

# 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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## COMMISSION ANNOUNCEMENT

**PROMPT CORPORATE DISCLOSURES URGED.** The SEC today reiterated the need for publicly held companies to make "prompt and accurate disclosure" of information, whether favorable and unfavorable, to security holders and the investing public (Release 34-8995). The Commission also expressed its concern that some reporting companies have been delinquent in the filing of periodic reports required under the Securities Exchange Act and the Investment Company Act.

In addition to compliance with the periodic reporting requirements, the obligation to make full and prompt announcement of material facts bearing on a company's financial condition rests with management officials. They are cognizant of factors affecting profits and losses, such as the curtailment of operations, decline of orders, or cost overruns on major contracts; and they also know about liquidity problems such as decreased inflow of collections from sales to customers, the availability or lack of availability of credit from suppliers, banks and other financial institutions, and the inability to meet maturing obligations as they fall due. Investment company managements are similarly aware of important factors affecting their operations. The failure to make prompt disclosure of all material facts affecting the company's operations may violate the anti-fraud provisions of the Federal securities laws; and in the absence of such disclosures stock reacquisitions by issuers and trading by insiders may also be at the risk of such a violation.

The Commission urged corporate managements "to review their policies with respect to corporate disclosure and endeavor to set up procedures which will insure that prompt disclosure be made of material corporate developments, both favorable and unfavorable, so that investor confidence can be maintained in an orderly and effective securities market."

## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

**BECKER REVOKED AND BARRED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-8998) in which it revoked the broker-dealer registration of Joshua Lincoln Becker, doing business as Westminster Company, of Great Neck, N. Y., and barred Becker from being associated with any broker or dealer by reason of violations of the Act and Commission rules thereunder. Becker failed to respond to the order for proceedings. The Commission found that Becker during the period January 1967 to September 1970 failed to maintain books and records; failed and refused to produce books and records for examination during the period April 29 to September 2, 1970, and failed to file a report of financial condition for 1969 within the required time.

**EXAMINER SUSPENDS BRESLIN ASSOCIATES.** SEC Hearing Examiner Sidney L. Feiler has filed an initial decision in administrative proceedings under the Securities Exchange Act, in which he ordered the 45-day suspension of the broker-dealer registration of David J. Breslin, doing business as David Breslin & Associates, Needham, Mass. Suspensions of 20 and 15 days, respectively, also were imposed upon Thomas A. Connaughton and Robert K. Williams, former salesmen for the firm. The Examiner's decision is subject to review by the Commission, either on its own motion or on petition of a party.

The Examiner found that the respondents violated the Securities Act registration and anti-fraud provisions in the 1969 offer and sale of stock of Design International Corporation, for which a Regulation A offering proposal had been filed but had not been cleared. False and misleading statements made by the respondents in connection therewith related to the financial condition of the issuer and the application of the proceeds of its proposed sale of securities. The Examiner also found that the firm violated the Commission's record-keeping rules.

## HOLDING COMPANY ACT RELEASE

**NORTHEAST UTILITIES RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16868) authorizing Northeast Utilities, West Springfield, Mass. holding company, to issue and sell 3,000,000 shares of common stock at competitive bidding. Northeast will use the net proceeds thereof to reduce short-term borrowings (estimated to total \$70,000,000 at the time of the stock sale) and to pay \$15,000,000 of 2.8% secured notes which matured in 1969.

## INVESTMENT COMPANY ACT RELEASES

**FRANK A. WEIL SEEKS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-6214) giving interested persons until November 6, 1970, to request a hearing upon an application of Frank A. Weil, a general partner of Loeb Rhoades & Co., for an exemption from provisions of Section 9(a) of the Act which might otherwise preclude his serving as an official of Abacus Fund, Inc., of which he is president, by reason of a November 1968 court order of injunction against the Loeb Rhoades firm and its partners in an action brought by the Commission involving the sale of stock of Lynbar Mining Corporation. Upon the basis of a settlement offer made in connection with that action, the Commission imposed certain sanctions upon the firm.

OVER

**EQUITABLE LIFE OF IOWA RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-6215) granting an application of Equitable Life Insurance Company of Iowa ("Equitable"), Equity of Iowa Variable Annuity Account A ("Separate Account") and E. I. Sales, Inc., principal underwriter for Separate Account, all of Des Moines, for exemption from certain provisions of the Act with respect to the determination of net asset value, sales charges and other matters involved in the sale of variable annuities by Separate Account.

#### COURT ENFORCEMENT ACTIONS

**COURT APPROVES ENTERPRISE FUND SETTLEMENT.** The SEC announced October 15 (LR-4779) the Federal court in Los Angeles had approved an agreement between Enterprise Fund, Inc. ("Enterprise"), and Shareholders Management Company ("Management"), which provides for the payment of \$1,799,721 to Enterprise by Management and State Street Bank and Trust Company, Enterprise's transfer agent, based upon an analysis of costs and expenses previously incurred by Enterprise in connection with the maintenance of its accounts, books and records, which analysis was prepared by Management pursuant to an earlier court order of February 27, 1970. At the same time, the court modified its February 27 order to permit the resumption of sales of securities by Enterprise. Previously, on complaint of the SEC, the court had enjoined the offer and sale of securities of Enterprise and directed that its books and records, required to be maintained by Enterprise, be made current and accurate.

**COMPLAINT NAMES CONTROL METALS CORP., OTHERS.** The SEC Denver and New York Regional Offices announced October 8 (LR-4780) the filing of a complaint in the Federal court in New York City seeking to enjoin the following individuals and organizations from violations of the registration and anti-fraud provisions of the securities laws in connection with the purchase and sale of securities of Control Metals Corporation, a Utah company with offices in Phoenix, Ariz.: Control Metals Corporation, Phoenix, Ariz., Financial Relations Board, Inc., New York, Calder Corporation Ltd., District of Columbia, Fountainhead International Ltd., Bahamas, International Marketing Corporation, a Delaware corporation, Western General Corporation, District of Columbia, Seymour Pollack, Paul Sachs, Stanley M. Kaiser, all of the District of Columbia, Stanley M. Kaiser, Silver Spring, Md., Robert Rapp, Kenilworth, N. J., J. H. Rapp Co., New Jersey, Jill D. Ciganek, Hyattsville, Md., Joseph Gold, Great Neck, N. Y., Harry Ship, Montreal, P.Q., Canada, Michael Gardner, New York, William Cudd, Anaheim, Calif., P. J. Gruber Co., Inc., New York, Martin Ciment, doing business as Crown Trading Co., a New York broker-dealer firm.

**CAPITAL MANAGEMENT, OTHERS ENJOINED.** The SEC Washington Regional Office announced October 9 (LR-4781) the entry of an order by the Federal court in Philadelphia permanently enjoining violations of the registration and anti-fraud provisions of the Federal securities laws by Capital Management Corporation, Philadelphia, Michael R. McClurg, Media, Pa., Oliver DeG. Vanderbilt, Wynewood, Pa., and William L. Haeberle, of Bloomington, Ind., in connection with the sale of securities including limited partnership interests in the Blair Drilling Funds, Equipment Lessor Programs, Livestock Programs, Special Drilling Funds, Corporate Financing Programs, and convertible subordinated notes of Capital Management. Capital Management was also enjoined from acting as a broker-dealer in securities without registration with the Commission. The defendants consented to the entry of injunction without admitting the allegations in the complaint.

**TDA SECURITIES ENJOINED.** The SEC New York Regional Office announced September 11 (LR-4782) that the Federal court in New York City entered an order permanently enjoining TDA Securities, Inc. ("TDA"), Gilbert Dragani and Donald Fisher from violations of the antifraud and net capital provisions of the Federal securities laws and appointing Joseph J. Marcheso as receiver of TDA. The order restrains TDA, its agents or employees from disposing of the assets of TDA during the pendency of the receivership. The defendants consented to the injunction and receivership.

**THREE SENTENCED.** The SEC Denver Regional Office announced October 12 (LR-4783) that the Federal court in Denver had sentenced Harry Allen Lowther, Jr., of Riverside, Calif. to five years in prison (subject to possible modification following a 90-day commitment), and Wendel Everett Lowry of Colorado Springs, Colo., to two years in prison (all but four months of which was suspended), and had fined Lowry Investments, Inc., a Colorado corporation and formerly a registered broker-dealer, \$1,000. The defendants had previously been convicted by a jury of violations of the antifraud provisions of the Federal securities laws in the offer and sale of stock of The Elkton Company, Lowry and Lowry Investments, Inc. announced their intention to appeal their convictions and execution of the sentences against them was stayed pending appeal.

#### SECURITIES ACT REGISTRATIONS

**PHILADELPHIA SUBURBAN WATER TO SELL BONDS.** Philadelphia Suburban Water Company, 762 Lancaster Ave., Bryn Mawr, Pa., 19010, filed a registration statement (File 2-38592) with the SEC on October 14 seeking registration of \$10,000,000 of first mortgage bonds, to be offered for public sale through underwriters headed by Drexel Harriman Ripley Incorporated, 1500 Walnut St., Philadelphia, Pa. 19101. The maturity date, interest rate, offering price and underwriting terms are to be supplied by amendment. A public utility, the company will apply \$6,375,000 of the net proceeds of its bond sale to retirement of \$16,375,000 of first mortgage bonds, 3½%, due January 1, 1971, and the balance to retirement of short-term debt (which amounted to \$2,750,000 at September 30) incurred for general corporate purposes; any excess will be added to working capital. Approximately \$10,000,000 of the amount required to retire the 3½% bonds was obtained from the sale of \$10,000,000 of first mortgage bonds, 9-5/8% due 1975.

**INTERNATIONAL CONTROLS SECURITIES IN REGISTRATION.** International Controls Corp., 200 Fairfield Rd., Fairfield, N. J. 07006, filed a registration statement (File 2-38593) with the SEC on October 14 seeking registration of 253,302 Series A warrants for the purchase of a like number of common shares. The bearer of each warrant coupon attached to each \$200 of the \$7,237,200 outstanding 9-1/2% guaranteed debentures, due 1988, of ICC International N.V., a wholly-owned Netherland Antilles subsidiary of the company, is entitled to receive without payment seven warrants for each \$200 debenture. The company conducts its business through a data processing and automation controls group, an advanced technology group and a materials processing group. In addition to indebtedness, it has outstanding 3,731,994 common shares.

**CIRCLE K FILES FOR OFFERING AND SECONDARY.** The Circle K Corporation, 900 Magoffin Ave., El Paso, Tex. 79901, filed a registration statement (File 2-38594) on October 14 seeking registration of 272,000 shares of common stock, of which 250,000 are to be offered for public sale by the company and 22,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Smith, Barney & Co. Incorporated, 1345 Avenue of the Americas, New York, N. Y. 10019, and Eppler, Guerin & Turner, Inc., 3900 First National Bank Building, Dallas, Tex. 75202. The offering price (\$25.50 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company operates 442 self-service convenience food stores in eight western states. Net proceeds of its sale of additional stock, together with \$2,500,000 of borrowed funds, will be used by the company as additional working capital to finance the cost of opening new stores (including the cost of land and store buildings). In addition to indebtedness, the company has outstanding 1,374,925 common and 364,591 Class B common shares. Fred Hervey, president, proposes to sell 22,000 of 406,752 (29.1%) common shares held; he also owns 70.5% of the B shares. John A. Gillett, Jr., is board chairman.

**PLANNING RESEARCH SHARES IN REGISTRATION.** Planning Research Corporation, 1100 Glendon Ave., Los Angeles, Calif. 90024, filed a registration statement (File 2-38596) with the SEC on October 15 seeking registration of 1,085,850 shares of common stock and 25,000 common stock purchase warrants. These securities have been or may be issued by the company from time to time in connection with acquisitions.

The company is a professional service organization engaged in furnishing a wide range of services to government and industry. In addition to indebtedness, it has outstanding 5,056,968 common shares. Robert W. Krueger is president.

**COMPUTER AND APPLIED SCIENCES TO SELL STOCK.** Computer and Applied Sciences, Inc., 1401 DeKalb St., Norristown, Pa. 19401, filed a registration statement (File 2-38599) with the SEC on October 15 proposing the public offering of 200,000 shares of common stock. No underwriting is involved; the offering price (\$10 per share maximum\*) is to be supplied by amendment.

Organized in March 1968, the company is engaged in theoretical research programs for government agencies and industry. A wholly-owned subsidiary, Medical Diagnostic Centers, Inc. ("MDC"), is engaged in developing and operating multiphasic health screening centers. Of the net proceeds of its stock sale, \$200,000 will be used by the company for the development of a proposed management information system for hospitals and \$1,200,000 will be advanced to MDC to establish satellite centers and for related activities; the balance will be added to the company's working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 1,049,000 common shares (with a 36¢ per share book value), of which Arthur Sherman, president, owns 17% and management officials as a group 53%.

#### MISCELLANEOUS

**DELISTING GRANTED.** The SEC has issued an order under the Securities Exchange Act (Release 34-8994) granting an application of the Pacific Coast Stock Exchange to strike from listing and registration the common stock of Laguna Niguel Corporation, effective at the opening of business on October 15, 1970. According to the application, only 86,288 shares remained publicly held at October 1, fewer than the Exchange's minimum requirement.

**SECURITIES ACT REGISTRATIONS.** Effective October 15: American General Bond Fund, Inc., 2-37975 (90 days); Baker Oil Tools, Inc., 2-38180; Clark Equipment Credit Corp., 2-38385 (Nov 25); General Mills, Inc., 2-38523; Manhattan Ponderay Exploration Co., Inc., 2-36057 (90 days); Pet Incorporated, 2-38573; Tiburon Vintners, Inc., 2-37970 (90 days); U. S. Leisure Land Development Corp., 2-35995 (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.