



SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A Daily Summary of
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FOR RELEASE January 24, 1972

NEW RULES AND RULE PROPOSALS

SEC AMENDS NET CAPITAL RULE. The SEC today announced that it has amended Rule 15c3-1 (the "net capital" rule) under the Securities Exchange Act of 1934 in order to implement provisions of the Investment Company Act relating to brokers and dealers who act as underwriters of or depositors for contractual plans.

On July 2, 1971 the Commission adopted Rule 27d-1 under the Investment Company Act of 1940 which provides for the deposit into and maintenance of a "segregated trust account" by every depositor of or principal underwriter for a periodic payment plan certificate sold subject to Section 27(d) or 27(f). Independent of this statutory reserve requirement, any such brokers or dealers will also have to establish, maintain, and include in their books and records a liability reserve consisting of estimates based on their actual experience in effecting refunds under Sections 27(d) and 27(f) of the Investment Company Act.

The amendment to the net capital rule limits the deductions in the computation of net capital to only that portion of the amount in the segregated trust account which exceeds the amount of the liability reserve. They also exclude liability reserves from aggregate indebtedness but only to the extent of the amounts on deposit in the segregated trust account.

In the release announcing the adoption of the amendments to the net capital rule, it is pointed out that on July 2, 1971, the Commission also adopted Rule 27d-2 under the Investment Company Act which permits a written undertaking of an insurance company, which meets certain qualifications, to be substituted for the segregated trust account. The release indicates that a broker-dealer underwriter or depositor who has such an insurance company undertaking still has the primary responsibility to refund charges pursuant to Sections 27(d) and 27(f) of the Investment Company Act, and it must therefore establish, maintain and include in its books and records a liability reserve. The amount of such liability reserve must be included in computing the aggregate indebtedness as well as in reducing the net worth of the broker-dealer underwriter or depositor for net capital purposes. (Rel. 34-9460)

COMMENT PERIOD EXTENDED ON RULE 17f-3. The SEC has extended from January 14, 1972 until February 29, 1972, the period within which written comments and views may be submitted on its proposal to adopt Rule 17f-3 (17 CFR 270.17f-3) designed to implement the provisions of Section 17(f) of the Investment Company Act of 1940, as amended, (15 U.S.C. 80a-1 et seq) to except petty cash accounts from bank custodianship in situations where a registered investment company employs a bank custodian. The proposed rule was announced on December 6, 1971 in Rel. IC-6862. (Rel. IC-6961)

COMMENT PERIOD EXTENDED ON RULE 135a, ET AL. The SEC has extended from January 30, 1972 until Feb. 29, 1972, the period of time within which written comments and views may be submitted on its proposals to adopt a new Rule 135a relating to generic advertising and to adopt amendments to Rule 134 relating to investment company advertising, and Rule 434A relating to summary prospectuses, and proposals to revise Form S-5 to provide for Summary Prospectus for open-end investment companies registered under the Investment Company Act of 1940 on Form N-83-1. The proposed amendments to the rules and forms were announced on December 1, 1971 in Rel. 33-5213. (Rel. 33-5230) 5213

COURT ENFORCEMENT ACTIONS

PROFESSIONAL SERVICE CORP. PLEADS GUILTY. The SEC Fort Worth Regional Office announced January 14 that Professional Service Corporation, a Louisiana corporation, entered a plea of guilty to all counts of a six-count indictment, alleging securities fraud, mail fraud and conspiracy to commit securities and mail fraud. The company was fined \$27,000, with payment of the fine suspended with the direction that funds go to the bankrupt estate for the benefit of creditors. Charlie F. Parker changed his plea to the conspiracy charge from not guilty to guilty. Sentencing of Parker was deferred pending receipt by the court of a pre-sentence report. (LR-5287)

SEC CITES QUODAR EQUITIES. The SEC New York Regional Office announced on January 14 that the Federal court in New York has issued a temporary restraining order enjoining Quodar Equities, Ltd., Great Neck, N. Y. broker-dealer, and Lawrence Levinson, its president, from violations of the antifraud, net capital and bookkeeping provisions of the Federal securities laws in connection with, among other things, the offer and sale of securities of Aldy Electronics Corporation. The court also ordered a freeze on all the assets and property of Quodar. The Securities Investor Protection Corporation filed for the appointment of its own trustee for Quodar's assets. Edward J. Rosner, Esq. was appointed temporary receiver for the assets and property of Quodar. The Commission's order to show cause is returnable on January 21. (LR-5288)

THREE SENTENCED IN NEW YORK. The SEC New York Regional Office announced that on January 7 the Federal Court of New York fined Simon J. Messitte, Brooklyn, N. Y., \$10,000, Bert E. Stanger, Oceanside, N. Y., \$5,000, and Herbert Werman, Monsey, N. Y., \$5,000 and each one was put on supervised probation for three years. Messitte, Stanger and Werman were indicted on Sept. 24, 1969 charging a conspiracy to violate the anti-fraud and anti-manipulative provisions of the Federal securities laws in connection with transactions in Alloys Unlimited, Inc., which was then listed on the American Stock Exchange. (LR-5292)

OVER

INVESTMENT COMPANY ACT RELEASES

UNION CAPITAL FUND. The SEC has issued a notice giving interested persons until February 7 to request a hearing upon an application of Union Capital Fund, Inc., New York mutual fund, for an order declaring that Maurice R. Greenberg shall not be deemed an "interested person" of the Fund or Union Service Distributor, Inc., principal underwriter of the Fund, solely by reason of his status as an affiliated person of American International Fund Distributors, Inc. Greenberg is a director of AIF Distributors (Distributors), a wholly-owned broker-dealer subsidiary of American International Group, Inc., the parent company of a group of insurance companies, of which Greenberg is director and president. Greenberg, as director of AIF Distributors, is an affiliate of a broker-dealer, and thus an interested person of the Fund and Union Service Distributor, Inc. (Rel. IC-6954)

GAC INCOME FUND. The SEC has issued an order declaring that GAC Income Fund, Inc., Ft. Lauderdale, Fla., has ceased to be an investment company as defined in the Act. (Rel. IC-6960)

HOLDING COMPANY ACT RELEASE

METROPOLITAN EDISON. The SEC has issued a notice giving interested persons until February 14 to request a hearing upon an application of Metropolitan Edison Company, Berks County, Pa. subsidiary of General Public Utilities Corporation, to issue and sell 350,000 shares of cumulative preferred stock, Series G (\$100 par) at competitive bidding. Net proceeds will be used to pay a portion of the company's short-term bank borrowings, incurred for construction purposes and expected to aggregate some \$48,750,000 at the time of the proposed sale. Construction expenditures are estimated at \$138,500,000 for 1972. (Rel. 35-17436)

SECURITIES ACT REGISTRATIONS

LINCOLN NATIONAL DIRECT PLACEMENT FUND INC., 111 W. Washington St., Chicago, Ill. 60602, filed a registration statement on January 17 seeking registration of 2,000,000 shares of common stock, to be offered for public sale at \$25 per share through underwriters headed by Halsey, Stuart & Co. Inc., 123 S. LaSalle St., Chicago, and Paine, Webber, Jackson & Curtis, Inc., 140 Broadway, New York 10005. The Fund is a closed-end non-diversified management investment company under the sponsorship of Lincoln National Investment Advisory Corporation (the adviser). The adviser is a wholly-owned subsidiary of Lincoln National Corporation. (File 2-42870)

MOBIL OIL CORPORATION, 150 E. 42d St., New York 10017, filed a registration statement on January 18 seeking registration of \$200 million of debentures, due 2002, and \$100 million of notes, due 1979, to be offered for public sale through underwriters headed by Morgan Stanley & Co., Inc., 140 Broadway, New York 10005. The company is an integrated oil and gas company. Net proceeds will be added to its general funds and used for general corporate purposes. (File 2-42872)

CREDITRIFT FINANCIAL CORPORATION, 601 N.W. Second St., Evansville, Ind. 47708, filed a registration statement on January 18 seeking registration of \$25 million of senior debentures, due 1992, to be offered for public sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine St., New York. The company is engaged through subsidiaries primarily in the consumer finance business and the writing of credit life and accident insurance for customers of the company's finance subsidiaries. Net proceeds of its financing will be used to reduce short-term borrowings incurred for use in the company's consumer finance operations. (File 2-42873)

GLOBE-UNION INC., 5757 N. Green Bay Ave., Milwaukee, Wisc. 53201, filed a registration statement on January 18 seeking registration of \$20 million of sinking fund debentures, due 1997, and 400,000 shares of common stock, to be offered for public sale (*at \$30.75 per share maximum) through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York. The company is engaged principally in the manufacture of lead-acid automotive batteries. Of the net proceeds of its financing, some \$21 million will be used to repay short-term indebtedness and the balance for working capital and other corporate purposes. (File 2-42874)

BUILDDEX INCORPORATED, 410 Jericho Turnpike, Jericho, N. Y. 11753, filed a registration statement on January 18 seeking registration of 400,000 shares of common stock with warrants to purchase 400,000 shares, to be offered for public sale in units, each consisting of one share and one warrant, by Instrument Systems Corporation (owner of all Builddex's capital stock). The offering is to be made (*at \$13.50 per unit maximum) through underwriters headed by Reynolds Securities, Inc., 120 Broadway, and F. Eberstadt & Co., Inc., 65 Broadway, both of New York. Builddex is engaged in the design, manufacture and sale of a broad variety of specialized architectural and hardware components used in building construction. (File 2-42875)

AMBASSADORS OF AMERICA MOTOR AND TRAVEL CLUB, INC., 1311 N. Westshore Blvd., Tampa, Fla. 33607, filed a registration statement on January 17 seeking registration of 1,000,000 shares of common stock, to be offered for public sale at \$1 per share. No underwriting is involved. The company was organized in September 1971 primarily to operate a new automobile club, but has not yet begun to do so. Of the net proceeds of its stock sale, \$268,000 will be used for marketing and its membership program in Florida and the balance for other corporate purposes. (File 2-42876)

CONTINUED

TRI-SOUTH MORTGAGE INVESTORS (the Trust), 2 Peachtree St., N. W., Atlanta, Ga. 30303, filed a registration statement on January 19 seeking registration of \$25 million of convertible subordinated debentures, due 1992, to be offered for public sale through underwriters headed by Morgan Stanley & Co. Inc., 140 Broadway, New York 10005. The Trust invests primarily in first mortgage construction loans. Tri-South Management Associates is investment adviser. (File 2-42878)

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:

Tech-Aarofom Products, Inc., Miami, Fla. (File 2-42877) - 70,000 shares
 R. B. Jones Corporation, Kansas City, Mo. (File 2-42879) - 50,000 shares
 Data General Corporation, Southboro, Mass. (File 2-42880) - 150,000 shares
 Spartan Food Systems, Inc., Spartanburg, S. C. (File 2-42882) - 40,000 shares

RECENT FORM 8-K FILINGS.**MISCELLANEOUS**

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 (in ordering, please give month and year of report). 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 7 News Digest.

8K Report For Nov 71

Rohr Inds Inc (11,13)	1-6101-2	Crown Cork & Seal Co Inc (7)	1-2227-2
Clear Creek Corp (6)	0-1379-2	American Nuclear Corp (2,14)	0-1764-2
Hollywood Turf Club (2,7,11)	0-1583-2	Servo Corp Of America (7,8)	1-3925-2
Premier Corp (2,14)	2-38404-2	MSL Inds Inc (3)	1-3205-2
Sheroc Corp Dec 71 (12)	0-4841-2	F & M Natl Corp Dec 70 (1,2,7,9,11,12,14)	
Central Tel Co (7,13)	1-6492-2	Pursuant to Rule 12(g)-3 of '34 Act	0-5929-1
Alex Colman Inc (7)	0-4457-2	Ramo Inc Oct 71 (3,13,14)	0-2284-2
Mortgage Growth Investors (2,14)	0-5828-2	IDS Financial Corp (12)	2-37219-2
Advanced Memory Systems Inc (4,7,8,13)	0-5902-2	Megasystems Inc Aug 71 (11,12)	0-4663-2
Allen Organ Co (13)	0-275-2	Black Hills Power & Light Co (4,7)	0-164-2
Stellar Inds Inc (1)	1-6193-2	American Guaranty Corp Oct 71(4,7,8,13)	0-2451-2
Interstate Housing Corp (11)	2-36397-2	Equitable Life Mortgage & Realty Investors (7,13)	1-6520-2
American Zinc Co (2,8,10,11,13,14)	0-5826-2	Bath Inds Inc (13)	1-5458-2
Combined Media Inc (1,2,4,7,8,11,13)	2-31108-2	Develmnt Int'l Corp (11,13)	0-5904-2
Merchants Petroleum Co (2,7,11,13,14)	1-1813-2	Farrington Mfg Co (2,13)	0-1530-2

SECURITIES ACT REGISTRATIONS. Effective January 19: Municipal Investment Trust Fund, 2-42448.
Effective January 20: American Pepsi-Cola Bottlers, Inc., 2-41437; Citizens Growth Properties, 2-42338;
 Computer Automation, Inc., 2-42007 (90 days); First Bancorp of N.H., Inc., 2-42174 (40 days);
 Heritage Quilts, Inc., 2-41842 (90 days); Mau Land & Pineapple Company, Inc., 2-41260; McKeon Construction,
 2-42138; Mutual of Omaha Interest Shares, Inc., 2-42352 (90 days); Safetran Systems Corp., 2-41329 (90 days).

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.

GPO 912-604

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