RULES AND RELATED MATTERS

PROPOSAL TO ADOPT RULE 15B10-11
SETTING FORTH BONDING REQUIREMENTS

The Commission is releasing for public comment a proposal to adopt a rule under the Securities Exchange Act of 1934 (the Act) requiring brokers and dealers not members of a national securities association to obtain a fidelity bond in the form, amount and type of coverage prescribed by the rule. Earlier this year, the National Association of Securities Dealers, Inc. (NASD) adopted similar bonding requirements for NASD members.

The proposed rule is intended to exclude from the risks covered by the Securities Investors Protection Corporation certain kinds of firm losses, such as misappropriation of assets through employee theft and dishonesty, by requiring brokers and dealers to carry comprehensive fidelity bonding coverage.

All interested persons are invited to submit their views and comments on this proposal in writing to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549, on or before February 10, 1975. All such communications should refer to File No. S7-554 and will be available for public inspection. (Rel. 34-11155)

COMMISSION ANNOUNCEMENTS

IRVING H. PICARD NAMED
ACTING CHIEF COUNSEL

Aaron Levy, Director of the Division of Corporate Counsel Regulation, announced the appointment of Irving H. Picard as the Acting Chief Counsel of the Division. In this capacity Mr. Picard is the principal legal adviser of the Division and his duties will include matters under the Public Utility Holding Company Act of 1935 and under Chapters X and XI of the Bankruptcy Act.

Mr. Picard joined the Commission as an attorney in the Division's Branch of Reorganization in February 1972. In May 1974 he was appointed Special Counsel to that Branch.

He received a B.S. in Economics from the University of Pennsylvania's Wharton School of Finance and Commerce in 1963; a J.D. from Boston University School of Law in 1966; and an LL.M. in Corporation Law from New York University School of Law in 1967. Prior to joining the Commission he was employed by L. F. Rothschild and Company.

Mr. Picard, his wife, Sharon, and their son, Jason, reside in Washington, D.C.

TRADING SUSPENSIONS

SUSPENSION OF GREATER WASHINGTON INVESTORS, INC. TO TERMINATE

The SEC announced that the temporary suspension of over-the-counter trading in the securities of Greater Washington Investors, Inc. (GWI), a closed-end, non-diversified investment company incorporated and located in the District of Columbia, will terminate at midnight (EST) on December 26, 1974.

The Commission suspended trading in GWI for successive ten-day periods beginning on November 7, 1974. The suspension was initiated because of questions which arose in connection with the adequacy and accuracy of information about the evaluation of GWI's portfolio securities and the financial and operating conditions of the company.
Several of GWI's portfolio securities as of June 30, 1974, consisting of debt instruments such as notes, debentures, convertible debentures and equity securities, were valued by GWI's board of directors at the price at which the securities were initially acquired by GWI. Since acquisition of such securities by GWI various of these issuers have defaulted as to either principal or interest and experienced deteriorating financial conditions. Furthermore, market yields of similar securities on June 30, 1974 were substantially higher than interest yields on the securities valued by GWI's board of directors. These securities comprise $2.6 million or 28 percent of the portfolio assets as valued by GWI's board of directors.

Valuation by GWI's board of directors of four equity securities as of June 30, 1974 was based on the price of the last private transaction in the stock of each company. The last private transactions occurred between September 1971 and December 1972. During the period between the last private transactions and GWI's June 30, 1974 evaluation, significant changes occurred with respect to financial and operating conditions of all four of these companies. These securities comprise $1.2 million of 13 percent of portfolio assets as valued by GWI's board of directors.

Restricted securities held by GWI as of June 30, 1974 were valued by GWI's board of directors at the market price for unrestricted securities of the same class. These securities comprise $1.4 million or 15 percent of portfolio assets as valued by GWI's board of directors.

The total assets as valued by GWI's board of directors of the securities listed above is $5.2 million or 55 percent of GWI's portfolio assets. GWI had advised the Commission's staff that the management and board of directors of GWI considered the above described factors involving such securities as of June 30, 1974. GWI has further advised the Commission's staff, however, that GWI considered that, in view of other factors pertinent to each of the securities in question, such values were justified in the judgment of management and board of directors of GWI.

The next portfolio evaluation is required to be sent to shareholders as part of the annual report within 60 days of GWI's fiscal year ending on December 31, 1974.

In addition to problems with respect to evaluation, GWI has been accruing interest on several debt instruments upon which interest was in default as of June 30, 1974 for a period of 8 months or more. This interest amounted to $53,000.

The Commission's inquiry is continuing. (Rel. 34-11154)

ADDITIONAL ACTION ON FIVE TRADING SUSPENSIONS

The SEC has announced the suspension of (a) exchange and over-the-counter trading in the securities of Canadian Javelin Ltd., and over-the-counter trading in the securities of Winner Industries, Inc. and Royal Properties, Inc. for the further ten-day period December 24-January 2, inclusive; and (b) exchange and over-the-counter trading in the securities of BBI, Inc. and over-the-counter trading in the securities of Nicoa Corp. for the further ten-day period December 25-January 3, inclusive.

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES POTTER INSTRUMENT COMPANY, INC.

The SEC announced the filing of a complaint in the U.S. District Court for the District of Columbia on December 20 seeking a court order directing Potter Instrument Company, Inc., Plainview, Nassau County, New York, to comply with the reporting provisions of the Securities Exchange Act of 1934 and seeking a permanent injunction against further such violations.


COMPLAINT NAMES DATA LEASE FINANCIAL CORPORATION

The SEC announced the filing of a complaint in the U.S. District Court for the District of Columbia on December 20 seeking a court order directing Data Lease Financial Corporation, North Palm Beach, Florida, to comply with the reporting provisions of the Securities Exchange Act of 1934 and seeking a permanent injunction against further such violations.

COMPLAINT NAMES ALL AMERICAN FUND, OTHERS

The Los Angeles Regional Office announced the filing of a complaint on December 17 in the U.S. District Court in Los Angeles against All American Fund, a Los Angeles based mutual fund. Others associated with the operation and management of the mutual fund and named as defendants in this action were Zenith American Management Services, Ltd., Zenith American Corporation, both of Los Angeles, Maxwell Rubin, Stanley Rowan, both of Beverly Hills, and Nelson Sanesi of Granada Hills, California. The complaint alleges that the defendants have failed and refused to cause Zenith American Management Services, Ltd. to pay certain amounts it owes to the mutual fund resulting in the mutual fund's shares being improperly and fraudulently valued. The complaint further alleges that false and misleading proxy material was disseminated to the mutual fund shareholders and that more than 60 percent of the directors of the mutual fund were interested persons in violation of the Investment Company Act. The complaint seeks the appointment of a receiver for All American Fund. (SEC v. Zenith American Management Services, Ltd., et al., C.D. CA., Court Docket No. CV-74-3683-LTL). (LR-6650)

B. F. REAMES' MOTION FOR SUMMARY JUDGMENT GRANTED

The Fort Worth Regional Office announced that on October 21 the Federal District Court at Dallas granted defendant B. F. Reames' motion for summary judgment and denied a similar motion filed by the Commission. The Commission's complaint had sought to enjoin Reames from violations of the antifraud provisions of the securities laws. (SEC v. American Educational Specialists, Inc., et al., Civil Action No. CA3-74-217-D, Northern District of Texas). (LR-6651)

HOLDING COMPANY ACT RELEASES

PENNSYLVANIA ELECTRIC COMPANY

An order has been issued authorizing Pennsylvania Electric Company (Penelec), subsidiary of General Public Utilities Corporation, to issue and sell short-term notes to banks, the aggregate principal amount of such notes outstanding at any one time to be not more than $88 million. (Rel. 35-18727 - Dec. 23)

MIDDLE SOUTH UTILITIES, INC.

A notice has been issued giving interested persons until January 20 to request a hearing on a proposal of Middle South Utilities, Inc., to issue and sell shares of its common stock to underwriters on a negotiated basis for public offering in order to raise $75 million in net proceeds. (Rel. 35-18729 - Dec. 23)

GENERAL PUBLIC UTILITIES CORPORATION

A supplemental order has been issued authorizing General Public Utilities Corporation (GPU), a registered holding company, to increase the amounts of unsecured promissory notes which are issued to evidence bank loans. (Rel. 35-18730 - Dec. 24)

MONONGAHELA POWER COMPANY


METROPOLITAN EDISON COMPANY

An order has been issued authorizing Metropolitan Edison Company (Met-Ed), subsidiary of General Public Utilities Corporation, to issue and sell short-term notes to banks, the aggregate principal amount of such notes outstanding at any one time to be not more than $70 million. (Rel. 35 18732 - Dec. 24)

NEWS DIGEST, December 26, 1974
PENNSYLVANIA POWER COMPANY

A notice has been issued giving interested persons until January 16 to request a hearing on a proposal by Pennsylvania Power Company, subsidiary of Ohio Edison Company, that it issue and sell up to 80,000 shares of preferred stock. (Rel. 35-18733 - Dec. 24)

OHIO EDISON COMPANY

A notice has been issued giving interested persons until January 16 to request a hearing on a proposal by Ohio Edison Company, a registered holding company and an electric public utility company, that it issue and sell up to 400,000 shares of a new series of cumulative preferred stock. (Rel. 35-18734 - Dec. 24)

SECURITIES ACT REGISTRATIONS

(S-7) MIDLAND ENTERPRISES INC.

1400 Provident Tower, Cincinnati, Ohio 45202 - $15 million of first preferred ship mortgage bonds, due 1995, to be offered through underwriters headed by The First Boston Corporation, 20 Exchange Pl., New York, N.Y. 10005. Midland, a wholly-owned subsidiary of Eastern Gas and Fuel Associates, is primarily engaged through subsidiaries in the operation of fleet of towboats, tugboats and barges. (File 2-52540 - Dec. 18)

(S-7) AMAX INC.

1270 Avenue of the Americas, New York, N.Y. 10020 - $50 million of sinking fund debentures, due 2000 and $50 million of notes, due 1984, to be offered for sale through underwriters headed by Lehman Brothers Incorporated, One William St., New York, N.Y. 10004. AMAX is engaged, directly and through ventures in which it holds substantial interests, in the exploration for and mining of ores and minerals and the smelting, refining and other treatment of minerals and metals. (File 2-52542 - Dec. 18)

REGISTRATIONS EFFECTIVE


REGISTRATIONS WITHDRAWN