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NEWS DIGEST

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NEW RULES AND RULE PROPOSALS

SEC ADOPTS MEMBERSHIP RULE. The SEC announced today adoption of Rule 19b-2 under the Securities Exchange Act of 1934, a rule governing use of membership on a national securities exchange for other than public purposes. The Commission's rule directs the nation's registered securities exchanges to take action by March 15, 1973, to implement the provisions of the rule within the framework of their own rules and regulations.

In brief, the new rule:

1 - Requires that each member have as its principal purpose the conduct of a public securities business. A member is deemed to have such a public purpose if at least 80% of the value of its transactions meet the standards of the Rule defining public purpose. Transactions with affiliated entities, as defined, or for the member itself, are not treated as public business.

2 - Defines affiliated interests generally in terms of a control relationship between an exchange member and another entity. The Rule also specifically treats as affiliated business that of an investment company--when an exchange member manages the investment company or when a parent or subsidiary of the member manages the investment company. Also treated as affiliated business are transactions of principal officers, and certain stockholders or partners of an exchange-member firm.

3 - Provides for a three-year phase-in period for existing exchange members not presently conducting a predominantly public business. However, the rule requires these members to file with the exchange within 30 days of implementation of the exchange rule a statement of intent to comply with the rule and a detailed plan for compliance. The rule also requires progress reports and revised plans after each of the first two years of the phase-in period.

In a statement, Chairman William J. Casey said:

"The action of the Commission in adopting Rule 19b-2 on the obligations and purposes of exchange membership is a crucial first step in the restructuring of the securities markets. It is the belief of the Commission, expressed in its policy statement on the future structure of the securities markets, issued almost a year ago, that the emerging central market system should have at its heart a corps of professional brokers and market-makers serving investors. This means that membership on the national exchanges and in the central market system should be open uniformly to any entity meeting financial and competence standards and whose main purpose is the handling of public orders or otherwise making specific contributions to the market. The many advantages of exchange membership make this requirement essential if the public character of the securities markets is to be preserved.

"While the Rule requires that exchange membership be limited to firms doing a predominantly public business, it also opens membership to any organization which can meet that test, whether or not the primary business of its parent organization is that of securities brokerage. The Commission views this as an opportunity for institutions to diversify by entering the public brokerage business, bringing much needed new capital into that sector and increasing the quality and scope of competition in investor service. Competition will be the essence of the central market system in terms of price, execution and service to public investors. That is why membership should be based on a desire to compete for public orders.

"The Commission's approach in drafting the rule has been one of flexibility. This is a first step, and is not intended to be a final resolution to the problems facing the industry in this area. Our view is that an 80 per cent public business standard, rather than 100 per cent, allows room for change in an industry that is in a period of transition and adjustment. As long as trading by a member for its own account, or an account in which it has an interest, is merely incidental to the public service performed, the Commission believes the public purpose of Rule 19b-2 will be served. A flexible, administrative approach to the implementation of a public business test is a responsible course which will bring progressive and desirable change and minimize the risk of disruption of the market mechanism.

"As a first step in the implementation of the central market system, we believe this will be followed by other important developments in the coming months as the pieces of the picture fall into place. These elements will include the implementation of a composite transaction reporting system to show and identify trades in listed securities from all markets, followed by a system to display quotations in these securities so orders will flow to the best markets, wherever they are being made within the system. The Commission now has in preparation a White Paper which will detail our present thinking on the elements of the central market system and the work of our industry advisory groups and present a blueprint for implementation." (Rel. 34-9950)

OVER

COMMISSION ANNOUNCEMENT

SEC ORDER CITES JERRY CHARLES SPELLMAN. The SEC has ordered proceedings under the Securities Exchange Act of 1934 involving Jerry Charles Spellman, doing business as First Investment Planning Company, Washington, D.C. broker-dealer. The proceedings are based upon allegations of the Commission's staff that from on or about June 30, 1972 and thereafter Jerry Charles Spellman d/b/a First Investment Planning Company willfully violated the net capital and financial reporting provisions of the Federal securities laws; that from January 1, 1969 and thereafter respondent willfully failed to make and keep current certain books and records as required by the Federal securities laws and that reports of financial condition for the years 1970, 1971 and 1972 were false and misleading and contained false oaths. In August 1972 the Federal court in the District of Columbia enjoined Jerry Charles Spellman from violating the above-mentioned provisions and ordered liquidation of the assets of First Investment Planning Company.

A hearing will be scheduled by further order to take evidence on the staff allegations and to afford respondent 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.

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES CLINTON OIL, OTHERS. The SEC announced on January 15 that the Fort Worth Regional Office and the Division of Enforcement filed a complaint in Federal court at Wichita, Kansas charging Clinton Oil Company of Wichita and eighteen individuals, all current or former officers, directors or employees of Clinton Oil Company with violations of numerous provisions of the Federal securities laws in the offer and sale of (1) Clinton Oil Company common stock, (2) common stock of Real Petroleum Company, an affiliate of Clinton Oil Company, and (3) participation interests in Clinton Oil Company oil and gas programs for the years 1963, 1964, 1965, 1966, 1967, 1968, 1969 and 1970-71. The complaint also requested the appointment of a receiver for Clinton Oil Company. Named in the Commission's complaint in addition to Clinton Oil Company were: William H. Avery, vice president, Realte P. Clinton, Chairman, George A. Zugmier, an employee, Walter B. Kramer, former employee, William E. Luak, vice president/treasurer, Louis H. Myrick, vice president, Lloyd W. Parrish, former vice president, all of Wichita, Kans., Duncan A. Bruce, an employee, Carl A. Funke, vice president, and David M. Watson, former vice president, all of New York, N. Y., Oscar Bekoff, former vice president, of Roslyn, N. Y., K. Stewart Cronin, former president, of Dallas, Tex., Betty Farnshell, vice president, of Goddard, Kans., Rudolph H. Funke, vice president, of Deerfield Beach, Fla., Benjamin A. Smith, former vice president, of Westport, Mass., Jerry C. Spellman, former director, of Arlington, Va., and Vernon E. Taylor, former vice president, of LaMesa, Calif., and Lyndon Gamelson, vice president/secretary, of Wichita, Kans. (LR-5693)

TWO DALLAS MEN FOUND GUILTY. On December 18 the Federal court in Salt Lake City returned guilty verdicts against Richard Mackey, an attorney, and Chester Brewer, a former bank official, both of Dallas, Tex., on six counts for violations of the anti-fraud provisions of the '34 Act and nine counts of mail fraud. Mackey and Brewer, using the facilities of Kaymac Industries, Inc., a Texas corporation which had neither assets or business of any substance, purchased the controlling stock of Federated Security Insurance Corporation, a Utah corporation, and Transwestern Life Insurance Company of Billings, Mont., by utilizing the principal assets of Federated, which consisted of preferred stock, bonds, notes and mortgages. Federated was placed in rehabilitation proceedings within four months after Kaymac's takeover. (LR-5694)

INVESTMENT COMPANY ACT RELEASES

SECURITY SUPERVISORS, INC., et al. The SEC has issued an order granting an application of Security Supervisors, Inc. and the Funds for which it is the principal underwriter permitting it and the Funds to offer to persons who have redeemed any one, or any portion of any one of their Fund accounts, a one-time privilege to reinvest within 15 days without any sales charge. (Rel. IC-7619)

AMERICAN LEADERS FUND. The Commission has issued a notice giving interested persons until February 7 to request a hearing on an application for an order permitting American Leaders Fund, Inc. and Fund for U. S. Government Securities, Inc., Pittsburgh, Pa. mutual funds, and Federated Securities Corp., the principal underwriter for the Funds, to sell shares of the Funds, without sales charges, upon the exercise of reinvestment privileges which the Funds propose to offer to redeeming shareholders of the Funds and of Empire Fund, Inc., Third Empire Fund, Inc., Fourth Empire Fund, Inc., Fifth Empire Fund, Inc., Sixth Empire Fund, Inc., Presidential Exchange Fund, Inc., Second Presidential Exchange Fund, Inc., and Fifth Presidential Fund, Inc., exchange funds that are not engaged in a continuous offering and have the same investment adviser as the Funds. (Rel. IC-7623)

INVESTORS SYNDICATE OF AMERICA, INC., et al. The SEC has issued an order permitting Investors Syndicate of America, Inc., Investors Variable Payment Fund, Inc. (both registered investment companies) and Investors Syndicate Life Insurance and Annuity Company to enter into an agreement pursuant to which applicants will exchange convertible subordinated notes they own of Reeves Telecom Corporation for new notes. (Rel. IC-7624)

PLIGROWTH FUND, INC., HEDBERG & GORDON FUND, INC. The SEC has issued a notice giving interested persons until February 15 to request a hearing on an application of Pligrowth Fund, Inc., and Hedberg & Gordon Fund, Inc., Philadelphia mutual funds, and One Eleven Distribution Company, the Funds' underwriter, exempting them from Section 22(d) of the Act to permit shares of the funds to be sold without sales charges upon the exercise of reinvestment privileges to be offered to redeeming shareholders. (Rel. IC-7625)

CONTINUED

STATE MUTUAL SECURITIES, INC., STATE MUTUAL LIFE ASSURANCE COMPANY OF AMERICA. The SEC has issued a notice giving interested persons until February 8 to request a hearing upon an application filed by State Mutual Life Assurance Company of America and State Mutual Securities, Inc., a closed-end investment company, both of Worcester, Mass., for an order under Rule 17d-1 permitting concurrent investments in certain direct placements. (Rel. IC-7626)

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY. The SEC has issued a notice giving interested persons until February 9 to request a hearing on an application of New England Mutual Life Insurance Company, New England Life Variable Annuity Fund I (a registered open-end investment company) and NEL Equity Services Corporation, all of Boston, for an order permitting the elimination of any sales charges when a single purchase payment individual variable annuity contract issued by New England Life Variable Annuity Fund I is purchased by application of amounts payable under group annuity contracts issued by New England Mutual Life in connection with tax-qualified retirement plans. (Rel. IC-7627)

ELECTRONICS INTERNATIONAL CAPITAL. The SEC has issued a notice giving interested persons until February 9 to request a hearing on an application of Electronics International Capital, Ltd. of Hamilton, Bermuda for an order declaring that the company has ceased to be an investment company. (Rel. IC-7628)

SECURITIES ACT REGISTRATIONS

COLONY BEACH ASSOCIATES, LTD., 1620 Gulf of Mexico Dr., Longboat Key, Sarasota, Fla. 33578 - \$11,100,000 of resort residential condominium units (with mandatory investment in a limited partnership rental pool), to be offered at prices ranging from \$40,000 to \$80,000 per unit. Murray J. Klausner and Joseph Penner are the general partners. (File 2-46745 - Dec 29)

COLISEUM PROPERTIES, INC., 550 Interstate North Parkway, Atlanta, Ga. 30339 - 80,000 shares of Class A common stock, which may be offered for sale from time to time by Alexander Baumstein, Harry A. Kilman, Harry S. Taubenfeld and Martin Zuckerbrod, the selling stockholders, at negotiated prices or prices current at the time of sale (*\$1 per share maximum). The company owns unimproved real estate suitable for development in New Jersey and Arkansas. (File 2-46758 - Dec 29)

BERG ENTERPRISES, INC., 12 Center St., Metuchen, N. J. 08840 - 316,000 shares of common stock, of which 125,000 are to be offered for sale by the company and 191,000 by certain shareholders. The offering is to be made (*at \$15.625 per share maximum) through underwriters headed by Hayden Stone, Inc., 767 Fifth Ave., New York. The company is a diversified real estate services company. Of the net proceeds, \$680,000 will be used for start-up costs of 19 real estate brokerage offices to be opened and the balance for working capital and other corporate purposes. (File 2-46760 - Dec 29)

FIELD EQUITIES CORP., 150-05 Hillside Ave., Jamaica, N. Y. 11432 - 150,000 shares of common stock, to be offered for sale at \$5 per share, of which 65,000 are to be offered for sale by the company and 85,000 by certain shareholders. The offering is to be made at \$5 per share by Christian-Paine & Co., Inc., 232 Blvd., Hasbrouck, N. J. 07604. The company proposes to arrange, process and issue F.H.A. and V.A. insured mortgages and to engage in related activities. Of the net proceeds, \$100,000 will be deposited as compensating balances in warehousing banks and the balance used for working capital and other corporate purposes. (File 2-46763 - Dec 29)

ATHENIA INDUSTRIES, INC., 90 Brighton Rd., Clifton, N. J. 07012 - 250,000 shares of common stock, to be offered for sale at \$4 per share by Todd and Co., Inc., 192 Paterson Plank Rd., Carlstadt, N. J. 07072. The company designs, manufactures and assembles precision engineered molds used in the production of molded plastic component parts. Of the net proceeds, \$150,000 will be used to repay in part a note payable to a bank and the balance for working capital and other corporate purposes. (File 2-46764 - Dec 29)

THE CLOROX COMPANY, 7901 Oakport St., Oakland, Calif. 94621 - 1,275,966 shares of common stock. It is proposed to offer these shares in exchange for the common stock of the Kingsford Company, at the rate of 4/9ths of one Clorox share for each Kingsford share. Upon consummation of the offering, Kingsford is to be merged into a subsidiary of Clorox. Clorox manufactures and distributes household consumer products and foodservice industry products. Kingsford produces charcoal briquets. (File 2-46765 - Dec 29)

BK PETROLEUM CORP. (the general partner), 201 W. Fourth St., Mt. Carmel, Ill. 62863 - \$4 million of preorganization subscriptions in two limited partnerships, to be offered for sale at \$5,000 per unit by selected NASD members. The Partnerships are to be organized to engage in oil and gas exploration and development. (File 2-46766 - Dec 29)

FRONTIER TELEPHONE CO., 5555 Boone Ave. North, Minneapolis, Minn. - \$1 million of Series A capital debentures, having a five to twenty-year maturity, to be offered for sale at 100% of principal amount. The company through subsidiaries acquires and operates telephone companies. Net proceeds will be applied to repayment of the company's 7% notes payable to Central Communications Corporation, the company's parent, and any balance will be used for working capital. (File 2-46769 - Dec 29)

REALTY REFUND TRUST, 402 Capital National Bank Bldg., 1101 Euclid Ave., Cleveland, Ohio 44115 - \$15 million of convertible subordinated debentures, due 1998 with Series B warrants to purchase 375,000 shares of beneficial interest, to be offered for sale in units, each consisting of a \$100 debentures and 2.5 warrants. The offering is to be made at \$100 per unit through underwriters headed by McDonald & Co., 2100 Central National Bank Bldg., Cleveland, Ohio 44114. The Trust was established to invest in a portfolio of real property investments. ReaFund Advisors, Inc. is investment adviser. (File 2-46775 - Jan 3)

GULF MORTGAGE AND REALTY INVESTMENTS, 225 Franklin St., Boston, Mass. 02110 - \$20 million of senior subordinated notes, due 1980, to be offered for sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York. The Trust invests in short-term construction and development mortgages, intermediate-term loan mortgages and long-term first mortgage loans on income-producing commercial, residential and industrial properties. Gulf Real Estate Advisory Services, Inc., wholly-owned subsidiary of Gulf Life Holding Company, is investment adviser. (File 2-46776 - Jan 3)

WESTRANS 1973 OIL AND GAS PROGRAM (the Partnership), 250 Park Ave., New York 10017 - \$5 million of partnership interests, to be offered for sale at \$5,000 per unit by selected NASD members. The Partnership was organized to engage in oil and gas drilling. Westrans 1973 Program Corporation, wholly-owned subsidiary of Westrans Petroleum Corporation, is the general partner. (File 2-46778 - Jan 3)

THE PLESSEY COMPANY LIMITED, 2-60 Vicarage Lane, Ilford, Essex, England - 250,000 shares of dollar ordinary shares, which are to be offered in connection with the conversion, exchange or exercise of certain securities of Alloys Unlimited, Inc. Plessey, a British corporation, manufactures and sells telecommunication and transmission and other equipment. Alloys, a New York company, manufactures and sells components, sub-components and material for use in electronics and related industries. (File 2-46779 - Jan 3)

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:

- Alpha Portland Industries, Inc., Easton, Pa. (File 2-46741) - 300,000 shares
- Leasco Corporation, New York, N. Y. (File 2-46751) - 150,000 shares
- Ashland Oil, Inc., Russell, Ky. (File 2-46759) - 1,500,000 shares of common stock, 150,000 shares of cumulative preferred stock, series of 1966 and \$15,000,000 of subordinated debentures, due 1993, of Ashland Oil, Inc. and 250,000 shares of common stock of Ashland Oil Canada Limited
- The Bureau of National Affairs, Inc., Washington, D. C. (File 2-46761) - 20,000 shares
- Diagnostic, Inc., St. Paul, Minn. (File 2-46767) - 50,000 shares
- Jim Walter Corporation, Tampa, Fla. (File 2-46770) - 200,000 shares
- Connelly Containers, Inc., Bala-Cynwyd, Pa. (File 2-46771) - 40,000 shares
- Rapidata, Inc., Fairfield, N. J. (File 2-46772) - 120,000 shares
- American Business Products, Inc. (File 2-46773) - 70,312 shares
- Scientific-Atlanta, Inc., Doraville (Atlanta), Ga. (File 2-46774) - 85,000 shares

MISCELLANEOUS

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of First Leisure Corporation for the further ten-day period January 16-25, inclusive.

SECURITIES ACT REGISTRATIONS. Effective January 15: Commercial Resources Corp., 2-45162 (90 days); Hai-Hai, Inc., 2-45119 (90 days); Hyster Co., 2-46610; On-Line Systems, Inc., 2-46160.

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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