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April 10, 1975

RULES AND RELATED MATTERS

APR 11 1975

DIVISION OF INVESTMENT MANAGEMENT REGULATION
INTERPRETIVE POSITION OF MERGERS OF INVESTMENT
COMPANIES AND RULE 22c-1

LIBRARY

The Commission has issued an interpretive release setting forth the views of the Division of Investment Management Regulation with respect to mergers and consolidation involving investment companies which issue redeemable securities. The release sets forth the Division's position that, if an investment company redeems its securities in accordance with the provisions of certain types of state dissenters' rights statutes, it is violating Rule 22c-1. (Rel. IC-8752)

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES UNITED BRANDS COMPANY

The Commission announced on April 9 the filing of a complaint in the U.S. District Court for the District of Columbia against United Brands Company (United Brands).

The Commission's complaint alleges that United Brands violated the antifraud and reporting provisions of the securities laws by filing reports with the Commission without disclosing that United Brands had effected improper cash payments to officials of certain foreign governments.

The complaint alleges that United Brands failed to disclose a method of doing business whereby an arrangement was entered into, pursuant to which United Brands agreed to pay \$2.5 million to high government officials of the Republic of Honduras in exchange for favorable government action benefiting United Brands. Additionally United Brands filings omit to disclose that the company deposited \$1.25 million in Swiss bank accounts of designated government officials of the Republic of Honduras in September of 1974 and had agreed to pay an additional \$1.25 million in the spring of 1975.

Further, the complaint alleges that United Brands, by means of false entries on the books and records of United Brands, caused to be disbursed approximately \$750,000 in corporate funds over a five year period to officials of a foreign government in Europe.

In its complaint, the Commission requests a permanent injunction enjoining further violations of the aforementioned provisions of the securities laws in the appointment of a special master to examine the books and records of United Brands and to submit a report to the Court, the Commission and shareholders of United Brands regarding any improper payments by United Brands to government officials. (LR-6827)

ALLEN & CO., INC., OTHERS ENJOINED

The Commission announced that on March 19 the civil action of SEC v. General Host Corp., et al., was terminated against the six remaining defendants: Allen & Co., Inc., Allen & Co., Eugene V. Klein, Seymour M. Lazar, Allen S. Manus and Cecil Manus. The allegations of the Commission's complaint against all defendants related to the unsuccessful attempt by all defendants to acquire control of Armour and Company.

Defendants Allen & Co., Inc., Seymour M. Lazar and Allen S. Manus without admitting or denying the allegations and as a basis for settlement, consented to judgments wherein they are enjoined from violating certain of the antifraud and reporting provisions of the securities laws. In addition, Allen & Co., Inc. agreed to pay \$300,000 in cash under the Commission's prayer for disgorgement of benefits. Allen & Co. agreed to act in accordance with the injunctive provisions of the judgment against Allen & Co., Inc.

and therefore the action was dismissed against it. Eugene V. Klein agreed to an undertaking not to violate certain of such provisions. The action was dismissed as against Cecil Manus. (SEC v. General Host Corp., et al., 73 Civ. 275 EW). (LR-6822)

COMPLAINT NAMES TOWN ENTERPRISES, INC., OTHERS

The Washington Regional Office announced that on April 2 a complaint was filed in the U.S. District Court in Delaware seeking a temporary restraining order, preliminary and permanent injunction against Town Enterprises, Inc., Town Finance Corporation, Russell C. Mansfield and Russell G. Mansfield, all of Wilmington, Delaware; Town Finance Corporation of Rome, Georgia; County Savings and Loan Company of Chattanooga of Chattanooga, Tennessee; Family Savings & Loan, Inc. of Huntington, West Virginia; Allstate Industrial Loan Plan, Inc. of Hodgenville, Kentucky; and County Thrift and Loan Company of Cumberland, Cumberland, Maryland enjoining violations of the registration provisions of the securities laws and enjoining the above defendants and Morris Plan Bank & Banking Co. of Chelsea, Chelsea, Massachusetts; and The New Bedford Morris Plan Company of Tauton, Massachusetts from violations of the antifraud provisions of the securities laws. The Commission also moved for the appointment of a receiver for the defendant companies.

The Commission's complaint alleged violations of the above provisions of the securities laws in the offer and sale of securities in the form of evidences of indebtedness, certificates of interest, investment contracts, notes, and interests or instruments commonly known as securities, namely "term investment certificates", "book certificates", "six-month term certificates", "six-month investment notes" and "term certificates".

The Commission's application for a temporary restraining order was denied by Judge Walter K. Stapleton, U.S. District Court Judge for the District of Delaware. A hearing on the Commission's motion for a preliminary injunction and a receiver is set for April 25, 1975. (SEC v. Town Enterprises, Inc. et al., U.S.D.C., Del., Civil Action No. 75-85). (LR-6823)

CONTINENTAL TITLE COMPANY, INC. AND AMIDON EAST ENJOINED

The Denver Regional Office announced that on March 28 the U.S. District Court, District of Colorado entered an order of preliminary injunction against Continental Title Company, Inc. and Amidon East, a limited partnership of Amidon, North Dakota, enjoining them from violations of the antifraud provisions of the securities laws. (SEC v. Hay Springs Corporation, et al., U.S.D.C., D. Colo. Civil Action No. 74-A-401). (LR-6824)

TRADING SUSPENSIONS

TRADING SUSPENDED IN THREE COMPANIES

The SEC announced the temporary suspension of over-the-counter trading for a ten-day period beginning on April 9 and terminating at midnight (EDT) on April 18, 1975 of all securities of the following companies which have failed to file with the Commission at least the indicated reports:

Barnhart-Morrow Consolidated, a California corporation, located in Los Angeles, California (10-K annual reports for the fiscal year ended December 31, 1973 and December 31, 1974; 10-Q quarterly reports for the fiscal quarters ended March 31, 1974, June 30, 1974 and September 30, 1974).

Continental Management Inc., a New York corporation, located in Flushing, New York (10-K annual report for the fiscal year ended May 31, 1974; 10-Q quarterly reports for the fiscal quarters ended August 31, 1974 and November 30, 1974).

Purification Systems, Inc., a Michigan corporation, located in Detroit, Michigan (10-K annual report for the fiscal year ended August 31, 1974; 10-Q quarterly reports for the fiscal quarters ended February 28, 1974 and November 30, 1974).

The Commission initiated the suspensions because the companies failed to comply with the reporting provisions of the Exchange Act resulting in the lack of current and accurate information available to the public. (Rel. 34-11348)

INVESTMENT COMPANY ACT RELEASES

AETNA VARIABLE ANNUITY LIFE INSURANCE COMPANY

A notice has been issued giving interested persons until April 24 to request a hearing on an application by Aetna Variable Annuity Life Insurance Company (Aetna Variable), a stock life insurance company presently registered under the Investment Company Act of 1940 as a mutual fund, and Variable Annuity Account C of Aetna Variable (Account C), a new separate account recently registered under the Act as a unit investment trust, for an order that would permit (1) offers of exchange of certain securities of Account C for other securities to be issued by Account C, (2) certain variations in the sale and administrative charges imposed upon the purchase of securities of Account C, (3) percentage deductions for sales and administrative expenses to be assessed on the balances of payments remaining after certain other deductions, and (4) the sale of variable annuity contracts without depositing the net proceeds of payments thereunder with a qualified bank. (Rel. IC-8750 - Apr. 8)

HOLDING COMPANY ACT RELEASES

ARKANSAS POWER & LIGHT COMPANY

An order has been issued authorizing Arkansas Power & Light Company, subsidiary of Middle South Utilities, Inc., to carry out certain transactions related to the financing of pollution control facilities. (Rel. 35-18921 - Apr. 9)

UTAH POWER & LIGHT COMPANY

A notice has been issued giving interested persons until May 2 to request a hearing on a proposal by Utah Power & Light Company, an electric utility company and a registered holding company, that it issue and sell up to 1,600,000 shares of preferred stock. (Rel. 35-18922 - Apr. 9)

SECURITIES ACT REGISTRATIONS

(S-12's) FIRST NATIONAL CITY BANK

111 Wall St., New York, N.Y. 10015 - seeks registration of 100,000 American Depositary Receipts for ordinary shares of: (a) Mim Holdings Limited, an Australian corporation (File 2-53266 - Apr. 7); (b) Selection Trust Limited, an English corporation (File 2-53267 - Apr. 7); (c) Duiker Exploration Limited, a South African corporation (File 2-53271 - Apr. 7); and (d) The Myer Emporium Limited, an Australian corporation (File 2-53275 - Apr. 7).

(S-16) ARMCO STEEL CORPORATION

Middletown, Ohio 45043 - 58,500 shares of common stock, which may be offered for sale from time to time by General American Transportation Corporation at prices current at the time of sale. Armco produces basic and fabricated steel mill products. (File 2-53282 - Apr. 8)

(S-7) UNION PACIFIC CORPORATION

345 Park Ave., New York, N.Y. 10022 - \$100 million of notes, due 1983, to be offered for sale through an underwriting group headed by The First Boston Corporation, 20 Exchange Place, New York, N.Y. 10005. Union Pacific is a holding company engaged, through wholly-owned subsidiaries, in transportation, natural resources, and real estate operations. (File 2-53284 - Apr. 8)

(S-7) FLORIDA POWER & LIGHT COMPANY

4200 Flagler St., Miami, Fla. 33134 - 3,000,000 shares of common stock, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated; Goldman, Sachs & Co.; Salomon Brothers; and White, Weld & Co. Incorporated, c/o Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006. The company is in the electric utility business. (File 2-53288 - Apr. 8)

(S-1) AMAREX EXPLORATORY PROGRAMS, LTD. - 1975/1976
AMAREX, INC. (GENERAL PARTNER)

Suite 200, 200 N. Harvey, Oklahoma City, Okla. 73102 - \$15 million preformation limited partnership interests (units of participation) in Amarex Exploratory Programs, Ltd. - 1975/1976, which will expend the units in a series of up to three limited partnerships, such interests are subject to assessment in the aggregate of \$3,750,000 and obligate Amarex, Inc., under certain conditions to repurchase a portion of the interests. The units of participation are to be offered for sale as 15,000 units at \$1,000 per unit, with possible assessments not to exceed \$250 per unit, by selected NASD members. The program partnerships are to be formed to drill for and produce oil and gas. (File 2-53291 - Apr. 9)

REGISTRATIONS EFFECTIVE

Apr. 5: National Medical Enterprises, Inc., 2-53043.

Apr. 9: The Carborundum Co., 2-53105; Central Illinois Public Service Co., 2-52886; Charles River Breeding Laboratories, Inc., 2-52956; Duiker Exploration Ltd., 2-53271; Dun & Bradstreet Companies, Inc., 2-53006; Eastern Gas and Fuel Associates, 2-53017; Jim Walter Corp., 2-53265; The LTD Stores, Inc., 2-53039; TRW Inc., 2-53980; Warner Lambert Co., 2-53061.

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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