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RULES AND RELATED MATTERS

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COMMISSION PROPOSES RULES AND AMENDMENTS TO RULES RELATING TO FORWARDING OF ISSUER COMMUNICA- TIONS TO BENEFICIAL OWNERS

The Commission announced on August 25 proposed new Rule 14b-1 under the Securities Exchange Act of 1934, "Obligations of Registered Brokers in Connection with the Timely Forwarding of Certain Communications to Beneficial Owners." The proposed rule would require a registered broker to (1) respond promptly, by means of a search card or otherwise, to inquiries made by issuers in accordance with Rule 14a-3(d) with respect to how many of the broker's customers are beneficial owners of the issuer's securities which are held of record by the broker or its nominees and (2) upon receipt of a sufficient number of proxy statements and annual reports to security holders and assurances that its reasonable expenses shall be paid by the issuer, to forward such materials in a timely manner to such customers. As an alternative to complying with the foregoing obligations, the proposed rule would permit a registered broker to furnish an issuer with a list of its customers who are beneficial owners of the issuer's securities that are held of record by the broker or its nominees provided that the broker also furnish authorization to vote such securities in accordance with instructions of the customer.

Rule 14a-3(d) requires that if an issuer knows that securities of a class entitled to vote at a meeting are held of record by a broker, dealer, bank or voting trustee or their nominees, the issuer must inquire of such record holder whether other persons are beneficial owners, and if so, the issuer must supply the record holder with as many copies of proxy soliciting material and annual reports to security holders as required by the record holder in order to send a copy of each to the beneficial owners. The Commission is proposing to amend Rule 14a-3(d) to require issuers to carry out their obligations in a timely manner and to reflect the obligations imposed on brokers by proposed Rule 14b-1. The proposed amendments would require that issuers make appropriate inquiry at least 10 days prior to the record date for the annual meeting and that issuers furnish record holders with their materials in a timely manner. The proposed amendments would also require that if a broker, pursuant to Rule 14b-1, provides the issuer with an appropriate list of names, addresses and holdings of its customers and appropriate authorization, the issuer must comply with the proxy rules with respect to such customers directly, i.e., the issuer must forward proxy materials and annual reports directly to the broker's customers.

All interested persons are invited to submit their views and comments on the foregoing proposals to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D. C. 20549 on or before November 30, 1975. Such communications should refer to File No. S7-581. All such communications will be available for public inspection. (Rel. 34-11617)

COMMISSION PUBLISHES PROPOSALS RELATING TO DISCLOSURE OF BENEFICIAL OWNERS AND RECORD HOLDERS OF VOTING SECURITIES

The Commission on August 25 published a series of proposals relating to disclosure of beneficial owners and record holders of voting securities of publicly held companies. The proposals include a rule providing standards for determination of beneficial ownership for purposes of Section 13(d) (requiring filings by persons acquiring beneficial ownership of more than five percent of a class of certain publicly held securities) and 14(d) of the Securities Exchange Act, as well as for purposes of disclosure of principal shareholders as required in various reporting, registration and proxy forms under the Securities Act and the Exchange Act. As proposed, a beneficial owner of securities would include a person who has or shares the power to direct the voting or the disposition of the securities, or who has or shares the right to receive or the power to direct the receipt of dividends or the proceeds from the sale of the securities.

In summary, the proposals under Section 13(d) would, in addition to defining beneficial ownership, generally (1) require more disclosure in Schedule 13D about the nature of beneficial ownership and about other beneficial owners of the same securities, (2) require disclosure in Schedule 13D of the record holders of the securities reported on, (3) permit filing of one Schedule 13D reporting different owners of the same securities, (4) deem certain persons, including members of a group, who become beneficial owners of securities through non purchase transactions to have "acquired" such securities for purposes of reporting under Section 13(d), (5) provide a short form acquisition notice to be used by certain persons, particularly financial institutions, who acquire securities in the ordinary course of their business and not for purposes of control and (6) provide an exemption from the filing requirements of Section 13(d) for certain underwriters who acquire securities in the ordinary course of a firm commitment underwriting.

In addition, the Commission is proposing an item (designated Item X for purposes of publication for comment) to be added to the various reporting, registration and proxy forms under the Securities Act and the Exchange Act calling for disclosure of all beneficial owners of more than five percent of a class of voting securities, including their names, nationality, and the nature of their ownership. The proposed definition of beneficial owner would apply for purposes of this disclosure item, as well as for purposes of a comparable item in Form U5S under the Public Utility Holding Company Act and for purposes of Schedule 14B. Disclosure of the aggregate beneficial ownership by management of securities of the issuer would also be required, along with disclosure of certain pledge agreements.

The Commission is proposing another item, Item XA for purposes of publication for comment, for inclusion in various reporting, registration and proxy forms. Item XA would require disclosure of the thirty largest record holders, subject to a de minimus exception, of each class of voting securities, as well as their voting authority. If the record holder had no voting authority, the owners of the ten largest blocks held of record by such record holder would have to be disclosed, to the extent known. If the reporting company had a parent, similar information would be required about the record holders of the parent. This proposal is based on recommendations from the Interagency Steering Committee on Uniform Corporate Reporting.

All interested persons are invited to submit their views and comments on the foregoing proposals to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D. C. 20549 on or before November 30, 1975. Such communications should refer to File No. S7-580. All such communications will be available for public inspection. (Rel. 33-5609)

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES RENE R. WOOLCOTT

The New York Regional Office announced that on August 19 an injunctive action was commenced against Rene R. Woolcott of New York City seeking (1) to enjoin him from further violations of the anti-fraud provisions of the Securities Exchange Act of 1934 and (2) disgorgement of profits of \$6,500 received by Woolcott in connection with this purchase of 1,000 shares of Zapata Corporation's common stock while he possessed material non-public information concerning a prospective tender offer by Zapata Corporation for its own shares. (SEC v. Rene R. Woolcott, 75 Civil 4098 S.D.N.Y.) (LR-7052)

AMSWISS INTERNATIONAL CORP. AND GLENN FRANK WOO ENJOINED

The New York Regional Office announced that on August 14 the Honorable Edward Weinfeld, U.S. District Judge for the Southern District of New York, issued a final judgment of permanent injunction enjoining Amwiss International Corp. and Glenn Frank Woo from further violations of the registration and anti-fraud provisions of the federal securities laws. (SEC v. Leonard Cooper, et al., 73 Civil 2508 S.D.N.Y.) (LR-7053)

AMERICAN TRUSTEE AND LOAN ASSOC. ENJOINED

The Washington Regional Office announced that on August 15 the federal court in Alexandria, Va. entered an order of preliminary injunction against American Trustee and Loan Association, Inc. (ATLA) and Dan H. Brown, II, both of Bryans Road, Md., Global Dynamics Corp. (Global) of Jersey Shore, Pa., Eugene H. Bay of Torbet, Pa., Jan Brzozowy of Lock Haven, Pa., The Society of the Holy Cross Bearers of Jesus

Christ, Inc. of Oxon Hill, Md. and International Credit Association of Avis, Pa., enjoining said defendants from further violations of the registration and antifraud provisions of the federal securities laws. Additionally, an order was entered appointing an equity receiver for ATLA and Global. (SEC v. American Trustee and Loan Association, Inc., et al. USDC, E.D. Va., Alex, Div., Civ. Action No. 75-536A) (LR-7054)

E. MCINTOSH COVER CONSENTS TO INJUNCTION

The Atlanta Regional Office announced that on August 20 the federal court in Atlanta issued an order permanently enjoining E. McIntosh Cover of Dallas, Tex., from violations of registration and anti-fraud provisions of the securities laws in the offer and sale of promissory notes of North American Acceptance Corporation or any other security. Cover consented to the entry of the injunction without admitting or denying the allegations in the Commission's complaint. (SEC v. North American Acceptance Corporation, et al., N.D. Ga. Civil Action No. C75-230A) (LR-7055)

OLDING COMPANY ACT RELEASES

AMERICAN ELECTRIC POWER COMPANY, INC.

An order has been issued authorizing American Electric Power Company, Inc., a registered holding company, to act as surety for one of its electric utility subsidiary companies. (Rel. 35-19141 - Aug. 25)

TRADING SUSPENSIONS

VALHI TRADING SUSPENDED

The Commission has announced the temporary suspension of over-the-counter trading for a ten-day period commencing on August 25 and terminating at midnight (EDT) on September 3, 1975 of the common stock of Valhi, Inc.

The Commission announced the suspension of trading because of questions as to who constitutes the current directors and management of Valhi. Based on information supplied to the Commission it appears the following events occurred. Contran, Inc., as a result of a tender offer, acquired in excess of 50% of the outstanding common stock of Valhi in mid-August, 1975. Subsequent thereto, Contran on August 21, 1975 purported to remove the board of directors of Valhi and insert a new board. Such efforts were resisted by Valhi and the matter as to who constitutes Valhi's board is still unresolved.

Previously, the Commission had suspended trading in Valhi's common stock for a ten-day period expiring August 24, 1975. That suspension was concurrent with the filing of a suit against Valhi and others for violations of the anti-fraud and tender offer provisions of the securities laws. The lawsuit which seeks preliminary and permanent relief is still pending. (See LR-7042 for a further description of this lawsuit). (Rel. 34-11618)

ADDITIONAL ACTION ON ONE TRADING SUSPENSION

The SEC has announced the suspension of exchange and over-the-counter trading in the securities of Canadian Javelin Ltd. for the further ten-day period August 27 - September 5, inclusive.

SECURITIES ACT REGISTRATIONS

1-7) THE MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANY

931 14th St., Denver, Colo. 80202 - \$75 million of six year notes, due 1981, to be offered for sale at competitive bidding. The company furnishes communications services, mainly local and toll telephone service. (File 2-54457 - Aug. 22)

(S-1) WESPAC FUTURES FUND

141 W. Jackson Blvd., Chicago, Ill. 60604, an Illinois Limited Partnership - 25,000 units of partnership interest, to be offered for sale initially at \$1,000 per unit, on a best effort basis by Brokers' Distributors, Inc., 17852 17th St., Tustin, Calif. 92680. The Fund intends to buy and sell commodities and commodity futures contracts. (File 2-54459 - Aug 22)

(S-6) CARDINAL TAX-EXEMPT BOND FUND, SECOND SERIES

51 N. High St., Columbus, Ohio 43215 - \$6 million of units of beneficial interest. The Fund, a unit investment trust, will be created under a trust agreement among The Ohio Company, as sponsor, the United States Trust Company of New York, as trustee, and Standard & Poor's Corporation, as evaluator, on the date of deposit of the municipal bonds in the portfolio of the Fund. The Fund will be formed for the purpose of obtaining interest income free from Federal income taxes while conserving capital through investment in a diversified portfolio of municipal bonds. (File 2-54458 - Aug. 22)

REGISTRATIONS EFFECTIVE

Aug. 25: General Medical Corp., 2-54359; Glaxo Holdings Limited, 2-54380; Honeywell Inc., 2-54331 & 2-54235; Industrial National Corp., 2-54274; Pacific Power & Light Co., 2-54318; Pettibone Corp., 2-54237; Pickwick International Inc., 2-54298; RLI Corp., 2-53980; Shell Oil Co., 2-54313 & 2-54312.

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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