

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



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SUSPENSION PROPOSED FOR C P LAWRENCE. SEC Hearing Examiner James G. Ewell has filed an initial decision in proceedings under the Securities Exchange Act involving Charles P. Lawrence, of Auburn, N. H. The Examiner ruled that Lawrence violated the anti-fraud provisions of the Federal securities laws in negotiating a personal loan, for which he gave his note and promised not only to pay off the note in 90 days but also to make the creditor a gift of 500 shares of stock in a marina. In negotiations resulting in a \$5,000 loan to Lawrence, according to the Examiner's decision, Lawrence made false and misleading representations and omitted material facts concerning the financial condition and prospects of the marina as well as the availability of the shares, which had not yet been issued or authorized. The Examiner ordered, however, that because of certain mitigating circumstances Lawrence be suspended for a period of six months, rather than barred from association with any broker-dealer firm. Such order will become effective if the order is not appealed to or called up for review by the Commission.

PAUL REVERE ANNUITY FUND ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4811) granting an application of The Paul Revere Variable Annuity Contract Accumulation Fund, Worcester, Mass., to permit its proposed Group Tax-Sheltered Variable Annuity Contracts, Allocated Deposit Administration Variable Annuity Contracts, and Unallocated Deposit Administration Variable Annuity Contracts to contain a provision for experience rating credits, and for the aforesaid group contracts as well as the Terminal Funding Group Variable Annuity Contracts to have all sales load deducted in the first ten contract years.

EXETER THIRD FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4812) granting Exeter Third Fund, Inc., Claymont, Del., an exemption from the \$100,000 minimum net capital provisions, as well as the requirements of Sections 15(a), 16(a) and 32(a) which require shareholder approval of the investment advisory agreement, the election of directors by shareholders, and shareholder ratification of the selection of an independent public accountant. According to the application, the Fund is intended as an investment vehicle for investors who wish to exchange securities they presently hold for shares of the Fund. The Fund has filed a registration statement under the Securities Act covering 800,000 shares of common stock to be offered in such exchange. The registration statement has not become effective. The Fund requested an exemption from Sections 15(a), 16(a) and 32(a) of the Act until a special shareholders' meeting, to be held within 60 days after the exchange of shares.

UTAH P&L PROPOSES NOTE SALE. Utah Power & Light Company, Salt Lake City, Utah, has applied to the SEC for an order under the Holding Company Act authorizing it to sell \$32,000,000 of unsecured promissory notes to banks during the period February 1, 1967-March 31, 1968; and the Commission has issued an order (Release 35-15636) giving interested persons until January 30 to request a hearing thereon. According to the application, the company will use the net proceeds of its note sale, together with available cash, to prepay \$8,000,000 of outstanding bank notes and to finance, in part, its construction program (estimated at \$30,000,000 for 1967).

LIQUIDONICS INDUSTRIES WARRANTS IN REGISTRATION. Liquidonics Industries, Inc., 200 Shames Dr., Westbury, N. Y., filed a registration statement (File 2-25864) with the SEC on December 29 seeking registration of 19,875 outstanding common stock purchase warrants. The present holders thereof may offer the warrants for public sale from time to time in the over-the-counter market.

The activities of the company (formerly Koster-Dana Corp.) include manufacturing precision electro-mechanical products, and hydraulic and pneumatic equipment. In addition to indebtedness and preferred stock, it has outstanding 397,483 common shares, of which management officials own 12%. N. Norman Muller is president and board chairman. The prospectus lists 11 warrant holders, including Gianis & Co. Inc., which is offering 13,099 warrants. The warrants, which are exercisable at \$4.53 per share, were sold for one cent each in 1962 to underwriters of a public offering of the company's common stock.

APPLIED TECHNOLOGY FILES FOR SECONDARY. Applied Technology, Inc., 3410 Hillview Ave., Palo Alto, Calif. 94304, filed a registration statement (File 2-25868) with the SEC on December 30 seeking registration of 6,000 outstanding common stock purchase warrants and the underlying 9,000 shares of common stock (by reason of a 50% stock dividend in August 1966). The present holders of the warrants and/or recipients of stock issued upon exercise thereof may offer the securities for public sale from time to time in the over-the-counter market at prices then prevailing (\$32 per share maximum*).

The company is engaged in developing, manufacturing and marketing electronic countermeasures systems and certain other electronic systems. In addition to indebtedness, it has outstanding 1,076,205 common shares, of which management officials own 33% (including 15.8% owned by William E. Ayer, president). The prospectus lists five warrant holders, including Mitchum, Jones & Templeton, Inc., which holds warrants entitling it to purchase 5,400 shares. The outstanding warrants were issued in connection with a public offering of the company's common stock in 1963. The exercise prices range from \$6.90 to \$7.50 per share.

OVER

MARK KROLL, OTHERS GUILTY. The SEC Atlanta Regional Office announced December 27 (LR-3628) that, after a six-week trial (USDC, SD Fla.), the following defendants were found guilty of violating and conspiring to violate the Securities Act anti-fraud provisions in the sale of certain securities of Flora Sun Corp., American Bonded Mortgage Co., Inc., First Bonded Corp., Pan American Surety Co. and Michigan Surety Co: Mark H. Kroll, William Cahn (a/k/a William Cohen), William Criswell, Jack Chernau, Fred H. Adler, John S. Hunt, and Robert C. Brown. Previously, Sidney Pasternak pleaded guilty to an information charging him with violating Rule 10b-5 of the Commission's General Rules and Regulations under the Securities Exchange Act.

JAMES NORVILLE INDICTED. The SEC Chicago Regional Office announced December 30 (LR-3629) the return of an indictment by a Federal Grand Jury at Chicago charging James P. Norville (a principal stockholder and officer of the former McKeown and Co., a Chicago broker-dealer) with violating the Securities Act anti-fraud provisions in the conduct of a securities business when the firm was unable to meet its obligations to customers.

EASTERN UTILITIES ASSOCIATES. The SEC today announced a decision under the Holding Company Act (Release 35-15637) approving a plan under Section 11(e) of the Act filed by Eastern Utilities Associates (EUA), of Boston, Mass., and its three subsidiary companies, namely, Blackstone Valley Electric Company, of Pawtucket, R. I., Brockton Edison Company, of Brockton, Mass., and Fall River Electric Light Company, of Fall River, Mass. Under the terms of the plan the publicly-held outstanding common stocks of the three subsidiaries are to be exchanged for common shares of EUA on the following basis: 3-1/2 shares of EUA for each share of Blackstone; 2-1/4 shares of EUA for each share of Brockton; and 1-3/8 shares of EUA for each share of Fall River. The public owns approximately 0.81%, 2.35%, and 2.17% of the outstanding stock of Blackstone, Brockton, and Fall River, respectively.

The Commission found that the plan was necessary in order to comply with the corporate simplification requirements of Section 11(b)(2) of the Act and that it was fair and equitable to all persons affected thereby, including the minority stockholders of the three subsidiary companies. Among other things, the Commission concluded that the public stockholders of the three subsidiary companies may reasonably expect that the earnings and dividends applicable to the EUA shares which they receive under the plan will exceed those applicable to the shares of the subsidiary company which they now hold, and that, because of the more active trading of the EUA shares in the over-the-counter market the public stockholders will be provided with a degree of liquidity for their investments which they do not now have. The plan will be submitted by the Commission to an appropriate Federal district court for approval and enforcement.

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the January 3 News Digest.

International Rectifier Corp Nov 66(3,12)	1-4399-2	Jamaica Water Supply Co Nov 66 (1)	0-1242-2
General Acceptance Corp	Nov 66(7)1-3453-2	Fluor Corp. Ltd Dec 66 (11)	1-4084-2
Riker Video Inds Inc Amend #1 for Oct 66(13)	2-24495-2	Mcquay-Norris Mfg Co Dec 66 (11)	1-736-2
Zavre Corp Amend #1 for July 66(7,13)	1-4908-2	Frouge Corp	Dec 66 (11) 2-16828-2
Madison Life Ins Co Amend #1 for Nov 66(7)	2-22173-2	West Coast Airlines, Inc Amd #1 for Oct 66 (12)	0-1286-2
Dow Chemical Co Oct 66 (7,13)	1-3433-2	Dixie Dinettes, Inc Amd #1 for Nov 66 (13)	0-1955-2

SECURITIES ACT REGISTRATIONS. Effective January 3: American Telephone and Telegraph Co., 2-25795; Apache Corp., 2-25198 (90 days); Automation Industries, Inc., 2-25712; Computer Sciences Corp., 2-25787; Financial Programs, Inc., 2-25773; Lear Siegler, Inc., 2-25652 (Feb 13).

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.