

sec news digest

Issue 74-169
(SEC Docket, Vol. 5, No. 3 - Sept. 10)

U.S. SECURITIES & EXCHANGE COMMISSION

RECEIVED

August 29, 1974

ORDERS FOR PUBLIC PROCEEDINGS

AUG 30 1974

MCMAHON AND HOBAN, INC., OTHERS

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Public administrative proceedings under the Securities Exchange Act of 1934 and the Securities Investor Protection Act of 1970 have been ordered against McMahon and Hoban, Inc., a Chicago, Illinois, broker-dealer, and Edward F. Hoban, Rene O. Sauve, and John F. Kauffman, present and former officers and directors thereof. The proceedings are based on staff allegations of violations of the net capital, antifraud, bookkeeping, early warning of financial difficulties, safeguarding of customers' funds and securities, and prompt amendment of application for registration provisions of the securities laws. A hearing will be scheduled by further order on the charges against the respondents. (Rel. 34-10989)

FORMA SECURITIES, INC., OTHERS

Public administrative proceedings have been ordered against Forma Securities, Inc., a registered broker-dealer of New York City, John Forma and Vincent Forma.

The Commission's order is based upon alleged violations of the antifraud, net capital, bookkeeping and hypothecation rules and the supplemental reporting requirements of the securities laws.

A hearing will be scheduled by further order to take evidence on the charges against the respondents. (Rel. 34-10990)

RICHARD JOHN MISHLEN, OTHERS

Public administrative proceedings under the Securities Exchange Act of 1934 have been ordered against Richard John Mishlen of Holmdel, New Jersey, Joseph Marvin Weiner, formerly of New York City, William Carey Kennedy of Dallas, Texas, Sidney Bertram Weinberg of Oceanside, New Jersey, Edward Hayton of Wayne, New Jersey, the Hayton Corp. of New York City, broker-dealer, Sidney Bertner of London, England, and Morris Cohen, doing business as Marshall Company, a New York City broker-dealer.

The proceedings are based on allegations that principals of a hedge fund had caused the fund to make a significant investment in Devon International, Ltd. (Devon) when it was a private corporation and thereafter assisted the company in "going public". As a part of their activities and to insure the success of the initial public offering of its stock, these promoters entered into various arrangements with the aforesaid securities salesmen, with the exception of Morris Cohen, Sidney Bertner and the Hayton Corporation, in order to sell and "shelve" the stock in the initial distribution and to artificially maintain and manipulate the price in the aftermarket. As a part of the fraud alleged, these salesmen, among other things, offered and sold Devon stock to their customers, not on the basis of its investment merits, but because they were receiving guarantees against loss and other inducements from the fund managers to place the stock. Further, Bertner is charged with violating the antifraud provisions of the securities laws in his bidding for, purchasing and selling Devon stock in the aftermarket. Mishlen is also alleged to have engaged in a scheme to defraud some of his customers whose cash balances and securities he converted, and Cohen's firm was used to further these activities. It is also charged that Mishlen used Marshall Company in order to establish nominee accounts through which he purchased and sold securities for his own account, including the securities of new issues which were oversubscribed.

A hearing will be scheduled by further order on the charges against the respondents. (Rel. 34-10991)

TRADING SUSPENSIONS

TR-3 INTERNATIONAL, INC. TRADING SUSPENDED

Over-the-counter trading in the securities of TR-3 International, Inc. of Bartlesville, Oklahoma, has been suspended for the ten-day period beginning on August 28 and terminating at midnight (EDT) on September 6, 1974.

The suspension was ordered because of the unavailability of adequate and accurate information about the corporation and its financial condition and operations.

The latest financial statement available for TR-3 is for a 2 1/2 month period ending January 31, 1974, showing income of \$699.85 and expenses for the same period of \$26,779.45. The company's purported major asset, oil and gas properties in Kansas, does not furnish any income for the company presently due to an indebtedness of the prior owner.

In addition to the lack of adequate financial information, TR-3's shareholders have not been informed of the background of new management elected at the annual meeting on June 5, 1974. One of the new directors is currently under state criminal indictment in Texas and is the subject of an order of permanent injunction by consent for securities laws violations. (Rel. 34-10988)

COURT ENFORCEMENT ACTIONS

JOHN BERTELSEN SENTENCED

The Broward County State Attorney's Office, the Florida Division of Securities and the Securities and Exchange Commission, today announced that Circuit Judge J. Cale Lee, Broward County, Florida, sentenced John Bertelsen of Ft. Lauderdale, Florida to one year imprisonment and two years probation based upon his plea of guilty to twenty counts of a forty-eight count indictment charging him and William Dickson with violations of Florida's securities laws in the sale of common stock of Plastic Products Development, Inc. (Plastic Products). Dickson is currently a fugitive from Florida authorities.

On February 12, 1973, the U.S. District Court for the Southern District of Florida issued an order permanently enjoining Plastic Products, Bertelsen and Dickson in an action brought by the Securities and Exchange Commission. The Commission's files were referred to the Florida Division of Securities in Miami, Florida at its request. After further investigation, the indictment against Bertelsen and Dickson was returned on September 10, 1973.

Philip J. Montante, Jr., Assistant State Attorney in Broward County, Florida, is in charge of the State of Florida criminal prosecution. (For further information see Litigation Releases 5730 and 5745). (State of Florida vs. John Bertelsen, et al., 17th Jud. Cir., Fla.). (LR-6496)

COMPLAINT NAMES SOUTH COAST HYDROPONICS OF ELSINORE, INC., OTHERS

The Los Angeles Regional Office announced that on August 20 the Commission filed a complaint in the U.S. District Court at Los Angeles, California, seeking to enjoin South Coast Hydroponics of Elsinore, Inc., Butterfield Financial Services, Inc., Ray Hufford, Barry Lindsay, and Lee Symonds, all of California, from violations of the registration and antifraud provisions of the securities laws and Butterfield Financial Services and Barry Lindsay from further violations of the over-the-counter broker-dealer registration requirements of the securities laws.

The complaint alleges that defendants have offered and sold to the general public securities which were investment contracts in the form of hydroponic greenhouses coupled with offers of management agreements and that these securities were not registered with the Commission. The complaint charged that because hydroponic farming required specialized training and a substantial amount of land, most investors would have to use defendant South Coast's land and management services, and thus would be investing in a common enterprise where the return on their investment would come from the efforts of the promoters.

Further, the Commission alleges that defendants made misleading statements, and omitted to state certain material facts to potential investors regarding expected earnings from

the hydroponic units. Defendants' widespread advertising in several states claimed that each \$15,000 unit would return \$5,000 to \$6,000 a year to the investor. Potential investors were not told that these predictions were based on inadequate and inaccurate results of a one-time harvest from an experimental unit, and that such results had not been repeated in the commercial units. (SEC vs. South Coast Hydroponics of Elsinore, Inc., Others). (LR-6497)

**TEMPORARY RECEIVER APPOINTED FOR
CONTINENTAL LAND MANAGEMENT CORP., OTHERS**

The SEC announced that on August 16 the Federal District Court for the Southern District of Florida, at Miami, Florida appointed a temporary receiver and ordered an accounting for Continental Land Management Corporation, Continental Land Development One, Inc., Continental Companies Corporation and Continental Land Corporation. The complaint charged the aforementioned defendants with violations of the registration and antifraud provisions of the securities laws in the offer and sale of the securities of Continental Land Management Corporation and Continental Land Development One, Inc. (See prior release, LR-6339). (SEC v. Continental Land Management Corporation, S.D. Fla. Civil Action No. 74-525-Civ.-JLK). (LR-6495)

INVESTMENT COMPANY ACT RELEASES

THE INDEX FUND OF AMERICA, INC.

An order has been issued permitting The Index Fund of America, Inc., a mutual fund, American Express Investment Management Company and Blyth Eastman Dillon & Co. Incorporated, the Fund's principal underwriters, any and all dealers in the Fund's redeemable securities, and any other person or persons who may, in the future, consummate sales, redemptions, and repurchases in the Fund's redeemable securities to engage in such transactions at prices based on the current net asset value of such securities as determined at the opening of trading on the New York Stock Exchange on the business day next following the day on which orders for sales, redemptions, or repurchases of the Fund's securities are received. (Rel. IC-8473)

HOLDING COMPANY ACT RELEASES

UTAH POWER AND LIGHT COMPANY

A notice has been issued giving interested persons until September 19 to request a hearing on a proposal by Utah Power and Light Company, that it issue and sell up to \$80 million of notes to banks and commercial paper over a one-year period. (Rel. 35-18548)

SECURITIES ACT REGISTRATIONS

**(S-1) MITSUI & CO., LTD.
(MITSUI BUSSAN KABUSHIKI KAISHA)**

2-9 Nishi Shimbashi, 1-chome, Minato-ku, Toyko, Japan - \$25 million of convertible sinking fund debentures, due 1989 and such indeterminate number of shares of common stock as may be issuable on conversion of such debentures, to be offered through underwriters represented by Smith, Barney & Co. Incorporated, 1345 Avenue of the Americas, New York, N.Y. 10019, Nomura Securities International, Inc., 100 Wall St., New York, N.Y. 10005, and Goldman, Sachs & Co., 55 Broad St., New York, N.Y. 10004. Mitsui & Co., Ltd. is an international trading company.

**(S-14) NEW ENGLAND MERCHANTS
COMPANY, INC.**

Prudential Center, Boston, Mass. 02199 - 119,680 shares of common stock to be issued upon the merger of The Fall River National Bank into a wholly-owned subsidiary of New England on the basis of 1.7 New England shares for each of 70,400 shares of the outstanding Fall River stock. New England is a bank holding company whose principal asset is the capital stock of New England Merchants National Bank. (File 2-51831 - Aug. 27)

(S-14) FIRST BANKSHARES CORP.
OF S.C.

1208 Washington St., Columbia, S.C. 29201 - 166,100 shares of common stock, It is proposed to offer up to 69,300 of these shares in exchange for the outstanding common shares of The Bank of Walterboro, Walterboro, S.C. at a rate of 1.26 First Bankshares shares for each Walterboro share; and up to 96,800 of these shares in exchange for the outstanding common shares of Palmetto Bank & Trust Company, Lake City, S.C. at a rate of 4.4 First Bankshares shares for each Palmetto share upon consummation of the merger of each of the two banks with First National Bank of South Carolina, a wholly-owned subsidiary of First Bankshares Corp. of S.C., a one-bank holding company. (File 2-51829 - Aug. 27)

(S-7) BALTIMORE GAS AND ELECTRIC COMPANY

Gas and Electric Bldg., Charles Center, Baltimore, Md. 21203 - \$50 million of first refunding mortgage bonds, due 1983, to be offered for sale through underwriters headed by The First Boston Corporation, 20 Exchange Pl., New York, N.Y. 10005. The company is an operating public utility company primarily engaged in the business of producing, purchasing and selling electricity and purchasing and selling natural gas. (File 2-51821 - Aug. 23)

(S-1) NATIONAL GRAPE CO-OPERATIVE
ASSOCIATION, INC. (THE CO-OPERATIVE)

2 South Portage St., Westfield, N.Y. 14787 - marketing agreements, in various forms, between the Co-operative and its members and non-member patrons; and a maximum of \$5 million of allocation certificates, Series 1974, due 1994, and a maximum of \$600,000 of 9% debentures, Series 1974, due 1994, to be issued to the Co-operative's members and non-member patrons to evidence indebtedness incurred as part payment for grapes grown, harvested and delivered to the Co-operative during calendar years 1972 and 1973. The Co-operative is a non-stock membership cooperative corporation engaged in acquiring grapes, primarily Concord grapes, on a cooperative basis from its members and non-member patrons for processing and marketing through its wholly-owned subsidiary Welch Foods Inc., A Cooperative under the label "Welch's". (File 2-51825 - Aug. 26)

(S-1) WAINOCO 74B COMPANY

Suite 600, 110 Milam Bldg., Houston, Tex. 77002 - \$4 million (plus 20% overcall) of limited partnership interests, to be offered for sale in minimum subscriptions of \$10,000 each. It is contemplated that offers will be made by WOL Securities Inc., a subsidiary of the general partner, acting as dealer manager and as broker/dealer and through other NASD members. Wainoco 74B Company, whose general partner is Wainoco, Inc., has been organized to search and drill for oil and gas. (File 2-51791 - Aug. 19)

REGISTRATIONS EFFECTIVE

Aug. 28: A & E. Plastik Pak Co., Inc., 2-51553, 2-51558; Colonial American Bankshares Corp. (90 days), 2-51722; Great Western United Corp., 2-51726; Houston Lighting & Power Company, 2-51731; Indian Head Banks Inc., 2-51661; RCA Corp., 2-51723.
Aug. 29: Witwatersrand Niegel Ltd., 2-51721.

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown in parentheses after the name of the issuer.

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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