

sec news digest

Issue 75-163
(SEC Docket, Vol. 7, No. 13 - September 2)

August 21, 1975

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RULES AND RELATED MATTERS

ADOPTION OF RULE 206(3)-1

The Commission today announced that it has adopted Rule 206(3)-1 under the Investment Advisers Act of 1940 (Act). The rule is effective August 20, 1975 to exempt investment advisers who are also registered with the Commission as broker-dealers from the disclosure and consent requirements of Section 206(3) of the Act with respect to certain investment advisory services if such advisers comply with the conditions set forth in the rule. Section 206(3) makes it unlawful for an investment adviser, if he is acting as such in relation to a particular transaction, to effect the transaction with or for his client under circumstances where the adviser acts either as principal or as broker for a person other than his client, unless the adviser furnishes his client with prior written disclosure of the capacity in which the adviser is acting and obtains the client's consent to the transaction.

Rule 206(3)-1 affords investment advisers who are registered broker-dealers an exemption from Section 206(3) with respect to the providing of certain impersonal investment advisory services as to which the benefits of the Section 206(3) protections are far outweighed by the administrative difficulties and the costs involved in compliance with Section 206(3). The permanent Rule 206(3)-1 supersedes temporary Rule 206(3)-1(T) which provided a similar, but more limited, exemption. (Rel. IA-470)

ADOPTION OF AMENDMENTS TO RULE 206A-1(T)

The Commission today announced that it has adopted amendments to temporary Rule 206A-1(T) under the Investment Advisers Act of 1940. The rule, as amended, will extend until April 30, 1976 the temporary exemption for any broker-dealer registered on May 1, 1975, pursuant to Section 15 of the Securities Exchange Act of 1934 (Exchange Act) and not then registered as an investment adviser pursuant to Section 203 of the Advisers Act (or any successor to such broker-dealer within the meaning of Rule 15b1-3 under the Exchange Act); except that the exemption will not be available after November 30, 1975 for any broker-dealer who performs investment supervisory or investment management services. Neither will the exemption be available to any broker-dealer who acts as an investment adviser to any investment company registered or required to be registered under the Investment Company Act of 1940.

The purposes of the rule are to enable brokers and dealers to continue to respond to the elimination of fixed commission rates on exchange transactions pursuant to Rule 19b-3 under the Exchange Act by charging for research and other investment advice (thereby coming within the definition of investment adviser set forth in Section 202 (a)(11) of the Advisers Act) without the need to comply with the Advisers Act during the exemptive period, and to provide the additional time required for a thorough consideration by the Commission and the public of questions related to the applicability of the Advisers Act to brokers and dealers. The Commission has authorized the formation of a special staff task group to study and report on these questions. (Rel. 34-11607)

REPLACEMENT COST INFORMATION PROPOSED

The Commission today released proposed amendments to Regulation S-X that would require footnote disclosure of (1) inventories, producing assets, cost of sales, and depreciation, depletion or amortization expense computed on a replacement cost basis, and of (2) the assumptions used in making such computations. The release notes the urgent need to experiment with methods designed to indicate the impact of rapid price changes on the operations of individual entities. A discussion of the replacement cost approach and general guidelines for implementation are also included. The release urges registrants to experiment with the application of the rules and guidelines and to report the results of these experiments to the Commission. Information is requested concerning implementation problems and the cost of implementation, the advantages or disadvantages of having such information audited, and the desirability of establishing a size test which would limit initially the number of registrants providing

such information. Because of the significance of this proposal and the need for experimentation, written comments will be received until January 31, 1976 and should be referenced to File No. S7-579. (Rel. 33-5608)

ORDERS FOR PUBLIC PROCEEDINGS

ORDER CITES ROBERT J. VAN OVERMEER

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against Robert J. Van Overmeer of Rochester, Michigan. The proceedings are based upon alleged violations of the antifraud provisions of the securities laws. Among other things, it is alleged that Van Overmeer engaged in unauthorized trading of securities, and opened margin accounts without the customers' consent. A hearing will be scheduled by further order on the charges against the respondents. (Rel. 34-11605)

COURT ENFORCEMENT ACTIONS

INVESTORS SECURITY CORP. AND WILLIAM H. BROWN, ENJOINED

The Washington Regional Office and the Philadelphia Branch Office announced that on August 18 the Honorable Daniel J. Snyder, Jr., U.S. District Judge for the Western District of Pennsylvania, permanently enjoined Investors Security Corp. (ISC) of Monroeville, Pennsylvania, and William H. Brown, the president of ISC, from violating the net capital and recordkeeping requirements of the securities laws. In addition, the Court ordered ISC to employ a special fiscal agent to confirm the accuracy of various ISC customer accounts and for a period of 60 days reserve jurisdiction for any party to apply for any further appropriate relief. Defendants consented to the entry of the Court order without admitting or denying the allegations in the Commission's complaint. (SEC v. Investors Security Corp., et al., W.D. Pa., Civil Action No. 75-1036). (LR-7049)

HOLDING COMPANY ACT RELEASES

CONSOLIDATED NATURAL GAS COMPANY

A notice has been issued giving interested persons until September 15 to request a hearing on a proposal of Consolidated Natural Gas Company, a registered holding company, to execute a contract of guaranty with respect to the State of Ohio Workmen's Compensation Law for two of its subsidiary companies. (Rel. 35-19136 - Aug. 20)

TRADING SUSPENSIONS

ADDITIONAL ACTION ON THREE TRADING SUSPENSIONS

The SEC has announced the suspension of (a) over-the-counter trading in the securities of Systematic Tax, Inc. for the further ten-day period August 24 - September 2, inclusive; and (b) exchange and over-the-counter trading in the securities of Industries International Corp. and over-the-counter trading in the securities of Equity Funding Corp. for the further ten-day period August 25 - September 3, inclusive.

SECURITIES ACT REGISTRATIONS

(S-B) NOVA SCOTIA POWER CORPORATION

P.O. Box 910, NSPC Tower, Halifax, N.S., Canada B3J 2W5 - \$5 million of debentures, due 2000 (guaranteed by the Province of Nova Scotia), to be offered for sale through underwriters headed by Halsey, Stuart & Co. Inc., 100 Gold St., New York, N.Y. 10038, Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006 and Scotia Bond Company Ltd., NSPC Tower, Halifax, Nova Scotia, Canada B3J 2T3. The corporation is an electric utility, wholly-owned by the Province of Nova Scotia. (File 2-54406 - Aug. 14)

(S-1) CHRISTENSEN, INC.

1937 South 300 West St., Salt Lake City, Utah 84110 - 1,479,525 shares of common stock to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & NEWS DIGEST, August 21, 1975

Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N.Y. Of these shares 600,000 are to be offered by the company and 879,525 are to be offered by certain shareholders. The company manufactures diamond drilling products used in the petroleum and mining industries and industrial products utilizing diamonds as an abrasive element; and provides contract drilling services to the mining and construction industries. (File 2-54419 - Aug. 18)

(S-14) FIRST BANK SYSTEM, INC.

1400 First National Bank Bldg., Minneapolis, Minn. 55480 - 43,000 shares of capital stock. It is proposed to offer these shares in exchange for the outstanding shares of common stock of Spink County Bank of Redfield, South Dakota, on the basis of 43 shares for each Spink Bank shares, in connection with the proposed merger of Spink County Bank into Aberdeen National Bank, a subsidiary of First Bank System, Inc. First Bank System is a bank holding company, with 88 bank and trust company affiliates. (File 2-54422 - Aug. 18)

(S-7) THE POTOMAC EDISON COMPANY

Downsville Pike, Hagerstown, Md. 21740 - \$30 million of first mortgage bonds, to be offered for sale at competitive bidding. Potomac Edison is an electric public utility. (File 2-54426 - Aug. 19)

(S-7) MACY CREDIT CORP.

c/o Macy's Roosevelt Field, Garden City, N.Y. 11530 - \$50 million of debentures, due 1983, to be offered for sale through underwriters headed by Lehman Brothers Incorporated, One William St., New York, N.Y. 10004 and Goldman, Sachs & Co., 55 Broad St., New York, N.Y. 10004. Macy Credit Corp. is engaged in the purchase of deferred payment accounts from its parent company, R. H. Macy & Co., Inc., a retail department store. (File 2-54427 - Aug. 19)

(S-1) UNITED BANKS OF WISCONSIN, INC.

222 West Washington Ave., Madison, Wis. 53703 - \$2,500,000 of convertible subordinated debentures, due 1990, to be offered for sale through selected NASD members. United Bank is a bank holding company with four banking subsidiaries and a mortgage banking company. (File 2-54430 - Aug. 19)

(S-12) MORGAN GUARANTY TRUST COMPANY

23 Wall St., New York, N.Y. 10015 - seeks registration of 100,000 American Depositary Receipts for each ordinary share of the following South African companies: (a) Anglo American Corporation of South Africa Ltd. - (File 2-54421 - Aug. 18); (b) De Beers Consolidated Mines Ltd. - (File 2-54423 - Aug. 18).

(S-6) MUNICIPAL INVESTMENT TRUST FUND,
FORTY-FOURTH MONTHLY PAYMENT SERIES

\$40 million of units of beneficial interest, 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 Fund, a unit investment trust, is to be created by a trust agreement among Merrill Lynch, Bache & Co. Incorporated and Reynolds Securities Inc., as sponsors, United States Trust Company of New York, as trustee, and Standard & Poor's Corporation, as evaluator. The Fund's primary objective is providing tax exempt income through investment in a fixed portfolio of interest-bearing, long-term state, municipal and public authority bonds. (File 2-54431 - Aug. 19)

(S-7) INDIANA & MICHIGAN ELECTRIC COMPANY

2101 Spy Run Ave., Fort Wayne, Ind. 46801 - \$60 million of first mortgage bonds, due 1980, and 300,000 shares of cumulative preferred stock, (\$100 par), to be offered for sale at competitive bidding. The company is an electric utility operating company. (File 2-54432 - Aug. 19)

(S-1) CRANE CO.

300 Park Ave., New York, N.Y. 10022 - \$125 million of subordinated sinking fund debentures, due 1985, to be offered in exchange for up to 5,000,000 shares of common stock of The Anaconda Company at the rate of \$25 of debentures for each Anaconda share. Allen & Company Incorporated has agreed to act as dealer-manager for the exchange offer. Crane Co. manufactures and distributes products and systems in the fields of fluid and pollution control, steel and steel products, building products and aircraft and aerospace equipment. (File 2-54434 - Aug. 19)

Tacoma, Wash. 98401 - up to 180,000 common shares. It is proposed to offer these shares in exchange for the outstanding capital stock of Combustion Power Company, Inc. Menlo Park, Cal., at rates reflecting the relationship between agreed-upon values, expressed in dollars, to the market value of Weyerhaeuser common shares in a 20-day period prior to the exchange. Weyerhaeuser Company is a forest products company. (File 2-54437 - Aug. 20)

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:

RLI Corp., Peoria, Ill. (File 2-53980 - Aug. 13) - 20,000 shares
Plantronics, Inc., Santa Clara, Cal. (File 2-54377 - Aug. 11) - 50,000 shares
AMF Incorporated, White Plains, N.Y. (File 2-54382 - Aug. 12) - 225,000 shares
Advanced Systems, Inc., Elk Grove, Ill. (File 2-54383 - Aug. 13) - 150,000 shares
Advanced Micro Devices, Inc., Sunnyvale, Cal. (File 2-54388 - Aug. 13) - 250,000 shares
E-H Research Laboratories, Inc., Oakland, Cal. (File 2-54389 - Aug. 13) - 52,800 shares
ISC Financial Corp., Kansas City, Mo. (File 2-54415 - Aug. 15) - 200,000 shares
Savin Business Machines Corp., Valhalla, N.Y. (File 2-54416 - Aug. 15) - 20,000 shares

REGISTRATIONS EFFECTIVE

Aug. 13: Cardinal Tax-Exempt Bond Fund, First Series, 2-53925; Corporate Investment Trust Fund, Thirteenth Monthly Series, 2-54115.
Aug. 14: Dean Witter Tax Exempt Series 9, 2-53845; First Mississippi Corp., 2-54048; North European Oil Co., 2-53930; Northern States Power Co., 2-54054.
Aug. 15: Blue Circle Cement Ltd., 2-54327.
Aug. 17: Integon Corp., 2-53104.
Aug. 18: Fischer & Porter Co., 2-54094; Katy Industries Inc., 2-52366; Mississippi Power & Light Co., 2-54234; NRM Petroleum Corp., 2-54160.
Aug. 19: Dayton Power & Light Co., 2-54282; First International Bancshares Inc., 2-54151; First Union Inc., 2-54010; Minnesota Power & Light Co., 2-54117; Pfizer Inc. 2-54289; Tully Corp. of Virginia, 2-53782.

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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SEC DOCKET is published weekly. Subscription rates: \$43.70/yr in U.S. first class mail, \$54.65 elsewhere. The News Digest and the Docket are for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.