

# sec news digest

U.S. SECURITIES & EXCHANGE COMMISSION

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## RULES AND RELATED MATTERS

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### REVISION OF ARTICLE 7 OF REGULATION S-X

### LIBRARY

The Commission today issued for public comment a proposed general revision of Article 7 of Regulation S-X concerning the form and content of financial statements of insurance companies other than life insurance companies. The proposed revision reflects changes in accounting practice and disclosure during the past 13 years since the last revision of the requirement for these companies. All interested persons are invited to submit their comments in writing to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capital St., Washington, D.C. 20549, on or before September 15, 1974. Such communications should refer to File No. S7-528. All such comments will be available for public inspection. (Rel. 33-5513)

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

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### NASD ACTION AGAINST LIVADA SECURITIES CO. AFFIRMED

The Commission has affirmed the NASD's imposition of a \$1,000 fine on Livada Securities Co. of Portland, Maine. The Commission sustained the NASD's findings that, during 1971, Achilles Livada, now the firm's general partner and at that time doing business as a sole proprietor, had failed to comply with applicable net capital, reporting and recordkeeping requirements. (Rel. 34-10894)

### ADAMS-FASTNOW COMPANY, INC., WEINRESS & CO., INC., AND FIRMS' OFFICERS SANCTIONED

The Commission has suspended Adams-Fastnow Company, Inc., Los Angeles, from effecting over-the-counter transactions (except liquidating transactions) for 45 days, and Weinress & Co., Inc., Chicago, from transacting any business as a registered broker-dealer for 30 days. Following Weinress, Inc.'s suspension its broker-dealer registration will be promptly withdrawn. The Commission also suspended William Fastnow, executive officer of Fastnow, Inc., from association with any registered broker-dealer, investment adviser, investment company, or affiliate thereof, for 45 days, and Morton Weinress, executive officer of Weinress, Inc., from such association for 15 days, following which he is barred from such association in a supervisory capacity. The suspensions will begin on the second Monday after the date of the Commission's order.

The sanctions imposed were based on findings that respondents violated the registration-provisions of the securities laws, and that Weinress, Inc. also violated the antifraud provisions of the securities laws. The Commission's order was based on offers of settlement in which the respondents, without admitting or denying the charges, consented to the findings and sanctions. (Rel. 34-10895)

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## COMMISSION ANNOUNCEMENTS

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### BROKER-DEALER MODEL COMPLIANCE PROGRAM ADVISORY COMMITTEE MEETING ANNOUNCED

The Commission's Advisory Committee on a Model Compliance Program for Broker-dealers, established on October 25, 1972 (Rel. 34-9335), will hold meetings on August 13-14, at the National Association of Securities Dealers Board Room, 1735 K St., N.W., Washington, D.C., 10th Floor. The meeting on August 13th will commence at 10 a.m. and the meeting on August 14th will commence at 9 a.m.

This Advisory Committee was formed to assist the Commission in developing a model compliance program to serve as an industry guide for the broker-dealer community. Assisted by this Committee's work, the Commission plans to publish a guide to broker-dealers of the standards to which they should adhere if investor confidence in the fairness of the market place is to be warranted and sustained. The Committee's recommendations are not intended to result in the expansion of Commission rules governing broker-dealers, but to inform broker-dealers as to the existing requirements and how they may comply with them. The Committee's scheduled meetings will be for the purpose of reviewing drafts and proposals concerning the Committee's proposed report to the Commission on these compliance guidelines for broker-dealers.

These meetings are open to the public. Any interested person may attend and appear before or file statements with the Advisory Committee -- which statements, if in written form, may be filed before or after the meetings or, if oral, at the time and in the manner and extent permitted by the Advisory Committee.

#### WORKING CAPITAL OF NONFINANCIAL U.S. CORPORATIONS, FIRST QUARTER 1974

The net working capital of nonfinancial U.S. corporations rose \$7.9 billion in the first quarter of 1974. This gain in working capital compares with \$3.4 billion the previous quarter and \$7.5 billion a year earlier. Net working capital, which represents corporate investment in current assets in excess of current liabilities, totaled \$253.2 billion at the end of the first quarter this year. For further details, see the forthcoming Statistical Bulletin for July 1974.

#### STOCK TRANSACTIONS OF SELECTED FINANCIAL INSTITUTIONS AND FOREIGN INVESTORS, FIRST QUARTER 1974

According to figures released by the SEC private noninsured pension funds, open-end investment companies, life insurance companies, and property-liability insurance companies purchased \$8.4 billion of common stock and sold \$7.6 billion, resulting in net purchases of \$0.7 billion during the first three months of 1974. This compares with purchases of \$14.2 billion, sales of \$12.5 billion, and net purchases of \$1.7 billion in the first quarter of 1973. For details, see the Statistical Bulletin for July 1974, Volume 33, Number 25.

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## COURT ENFORCEMENT ACTIONS

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#### LOMMA INTERNATIONAL, INC., OTHERS, ENJOINED

The Washington Regional Office announced that on July 5 a complaint was filed in the U.S. District Court in Philadelphia, Pennsylvania seeking a permanent injunction and charging Lomma International, Inc., of Scranton, Pennsylvania, Ralph J. Lomma, of Uniondale, Pennsylvania, and William J. Clancy, Jr., of Philadelphia, Pennsylvania, with violations of the antifraud provisions of the securities laws. The case involves the offer and sale to public investors of the common stock of Lomma International, Inc. by the defendants. It is alleged that the defendants made false and misleading statements of material facts, concerning, among other things, the ownership by Lomma International, Inc. of companies and partnerships actually owned by Ralph Lomma and the types of business activities in which Lomma International, Inc., its subsidiaries and divisions, were and are engaged. The complaint further alleges that the defendants omitted to state material facts concerning the speculative nature of an investment in said securities and the risks attendant thereto.

Contemporaneously with the filing of this action the defendants consented to the entry of a final judgment of permanent injunction without admitting or denying the allegations contained therein. Pursuant to such consent, the District Court entered a Final Judgment permanently enjoining the defendants from further violations of the aforementioned provisions of the securities laws. (LR-6424)

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## INVESTMENT COMPANY ACT RELEASES

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#### LEISURE FUND

An order has been issued on an application of Leisure Fund, Incorporated, declaring that the Fund ceased to be an investment company. (Rel. IC-8418)

## FEDERAL STREET FUND

A notice has been issued giving interested persons until August 5 to request a hearing on an application of Federal Street Fund, Inc., of Boston, a mutual fund, to exempt a proposed redemption in kind from the provisions of Section 17(a) of the Act. (Rel. IC-8419)

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## HOLDING COMPANY ACT RELEASES

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### NEW ENGLAND ELECTRIC SYSTEM

A notice has been issued giving interested persons until August 13 to request a hearing on a proposal by New England Electric System, and its subsidiary companies, that one subsidiary be permitted to make unsecured borrowings in excess of 10% of its capitalization and that a second subsidiary be permitted to increase its unsecured borrowings heretofore authorized by the SEC. (Rel. 35-18486)

### METROPOLITAN EDISON COMPANY

An order has been issued authorizing Metropolitan Edison Company (Met Ed), of General Public Utilities Corporation, to sell certain utility assets to another utility company and to a non-utility company. (Rel. 35-18487)

### CONSOLIDATED NATURAL GAS COMPANY

A notice has been issued giving interested persons until August 2 to request a hearing on proposals by Consolidated Natural Gas Company, a registered holding company, to amend its Certificate of Incorporation to authorize preferred stock and to solicit proxies in connection therewith. (Rel. 35-18489)

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## TRADING SUSPENSIONS

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### 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 11 - 20, inclusive.

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## SECURITIES ACT REGISTRATIONS

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### (S-14) PROFESSIONAL INVESTORS CORPORATION

P.O. Box 2888, Tulsa, Okla. 74103 - 478,916 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common shares of Bonneville Financial Corporation, Inc., Salt Lake City, Utah, at the rate of one Professional Investors share for each 1.32 Bonneville shares. Professional Investors is an insurance holding company which controls a life insurance company and a fire and casualty insurance company. (File 2-51418 - June 27)

### (S-1) FIRSTMARK CORPORATION

107 Delaware Ave., Buffalo, N.Y. 14202 - \$10 million of subordinated investment notes - Series C and \$10 million of floating rate subordinated investment notes, - Series CC, due ten years from date of issue, to be offered for sale at par by the company in multiples of \$100 with a minimum purchase of \$1,000. The company is engaged in leasing, consumer and commercial finance and credit life and credit accident and health insurance. (File 2-51423 - June 27)

### (S-1) BANCORPORATION OF MONTANA

324 Central Ave., Great Falls, Mont. 59403 - \$4 million of convertible subordinated debentures, due 1984, to be offered for sale by the company through underwriters headed by Dain, Kalman & Quail, Incorporated, 100 Dain Tower, Minneapolis, Minn. 55402. Bancorporation is a bank holding company which controls twelve commercial banks located in eleven Montana communities. (File 2-51445 - June 28)

(S-1) ALEXANDER & ALEXANDER SERVICES INC.

1185 Avenue of the Americas, New York, N.Y. 10036 - 600,000 shares of common stock, to be issued in connection with future acquisitions of stock or assets of other companies.

Alexander and subsidiaries conduct a nationwide insurance brokerage and agency business. (File 2-51456 - June 28)

(S-1) MCGRAW-EDISON COMPANY

333 West River Road, Elgin, Ill. 60120 -- 400,000 shares of common stock issuable under the McGraw-Edison Profit Sharing Trust. The company manufactures and distributes electrical appliances, tools and other products for the consumer market and equipment for electrical utilities and industrial uses. (File 2-51504 - July 1)

(S-1) RAIL-U.S. LEASING, INCORPORATED

633 Battery St., San Francisco, Cal. 94111 -- 150 units of railroad covered hopper car investment and management program. A unit will consist of one railroad covered hopper car and a railroad car management agreement. The company manages railroad freight cars and leases and sub-leases such cars to shipper and railroad users. (File 2-51534 - July 8)

(S-7) FEDERATED DEPARTMENT STORES, INC.

222 West 7th St., Cincinnati, Ohio 45202 - 500,000 shares of common stock, issuable to eligible employees and their beneficiaries pursuant to the Retirement Income and Thrift Incentive Plan. The company operates department and speciality stores together with branch stores. (File 2-51536 - July 9)

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:

Envirodyne, Inc., Los Angeles, Cal. (File 2-51533 - July 8) - 1,036,163 shares  
Datum Inc., Anaheim, Cal. (File 2-51537 - July 5) - 51,000 shares  
McDonald's Corporation, Oak Brook, Ill. (File 2-51541 - July 9) - 197,643 shares  
Xerox Corporation, Stamford, Conn. (File 2-51543 - July 9) - 7,500 shares

REGISTRATION EFFECTIVE

July 10: Church Loans & Investments Trust, 2-51235; E.F. Hutton & Co., Inc., 2-51234; Engelhard Minerals & Chemicals Corp., 2-51502; Equitable Bancorporation, 2-50946; Foote, Cone & Belding Communication, Inc., 2-51191, 2-51192; Georgia Power Co., 2-51201; Jamesway Corp., 2-51278; Morgan Guaranty Trust Company of New York, 2-51391; Pennsylvania Power & Light Co., 2-51312; Petro Search Exploration Corp., 2-49763; Province of Newfoundland (Canada), 2-51318; Spartan Food Systems, Inc., 2-51349; Standard Oil Co., (Indiana), 2-51303; Virginia Electric and Power Co., 2-51446; Western Union Corp., 2-50845; Wisconsin Public Service Corp., 2-51222.

REGISTRATION WITHDRAWN

July 10: Iowa Electric Light And Power Co., 2-51164, National Performance Fund, Inc., 2-33832 (ABANDONED), Rittenhouse Fund, 2-13215 (ABANDONED).

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.

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