RULES AND RELATED MATTERS

STATEMENT OF POLICY AND INTERPRETATIONS IN REGARD TO ACCOUNTING SERIES RELEASE NO. 146 ISSUED

The Commission today issued Accounting Series Release (ASR) 146-A which sets forth the Commission's policy with regard to ASR 146 ("Effect of Treasury Stock Transactions on Accounting for Business Combinations"). The Commission had previously requested comments (Rel. 33-5429, October 5, 1973) on the substance of ASR 146. The current release states: "After considering these comments, the Commission has concluded that the statement of policy set forth in ASR 146 represents a proper interpretation of Accounting Principles Board Opinion No. 16 which deals with accounting for business combinations. It has concluded, therefore, that it will apply this policy to all business combinations and treasury stock acquisitions which occur subsequent to the date of this release" (April 11, 1974). The release also clarifies the intent of ASR 146 with respect to (1) the purposes for which treasury shares are reacquired, (2) reasonable expectation of reissuance, (3) treasury share acquisitions made subsequent to consummation and (4) materiality of "tainted" shares.

(ASR 146-A)

COMMENT PERIOD EXTENDED ON CONSOLIDATED TAPE PLAN

The SEC has announced the extension from March 29 to April 22, 1974 of the date by which it requests refiling of the revised consolidated tape plan which originally was jointly filed by the New York, American, Midwest, Pacific and PBW Stock Exchanges and the NASD on March 2, 1973. The plan was filed pursuant to Rule 17a-15 under the Securities Exchange Act of 1934 and provides for reporting of prices and volume of completed transactions with respect to securities registered on exchanges. The extension has been granted in order to afford the plan's sponsors additional time to prepare and execute signed copies of a joint plan revised in accordance with the Commission's letter of comments of March 8, 1974. (See Rel. 34-10671) (Rel. 34-10728)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

ANALYTICAL INVESTMENT DECISION SYSTEMS, INC. (AIDS) REVOKED

An order has been issued revoking the investment adviser registration of Analytical Investment Decision Systems, Inc., doing business as AIDS, of Bellevue, Washington.

Pursuant to a previous AIDS offer of settlement accepted by the Commission in 1971, AIDS had been permitted to register as an investment adviser and serve a 30-day suspension, subject to its agreement and undertaking to make restitution of fees paid by clients before AIDS became registered. After requesting and receiving two extensions of time in which to take such restitution, AIDS stated that it was financially unable to do so, was insolvent, and had ceased business operations. To settle issues arising from its failure to make restitution, AIDS consented and agreed to revocation of its registration as an investment adviser. (Rel. IA-406)
ED PIERCE a/k/a EUGENE PARSONS AND BLANCHE PIERCE a/k/a SUSAN PARSONS BANNED FROM ASSOCIATION WITH ANY BROKER-DEALER

An order has been issued barring Ed Pierce, also known as Eugene Parsons, and Blanche Pierce, also known as Susan Parsons, of Flushing, New York, from association with any broker-dealer.

The Commission's order was based upon findings that from about December 10, 1969, to about February 19, 1971, the Pierces violated or aided and abetted violations of the antifraud, net capital and credit extension requirements of the securities laws. Among other things, it was found that they participated in a fraudulent scheme with a registered broker-dealer whereby a series of transactions were effected for an account of the Pierces in which securities were purchased and sold and sold short in such account when the Pierces were unable or unwilling to pay for them.

After service of the order of public proceedings upon them, the Pierces failed to file an answer within the prescribed time or to appear at the administrative hearing and were deemed to be in default. (Rel. 34-10710)

MARVIN G. BANWART BANNED

The SEC has barred Marvin G. Banwart, of Wichita, Kansas, from association with any broker, dealer or investment adviser. It also prohibited him from serving in any capacity with respect to a registered investment company specified in Section 9(b) of the Investment Company Act. After one year Banwart may apply to the Commission for permission to become so associated and serve in the aforesaid capacities upon a showing that he will be properly supervised and that such relief would be in the public interest.

According to the decision, Banwart violated or aided and abetted violations of the securities laws in transactions in securities issued by First Home Investment Corporation of Kansas, Inc. (FHI), a registered investment company, and Bush & Company, Inc., then a broker-dealer which had been investment adviser to and principal underwriter for FHI, and in the operation of those firms. Such misconduct included the sale of unregistered Bush common stock, fraudulent statements in the offer, sale and purchase of such stock and FHI face amount certificates and common stock, failure to give notification of Bush's capacity in connection with transactions in FHI securities, self-dealing with FHI and receipt of compensation on its portfolio transactions, and the operation of Bush as an investment adviser without registration.

The Commission's order was based on an offer of settlement in which Banwart, without admitting or denying the charges against him, consented to the indicated findings and sanction. (IC-8295)

TRADING SUSPENSIONS

TRADING BANNED IN SOMATRONICS

The SEC announced the suspension of over-the-counter trading in the securities of Somatronics, Incorporated, of Carle Place, New York, for a ten-day period beginning on April 10, and terminating at midnight (EDT) on April 19, 1974. The Commission initiated the suspension because of a lack of adequate and accurate public information concerning the company's operations and its financial condition. Somatronics is delinquent in filing its Form 10-Q reports for the quarters ended October 31, 1973 and January 31, 1974. In addition, questions have been raised about information on sales commitments and the dollar amount of sales backlog referred to in two press releases issued by the company. (Rel. 34-10729)
ADDITIONAL ACTION ON ONE TRADING SUSPENSION

The SEC has announced the suspension of exchange and over-the-counter trading in the securities of Electrospace Corp. for the further ten-day period April 11 - 20, inclusive.

COMMISSION ANNOUNCEMENTS

ORDER GRANTING APPLICATION PURSUANT TO SECTION 12(h) OF THE ACT

An order has been issued granting the application of Paine Lumber Company, Inc. (the company) pursuant to Section 12(h) of the Securities Exchange Act of 1934 (the Act) for an exemption from the provisions of Sections 12(g), 13 and 14 of the Act. The company was organized by the employees of the Paine Lumber Company Division of General Plywood Corporation, after the Division had been closed by General Plywood Corporation, to protect the economy of the community in which the company's assets are located. The common stock of the company is principally held by its employees, immediate family members of the employees and other investors the majority of whom are residents of the community. There are only 417 distinct individuals or family groups holding the common stock and very little trading in it has occurred. The company's income would be disproportionately affected by the cost of registration and compliance with the reporting requirements of the Act. The order was granted subject to certain conditions including the delivery to each of the company's shareholders of record and the Commission an annual report to shareholders, the filing of a report on the trading activity of the company's common stock, and compliance with the provisions of Section 16 of the Act. (Rel. 34-10733)

COURT ENFORCEMENT ACTIONS

HOLIDAY MAGIC, INC., OTHERS, ENJOINED

The San Francisco Branch Office announced that a U. S. District Judge for California permanently enjoined Holiday Magic, Inc., U.S. Universal, Inc., Marketing Enterprises, Inc., Instructional Enterprises, Inc., Sta-Power Industries, Inc., Alexander Taylor, Inc., Bob Cummings, Inc., Ameriprise, Inc., World Wide Products (U.S.A.), Inc., Combined Retail Services International, Inc., Sales Dynamics, Inc., and Leadership Dynamics Institute, Inc. from violations of the registration and antifraud provisions of the securities laws in the offer and sale of any security, including, but not limited to, stock, promissory notes, and participations in a pyramid promotion scheme, which the defendants had designated, among other things, as "Master Distributorships" and "General Distributorships." The corporate defendants, who are no longer managed by any of the individuals charged with wrongdoing in the Commission's complaint, consented to the court order without admitting or denying the allegations in the complaint. The action on certain individual defendants and the William Penn Patrick Trust is proceeding.

The complaint, filed on June 28, 1973, alleged that the corporate defendants and certain individuals engaged in the fraudulent operation of a pyramid promotion or endless chain scheme under the guise of marketing various consumer products. The complaint alleged that the scheme involved the recruitment of investors, who paid substantial sums for so-called "distributorships."

The final judgment recites that the corporate defendants have acknowledged their indebtedness to the persons induced to participate in the pyramid promotion scheme as "distributors" as well as their indebtedness to the corporate defendants' shareholders. Within one month of the entry of the judgment, potential claimants will receive an explanation of the judgment and a form upon which claims may be made. The court order provides that the acknowledged claims would be paid to the extent possible out of a Restitution Fund established by the corporate defendants and to be funded pursuant to the judgment.

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Marvin Giometti, Esq., was appointed as special counsel with broad authority to scrutinize the corporate defendants' activities, to assure full compliance with the terms of the court order and to assure that the continued operations of the corporate defendants are consistent with it. Any questions relating to this judgment should be made in writing to Marvin Giometti, Esq., Special Counsel, P. O. Box 600, San Francisco, California 94101. (LR-6316)

SECURITIES SALESMAN INDICTED

The Atlanta Regional Office announced that on April 2 an indictment was returned by a Federal grand jury in Atlanta charging William H. Ferry, Jr. of Decatur, Georgia with five counts of violating antifraud provisions of the securities laws while employed as a salesman for a securities firm. Among other things, the indictment alleges that Ferry misappropriated funds from the sale of securities belonging to customers. (LR-6315)

JACQUELINE CHAMBERS INDICTED

The Los Angeles Regional and the San Francisco Branch Offices have jointly announced that on April 2 the Federal Grand Jury in San Francisco, California returned a 2-count indictment against Jacqueline Chambers, also known as Jacqueline Aldrich, for perjury. The indictment alleges that Ms. Chambers lied under oath once on April 7, 1972, before the Securities and Exchange Commission and again on December 11, 1973, before the Federal Grand Jury in testimony on an investigation involving Fundamental Oil Corporation, Island Oil Corporation, Northern Continental Petroleum Corporation and the ownership interests of Jack P. Burke and Robert P. Burke. (LR-6313)

INVESTMENT COMPANY ACT RELEASES

NATIONAL AVIATION CORPORATION

An order has been issued on an application of National Aviation Corporation, a non-diversified, closed-end management investment company, declaring that G. Keith Funston, a director of that company, shall not be deemed an "interested person" of that company solely by reason of his status as a director of the Metropolitan Life Insurance Company. (IC-8303)

HOLDING COMPANY ACT RELEASES

WESTERN MASSACHUSETTS ELECTRIC COMPANY

An order has been issued authorizing the Western Massachusetts Electric Company, subsidiary of Northeast Utilities, to sell $25 million of first mortgage bonds. The net proceeds will be used to finance construction and retire short-term indebtedness. (Rel. 35-18369)

MIDDLE SOUTH UTILITIES, INC.

A notice has been issued giving interested persons until May 6 to request a hearing on a proposal of Middle South Utilities, Inc., a holding company, to increase from $83,700,000 to $103,700,000 the maximum aggregate amount of short-term notes to be issued and sold to a group of commercial banks. The proceeds of the proposed borrowing will be used to purchase 1,600,000 shares of common stock of Arkansas Power & Light Company, a Middle South subsidiary, for an aggregate of $20,000,000. (Rel. 35-18370)
NEW ENGLAND POWER COMPANY

An order has been issued authorizing New England Power Company (NEPCO) subsidiary of New England Electric System, to amend its Articles of Organization and by-laws to increase from 1,000,000 to 1,500,000 the aggregate number of shares of preferred stock that may be issued without a vote of shareholders. (Rel. 35-18371)

SECURITIES ACT REGISTRATIONS

(S-1) PEOPLES INVESTMENT COMPANY

4th and Market Sts., Louisville, Ky. 40202 - $8 million of fully paid certificates of investment (debt) to be offered for sale in multiples of $100, and $2,000,000 of installment certificates of investment (debt) to be offered for sale in such amounts as the purchaser elects, directly to the public by officers and employees of subsidiaries of Peoples Investment Company. Through wholly-owned subsidiaries, the company makes consumer and commercial loans, purchases installment contracts from retailers of goods and services, and leases commercial equipment. In connection with its lending operations, the company also offers credit life insurance, health and accident insurance and vehicular physical damage insurance to its borrowers through an insurance agency subsidiary. (File 2-50668 - Apr. 5)

(S-7) ILLINOIS CENTRAL INDUSTRIES, INC.

One Illinois Center, 111 East Wacker Dr., Chicago, Ill. 60601 - (a) 1,263,162 shares of common stock to be offered for sale by certain shareholders (these shares were received by them in connection with acquisitions by Industries), and (b) 1,365,746 shares of common stock and 80,528 shares of Series 1 preferred issued or issuable upon exercise of stock options granted or that may be granted by Industries or companies acquired by Industries and to the resale of 120,792 shares of common stock issued or issuable upon conversion of any such Series 1 preferred. Illinois Central through subsidiaries, is a diversified enterprise with five operating groups: commercial products, consumer products, transportation, real estate, and financial services. (File 2-50673 - Apr. 5)

(S-1) PETROLEUM EXPLORATION & DEVELOPMENT FUNDS, INC.

744 Hickory, Abilene, Tex. 79604 - $5 million of preformation partnership interests in Petroleum Exploration & Development Funds - 1974/D, Ltd., to be offered for sale at $5,000 per unit (two unit minimum) by selected NASD members and/or other registered broker-dealers. The Partnership will be formed to engage in the exploration and development of oil and gas properties. (File 2-50396 - Mar. 12)

(S-14) THE ST. LAWRENCE SEAWAY CORPORATION

715 Chamber of Commerce Bldg., Indianapolis, Ind. 46204 - 654,839 shares of its common stock. It is proposed to offer these shares in exchange for all of the outstanding shares of common stock of Gibraltar Industries, Inc., 1346 North Delaware St., Indianapolis, Ind. 46204 at the rate of 65,4839 St. Lawrence shares for each Gibraltar share. St. Lawrence farms and holds real estate for investment. (File 2-50457 - Mar. 19)

(S-1) EG&G, INC.

Crosby Drive, Bedford, Mass. 01730 - 1,000,000 shares of common stock. It is proposed to offer 237,734 of these shares in exchange for the outstanding common stock of Wakefield Engineering, Inc. (Wakefield) at the rate of 0.6125 EG&G share for each outstanding Wakefield share. The additional shares covered by the registration statement may be issued by EG&G in future acquisitions of other businesses or properties. EG&G provides a variety of scientific and technically oriented products, custom equipment, systems and services to government and industrial customers. (File 2-50478 - Mar. 21)

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(S-1) POWER RESOURCES CORPORATION

303 Petroleum Club Bldg., Casper, Wy. 82601 - 500,000 shares of common stock, to be offered for sale at $1.50 per share by underwriters headed by B.J. Leonard & Co., No. 1 American National Bank Bldg., Denver, Colo. 80202. The company acquires and explores oil and gas, uranium and coal properties. (File 2-50523 - Mar. 26)

(S-1) FAIRCHILD CAMERA AND INSTRUMENT CORPORATION

464 Ellis St., Mountain View, Cal. 94042 - $11,525,000 of 5-3/4% convertible subordinated debentures, due 1989, which may be offered for sale from time to time by certain security holders at prices current at the time of sale. Fairchild is a manufacturer of electronic components, systems and equipment. (File 2-50526 - Mar. 27)

(S-1) OPTICAL COATING LABORATORY, INC.

2789 Giffen Ave., Santa Rosa, Cal. 95401 - 5,700 shares of common stock, which may be offered for sale from time to time by certain shareholders at prices current at the time of sale. The company produces optical thin film coatings. (File 2-50675 - Apr. 8)

(S-14) AUGUSTA COCA-COLA BOTTLING COMPANY, INC.

5th and Reynolds, Augusta, Ga. 30902 - 1,153,995 shares of common stock and 72,998 shares of Series A preferred stock. It is proposed to offer these shares in connection with the merger of Chattanooga Coca-Cola Bottling Company, Inc., Crawford Johnson & Co., Inc. and Spartanburg Coca-Cola Bottling Company into, and the acquisition of the business and assets of Birmingham Coca-Cola Bottling Company, Jasper Coca-Cola Bottling Company and The Pioneer Company by Augusta. Augusta bottles and distributes soft drinks and operates an automatic food merchandising business. (File 2-50676 - Apr. 8)

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:

- Astrosystems, Inc., Lake Success, N. Y. (File 2-50650 - Apr. 4) - 100,000 shares
- Galaxy Carpet Mills, Inc., Elk Grove Village, Ill. (File 2-50651 - Mar. 27) - 75,000 shares
- Western Union Corp., Mahwah, N. J. (File 2-50657 - Apr. 4) - 41,350 shares
- Texas Instruments Inc., Dallas, Tex. (File 2-50656 - Apr. 4) - 1,100,000 shares
- Allied Chemical Corp., Morristown, N. J. (File 2-50658 - Apr. 4) - 830,952 shares
- Collins Foods International, Inc., Los Angeles, Cal. (File 2-50660 - Apr. 5) - 100,000 shares
- Dynell Electronics Corp., Melville, N. Y. (File 2-50662 - Apr. 4) - 150,000 shares
- Corco, Inc., Worthington, Ohio (File 2-50669 - Apr. 5) - 127,300 shares
- Central Telephone & Utilities Corp., Lincoln, Neb. (File 2-50671 - Apr. 5) - 25,000 shares
- Dun & Bradstreet Companies, Inc., New York, N. Y. (File 2-50672 - Apr. 5) - 6,045 shares

REGISTRATIONS EFFECTIVE

April 10: Bankers Trust New York Corp., 2-50310; Dierra Pacific Power Company, 2-50422; First Chicago Corp., 2-50411; Insilco Corp., 2-50352; Inter-Regional Financial Group, Inc., 2-49450; Nucor Corp., 2-50058; Olinkraft, Inc., 2-50350; Otter Tail Power Company, 2-50382; Reynolds And Reynolds Company, 2-49975; Ring Around Products, Inc., 2-50270; Texas Commerce Bancshares, Inc., 2-50366, 2-50627, & 2-50628; United Telecommunications, Inc., 2-50428.

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