

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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DECISION IN ADMINISTRATIVE PROCEEDING

JOEL & CO. SUSPENDED. The SEC today announced a decision under the Securities Exchange Act of 1934 (Release 34-8956) in which it suspended the broker-dealer registration of Martin J. Joel, Jr., doing business as Martin J. Joel Co., New York, N. Y. for a period commencing from the close of business on August 14 through September 6, 1970. In addition, the said firm was suspended through July 1970 from engaging as a broker in any retail sales transactions, or participating in securities distribution as underwriter, dealer or selling group member. The Commission's order further suspends Martin J. Joel, Jr. from being associated with registrant or any other broker or dealer for 75 days, also commencing as of the close of business on August 14.

According to the Commission's decision, Joel at various times during the period 1966-68 engaged in activities violative of (a) the credit restrictions prescribed by Regulation T of the Federal Reserve Board; (b) of SEC Rule 10b-5, in that in connection with bank clearances of certain transactions for various customers he failed to disclose to such customers that he had charged their accounts with a bank clearance fee and, in some instances, with an additional service fee in the same amount; and (c) Rule 17a-3, in that he maintained books and records which did not fully reflect all of the aspects of the credit arrangements and activities pertaining to the customer cash accounts. Joel waived a hearing and, without admitting the violations, consented to Commission findings of violations, and to imposition of the indicated sanctions.

ROBERT KRISCH REVOKED. The SEC today announced the revocation of the broker-dealer registration of Robert F. Krisch, of Glendale, N. Y., for violations of the registration, anti-fraud and other provisions of the Federal securities laws. The revocation was ordered in a decision of Hearing Examiner David J. Markun, who rendered his decision in private administrative proceedings on June 24, 1970. Commission review of the Examiner's decision was not sought, and it has become final.

According to the Examiner's decision, Krisch committed numerous violations of the Commission's record-keeping rules between June 1966 and September 1969, when the administrative proceedings were ordered. He also found that Krisch violated the Commission's net capital, financial reporting and hypothecation rules as well as the credit restrictions of Regulation T prescribed by the Federal Reserve Board. Moreover, according to the decision, Krisch during late 1968 and early 1969 offered and sold some \$112,000 worth of notes of Glendale Combine Corporation, a recently-formed company (of which he was vice president and a major owner) to about 87 purchasers in violation of the Securities Act registration requirements, and in connection therewith failed to make disclosure of certain material facts in violation of the anti-fraud provisions of the securities laws.

The company's decision also bars Krisch from association with any broker-dealer for one year, after which he may again become associated with a registered broker-dealer upon a prior showing that he will be adequately supervised.

COMMISSION ANNOUNCEMENT

ROADWAY MAINTENANCE OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by Roadway Maintenance Corp. ("Roadway", now RMC Industries, Inc.), of Middle Village, New York. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to the public offering of securities not exceeding \$300,000 in amount. Roadway which is engaged in the emergency truck and tire repair business, filed a notification in April 1969, proposed an offering of 200,000 shares at \$1.50 per share. The offering was commenced in August and completed on September 12, 1969. In its suspension order, the Commission asserts that it has "reasonable cause to believe" that the notification and accompanying offering circular were false and misleading in respect of certain material facts. In particular, the Commission questions the representation that the proceeds of the offering were to be used primarily to develop Roadway's business and that none of the proceeds would be used to pay off debts guaranteed by Vincent Filippazzo, Roadway's president; asserts that there was a failure to disclose that part of the proceeds would be used for the purchase of Arden Security System, Inc., whose president was Joseph Filippazzo; and asserts that there also was a failure to disclose that \$20,000 of the proceeds would be loaned to Vincent Filippazzo.

COURT ENFORCEMENT ACTIONS

KAUFMAN, BURNS, FLOREA AND GARBER CONVICTED. The SEC New York Regional Office announced (LR-4717) that on July 22 the U. S. Court of Appeals in New York affirmed the convictions of Paul M. Kaufman, Steven Burns, Alan Florea and Irving Garber for conspiracy to violate the anti-fraud provisions of the Federal securities laws in the sale of stock of Donbar Development Corporation in 1963.

OVER

W. C. SMITH ENJOINED. The SEC New York Regional Office announced (LR-4718) that on July 24 the Federal court in New York City had permanently enjoined William C. Smith from violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of securities of Alcar Instruments, Inc., or any other securities.

SEC COMPLAINT NAMES RIC INTERNATIONAL, OTHERS. The SEC announced August 13 (LR-4719) the filing of a complaint in the Federal court in New York City, seeking to enjoin violations of the anti-fraud provisions of the Federal securities laws by RIC International Industries, Inc., of Dallas, Ricology, Inc., RIC's wholly-owned subsidiary, and Nick Papolos, of St. Petersburg, Fla.

SECURITIES ACT REGISTRATIONS

CONSOLIDATED ENERGY PROPOSES OFFERING. Consolidated Energy, Inc. ("Consolidated"), 1201 Hartford Bldg., Dallas, Tex. 75201, filed a registration statement (File 2-31858) with the SEC on August 12 seeking registration of \$6,000,000 of interests in limited partnerships, to be offered for public sale in \$2,000 units. The first \$3,000,000 of the units are to be offered on a best efforts basis by Mayflower Securities Co., Inc., which will receive a 8 $\frac{1}{2}$ % selling commission; the remaining \$3,000,000 will either be offered by Mayflower Securities or by other selected NASD members or by company officials. The partnerships are to be formed to engage in the exploration for and the development of oil, gas and other mineral properties including secondary recovery methods. Consolidated will serve as general partner of such partnerships. Consolidated has outstanding 139,084 common shares, of which Walter H. Stephens, board chairman, owns 28.75%, Frank W. Cass, president, 25.96% and Eugene Mulvihill, president of Mayflower Securities 10.78%.

SANITAS SERVICE TO SELL DEBENTURES. Sanitas Service Corporation, 151 Walnut St., Hartford, Conn. 06120, filed a registration statement (File 2-38163) with the SEC on August 12 seeking registration of \$10,000,000 of convertible subordinated debentures, due 1990, to be offered for public sale at 100% of principal amount. The offering is to be made through underwriters headed by Hornblower & Weeks-Hemphill, Noyes, 8 Hanover St., and W. E. Hutton & Co., 14 Wall St., both of New York. The interest rate and underwriting terms are to be supplied by amendment.

The company is a service company providing a variety of support services to commercial, industrial and institutional customers. Of the net proceeds of its debenture sale, \$8,071,437 will be used to repay short-term bank borrowings and long-term debt incurred in connection with acquisitions, \$439,000 will be used to retire bank borrowings incurred to augment working capital and the balance will be added to the company's general funds and used for general corporate purposes. In addition to indebtedness, the company has outstanding 6,616,851 common shares, of which management officials as a group own 34.6%. Charles Ginsberg, Jr., is board chairman and David Weintraub president.

MISCELLANEOUS

CONTINENTAL OIL SEEKS ORDER. The SEC has issued an order under the Trust Indenture Act of 1939, giving interested persons until September 4, 1970, to request a hearing upon an application of Continental Oil Company for a determination that the trusteeship of Morgan Guaranty Trust Company of New York under the indentures securing five debenture issues is not so likely to involve a material conflict of interest as to call for the disqualification of the Bank from acting as trustee under the several indentures. According to the application, the Bank serves as trustee under 1969, 1961 and 1954 indentures (which were qualified under the Act) pursuant to which \$100, \$84 and \$60 million of debentures, respectively, are outstanding; also, under 1968 and 1970 indentures (not so qualified), pursuant to which \$18,500,000 and \$24,525,000 of debentures are outstanding, respectively (an additional \$475,000 of debentures are to be issued in September under the 1970 indenture). Continental Oil urges in its application that, with certain exceptions, there are no material variations among the five indentures and any differences in their provisions is unlikely to cause any conflict of interest in the Bank's trusteeship under the several indentures.

UNLISTED TRADING SOUGHT. The SEC has issued orders under the Securities Exchange Act (Release 34-8957) giving interested persons until August 28 to request a hearing upon applications of the Boston, Detroit, Philadelphia-Baltimore-Washington, and Pacific Coast Stock Exchanges for unlisted trading privileges in the common stock of Burlington Northern, Inc. and upon application of the Pacific Coast Stock Exchange for unlisted trading privileges in Burlington's 5 $\frac{1}{2}$ % cumulative preferred stock (\$10 par).

LEASING CONSULTANTS TRADING BAN CONTINUED. The SEC has suspended over-the-counter trading in the common stock of Leasing Consultants, Inc., for the further ten-day period August 17-26, inclusive.

SECURITIES ACT REGISTRATIONS. Effective August 13: Central Maine Power Co., 2-37987; IDS/McCulloch Oil Exploration Program - 1970-1, 2-37690 (90 days); Interladco, Inc., 2-35775 (90 days); Loral Corp., 2-37863; Nortek, Inc., 2-37536 & 2-37537 (40 days); Northern States Power Company, 2-37796; OMI Investment Corp., 2-37572 (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.