

SECURITIES AND EXCHANGE COMMISSION

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(Issue No. 71-1)

FOR RELEASE January 4, 1971DECISION IN ADMINISTRATIVE PROCEEDING

LING & CO. REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-9052) in which it revoked the broker-dealer registration of Ling & Company, Inc. ("Registrant"), of Dallas, for violations of the anti-fraud provisions of the Federal securities laws in connection with 1970 transactions in shares of eight companies. Michael F. Ling, president and board chairman, was suspended from association with any broker-dealer for 90 days, and the newly-organized Ling & Company withdrew its registration application. The revocation and suspension become effective at the close of business on January 15, 1971. Registrant and Ling, without admitting the allegations underlying these proceedings, had consented to Commission findings of violation and to imposition of the indicated sanctions; and the new firm had agreed to withdraw its application.

According to the Commission's decision, Registrant and Ling engaged in various activities violative of the said anti-fraud provisions of law in connection with their transactions in securities of Carterfone Communications Corporation, Inc., Furr's Cafeterias, Elkins Institute, Inc., Williamscraft, Inc., Wilson Sinclair, Wilson Beef, Wilson Laurel and Wilson Certified. Among other things, in transactions with customers having discretionary accounts with Registrant, they charged excessive mark-ups and failed to disclose the nature and extent of Registrant's adverse interest in such transactions; effected a series of transactions in such securities for the purpose of acquiring an inventory for resale, and recommended and sold the securities to customers without taking into account the investment merits thereof and their suitability to the customers' investment objectives and financial resources; and prepared and disseminated a research recommendation concerning Carterfone which contained materially misleading statements concerning that company's new product and its anticipated 1969 and 1970 sales and earnings. In addition, they bid for and purchased such securities while engaged in their distribution; sold Carterfone stock in violation of the Securities Act registration provisions; sold securities to customers which Registrant did not own, and failed promptly to deliver paid-for securities to customers; and effected purchases and sales of securities with or for discretionary accounts, which transactions were excessive in size and frequency.

After the period of his suspension, Ling may accept employment in a supervised capacity with Institutional Equity Corporation or with another broker-dealer with Commission approval as to supervision.

COMMISSION ANNOUNCEMENT

SEC ORDER CITES BAERWALD & DEBOER, D. H. THOMAS, ET AL. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the following New York broker-dealer firms as well as the named partners or officers thereof (former partners are identified by an asterisk):

Baerwald & Deboer

Franklin S. DeBoer*
Charles Erb
George Van Aken
Elliot Schneider
Edward Frankel
Wayne Rooks
Arnold Runestad*
Jack Schaefer*
Herman Baerwald*

D. H. Thomas & Co.
D. H. Thomas & Co., Inc.
David H. Treherne-Thomas
Robert Gallic

Glidden Morris & Co.
A. Leland Glidden
Albert F. Briggs*

W. E. Burnet & Co.
Charles M. Cushing

Also named as respondents are John Zeeman, former president and board chairman of National Home Products, Inc. (NHP); Charles J. Fischer, said to have arranged to have banks extend lines of credit to the Baerwald firm; and Steven Weil, a self-employed finder.

The proceedings are based upon allegations of the Commission's staff that the several respondents (except D. H. Thomas & Co., Inc. and Baerwald) engaged in acts and practices which were violative (among other things) of the registration and/or anti-fraud and anti-manipulative provisions of the Federal securities laws. More particularly, it is alleged (a) that in 1965-66 DeBoer and Zeeman, aided and abetted by the Baerwald firm, Erb, Van Aken, Schneider, Frankel, Rooks, Runestad, Schaefer, the Thomas firm, Thomas, Gallic, the Glidden-Morris firm, Glidden, Briggs, the Burnet firm, Cushing and Fischer, caused NHP to issue to themselves 200,000 shares of NHP common, warrants to buy an additional 200,000 shares at \$1 per share, and \$100,000 of bonds convertible at \$1 per share, and thereafter made a public distribution of these unregistered securities despite representations to the contrary contained in filings with the Commission and otherwise; (b) that Baerwald and Thomas firms together with DeBoer, Thomas and Gallic in 1967-69 distributed in excess 70,000 of unregistered shares of NHP stock and converted and appropriated \$331,000 of funds belonging to NHP to the personal use and benefit of DeBoer; (c) that the Baerwald firm, DeBoer and Frankel caused NHP to falsely reflect \$250,000 of U. S. Treasury bills as an asset in its balance sheet of September 30, 1968, and failed to disclose the diversion of such funds to the use and benefit of DeBoer, and caused NHP to file an annual report and proxy statement with the Commission which failed to disclose such misappropriation of NHP

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funds; (d) that the Baerwald firm, Van Aken, Fischer and Erb in late 1969 sold about 16,525 Leasco Data Processing warrants into the public market, which warrants had been stolen and in which they had no right, title or interest; (e) that the Baerwald firm violated the Commission's hypothecation and net capital rules; and (f) that in the offer and sale of unregistered shares of Bookshelf of America during the period August 1968 to November 1969, the Baerwald, Glidden-Morris and Burnet firms, together with DeBoer, Schneider, Frank Rooks, Runestad, Schaefer, Cushing and Glidden, manipulated the market price of the shares to successively higher levels, acquired 200,000 shares from Bookshelf, its control persons and others and distributed the shares to customers and others at such artificially inflated prices, thereby "reaping excessive and undisclosed profits". Weil is alleged to have participated in the offer and sale of Bookshelf shares in violation of the Securities Act registration provisions; and Baerwald (among others) is alleged to have failed reasonably to supervise persons in the Baerwald firm with a view to preventing the alleged violations.

A hearing will be held pursuant to further order to take evidence on the staff allegations and afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the allegations are true and, if so, whether any remedial action is necessary or appropriate in the public interest.

NEW RULES AND RULE PROPOSALS

REPORTING RULES REVISED. The SEC today announced the revision of certain of its registration and reporting rules under the Securities Exchange Act (Release 34-9048), as follows: Rule 12b-23 has been revised to provide in a single rule for incorporation of material (other than exhibits, governed by Rule 13b-32) by reference and to provide that copies of information or financial statements incorporated by reference be filed with the registration statement or report in which it is so incorporated, so as to facilitate use of the microfiche system for public dissemination of reports and documents filed with the Commission; Rule 12b-25 governing requests for extension of time to file any required information or document has been revised to provide for 30-day extensions with a conditional right to request a further extension; Rule 12b-34 supplements the provisions of Rule 24(b) of the Commission's Rules of Practice relating to the classification of certain documents as "basic documents" which may be placed in a special file to form a permanent record of the company to which the documents relate. It classifies certain documents as basic documents and requires Section 12 companies to identify the exhibits filed with its registration statement or reports which are classified as basic documents; and Rule 13a-1, which previously required annual reports to be filed within 120 days of the fiscal year-end, has been revised to require such filing within the time period specified in the applicable report form. Form 11-K has been amended to call for the filing of Form 11-K reports within 90 days of the year-end (as is now required of Form 10-K reports); Rules 13a-3 and 4, relating to incorporation by reference, have been rescinded in view of the new provisions of Rule 12b-23; and Section 15(d) rules have been revised to conform them to the amendments to the rules under Section 13(a) of the Act.

NOTICE RE "NO-ACTION" LETTERS. On October 29, 1970, the Commission announced the adoption of a new Section 200.81 of the Code of Federal Regulation (Release 33-5098) which sets out the procedure governing the publication of requests for "no action" letters and the responses thereto. The rules apply to letters received after December 1, 1970. Copies of letters which have become public under the rules may be examined in the Public Reference Room (Room 100) of the Commission's Washington Office. Written requests for copies of particular letters and the responses thereto should be directed to: Public Reference Section, Securities and Exchange Commission, 500 North Capitol Street, Washington, D. C. 20549. Copies will be supplied at a cost of about 12¢ per letter-size page (\$2 minimum per order). However, those who request copies in person may use the coin-operated machines in the Public Reference Room, at a cost of 25¢ per page (no minimum).

INVESTMENT COMPANY ACT RELEASES

MUTUAL BENEFIT VARIABLE CONTRACT ACCOUNT RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6316) exempting Mutual Benefit Variable Contract Account 2 ("Account 2"), a registered unit investment trust, The Mutual Benefit Life Insurance Company ("Insurance Company"), sponsor and depositor of Account 2, and Mutual Benefit Financial Service Company, principal distributor for Account 2, from certain provisions of the Act. Mutual Benefit Life, a mutual life insurance company, established Account 2 as a separate account to serve as a funding medium for variable annuity contracts to be issued and administered by Insurance Company, including group tax-qualified variable annuity contracts. The contracts provide for retirement payments and other benefits for employees and self-employed persons covered under plans qualified under Section 401 or 403 of the Internal Revenue Code.

PAINE WEBBER BOND FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6317) giving interested persons until January 18 to request a hearing upon an application of Paine Webber Municipal Bond Fund, First Series (the "Fund"), New York, for an order exempting the secondary market operations of Paine, Webber, Jackson & Curtis, Incorporated, sponsor of the Fund, from provisions of Rule 22c-1 under the Act. The sponsor seeks to continue the practice of valuing Fund units, for repurchase and resale by the sponsor in the secondary market, at prices computed once a week as of the close of business on the last business day of the week, effective for all transactions made during the following week.

COURT ENFORCEMENT ACTION

TRANSCIEVER CORP. DEPOSIT ORDERED. The SEC New York Regional Office announced December 28 (LR-4864) that the Federal court in New York City had ordered Transceiver Corporation of America to deposit \$101,187.50 in an escrow account for the purpose of returning monies to public subscribers and after-market purchasers of Transceiver stock; and the court also modified his order of December 15, 1969, in an action filed by the Commission against Transceiver, to lift the freeze on Transceiver's assets. The escrow agent is to make an immediate payment of 25c for each dollar owed to public subscribers and after-market purchasers; and Transfer will register 8 $\frac{1}{2}$ % debentures which will be offered such persons in exchange for their holdings of stock.

SECURITIES ACT REGISTRATIONS

HOPEWELL GRAPHIC FILES OFFERING PROPOSAL. Hopewell Graphic Industries, Inc., 167 Pennington Hopewell Rd., Hopewell, N. J. 08525, filed a registration statement (File 2-39124) with the SEC on December 29 seeking registration of 105,000 shares of common stock, to be offered for public sale at \$3 per share. The offering is to be made on an agency, "best efforts, all-or-none" basis by Daniel S. Brier & Co., Inc., 80 Broad St., New York, which will receive a 30c per share selling commission plus \$10,000 for expenses. The underwriter also will be entitled to purchase, for \$105, five-year warrants for the purchase of 10,500 shares, exercisable after one year at \$3.30 per share.

Organized in September 1969, the company (formerly Hopewell Gallery and Graphic and Fine Art, Inc.) is engaged in the business of dealing in art and art forms, principally by means of public auctions wholesaling art, publishing graphic arts and conducting art auctions for charitable and non-profit organizations. The net proceeds of its stock sale will be used to increase inventory and expand the company's publishing activities, for working capital, and for other purposes. In addition to indebtedness, the company has outstanding 75,000 common shares (with a net tangible book value of 37c per share) of which Charles J. Lombardo, president, owns 68.4% and management officials as a group 72.4%. Purchasers of the shares being registered will sustain an immediate dilution of \$1.54 in per share book value from the offering price.

BRESLER & REINER TO SELL STOCK. Bresler & Reiner, Inc., 1001 Third St., S. W., Washington, D. C. 20024, filed a registration statement (File 2-39121) with the SEC on December 29 seeking registration of 300,000 shares of common stock, to be offered for public sale through underwriters headed by Drexel Harriman Ripley, Inc., 1500 Walnut St., Philadelphia. The offering price (\$15 per share maximum**) and underwriting terms are to be supplied by amendment. Also included in this statement are 50,000 shares which are reserved for issuance pursuant to stock options granted or to be granted to employees pursuant to the company's Stock Option Plan.

The company was organized in May and will succeed to the ownership and operation of several businesses and properties controlled jointly by Charles S. Bresler and Burton J. Reiner, who received in exchange approximately 69% of its common stock. It engages in the development, construction and sale of single family homes, including townhouses, the ownership and operation of rental properties, principally apartments, the construction of buildings for others and various real estate related services. Of the net proceeds of its stock sale, \$1,150,000 will be allocated to land development expenses for the projects (primarily residential in Washington, D. C. suburbs), \$1,600,000 to the development of a proposed shopping center and a proposed high rise building in the Southwest, Washington, D. C. Urban Renewal Area, \$700,000 toward the acquisition of additional land by the company for the purpose of future development (primarily residential but possibly also commercial) and \$150,000 for research and testing of innovative construction techniques, including modular housing; the balance will be added to the company's general funds and used for general corporate purposes. In addition to indebtedness, the company has outstanding 1,000,002 common shares (giving effect to the issuance of shares in exchange for properties) of which Charles S. Bresler, board chairman, owns 37.8% and Burton J. Reiner, president, 31%.

PUNTA GORDA ISLES FILES FOR SECONDARY. Punta Gorda Isles, Inc., 1625 West Marion Ave., Punta Gorda, Fla. 33950, filed a registration statement (File 2-39122) with the SEC on December 29 seeking registration of 403,434 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by A. G. Edwards & Sons, Inc., 409 N. 8th St., St. Louis, Mo. 63101. The offering price (\$11.50 per share maximum**) and underwriting terms are to be supplied by amendment.

The company is engaged in the business of developing and selling homesites on the southwest coast of Florida; it also builds custom homes. In addition to indebtedness, the company has outstanding 1,862,309 common shares, of which Wilber H. Cole, president, owns 25.02%, Alfred M. Johns, board chairman, 24.46%, and management officials as a group 65.11%. Cole and Johns propose to sell 150,000 shares each and eight others the remaining shares being registered. Such sales will reduce the holdings of management officials to 45.25%.

MODULE SYSTEMS TO SELL STOCK. Module Systems and Development Corporation, 10500 Rockville Pike, Rockville, Md. 20852, filed a registration statement (File 2-39123) with the SEC on December 29 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on an agency, all or none basis by Lexington Capital Corp., 50 Broadway, and C & S Securities, Inc., 6 East 43rd St., 11th Floor, both of New York, which will receive a 50c per share selling commission plus \$35,000 for expenses. The underwriters also will be entitled to purchase, for \$200, five-year warrants for the purchase of 20,000 shares, exercisable after two years at \$5.50 per share.

The company is engaged in the mechanical construction business (including the design and installation of plumbing, air conditioning, heating and ventilation systems) and to a much lesser extent in the acquisition of land with a view to development, installation thereon and sale of modular homes and apartment buildings. Of the net proceeds of its stock sale, \$200,000 will be used to finance its land development and modular building activities, \$100,000 to finance the development of a prototype of a modular prefabricated sanitary facility, and the balance for working capital and other purposes. The company now has outstanding 370,000 common shares (with a net tangible book value of \$1.38 per share), of which Maurice F. Foley, president and board chairman, owns 60% and management officials as a group 93.5%.

MISCELLANEOUS

DELISTING GRANTED. The SEC has issued an order under the Securities Exchange Act (Release 34-9056) granting an application of the Salt Lake Stock Exchange to strike from listing and registration the preferred stock (50¢ par) of Chief Consolidated Mining Co., effective at the opening of business January 4, 1971. The number of preferred shares outstanding fails to meet the Exchange's requirements for continued listing.

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the December 7 News Digest.

8K Reports for October 1970

Farmland Ind., Inc. (8,13)	2-7250-2	Genesee Computer Center, Inc.	
Grow Chemical Corp (2)	1-4596-2	(11,12)	2-32729-2
Wells Fargo & Co (7)	1-6214-2	Mead Corp (3,7,8,9,13)	1-2267-2
		Modular Dimensions, Inc	
Daitch Crystal Dairies Inc		(3,11,13)	2-34019-2
(3)	1-3700-2	Oakridge Holdings, Inc. (7)	0-1937-2
DEI Industries, Inc.		Travelers Corp (3)	1-5799-2
(2,6,12,13)	0-725-2	The W. W. Williams Company	
First Valley Corporation		Nov 1970 (7,12,13)	0-3685-2
(2,13)	0-4555-2	Financial Federation, Inc.	
Frontier Airlines, Inc.		(12)	1-4524-2
(3,13)	1-4877-2	H. Miller and Sons, Inc.	
General Mills, Inc.		(1,2)	2-34504-2
(7,8,13)	1-1185-2	Ford Motor Co (3,13)	1-3950-2
Lightolier Incorporated		Nationwide Auto Leasing System, Inc.	
(11,13)	0-3981-2	(2)	0-2806-2
Louisville & Nashville R R Co		Western Union Telegraph Co.	
(7,13)	1-1116-2	(8)	1-2493-2
R. H. Macy & Co., Inc. (3)	1-556-2	Detroit Edison Co (12,13)	1-2198-2
Microthermal Applications, Inc.		Marlenna Corp	
(4,11,13)	2-30177-2	(2,3,7,13)	1-5998-2
Vikoa, Inc (1,12,13)	1-5300-2	Curtis Mathes Corp (2,7)	1-6303-2
General Dynamics Corp		Economy Finance Corp	
(3,12)	1-3671-2	(7,8,13)	0-2352-2
Mission Equities Corp		Natpac Inc (7)	0-4152-2
(12,13)	0-871-2	New Jersey Natural Gas Co	
Unified Underwriters, Inc.		(7)	0-93-2
(11,13)	0-1807-2		
July 1970 (2,7,13)	0-1807-2		
Vinyl Plastics, Inc. (12)	0-2371-2		

SECURITIES ACT REGISTRATIONS. Effective December 31: Combined Communications Corp., 2-38169; Makita Electric Works, Ltd., 2-39056; Ohio National Variable Account A, 2-36590 & Ohio National Variable Account B, 2-36591; Patrick Oil and Gas Corp., 2-38071 (90 days); Yorktown Fabric Co., Inc., 2-38476 (Mar 31).

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.