. (File 2-54942 - Nov. 6)

(S-10) NRM PETROLEUM CORPORATION

525 Kanawha Valley Bldg., Charleston, W. Va. 25301 - \$510,000 of undivided working interests in four oil and gas tracts in Texas, to be offered for sale in units, each unit to be \$15,000 per smallest fractional interest offered. The proceeds of the offering will be used to drill test wells on the oil and gas tracts. (File 2-55024 - Nov. 17)

(S-B) THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

222 Queen St., Ottawa, Ontario, Canada K1P 5Z3 - \$20 million of serial debentures, due 1977-84, and \$30 million of sinking fund debentures, due 1996, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006. The Regional Municipality of Ottawa-Carleton, a municipal corporation established by the Province of Ontario, is comprised of 11 contiguous municipalities. (File 2-55038 - Nov. 18)

(S-1) SBE, INC.

220 Airport Blvd., Watsonville, Cal. 95076 - 500,000 shares of common stock, of which 200,000 are to be sold by the company and 300,000 by selling shareholders through underwriters headed by Bateman Eichler, Hill Richards Incorporated, 460 South Spring St., Los Angeles, Cal. 90013. SBE is engaged in the design and marketing of Citizen's Band Radios and other personal and business radio equipment and accessories. (File 2-55040 - Nov. 19)

(3M), 3M Center, St. Paul, Minn. 55101 - 20,463 shares of common stock. These shares were issued in connection with the acquisition of Meditec, Inc. and are to be offered for sale from time to time at prices current at the time of sale. 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 2-55041 - Nov. 17)

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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