

sec news digest

Issue 74-127

(SEC Docket, Vol. 4, No. 15 - July 16)

July 1, 1974

U.S. SECURITIES AND EXCHANGE COMMISSION
RECEIVED

JUL 1 1974

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

PROCEEDINGS AGAINST CARL L. SHIPLEY DISMISSED
AND PRIOR ORDERS AGAINST MIDDENDORF, COLGATE &
CO. AND AUSTEN B. COLGATE VACATED

LIBRARY

An administrative proceeding under the Investment Company, Securities Exchange, and Investment Advisers Acts in which Carl L. Shipley of Washington, D.C. was the sole remaining respondent has been dismissed. The proceeding was founded solely on former Section 36 and present Section 36 (a) of the Investment Company Act, both of which "authorize" the Commission to bring injunctive actions in the courts based on alleged "gross abuse of trust" or "breach of fiduciary duty involving personal misconduct." Agreeing with Shipley that these sections cannot serve as the sole basis for administrative proceedings, the Commission granted his motion to dismiss. The decision was predicated on the Commission's analysis of the Investment Company Act's legislative history and on its conclusion that precedents implying private rights of action under Sections 36 and 36 (a) cannot serve as a basis for implying a grant of authority to conduct administrative proceedings under them. Holding that such authority must be derived from a statutory source, the Commission found none. The Commission denied its staff's application to amend the pleadings so as to charge violations of the antifraud provisions of the securities statutes. Viewing the proposed amendment as calling in substance for the initiation of a new proceeding, the Commission observed that the question presented was not one of law but one of policy as to which it had considerable discretion. It concluded that further proceedings would be inappropriate.

The order that first instituted this proceeding named two respondents other than Shipley. Those respondents, Middendorf, Colgate & Co. and Austen B. Colgate of New York City, made offers of settlement which the Commission accepted. In view of its decision to grant Shipley's motion to dismiss for legal insufficiency, the Commission on its own motion vacated the consent orders previously issued with respect to the settling respondents (Rel. 34-10016 and 34-10157) and dismissed with respect to them as well as with respect to Shipley (Rel. 34-10870 and 34-10871)

COMMISSION ANNOUNCEMENTS

EXEMPTION GRANTED TO DELMARVA POWER & LIGHT
COMPANY; SECTION 11(b)(1) PROCEEDING DISMISSED

Chief Administrative Law Judge Warren E. Blair has filed an initial decision granting an application of Delmarva Power & Light Company, Wilmington, Delaware, for an exemption pursuant to Section 3(a)(2) of the Holding Company Act of 1935 from all provisions of the Act except Section 9(a)(2) thereof, but reserving Commission jurisdiction with respect to the retainability of the company's gas properties; a dismissal of an earlier Section 11(b)(1) proceeding directed against Delmarva Power & Light Company and its two wholly-owned subsidiaries was also ordered. The decision is subject to review by the Commission either on its own motion or upon petition by a party.

The Administrative Law Judge found that Delmarva Power & Electric Company was a holding company which was predominantly a public-utility company whose operations were limited to Delaware and contiguous States and therefore entitled to the exemption absent a showing that the exemption was detrimental to the public interest or the interest of consumers. He determined that Commission jurisdiction should be reserved on the question of divestiture of the company's gas properties because the record in the proceedings did not establish the dimensions of the present "energy crisis" to the extent needed to permit a finding of whether the public

interest and the interest of consumers would be served by the fostering of competition through a separation of the electric and gas businesses now operated by Delmarva Power & Light Company. Having found that the company was entitled to the sought-for Section 3(a)(2) exemption, the Administrative Law Judge concluded that compliance by Delmarva Power & Light Company and its subsidiaries with the provisions of Section 11(b)(1) of the Act was not required.

COURT ENFORCEMENT ACTIONS

ALBERT F. GIBSON, OTHERS ENJOINED

The Boston Regional Office announced that on June 21 the Federal Court for Massachusetts preliminarily enjoined the following: Albert F. Gibson of Taunton, Massachusetts; Telemetrische Systems Aktiengesellschaft, a Liechtenstein corporation, allegedly organized by Gibson, Byron W. Hodges of Wolcott, Connecticut, and Peter J. Frey of West Hartford, Connecticut, president and board chairman, respectively, of H. F. Systems, Inc.; and H. F. Systems, Inc., of Farmington, Connecticut. The complaint alleged that the defendants violated the registration and antifraud provisions of the securities laws in the distribution of the securities of H. F. Systems, Inc., and Telemetrische Systems Aktiengesellschaft, "participating units" in a deposit at the Bank Robinson Ltd., Basil, Switzerland (the deposit allegedly consisting of stock of Telemetrische and H. F. Systems), and options of Gibson to purchase common stock of H. F. Systems. The matter has been set down for hearing on the motion for permanent injunction for July 29, 1974. (LR-6412)

PATTERSON CORP., OTHERS, ENJOINED

The Los Angeles Regional Office announced that on June 21 the Federal court in San Diego permanently enjoined four defendants in a lawsuit arising out of the offer and sale of the stock of Patterson Corporation. By these orders Cleo H. Bullard, a former principal of Patterson Corporation, Nationwide Registrar & Transfer Agency and its principal Lois Young, and Stanley T. Traska, an attorney, all of Las Vegas, Nevada, were enjoined from violating the registration and antifraud provisions of the securities laws. Nationwide Registrar & Transfer Agency and Lois Young were also ordered to assist the court and the Commission in effectuating any order the court might enter with regard to a request in the lawsuit for cancellation of Patterson Corporation stock certificates in the names of nominees for Bullard and Dalton Carl Smith, another defendant. These orders were entered upon the consents of these defendants. Mr. Bullard also waived any objection and consented to any order the court might enter cancelling the Patterson Corporation stock certificates in the names of nominees for himself or Mr. Smith. (LR-6413)

INVESTMENT COMPANY ACT RELEASES

SOURCE CAPITAL, INC.

An order has been issued exempting from certain provisions of the Act proposed repurchase by The Computer Exchange, Inc., from Source Capital, Inc., a closed-end investment company, of 175,000 shares of Computer Exchange common stock and warrants to purchase an additional 75,000 shares for an aggregate purchase price of \$100,000. (Rel. IC-8404)

THE COLONIAL FUND, INC.

An order has been issued on an application of The Colonial Fund, Inc. and Colonial Growth Shares, Inc., both Boston, Massachusetts mutual funds, State Mutual Life Assurance Company of America, of Worcester, Massachusetts, Terra Chemicals International, of Sioux City, Iowa, and Diamond Shamrock Corporation, of Cleveland, Ohio, for an order under certain provisions of the Act authorizing the joint participation of the applicants in a public offering of common stock of Terra. (Rel. IC-8406)

HOLDING COMPANY ACT RELEASES

JERSEY CENTRAL POWER & LIGHT COMPANY

A notice has been issued giving interested persons until July 15 to request a hearing on a proposal of Jersey Central Power & Light Company, subsidiary of General Public Utilities Corporation, to sell 350,000 shares of cumulative preferred stock on a private placement basis or through a negotiated public underwriting. (Rel. 35-18476)

AMERICAN NATURAL GAS COMPANY

An order has been issued regarding American Natural Gas Company, and two of its subsidiary companies authorizing the proposed sale of up to \$40 million of short-term notes to a bank by the holding company and the sale of up to \$40 million of notes to the holding company by the subsidiary companies. (Rel. 35-18477)

DELISTING AND UNLISTED TRADING ACTIONS

DELISTING GRANTED

An order has been issued granting the application of (a) the American Stock Exchange to strike from listing and registration the common stock of American Book-Stratford Press, Inc., and the common stock and 5 1/2% convertible subordinated debentures, due 1983, of Electrospace Corporation; and (b) the National Stock Exchange to strike from listing and registration the common stock of Jebco, Inc. The delistings were requested for the following reasons:

At December 31, 1973, American Book-Stratford Press had net tangible assets of \$934,000 and reported net losses in its three most recent fiscal years ended December 31 as follows: 1973, \$3,060,000; 1972, \$4,280,000; and 1971, \$2,433,000. For the four months ended April 30, 1974 the company reported a net loss of \$547,000. The aggregate market value of the publicly-held shares was \$419,967, based upon a recent over-the-counter bid price of 3/8.

Electrospace has filed a petition for arrangement under Chapter XI of the Federal Bankruptcy Act, and on May 24, 1974 it was determined that the company was bankrupt. It is anticipated that after liquidation by the secured creditors, nothing will be available to the holders of the common stock and debentures of the company.

Jebco, as a result of a one-for-fifty reverse stock split effected on April 10, 1974, now has fewer than 50,000 shares publicly held. (Rel. 34-10892)

TRADING SUSPENSIONS

ADDITIONAL ACTION ON THREE TRADING SUSPENSIONS

The SEC has announced the suspension of exchange and over-the-counter trading in the securities of Equity Funding Corp., and over-the-counter trading in the securities of Zenith Development Corp. and Industries International, Inc. for the further ten-day period July 1 - 10, inclusive.

SECURITIES ACT REGISTRATIONS

(S-1) GENERAL TELEPHONE COMPANY
OF THE SOUTHWEST

2701 South Johnson St., San Angelo, Tex. 76901 - \$35 million of first mortgage bonds, due 2004, to be offered for sale at competitive bidding. The company provides telephone service. (File 2-51411 - June 27)

(S-16) ST. JOE MINERALS CORPORATION

250 Park Ave., New York, N. Y. 10017 - 163,041 shares of common stock to be offered for sale by certain shareholders by Smith, Barney & Co. Incorporated, 1345 Avenue of the Americas, New York, N.Y. 10019 and White, Weld & Co. Incorporated, One Liberty Plaza, 91 Liberty St., New York, N.Y. 10006. St Joe mines and produces minerals and mineral products, principally zinc and zinc oxide, lead, coal, iron ore pellets and oil and gas. (File 2-51415 - June 27)

(S-1) FLAGSHIP BANKS, INC.

Marine Bank Bldg., P.O. Box 953, Madison and Franklin Sts., Tampa, Fla. 33601 - 590,569 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common shares of the following Banks at the following exchange ratio: 1.3 First National Bank of Merritt Island share for each Bank share; 3.5 Citizens State Bank, Marianna shares for each Bank share; and 8.0 Imperial Bank of Lakeland share for each Bank share. The Flagship is a bank holding company with 40 banking subsidiaries and 6 non-banking subsidiaries. (File 2-51417 - June 27)

(S-7) PUGET SOUND POWER & LIGHT
COMPANY

Puget Power Bldg., Bellevue, Wash. 98009 - 500,000 shares of common stock, to be offered for sale by underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006. The company is a public utility engaged in the production and sale of electric energy. (File 2-51419 - June 27)

(S-14) INTERCO INCORPORATED

Ten Broadway, St. Louis, Mo. 63102 - a maximum of 466,083 shares of common stock. It is proposed to offer shares for the outstanding shares of common stock of College-Town, Inc., Braintree, Massachusetts. The exchange ratio will be 2.2. College-Town shares for each INTERCO share. INTERCO manufactures footwear and apparel and merchandises consumer goods through retail store groups. (File 2-51421 - June 27)

(S-6) THE DEAN WITTER TAX-EXEMPT TRUST,
FIRST SERIES

c/o Dean Witter & Co. Incorporated, 45 Montgomery St., San Francisco, Cal. 94106 - \$7,500,000 of units. The Trust will be created under a trust indenture among Dean Witter & Co. Incorporated, 45 Montgomery Street, San Francisco, Cal. 94106, as sponsor, United States Trust Company of New York, as trustee, and Standard & Poor's Corporation, as evaluator. The Trust will consist of interest bearing obligations issued by or on behalf of states, counties, municipalities and territorial possessions of the United States and authorities, agencies and other political subdivisions thereof, the interest on which is, in the opinion of counsel to the issuers of such obligations, exempt from Federal income tax. (File 2-51422 - June 27)

(S-1) VIRGINIA SAVSHARES, INC.

128 Church Ave., S.W., Roanoke, Va. 24011 -- 200,000 shares of common stock. These shares relate to a rescission offer being made to each person that purchased shares of the company under a public offering by means of a prospectus in 1972. Such persons will be offered the opportunity to rescind such purchase and obtain reimbursement in cash at \$7 per share. There is no underwriter involved. The company presently manages and owns all the outstanding shares of a savings and loan association located in Roanoke, Virginia, and also owns companies engaged in real estate ownership and management and motel operations in North Carolina. (File 2-51424 - June 27)

(S-7) THE TOLEDO EDISON COMPANY

300 Madison Ave., Toledo, Ohio 43652 - \$40 million of first mortgage bonds, due 2004, and 100,000 shares of cumulative preferred stock (\$100 par) to be offered for sale at competitive bidding. The two offerings are separate but simultaneous transactions not contingent on each other. The company is a public utility engaged primarily in the generation, transmission and distribution of electric energy. (File No. 2-51429 - June 28)

OTHER REGISTRATION STATEMENTS FILED

During the period of May 1-31, the following companies filed registration statements but did not submit summaries pursuant to Rule 458:

- (S-14) Axe-Houghton Stock Fund, Inc., Tarrytown, N. Y. (File 2-50982 - May 6) - 6,234,182 common shares
- (S-16) Johns-Manville Corp., Denver, Colo. (File 2-50984 - May 6) - 484,436 common shares
- (S-11) JMB Income Properties, Ltd.-II, Chicago, Ill. (File 2-51051 - May 13) - 10,000 limited partnership interests
- (S-1) Colorado National Bankshares, Inc., Denver, Colo. (File 2-51053 - May 13) - 184,490 shares
- (S-11) Pangean Real Estate Investment Trust, San Francisco, Cal. (File 2-51059 - May 13) - 2,500,000 shares of beneficial interest
- (S-6) American General Life Insurance Company Separate Account B, Houston, Tex. (File 2-51071 - May 14) - \$2,500,000 of deferred and immediate variable annuity contracts
- (S-14) Pioneer II, Inc., Boston, Mass. (File 2-51108 - May 16) - 500,000 common shares
- (S-6) PBT Tax-Exempt Bond Fund, Cleveland, Ohio (File 2-51122 - May 17) - 7,500 units
- (S-1) Premier Angus, Inc., Fowlerville, Mich. (File 2-51145 - May 22) - 10,000 limited partnership interests
- (S-1) Safety-Kleen Corp., Elgin, Ill. (File 2-51161 - May 24) - 2,319,600 common shares
- (S-7) Northern States Power Company, Minneapolis, Minn. (File 2-51163 - May 24) - 300,000 shares of cumulative preferred stock (\$100 par)
- (S-7) Iowa Electric Light and Power Company, Cedar Rapids, Iowa (File 2-51164 - May 24) - \$30 million of first mortgage bonds, Series N, due 2004
- (S-6) Nuveen Tax-Exempt Bond Fund, Series 58 Check-A-Month Plan, Chicago, Ill. (File 2-51165 - May 24) - 150,000 units
- (S-11) Commercial Property Developers, Ltd., Hollywood, Fla. (File 2-51166 - May 24) - 2,000 limited partnership units
- (S-6) Capitol Life Separate Account A, Denver, Colo. (File 2-51169 - May 24) - \$10 million of group and individual flexible payment variable annuity contracts and individual single payment variable annuity contracts
- (S-2) OGR Service Corporation, Springfield, Ill. (File 2-51170 - May 24) - 150,000 common shares
- (S-14) The Perkin-Elmer Corporation, Norwalk, Conn. (File 2-51172 - May 24) - 1,724,000 common shares
- (S-7) Grey Advertising Inc., New York, N. Y. (File 2-51175 - May 24) - 62,500 common shares
- (S-7) The Columbia Gas System, Inc., Wilmington, Del. (File 2-51176 - May 24) - 1,000,000 shares of cumulative preferred stock, series A
- (S-14) Emhart Corporation, Bloomfield, Conn. (File 2-51177 - May 24) - 190,206 common shares
- (S-1) Litronix, Inc., Cupertino, Cal. (File 2-51179 - May 28) - 385,945 common shares
- (S-16) Baxter Laboratories, Inc., Morton Grove, Ill. (File 2-51180 - May 28) - 62,469 common shares

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:

- American Stores Company, Wilmington, Del. (File 2-51401 - June 26) - 130,000 shares
- Gamble-Skogmo, Inc., Minneapolis, Minn. (File 2-51402 - June 26) - 200,000 shares
- General Foods Corporation, White Plains, N. Y. (File 2-51403 - June 26) - 1,800,000 shares
- Safeguard Industries, Inc., King of Prussia, Pa. (File 2-51404 - June 26) - 36,013 shares
- Homestake Mining Company, San Francisco, Cal. (File 2-51408 - June 26) - 9,000 shares

STOCK PLANS CONT.

Integrity Entertainment Corp., Torrance, Cal. (File 2-51409 - June 27) - 100,000 shares
 Louisiana-Pacific Corp., Portland, Ore. (File 2-51412 - June 27) - 500,000 shares
 Nuclear Data, Inc., Palatine, Ill. (File 2-51414 - June 27) - 100,000 shares
 Honeywell Inc., Minneapolis, Minn. (File 2-51416 - June 27) - 35,000 shares
 Borg-Warner Corp., Chicago, Ill. (File 2-51425 - June 27) - 1,000,000 shares
 and (File 2-51426 - June 27) - 200,000 shares
 Restaurant Associates Industries, Inc., New York, N. Y. (File 2-51428 - June 27) - 150,000 shares

REGISTRATIONS EFFECTIVE

June 27: Modular Computer Systems, Inc., 2-51251; Western Union Corp., 2-50657.
 June 28: The Anaconda Co., 2-51355; Beatrice Foods Co., 2-51202; Cooper Industries, Inc., 2-51329; Derand Real Estate Investment Trust, 2-50636; Dow Chemical Co., 2-51339; First National Bancorporation, Inc., 2-51152; Merck & Co. Inc., 2-51268; Northwest Acceptance Corp., 2-50895; Puget Sound Power & Light Co., 2-50836; Rath Packing Co., 2-51037; Seligman & Latz, Inc., 2-47851; Telephone and Data Systems, Inc., 2-50590 and 2-50617; Texas Oil & Gas Corp., 2-51279.

REGISTRATIONS WITHDRAWN

June 20: Mortgage Management Corp., 2-17704.
 June 25: Badger Meter, Inc., 2-47716; Beef Builders Cattle Feeding Programs, 2-45347 (Abandoned); Grove Creek Charolais Ltd. Partnership, 2-47684 (Abandoned); Smith International, Inc., 2-50334; Video Playbacks, Inc., 2-46075 (Abandoned).
 June 26: CVI Laser Corp., 2-49453.
 June 27: Educational Audio Visual Inc., 2-47453 (Abandoned); Futuronics Corp., 2-43220 (Abandoned); Happy Inns of America, Inc., 2-48180 (Abandoned); Independence Capital Trust and New England Capital Corp., 2-46493; Matrix Commodities Inc., 2-49466.
 June 28: The Foxboro Co., 2-50913.

RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events:

- Item 1. Changes in Control of Registrant
- Item 2. Acquisition or Disposition of Assets
- Item 3. Legal Proceedings
- Item 4. Changes in Securities
- Item 5. Changes in Security for Registered Securities
- Item 6. Defaults upon Senior Securities
- Item 7. Increase in Amount of Securities Outstanding
- Item 8. Decrease in Amount of Securities Outstanding
- Item 9. Options to Purchase Securities
- Item 10. Revaluation of Assets or Restatement of Capital Share Account
- Item 11. Submission of Matters to a Vote of Security Holders
- Item 12. Changes in Registrant's Certifying Accountant
- Item 13. Other Materially Important Events
- Item 14. Financial Statements and Exhibits

The companies listed below have filed 8-K reports for the month indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An invoice will be included with the requested material when mailed.

COMPANY	ITEM NO.	MONTH
AFFILIATED HOSPITAL PRODUCTS INC	11	05/74
AIRCRAFT MECHANICS INC	13	05/74
ATHEY PRODUCTS CORP	11	05/74
BATH INDUSTRIES INC	10	05/74
CHESEBROUGH PONDS INC	11	05/74
CONTINENTAL AIR LINES INC	11,13,14	05/74
CURTISS WRIGHT CORP	11,14	05/74
DAXOR CORP	11	05/74
GILLETTE CO	14	05/74
INTERNATIONAL BUSINESS MACHINES CORP	11,13,14	04/74

RECENT 8K FILINGS CONT.

LVO CORP	2,14	05/74
LVO CORP	2,14	05/74
MINNESOTA GAS CO	2,7,11,14	05/74
OLD FORT INDUSTRIES INC	3	05/74
PENNEY J C CO INC	11,14	05/74
PIZZA CORP OF AMERICA	13,14	05/74
SORG PAPER CO	4,11	05/74
SOUTHERN CO	11	05/74
STIRLING HOMEX CORP	13	04/74
STIRLING HOMEX CORP	13	05/74
SUPERMARKETS GENERAL CORP	7,10,14	04/74
TELEFILE COMPUTER CORP	13	04/74
TISHMAN REALTY & CONSTRUCTION CO INC	10,14	05/74
UNITED INDUSTRIAL CORP	11	05/74
FEDERATED DEPARTMENT STORES INC	11,14	05/74
SHENANDOAH CORP	13	03/74

NOTICE

Many requests for copies of documents referred to in the SEC News Digest have erroneously been directed to the Government Printing Office. Copies of such documents and of registration statements may be ordered from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549. The reproduction cost is 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

SEC NEWS DIGEST is published daily. Subscription rates: \$35.45/yr in U.S. first class mail; \$44.35 elsewhere.

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