



# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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## COMMISSION ANNOUNCEMENTS

**SEC ISSUES RULE 144 CLARIFICATION.** The Commission today issued a statement of its views regarding the applicability of Rule 144 to business combination transactions of the character described in Rule 133 under the Securities Act of 1933 and to securities acquired pursuant to stock bonus or similar plans. The Commission has received a number of inquiries regarding the applicability of Rule 144 to securities acquired in business combinations of the character specified in Rule 133 as presently in effect under the Act. Rule 133 provides that such business combination transactions are not deemed to involve a "sale" for purposes of Section 5 of the Act. The Commission is currently considering staff recommendations with respect to the proposed revision of Rule 133 and related proposals which were published for comment in Securities Act Release No. 5012. Pending final action on these proposals, it is the Commission's position that Rule 144 does not apply to resales of securities acquired in a transaction of the character described in Rule 133. Rule 133 remains applicable to such resales.

Securities acquired pursuant to stock bonus or similar plans are included within the meaning of "restricted securities" as defined in Rule 144 since they have been acquired directly from the issuer. The Commission is concerned that all issuers may not be aware that Rule 144 does apply to the acquisition of stock under stock bonus or similar plans. Accordingly, the Commission is hereby deferring the effective date of Rule 144, only as it applies to acquisitions of securities under stock bonus or similar plans, to June 1, 1972 from April 15, 1972. For all other purposes, the effective date of Rule 144 will remain April 15, 1972.

The Commission is aware that persons who acquire securities pursuant to stock bonus or similar plans on or after June 1, 1972 may desire to resell such securities immediately. While no specific registration form is available for securities issued pursuant to stock bonus or similar plans, the Commission will not object to the use of Form S-8 for this purpose until a specific registration form is promulgated. (Rel. 33-5243)

**SUSPEND TRADING IN GRIMES CONSOLIDATED.** The Commission on Tuesday ordered the temporary suspension of the over-the-counter trading in the securities of Grimes Consolidated, Inc. of Los Angeles, California for a ten-day period commencing April 11, to April 20, 1972. The suspension was ordered because of the lack of current information available about Grimes, its operations and financial condition, and because information has been reported to the Commission that certain persons recently have attempted to sell a large block of common stock of Grimes. Simultaneously, the Commission announced the filing of a complaint in the United States District Court for the District of Columbia in Washington, D. C. seeking a court order directing Grimes to file an amendment to its registration statement on Form 10, certain delinquent periodic reports and prohibiting it from further violating the reporting requirements and proxy solicitation provisions of the Securities Exchange Act of 1934 (Exchange Act).

According to the Commission's complaint, Grimes, on February 27, 1970 filed a registration statement on Form 10 for registration of its common stock pursuant to the provisions of Section 12(g) of the Exchange Act. The Commission's complaint alleges, among other things, that certain required financial information was not contained in the registration statement and that Grimes has failed to file its annual reports on Form 10-K for the fiscal years ending December 31, 1970 and December 31, 1971, its semi-annual report on Form 9-K for the six-month period ending June 30, 1970, its quarterly reports on Form 10-Q for the quarters ending March 31, 1971, June 30, 1971 and September 30, 1971. (Rel. 34-9570)

**BOROWSKI AND LEVINE ADVANCE IN TRADING AND MARKETS.** SEC Chairman William J. Casey, announced the appointment of Irwin M. Borowski as Chief Enforcement Attorney in the Division of Trading and Markets. His most recent position had been that of Branch Chief in the Division.

Mr. Borowski received his law degree from the New York University Law School and was subsequently admitted to the New York Bar. He was for a time engaged in the private practice of law in New York City and had also been employed as an attorney in the office of the Attorney General of New York State.

Mr. Borowski joined the Commission's Division of Trading and Markets in 1965 and has been responsible for some of the more significant enforcement cases brought by the Commission.

At the same time, Mr. Ted Levine was named Branch Chief, Enforcement, in the Division of Trading and Markets. A native of New York he received his undergraduate degree from Rutgers University and his Juris Doctor degree from the National Law Center at George Washington University in 1969 graduating with honors. He later became employed as a summer student in the Commission's Legal Intern Program in 1968.

He subsequently became a full time employee with the Commission in the Division of Trading and Markets as a Trial Attorney until his present assignment. Mr. Levine is a member of the American Bar Association and the Washington Council of Lawyers.

OVER

COURT ENFORCEMENT ACTIONS

DONALD W. TARZWELL SENTENCED. The SEC Fort Worth Regional Office announced April 6 that Donald W. Tarzwell of Beverly Hills, Calif. was sentenced to two years' imprisonment, suspended, and fined \$1,000 in connection with his conviction of violating the antifraud provisions of the Federal securities laws in the offer and sale of unregistered stock of Pan American Industries, Inc. of Arizona. (LR-5373)

COMPLAINT NAMES GRAPHIC ARTS DATA SYSTEMS, OTHERS. The SEC Fort Worth Regional Office announced April 7 the filing of a complaint in the Federal court at Dallas, Tex., seeking to enjoin the following from violations of various provisions of the Federal securities laws in connection with the offer and sale of Graphic Arts Data Systems Inc. stock: Graphic Arts Data Systems, Inc., Denham Springs, Louisiana; Richard A. Carrington, William Lee Folse, Michael D. Fremming, John B. Baird, Leslie Clem Hackler, Jr. and Thomas Gene Wainwright, all of Dallas, Texas; Ben Harvey of Sanger, Texas; Wilburn L. Stevens of Amarillo and Dallas, Texas; and Raymond Henry Starns of Baton Rouge, Louisiana. Graphic Arts, Folse, Fremming and Baird were alleged to have violated the registration and antifraud provisions; Carrington the registration provisions; and Graphic Arts, Folse, Fremming, Baird, Harvey, Hackler, Wainwright, Stevens and Starns the anti-manipulative provisions. (LR-5374)

INVESTMENT COMPANY ACT RELEASE

PAN AMERICAN SULPHUR. The SEC has issued an order upon an application of Pan American Sulphur Company, Houston, Tex., exempting from certain provisions of the Act a Management Assistance Agreement and transactions contemplated by it, including certain employment relationships involving J. Leonard Townsend. (Rel. IC-7126)

HOLDING COMPANY ACT RELEASE

GULF POWER. The SEC has issued a notice giving interested persons until May 4 to request a hearing upon an application of Gulf Power Company, Pensacola, Fla. subsidiary of The Southern Company, to issue and sell \$22 million of first mortgage bonds and 50,000 shares of cumulative preferred stock (\$100 par) at competitive bidding. Net proceeds, together with other funds, will be used to finance the company's 1972 construction program, to pay short-term promissory notes (bank loans and commercial paper, estimated at \$12,700,000) and for other corporate purposes. (Rel. 35-17536)

ALABAMA POWER. The SEC has issued an order authorizing Alabama Power Company, Birmingham, subsidiary of The Southern Company, to issue and sell \$100 million of first mortgage bonds and 200,000 shares of cumulative preferred stock (\$100 par) at competitive bidding. Net proceeds will be applied to finance the company's 1972 construction program (estimated at \$259 million), to pay short-term promissory notes (bank loans and commercial paper) incurred for such purposes, and for other corporate purposes. (Rel. 35-17537)

SOUTHERN COMPANY. The SEC has issued an order upon an application of The Southern Company, Atlanta, Ga., and four subsidiaries, Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company, to increase the maximum amount of short-term bank notes and commercial paper the subsidiaries are authorized to issue and sell, as follows: Alabama, \$99,715,000 to \$106,405,000; Georgia, \$113,567,000 to \$140,098,000; Gulf, \$61,895,100 to \$67,395,100; and Mississippi, \$64,607,000 to \$70,107,000. (Rel. 35-17538)

CONSOLIDATED NATURAL GAS. The SEC has issued a notice giving interested persons until April 26 to request a hearing upon an application of Consolidated Natural Gas Company (Consolidated), New York, N. Y., and two newly organized non-utility subsidiaries. As part of Consolidated's program to increase the System's future gas supplies, Consolidated Gas Supply Corporation, a wholly-owned non-utility subsidiary, has entered into three agreements to participate in the development of gas reserves in Canada. To facilitate the Canadian program, Consolidated has organized two new companies, CNG Producing Company, a Delaware corporation, and CNG Development Company Ltd., a Canadian company, to which will be variously assigned rights and obligations under the agreements. To enable the new companies to meet their financial obligations through May 1973 under the agreements, Consolidated proposes to acquire 56,000 shares (\$100 par) of capital stock from CNG Limited and 50,000 shares (\$100 par) from CNG Company. (Rel. 35-17535)

SECURITIES ACT REGISTRATIONS

SAV-ON-DRUGS, INC., 4818 Lincoln Blvd., Marina del Rey (Los Angeles), Calif. 90291, filed a registration statement on April 10 seeking registration of 800,000 shares of common stock, of which 300,000 are to be offered for public sale by the company and 500,000 (being outstanding shares) by the holders thereof. The offering is to be made (\*at \$25 per share maximum) through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York 10005. The company operates drug stores in California. Of the net proceeds of its stock sale, \$500,000 will be used for the remodeling and updating of certain existing stores and the balance will be applied toward the company's expansion plans. (File 2-43761)

NATURE'S PRODUCTS, INC., 2020 Hamilton St., Allentown, Pa. 18103, filed a registration statement on April 10 seeking registration of 500,000 shares of common stock, to be offered for public sale at \$5 per share by Jay W. Kaufmann & Co., 111 Broadway, New York 10006. The company is engaged in the importing, manufacture, distribution and wholesale and retail sale of health food items. Net proceeds of its stock sale will be applied to working capital and other corporate purposes. (File 2-43762)

COMPUCARE, INC., 8550 West Bryn Mawr Ave., Chicago, Ill. 60631, filed a registration statement on April 10 seeking registration of 250,000 shares of common stock, to be offered for public sale (\*at \$7 per share maximum) through underwriters headed by S. D. Lunt & Co., 120 Broadway, New York 10005. The company provides a range of consulting and computerized data processing services to institutions in the health care field. Net proceeds will be used for working capital and other corporate purposes. (File 2-43763)

NATIONAL RECREATION PRODUCTS, INC., 1150 Elmwood Ave., Kansas City, Mo. 64127, filed a registration statement on April 7 seeking registration of 350,000 outstanding warrants to purchase 350,000 shares of common stock. Such warrants are held by National Industries, Inc. (Industries), owner of 59% of National Recreation's common stock, and are to be distributed by Industries as a dividend to its stockholders. National Recreation designs and distributes a broad range of leisure time and outdoor merchandise, including camping and other recreational equipment and sports oriented and other merchandise. (File 2-43757)

AMERICAN RESERVE CORPORATION, 65 East S. Water St., Chicago, Ill. 60601, filed a registration statement on April 10 seeking registration of 55,000 outstanding shares of common stock, to be offered for public sale by the holder thereof (Allan Seth Blank, chairman of the board). The offering is to be made (\* at \$36.50 per share maximum) by A. G. Becker & Co., 120 S. LaSalle St., Chicago, Ill. 60603. American Reserve is a holding company and through subsidiaries is primarily engaged in various aspects of the property and casualty insurance business. (File 2-43764)

OMEGA-ALPHA, INC., 1600 Pacific Ave., P. O. Box 50046, Dallas, Tex. 75250, filed a registration statement on April 10 seeking registration of 3,854,915 shares of common stock, \$9,047,000 of outstanding 4-3/4% convertible subordinated debentures, due 1992 (convertible into common stock of Ling-Temco-Vought, Inc.) and \$2,000,000 of outstanding 6 1/2% convertible subordinated debentures, due 1983 (convertible into common stock of Omega-Alpha). Of the shares being registered, 2,848,238 are outstanding shares, 378,386 are issuable upon exercise of stock options granted or assumed, 100,000 are issuable upon exercise of warrants expiring 1974, 290,000 upon exercise of warrants, expiring 1978, and 70,083 upon conversion of 7% convertible notes, due 1973 and 168,208 upon conversion of the 6 1/2% debentures. The outstanding shares, the 4-3/4% and 6 1/2% debentures may be offered for sale by the holders thereof. The company through subsidiaries is engaged in business in the areas of wire and cable, floor covering, equipment leasing, marine repair and engineering, distribution and merchandising of phonograph records and tapes and finance and recreational land development. (File 2-43765)

OLD LINE FUNDING CORPORATION, 707 N. 11th St., Milwaukee, Wisc. 53233, filed a registration statement on April 10 seeking registration of \$10 million of programs for the acquisition of mutual fund shares and insurance. The program coordinate the separate acquisition of mutual fund shares sold by Old Line Investment Sales Company, Inc., a subsidiary of the company, and life insurance issued by The Old Line Life Insurance Company of America, a legal reserve stock life insurance company and owner of the company. (File 2-43766)

INTEGRATED RESOURCES, INC., 295 Madison Ave., New York 10017, filed a registration statement on April 10 seeking registration of 1,300,000 shares of common stock, of which 1,000,000 are to be offered for public sale by the company and 300,000 (being outstanding shares) by the holders thereof. The offering is to be made (\*at \$18 per share maximum) through underwriters headed by Eastman Dillon, Union Securities & Co. Inc., One Chase Manhattan Plaza, and Hornblower & Weeks-Hemphill, Noyes, 8 Hanover St., both of New York 10005. The company provides a broad range of financial products and services, including the sale of various lines of insurance, mutual fund shares and other securities and the creation and sale of real estate and other investment programs. Of the net proceeds of its stock sale, \$3,000,000 will be used for the purchase of real estate properties for its investment programs and the balance for other corporate purposes. (File 2-43768)

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the securities of Ecological Science Corporation and in the common stock of Applied Devices Corporation for the further ten-day period April 13-22, 1972, inclusive.

SECURITIES ACT REGISTRATIONS. Effective April 11: Alabama Power Co., 2-43461; Baker Industries, Inc., 2-43452; Best Products Co., Inc., 2-43391; Blake, Stephens & Kittridge, Inc., 2-42293 (90 days); Chrysler Corp., 2-43584; The Cincinnati Gas & Electric Co., 2-43437; Frederick's of Hollywood, Inc., 2-43180 (90 days); Hospitable Products, Inc., 2-41964 (90 days); McCulloch Properties, 2-43324; Metropolitan Maintenance Co., 2-42678 (90 days); Noel Industries, Inc., 2-43022; U. S. Fluorspar Co., 2-41345 (90 days); Vetco Offshore Industries, Inc., 2-43287; Whittaker Corp., 2-43512 (40 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.

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