



# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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## NEW RULE AND RULES PROPOSALS

COMMISSION AMENDS RULES REGARDING INVESTMENT COMPANY ADVERTISING AND PROVIDES FOR USE OF SUMMARY PROSPECTUS BY INVESTMENT COMPANIES. The Commission today announced that it has amended the rules regarding investment company advertising and has provided for the use of a summary prospectus by certain investment companies. The changes under the Securities Act of 1933 take the form of amendment to Rule 134, a new Rule 135A, an amendment to Rule 434A, and an addition to Form S-5. The Commission announced that it considered the new provisions to be a modest step in the direction of liberalizing these rules. The Commission is continuing its study of this subject and invites all interested persons to submit in writing further specific rule proposals. These proposals should be submitted to the Secretary, Securities and Exchange Commission, Washington, D. C. 20549 on or before June 30, 1972. It is expected that from these new specific proposals and from the Commission's own consideration further rules will, at a later date, be noticed for comment by interested persons. The rules which have been adopted are briefly described below.

An amendment to Rule 134, the so-called "tombstone" rule, permits the inclusion in tombstone advertisements of investment companies of a general description of an investment company, its method of operation and the services it offers. This change is in response to the complaint that a tombstone advertisement accomplishes little, because many persons do not even know what an investment company is.

A second amendment to Rule 134 permits the combination of an advertisement dealing with products not constituting securities with a tombstone advertisement for investment company securities. This change limits references to the other products to those which "do not relate directly to the desirability of owning or purchasing a security." The amendment also requires that the tombstone aspect of the advertisement be placed in a separate and enclosed area.

New Rule 135A permits generic or institutional advertising by underwriters of particular funds and sponsors of no-load funds. Such advertisements can generally include explanatory information relating to investment companies and an explanation of the different types of such companies. Under the rule, if an advertisement contains a solicitation of inquiries and prospectuses for investment company securities are to be sent in response to such inquiries, the number of such investment companies and, if applicable, the fact that the sponsor of the communication is the principal underwriter or investment adviser in respect to such investment companies are required to be stated.

An amendment to Rule 434A permits the use by certain registered open-end investment companies of a summary prospectus. An addition to the Instructions to Form S-5, the form used for registration under the Securities Act of 1933 for securities of all open-end investment companies registered under the Investment Company Act of 1940, spells out the circumstances under which such companies may use a summary prospectus and states what information would be required in it. The Commission reserves the authority to require the inclusion of additional information where "necessary or appropriate for the protection of investors." (Rel. 33-5248)

COMMENT PERIOD EXTENDED ON PROPOSED RULES 17a-14 and 17a-15. The SEC has extended from May 8 until May 22 the period of time within which written comments and views may be submitted on its proposals to adopt Rules 17a-14 and 17a-15 under the Securities Exchange Act of 1934. Releases 34-9529 and 34-9530 of March 8 cover the proposed rules. (Rel. 34-9596)

## COMMISSION ANNOUNCEMENT

TRADING SUSPENDED IN INTER-ISLAND MORTGAGEE CORP. The SEC on May 5 announced the suspension of over-the-counter trading in the securities of Inter-Island Mortgagee Corporation located in Flushing, N.Y., effective May 5 through May 14, 1972, inclusive. The suspension was ordered by the Commission pending clarification by the company of a recent development.

## COURT ENFORCEMENT ACTION

KELLER INDUSTRIES NOT ENJOINED. The SEC New York Regional Office announced May 1 that the Federal court in New York had declined to preliminarily enjoin Keller Industries, Inc., Henry A. Keller, its president and Norman C. Edelcup, its chief financial editor, from violations of the financial reporting provisions of the Federal securities laws. The Court said that the issues in the case, should await a trial on the merits, at which time the Court could determine whether or not there was any fraudulent intent on the part of the defendants in the preparation of the financial statements of the company for the fiscal years 1967 through 1969. (LR-5930)

OVER

HOLDING COMPANY ACT RELEASES

VERMONT YANKEE NUCLEAR POWER. The SEC has issued an order authorizing Vermont Yankee Nuclear Power Corporation, Rutland subsidiary of both Northeast Utilities and New England Electric System, to issue and sell up to \$36 million of short-term notes to banks. Net proceeds will be used to pay loans under a 1971 revolving credit agreement (aggregating \$14.7 million at February 29) and to pay construction costs of its nuclear-powered electric generating plant. (Rel. 35-17565)

WEST PENN POWER. The SEC has issued a notice giving interested persons until June 2 to request a hearing upon an application of West Penn Power Company, Greensburg, Pa. subsidiary of Allegheny Power System, Inc. to issue and sell \$35 million of first mortgage bonds, Series AA, due 2002, and 100,000 shares of preferred stock, Series H (\$100 par), at competitive bidding. Net proceeds will be used to finance, in part, the construction program of West Penn and its subsidiaries, including payment of \$41 million of short-term notes incurred therefor. Construction expenditures are estimated at \$83 million and \$78 million, respectively, for 1972 and 1973. (Rel. 35-17566)

POTOMAC EDISON. The SEC has issued an order authorizing The Potomac Edison Company of Pennsylvania (PE-Pa.), The Potomac Edison Company of Virginia (PE-Va.), and The Potomac Edison Company of West Virginia (PE-W. Va.), all subsidiaries of The Potomac Edison Company (Potomac Edison), in turn a subsidiary of Allegheny Power System, Inc., to issue and sell capital stock to Potomac Edison as follows: PE-Pa, 240,000 shares for \$1.2 million; PE-Va., 17,000 shares for \$1.7 million; and PE-W. Va., 7,000 shares for \$700,000. Net proceeds of the sale of stock by each of the subsidiaries will be used to finance property additions and improvements. Construction expenditures for 1972 are estimated at \$2,041,000 for PE-Pa., \$3,140,000 for PE-Va. and \$2,362,000 for PE-W. Va. (Rel. 35-17568)

INVESTMENT COMPANY ACT RELEASES

JEFFERSON STANDARD SEPARATE ACCOUNT A. The SEC has issued an order upon an application of Jefferson Standard Separate Account A, a unit investment trust, Jefferson Standard Life Insurance Company and Jefferson-Pilot Equity Sales, Inc., for an order exempting them from certain provisions of the Act so as to permit, subject to certain conditions, (a) a beneficiary under a variable annuity contract participating in Account A to elect to have any death proceeds to which he is entitled applied to effect a variable annuity without a sales charge in lieu of payment in a single sum, (b) the issuance of single payment immediate or single payment deferred individual variable annuity contracts at a reduced sales charge where the single payment consists of proceeds arising from the termination by death or maturity of a life insurance policy or fixed-dollar annuity contract issued by Jefferson Standard, and (c) the net purchase payments under the contracts allocated to Account A to be held by Jefferson Standard rather than providing for the deposit of such payments with a bank as custodian or trustee for holding under an agreement or indenture containing provisions required by the Act. (Rel. IC-7165)

PILOT SEPARATE ACCOUNT A. The SEC has issued an order upon an application of Pilot Separate Account A, a unit investment trust, Pilot Life Insurance Company and Jefferson-Pilot Equity Sales, Inc., all of Greensboro, N.C., for an order exempting them from certain provisions of the Act, under certain conditions, so as to permit a beneficiary under a variable annuity contract participating in Account A to elect to have any death proceeds to which he is entitled applied to effect a variable annuity without a sales charge in lieu of payment in a single sum, the issuance of single payment immediate or single payment reduced sales charge where the single payment consists of proceeds arising from the termination by death or maturity of a life insurance policy or fixed-dollar annuity contract issued by Pilot Life, and the net purchase payments under the contracts allocated to Account A to be held by Pilot Life rather than providing for their deposit with a bank as custodian or trustee under an agreement containing provisions required by the Act. (Rel. IC-7166)

PIPER, JAFFRAY & HOEWOOD. The SEC has issued a notice giving interested persons until May 22 to request a hearing upon an application of Piper, Jaffray & Hopwood Incorporated, Minneapolis, for an order exempting certain transactions from certain provisions of the Act in connection with a proposed public offering up to 2,200,000 shares of common stock and 330,000 shares of cumulative preference stock of the REIT Income Fund Incorporated, closed-end investment company. Piper Jaffray is the prospective representative of a group of underwriters to be formed in connection with the proposed public offering. (Rel. IC-7168)

SECURITIES ACT REGISTRATIONS

THE SCOTT & FETZER COMPANY, 400 INA Building, 14701 Detroit Ave., Lakewood, Ohio 44107, filed a registration on May 4 seeking registration of 31,441 outstanding shares of common stock, which may be offered for sale from time to time by the holders thereof at prices current at the time of sale (\* \$39.50 per share maximum). (File 2-44105)

IMPERIAL SHELTERS, INC. (the general partner), 1020 Prospect St., La Jolla, Calif. 92037, filed a registration statement on May 1 seeking registration of \$3 million of pre-organization subscriptions for partnership interests in partnerships that will be formed/engage in cattle feeding, to be offered for public sale at \$500 per unit. The offering is to be made by Imperial Distributors, Inc., an affiliate of the general partner. The first partnership will be named The Cattlemen's Group, Imperial Series 100 No. 1972-1. (File 2-44113)

ANZANCO LIMITED, 177 East First South, Salt Lake City, Utah 84111, filed a registration statement on May 1 seeking registration of 524,500 shares of common stock, to be offered for public sale at \$3 per share. No underwriting is involved. Organized under the laws of New Zealand, the company is engaged in purchasing, breeding, raising and selling sheep, beef cattle and horses and the sale of beef, lamb and wool. Of the net proceeds of its stock sale, \$566,017 will be used for retirement of short-term bank loans and the balance for working capital and other corporate purposes. (File 2-44114)

FRANK B. HALL & CO. INC., 88 Pine St., New York, N.Y. 10005, filed a registration statement on May 4 seeking registration of 100,000 shares of preferred stock and 1,061,508 shares of common stock. All of the preferred shares and part or all of the common shares may be issued from time to time by the company in connection with the acquisition of other businesses or properties; any remaining common shares are outstanding shares which may be offered for sale from time to time by the holders thereof at prices current at the time of sale (\* \$67.75 per share maximum). The company is engaged in a general insurance brokerage and agency business. (File 2-44115)

THE MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANY, 931 14th St., Denver, Colo. 80202, filed a registration statement on May 4 seeking registration of 9,868,554 shares of capital stock. It is proposed to offer these shares for subscription by shareholders of record on June 1, 1972, at the rate of one new share for each five shares held. AT&T, which owns 86.75% of the company's outstanding capital stock, is expected to purchase the 8,561,226 shares which represent its pro rata portion of the offering. Net proceeds will be applied toward repayment of interim debt consisting of advances from AT&T and notes payable, expected to be about \$172 million and \$58 million, respectively, and were obtained or issued to obtain interim financing for general corporate purposes. Construction expenditures are estimated at \$435 million for 1972. (File 2-44116)

METROMEDIA, INC., 277 Park Ave., New York, N.Y. 10017, filed a registration statement on May 4 seeking registration of 21,520 shares of common stock, of which 9,429 are issuable upon conversion of 5% subordinated notes and 12,091 are issuable upon exercise of common stock purchase warrants, both held by institutional investors. These shares may be offered for sale from time to time by the recipients thereof at prices current at the time of sale (\* \$33 per share maximum). The company is principally engaged in radio and television broadcasting, outdoor and transit advertising, presentation of ice skating shows and in related activities. (File 2-44117)

THE ROBINO-LADD COMPANY, Corner of Kirkwood Highway and South Meadowood Dr., Newark, Del., filed a registration statement on May 4 seeking registration of 750,000 shares of common stock, to be offered for public sale (\* at \$22 per share maximum) through underwriters headed by W. E. Hutton & Co., 14 Wall St., New York, N.Y. 10005. The company is engaged in planning, building and marketing of single and multi-family housing units on company owned land. Of the net proceeds of its stock sale, \$7,000,000 will be used to pay obligations assumed by the company in connection with the acquisition of assets of International Investment Company, Inc. and the balance for working capital and other corporate purposes. (File 2-44118)

VIDEO TAPE NETWORK, INC., 115 East 62nd St., New York, N.Y. 10021, filed a registration on May 4 seeking registration of 100,000 shares of common stock, to be offered for public sale (\* at \$6 per share maximum) through underwriters headed by A. C. Kluger & Co., New York, N.Y. The company is primarily engaged in the distribution of video tape programming to colleges and universities for on-campus viewing through an affiliation program. Net proceeds will be used for working capital and other corporate purposes. (File 2-44119)

DEL MAR PETROLEUM, INC., 1212 Main St., Houston, Tex. 77002, filed a registration statement on May 4 seeking registration of 560,000 shares of common stock, to be offered for public sale (\* at \$2.50 per share maximum) by Rotan, Mosle-Dallas Union, Inc., 2200 Bank of the Southwest Bldg., Houston, 77002. The company is engaged in the acquisition, development and production of oil and natural gas. Net proceeds of its stock sale will be used to purchase 556,026 outstanding shares of common stock from certain shareholders for \$1,253,644 in connection with a litigation settlement relating to a 1969 exchange offer made by the company for certain oil and gas interests, the prospectus for which, allegedly, contained untrue statements of, or omitted statements of, material facts. (File 2-44120)

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:

- EG&G, Inc., Bedford, Mass. (File 2-44093) - 349,672 shares
- Pennzoil United, Inc., Houston, Tex. (File 2-44096) - 1,199,080
- Chemed Corporation, Cincinnati, Ohio (File 2-44097) - 584,000 shares
- The Deltona Corporation, Miami, Fla. (File 2-44099) - 150,000 shares

WASTE RESOURCES CORPORATION, 1721 Arch St., Philadelphia, Pa. 19103, filed a registration statement on May 4 seeking registration of 300,000 shares of common stock, to be offered for public sale (\* at \$14 per share maximum) through underwriters headed by Shearson, Hammill & Co. Inc., 14 Wall St., New York 10005. The company is engaged primarily in providing solid waste management services. Of the net proceeds of its stock sale, \$614,000 will be applied to the repayment of the current portion of long-term debt and the balance will be used for working capital and other corporate purposes. (File 2-44121)

THE DREYFUS CORPORATION, 767 Fifth Ave., New York, N.Y. 10022, filed a registration statement on May 4 seeking registration of 62,726 outstanding shares of common stock, to be offered for public sale by the holders thereof (\* at \$23 per share maximum). (File 2-44125)

STANDARD MICROSYSTEMS CORPORATION, 35 Marcus Blvd., Hauppauge, L. I., N.Y. 11787, filed a registration statement on May 5 seeking registration of 300,000 shares of common stock, to be offered for public sale (\* at \$5 per share maximum) through underwriters headed by Winkler, Cantor, Pomboy & Co., 485 Madison Ave., New York 10022. The company is primarily engaged in the design, development, manufacture and sale of metal-oxide-semiconductor large scale integrated circuits. Of the net proceeds of its stock sale, \$300,000 will be used for down payments on manufacturing equipment, \$300,000 for research and development and the balance for working capital and other corporate purposes. (File 2-44126)

SOUTHWESTERN INVESTMENT COMPANY, 205 East Tenth St., Amarillo, Tex., filed a registration statement on May 5 seeking registration of 120,720 shares of common stock. It is proposed to offer these shares in exchange for all the outstanding shares of permanent stock of Security Savings and Loan Association, Colorado Springs, Colo., at the rate of three shares for each Security Savings share. The company is engaged in the finance business and through subsidiaries in the life and casualty insurance businesses. (File 2-44127)

#### MISCELLANEOUS

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the securities of Topper Corporation for the further ten-day period May 9-18, 1972, inclusive.

SECURITIES ACT REGISTRATIONS. Effective May 4. Arnex Industries, Corp., 2-42470 (90 days); Atlantic Housing Partnership-1972, 2-42346 (90 days); Caterpillar Tractor Co., 2-43929; Consolidated Natural Gas Co., 2-43807; Cooper Laboratories, Inc., 2-43805; Criterion Insurance Co., 2-43369 (40 days); Davis Food Service, Inc., 2-43341; Eastern Air Devices, Inc., 2-43365; Financial Security Group, Inc., 2-43014 (Aug 3); General Electric Credit Corp., 2-43815; General Public Utilities Corp., 2-43402; Kaiser Steel Corp., 2-43893 and Kaiser Aluminum & Chemical Corp., 2-43872; Leggett & Platt, Inc., 2-43484; Marine Colloids, Inc., 2-43353 (90 days); National Gypsum Co., 2-43721; Riker-Maxson Corp., 2-42660; Robertson Distributions Systems, Inc., 2-43610 (90 days); Supadur Manufacturing Corp., 2-43659 (90 days); Thermovac Industries, Corp., 2-42072; Universal Gas & Oil Co., Inc., 2-42901 (90 days); U. S. Bancorp Realty & Mortgage Trust, 2-43361; Warner Communications, Inc., 2-43924; Effective May 5. Allied Artists Pictures Corp., 2-43030; American Can Co., 2-43986; Citizens Financial Corp., 2-43886; Crutcher Resources Corp., 2-43110; Damon Corp., 2-43816 (40 days); DiGiorgio Corp., 2-43738; Ethyl Corp., 2-43729; Health-Tex Inc., 2-43947; Gelco-IVM Leasing Co., 2-43635; Intersil, Inc., 2-43797; Province of Ontario, 2-43946; Spir, Inc., 2-41999 (90 days); Standard Oil Co., 2-43799; Troporo Oil & Gas Co., 2-43186; Utah Power & Light Co., 2-43501; Western Union Corp., 2-43813.

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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