

sec news digest

a daily summary from the securities and exchange commission

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March 23, 1973

DECISIONS IN ADMINISTRATIVE PROCEEDING

FARMERS EQUITY AND AMERICAN AGRONOMICS SANCTIONED. The SEC has issued an order prohibiting Farmers Equity Corporation of Miami, Fla., a registered broker-dealer and a wholly-owned subsidiary of American Agronomics Corporation, a company whose principal business is the development and sale of orange grove investment contracts, from engaging in any activities as a broker-dealer other than acting as the managing underwriter for registered offerings of investment contracts offered by American Agronomics. The order also barred American Agronomics and Jules Freeman and Jack A. Freeman, who at relevant times served, respectively, as chairman of the board and as president of American Agronomics, from associating with any broker-dealer except that they may continue to associate with Farmers Equity with respect to its limited activities as managing underwriter for investment contracts. After two years respondents may apply to the Commission to have the order lifted or modified.

According to the decision respondents, during the period January 1, 1968 to November 17, 1972, violated the antifraud and registration provisions of the securities laws in connection with the offer and sale of orange grove investment contracts issued by American Agronomics. Among other things it was found that respondents employed high pressure sales techniques in the sale of the securities and were responsible for the dissemination of false and misleading information regarding anticipated income from orange groves, the price at which the company expected to sell the oranges produced, the expected resale value of the groves and the expected costs of maintaining the groves. In addition, it was found that respondents distributed prospectuses for the securities which contained false and misleading statements, arranged for the employment of ostensibly independent financial advisers including accountants and tax attorneys who received fees from Agronomics for recommending grove investment contracts without disclosing such fee arrangements to their clients, and showed investors groves other than those allocated to them.

The Commission order was issued pursuant to an offer of settlement in which respondents, without admitting or denying the charges, consented to the findings and sanctions. (Rel. 34-10046)

RULE PROPOSALS AND ADOPTIONS

ADOPTION OF AMENDMENTS TO RULE 17a-5. The SEC today announced the adoption of amendments to Rule 17a-5(k)-(o) effective immediately. As a result of numerous inquiries from broker-dealers as to whether broker-dealers whose business entails the sale of mutual funds, equity funding programs, tax shelter programs or other securities sold on a subscription basis are exempt from Rule 17a-5(k)-(o), the Commission has restated the exemptive provision to clarify that an exemption from the rule is available if the broker-dealer engages in any combination of exempted transactions in the manner contemplated by subparagraph (k)(2)(b) of the rule.

Additionally, the Commission amended paragraphs (n) and (o) of the rule to provide firms subject to its provisions with greater flexibility in sending quarterly reports to their customers. The amendment would permit broker-dealers to send such quarterly statements to customers at any time after the end of the quarter for which the statement is prepared but prior to the end of the next such quarter. This provision replaces the prior 40-day time limitation for mailing quarterly reports to customers. (Rel. 34-10055)

COMMISSION ANNOUNCEMENTS

SEC ORDER CITES CHURCH SECURITIES, OTHERS. The SEC has ordered proceedings under the Securities Exchange Act of 1934 against Church Securities, Inc., an Atlanta, Ga. broker-dealer, Joseph L. Pressley, its president, Thomas F. Harrison, executive vice president, and Church Investors, Inc., an affiliate of Church Securities, Inc. The proceedings are based upon allegations of the Commission's staff that Church Securities, Inc., aided and abetted by Pressley, Harrison and Church Investors, Inc. violated the record keeping, net capital and anti-fraud provisions of the Act and that Church Securities, Inc. aided and abetted by Pressley and Harrison violated the financial reporting provisions of said Act.

A hearing will be scheduled by further order to take evidence on the staff's allegations for the purpose of determining whether the allegations are true and to afford the respondents an opportunity to offer any defenses, and whether any action of a remedial nature should be ordered by the Commission.

TRADING SUSPENDED IN LOCATING DEVICES SECURITIES. The SEC has ordered the temporary suspension of trading in the over-the-counter market in the securities of Locating Devices, Inc. (Locating) of Hauppauge, N. Y. The suspension is to be effective for a ten-day period commencing on March 22 and continuing through March 31, 1973. Locating, whose principal business consists of developing and/or manufacturing burglar alarms and sophisticated fire fighting equipment, filed a Notification and Offering Circular with the Commission's New York Regional Office pursuant to Regulation A promulgated under Section 3(b) of the Securities Act of 1933, for the purpose of publicly offering 55,000 units (stock and warrants) at \$3 per unit. Trading in the units commenced July 30, 1971.

The Commission ordered the suspension of trading because of the lack of adequate and current financial information concerning the company. The Commission has been advised by the company that Locating is insolvent, is not engaging in any business activity, and no longer maintains its corporate headquarters and plant facilities. (Rel. 34-10056)

INVESTMENT COMPANY ACT RELEASES

NATIONAL MUNICIPAL TRUST. The SEC has issued an order granting an application of National Municipal Trust (First and Subsequent National and State Series) for exemption from (a) the initial net worth provisions of Section 14(a); (b) the requirement of Rule 19b-1 that long-term capital gains may not be distributed more often than once during any one taxable year; and (c) certain requirements of Rule 22c-1 relating to the determination of the current net asset value of the fund securities in secondary market transactions. (Rel. IC-7730)

BACHE-HUNTOON PAIGE GINNY MAE TRUST SERIES 1 (AND SUBSEQUENT SERIES). The SEC has issued an order exempting Bache-Huntoon Paige Ginny Mae Trust Series 1 (and Subsequent Series) from the initial net worth provisions of Section 14 of the Act and from certain requirements of Rule 22c-1 in determining the current net asset value of the fund's securities in the secondary market; and permitting confidential treatment of profit and loss statements of the fund's sponsors, Bache & Co., Inc. and Huntoon Paige Securities Corporation, pursuant to Section 45(a). (Rel. IC-7731)

FOUNDERS OF AMERICAN INVESTMENT CORPORATION. The SEC has issued a notice giving interested persons until April 17, 1973 to request a hearing on an application by Founders of American Investment Corporation (Fund), a non-diversified, closed-end management investment company registered under the Act, and Modern American Life Insurance of Springfield, Mo., an affiliated person of the Fund, for an order permitting Modern American to purchase from Founders its holdings of 76.4% of the outstanding shares of Founders Security Life Insurance Company. (Rel. IC-7732)

HOLDING COMPANY ACT RELEASES

OHIO EDISON COMPANY. The SEC has issued an order authorizing Ohio Edison Company, an Akron, Ohio registered holding company and a public utility company, to amend its articles of incorporation to permit it, subject to prior shareholder approval, to issue shares of common stock without first making a preemptive rights offering of such shares to each common stockholder. The SEC also released jurisdiction over the fees of counsel for the underwriter purchasers of the preferred stock to be issued. (Rel. 35-17912)

THE HARTFORD ELECTRIC LIGHT CO. The SEC has issued a notice giving interested persons until April 18, 1973 to request a hearing on the proposal of The Hartford Electric Light Company of Wethersfield, Conn., a public utility subsidiary company of Northeast Utilities, a registered holding company to issue and sell, subject to competitive bidding, \$40,000,000 principal amount of First Mortgage Bonds, 1973 Series, due May 1, 2003. The net proceeds from the issue and sale will be used to repay portions of the short-term borrowings incurred to finance HELCO's construction program. (Rel. 35-17913)

SECURITIES ACT REGISTRATIONS FILED

PETRO-LEWIS FUNDS, INC. (the general partner), 1600 Broadway, Denver, Colo. 80202 - \$30 million of preformation partnership interests, to be offered for sale in minimum amounts of \$5,000 by Petro-Lewis Securities Corp., of the same address. The Partnerships are to be formed to purchase and operate producing oil and gas properties. (File 2-47307 - Mar 20)

JEFFERSON BANKSHARES OF COLORADO, INC., 7590 W. Colfax Ave., Lakewood, Colo. 80215 - 451,000 shares of common stock and warrants to purchase 300,000 shares. Of these securities, 300,000 shares and 300,000 warrants are to be offered for sale in units, each consisting of one share and one warrant. The offering is to be made (*at \$19.50 per unit maximum) through underwriters headed by Bosworth, Sullivan & Co., Inc., 660 - 17th St., Denver, Colo. 80202. Of the remaining shares, 100,000 are issuable pursuant to the company's 1973 Employee Stock Purchase Plan and up to 51,000 are to be offered in exchange for the remaining outstanding stock (not now owned by Bankshares) of Jefferson Bank & Trust Company, at the rate of 3.58 Bankshares shares for each Jefferson Bank share. Bankshares is a bank holding company, which owns 93% of the outstanding capital stock of Jefferson Bank and operates Lakewood Insurance Agency. (File 2-47309 - Mar 20)

UNION COMMERCE CORPORATION, 1661 Union Commerce Bldg., Cleveland, Ohio 44115 - \$20 million of debentures, due 1998, to be offered for sale through underwriters headed by Morgan Stanley & Co. Inc., 140 Broadway, New York 10005. The company is a bank holding company, which owns some 99% of the capital stock of The Union Commerce Bank. Net proceeds, together with other funds, will be available to finance the acquisition of other businesses, including \$18,500,000 for the proposed acquisition of The Southern Ohio Bank, to invest in new business ventures or to supply capital funds to subsidiaries. (File 2-47310 - Mar 20)

DEKALB AGRESEARCH, Inc., Sycamore Rd., DeKalb, Ill. 60115 - 1,450 shares of Class B common stock, to be offered for sale by Mortyn K. Zietz, a selling stockholder. The offering is to be made (*at \$57.625 per share maximum) by Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, New York, N. Y. (File 2-47311 - Mar 20)

CNA INCOME SHARES, INC., 310 S. Michigan Ave., Chicago, Ill. 60604 - 7,000,000 shares of common stock, to be offered for sale at \$15 per share through underwriters headed by The First Boston Corp., 20 Exchange Pl., New York 10005. The company is a closed-end, diversified management investment company with a primary investment objective of providing a high level of current income and with capital appreciation as a secondary objective. Continental Assurance Company, wholly-owned subsidiary of CNA Financial Corporation, is investment adviser. (File 2-47312 - Mar 20)

MISCELLANEOUS

RECENT FORM 8-K FILINGS

Form 8K is a report which must be filed with the SEC by the 10th of the month after any of the following important events or changes: changes in control of the registrant; acquisition or disposition of assets; legal proceedings; changes in securities (i.e., collateral for registered securities); defaults upon senior securities; increase or decrease in the amount of securities outstanding; options to purchase securities; revaluation of assets; submission of matters to a vote of security holders; and any newly enacted requirements effecting registrant's business.

The companies listed below have filed Form 8-K reports for the month indicated, responding to the item on the 8K form numbered in the parentheses. Photocopies may be purchased from the Commission's Public Reference Section (*in ordering, please give month and year of report*). An index of the captions of the several items of the form was included in Monday's News Digest.

8K REPORTS FOR FEBRUARY 1973

ECI Industries (11)	0-4194-2	First National Bancorporation, Inc.(3,7)	0-3695-2
Eanco, Inc. (7)	0-3331-2	First National Financial Corp (4,14)	0-6469-2
Easco Corporation (3)	1-1329-2	First At Orlando Corp(2,7,8,13,14)	0-3734-2
Eastern Airlines, Inc.(7,8)	1-3049-2	First Texas Financial Corp (13)	0-6635-2
Eastern Gas & Fuel Associates (8,14)	1-2297-2	First Zenith Mortgage Co.(2,14)	0-4880-2
Eckmar Corp (13)	1-5405-2	Florida Power & Light Co.(7,13,14)	1-3545-2
Ecological Science Corp (2,3,11,13,14)	1-4847-2	Ford Motor Co (3,8)	1-3950-2
Economy Finance Corp (8)	0-2352-2	Foster Grant Co., Inc.(7,11,13)	0-78-2
Emerson Electric Co. (11,14)	1-278-2	Frontier Airlines, Inc.(13)	1-4877-2
Emery Air Freight Corp (13,14)	1-3893-2	Golden Cycle Corp (2,14)	1-6967-2
Energy Resources Corporation (13,14)	0-1917-2	Great Plains Development Co. of Canada Ltd. (7,14)	2-8366-2
Equity National Inds., Inc. (7,14)	1-6447-2	Alfred Hart Co. (13)	1-5136-2
Evans & Mitchell Inds., Inc. (2,7,14)	0-6546-2	Hart-Carter Co. (1,8,11)	0-704-2
Extendicare, Inc.(10)	1-5975-2	Hart Schaffner & Marx (7)	1-3236-2
FPA Corporation (13,14)	1-6830-2	Heitman Mortgage Investors(7)	1-6634-2
Farrington Mfg. Co. (2,13,14)	0-1530-2	Don Hirschhorn Inc.(3)	2-43591-2
The Fed-Mart Corp (7,8,14)	1-5856-2	Hospital Corp of America (14)	1-6499-2
Fibreboard Corp (13,14)	1-271-2	Hygrade Food Products Corp (11)	1-318-2
Fidelity American Bankshares, Inc. (7)	0-4779-2	Ivac Corp (3)	0-5275-2
First Connecticut Bancorp, Inc. (13)	0-5307-2	Jasper Corp (13)	0-3279-2
First Executive Corp(12,13,14)	0-3042-2	Merck & Co., Inc.(14)	1-3305-2
		Metalcrafters Specialties, Inc. (13)	0-5645-2

8K REPORTS FOR FEBRUARY 1973

Ocean Oil & Gas Co. (13,14)	0-5746-2	Temple Inds., Inc.(7,13,14)	1-6106-2
The Offshore Co. (13,14)	1-5833-2	Tri-South Mortgage Investors	
Oklahoma Natural Gas Co.(7,14)	1-2574-2	(4,7,14)	1-6913-2
Outdoor Supply Co. Inc.(2,14)	1-5639-2	Unifi Inc. (13,14)	2-34807-2
Pacific Gas & Electric Co.(13,14)	1-2348-2	Uniflex Inc.(3,14)	0-6339-2
Pennwalt Corp (4,14)	1-1198-2	Union Camp Corp (13)	1-4001-2
Peoples Gas Co. (4,7,13)	1-5540-2	Union Electric Co. (3)	1-2967-2
Perkin-Elmer Corp (13)	1-4399-2	United Jersey Banks (13)	1-6451-2
Pier One Imports Inc.(13)	1-6413-2	U.S. Industries, Inc.(10,13,14)	1-3772-2
Pioneer Natural Gas Co.(2,7,14)	1-5917-2	United States Sugar Corp	
Pneumo Dynamics Corp (7,14)	1-4875-2	(10,11,13,14)	0-162-2
Prosher Corp (2,3,10,14)	1-7018-2	Varian Associates (11)	1-4213-2
Reliance Electric Co. (11)	1-5903-2	Velvet-O'Donnell Corp(4,11,13,14)	0-5996-2
Rite Aid Corp (4,7,14)	1-5742-2	Walton-Vairex Corp (2,13)	0-6221-2
Royal American Corp (7)	0-3212-2	The Weatherhead Co. (7)	1-5831-2
Scherr-Tumico Inc.(1,9,13)	0-2366-2	Wesco Financial Corp (13,14)	1-4720-2
Scott, Foresman & Co.(8)	1-6122-2	West Bay Financial Corp(2,13,14)	0-5933-2
Henry I. Siegel Co., Inc.		Western Financial Corp (7,13)	1-6200-2
(9,11,13)	1-4885-2	Western Harness Racing Inc.	
Sinclair Venezuelan Oil Co.(3)	0-6746-2	(8,13)	0-1429-2
Southern Airways Inc.(2,7,8,14)	0-842-2	Wheeling Pittsburgh Steel Corp	
Stage Industries,Inc.(11)	0-4324-2	(7,14)	1-2394-2
Standard Milling Co. (7,8,14)	2-6137-2	Whittaker Corp (4,7,8,14)	1-5407-2
Steak & Brew Inc.(13)	2-42940-2	Wilson Brothers (3,14)	1-3329-2
Tab Products, Inc. (7)	0-3966-2	Wisconsin Gas Co. (11,14)	2-8631-2
Taft Broadcasting Co. (13)	1-4625-2	Zapata Foods, Inc. (7)	0-6507-2
Telesciences Inc.(7)	2-31676-2		

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the securities of (a) U. S. Financial, Inc. and Topper Corporation and over-the-counter trading in the securities of Triex International Corporation, Beneficial Laboratories, Inc. and Proof Lock International Corp. for the further ten-day period March 25 through April 3, 1973, inclusive, and (b) over-the-counter trading in the securities of Accurate Calculator Corporation and First World Corporation for the further ten-day period March 26 through April 4, 1973, inclusive.

SECURITIES ACT REGISTRATIONS. Effective March 22: Chomerics, Inc., 2-47124; Family Finance Thrift Club, 2-46658; Florida Investment Trust, 2-46505 (Jun 20); Husky Oil Ltd., 2-47109; The Hutton Co., Inc., 2-47334; Indianapolis Power & Light Co., 2-47163; National Municipal Trust, First Series, 2-46788; Pacific-Southern Mortgage Trust, 2-46922 (Jun 20); Spanish Advertising and Marketing Services, Inc., 2-46386 (90 days); Standard & Poor's/Intercapital Income Securities, Inc., 2-46859 (Jun 20); Texas Eastern Transmission Corp., 2-47095; Unity Buying Service Co. Inc., 2-47158.

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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Copies of registration statements may be ordered from the Commission's Public Reference Section. All other referenced material is available in the issue of the SEC Docket indicated in parentheses below the News Digest Issue No. Both the News Digest and the SEC Docket are for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.