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COMMISSION ANNOUNCEMENT

SEC REPORTS 3RD QUARTER RISE IN WORKING CAPITAL. Net working capital of U. S. corporations increased \$5.0 billion in the third quarter of 1971, according to estimates made public by the SEC. The data exclude banks, insurance companies, savings and loan associations and investment companies. Working capital, which represents business investment in current assets in excess of current liabilities, totaled \$231.3 billion. The third quarter rise in working capital compares with increases of \$5.9 billion in the second quarter and \$400 million in the corresponding period of 1970. In the first nine months of this year, corporations added a record \$14.3 billion to their working capital, as against \$800 million in the same period last year and \$1.8 billion in the nine-month period of 1969.

The gain in working capital in the July-September period resulted from a \$9.3 billion increase in current assets partly offset by a rise of \$4.4 billion in current liabilities. Trade notes and accounts receivable rose \$3.7 billion with manufacturers accounting for about two-thirds of that increase; receivables from the U. S. Government showed little change. Inventories increased \$2.1 billion in the third quarter. An increase of \$1.9 billion was recorded for the "other current assets" category, which reflects short-term marketable investments (other than U. S. Government securities and time certificates of deposit), prepaid items and miscellaneous current assets. (Rel. S-2566)

SEC COMMENTS ON BROKER-DEALER OFFERINGS. The Commission today noted that a number of registered broker-dealers have filed registration statements under the Securities Act of 1933 relating to proposed public offerings of their securities. Because of the difficult disclosure problems involved, initial processing of some of these filings have been time consuming. In several instances, issuers and underwriters have found it necessary to revise time schedules for public offerings.

In view of the Commission's limited experience with publicly held broker-dealers, the Commission has determined not to propose a form for registration statements under the Securities Act for broker-dealers or to propose guidelines for disclosures in such registration statements. However, in order to minimize delays in the review of registration statements filed by broker-dealers, the Commission is publishing a number of comments and suggestions by its staff to assist issuers, accountants, attorneys, underwriters and others in the preparation of such registration statements. These comments and suggestions are tentative and may be revised or extended as the staff accumulates experience with offerings by broker-dealers. They include such factors as risk factors, financial statements, accounting for portfolio securities, current financial statements and related data and net capital disclosure. (Rel. 33-5222)

SEC CITES CHARISMA SECURITIES. The Commission issued an order for public proceedings under the Securities Exchange Act involving Charisma Securities Corporation, a registered broker-dealer of New York, and Stephen Lee Adlman, its president and principal shareholder.

The order is based on allegations of the Commission's Division of Trading and Markets that during the period from January 1971 to May 1971, Charisma and Adlman sold and delivered common stock of Award Winners when no registration statement was filed or in effect as to such securities, that pursuant to such sales, respondents made false and misleading statements concerning, among other things, (1) the failure to open a special account or deposit funds received from subscribers of securities of Walton-Richardson, Inc. and Edu-Prim, Inc., as represented in their offering circulars, (2) the lack of compliance by Charisma with the net capital provisions of the Federal securities laws, (3) the existence and extent of a public market for the securities of Award Winners, Inc., and (4) the existence of an order by the Commission suspending trading in the securities of Award Winners, Inc.

In addition, the staff alleges that respondents made false and misleading statements incident to application for registration with the Commission on Form BD on behalf of Charisma, failed to file promptly with the Commission an amendment properly reflecting, among other things, that Charisma was subject to a cease and desist order issued by the State of Florida, and that respondents did not promptly transmit to the persons entitled thereto, subscriptions received from Charisma's distribution of common stock of Walton-Richardson and Award Winners, Inc.

A hearing will be set forth by further order of the Commission to determine whether the allegations are true and to afford respondents opportunity to establish any defenses thereto, and to effect such remedial action, if any, as appropriate in the public interest.

SEC CITES THREE REGISTERED REPRESENTATIVES. The Commission has ordered public proceedings under the Securities Exchange Act involving three registered representatives. They are James A. Jorgensen of San Jose, Calif., who is employed with a broker-dealer, and Howard B. Somers, president and director of Somers, Campbell, Lind and Collins, Inc., a registered broker-dealer of Portland, and Thomas F. Tetus, also of Portland, who is employed by the Somers, Campbell firm.

The proceedings are based on allegations of the Commission's staff that during the period from about February 19, 1969 to March 26, 1969 respondents offered and sold securities of DCI, when no registration statement was in effect as to such securities and made false and misleading statements with respect to the

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offer, sale and purchase of such stock, concerning, among other things, the financial condition of DCI, the adequacy of current income to meet the present obligations and financial needs of DCI, the attempt by the company to utilize company funds for purposes of acquiring other companies, and the past and future income and profit of DCI.

In addition, it is alleged that Howard B. Somers failed reasonably to supervise with a view to preventing the violations alleged persons who were subject to his supervision and who committed such violations.

A hearing will be scheduled by further order to afford the respondents an opportunity to refute the staff's allegations and to establish any defenses, and to determine what, if any, remedial action is appropriate in the public interest.

SEC CITES KILLGORE MANAGEMENT. The SEC has ordered administrative proceeding under the Investor Advisers Act of 1940 against Killgore Management, Inc., of Clayton, Mo. and John R. Killgore, its president and majority stockholder. The Commission's Division of Trading and Markets alleges that during the period from November 1, 1970, to October 4, 1971, Killgore Management and Killgore wilfully violated and aided and abetted violations of the provisions of the Advisers Act in connection with, among other things, the publishing, circulation and distribution of advertisements about Killgore Management's investment advisory services which (a) referred to past specific recommendations which were or would have been profitable to any person, without setting forth or offering to furnish information required by the Act, (b) were false and misleading concerning such matters as a "sample portfolio" set forth in the advertising literature, (c) represented that an index advertised as KMI Index would assist persons in making decisions when to buy or sell securities without prominently disclosing in such advertisements the limitations thereof and difficulties with respect to its use and (d) were misleading in various advertisements which contained graphs and tables that compared the KMI Index to other stock market indexes.

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

RULE AND RULE PROPOSAL

COMMENT PERIOD EXTENDED ON PROPOSAL TO AMEND DISCLOSURE FORMS OF INVESTMENT COMPANIES. The Securities and Exchange Commission has extended from December 31, 1971 until January 31, 1972, the period within which written views and comments may be submitted on the proposed amendments to Forms N-8B-1, N-8B-3, N-8B-4, N-5 and N-1Q under the Investment Company Act of 1940. The proposed amendments were announced on December 1, 1971 (Rel. IC-6853) and would require registered investment companies to disclose with greater specificity their policies on involvement in the affairs of their portfolio companies. (Rel. IC-6922)

COURT ENFORCEMENT ACTION

ADAMS FOUND GUILTY IN N. Y. The SEC New York Regional Office announced that on December 22, a federal jury found Eugene J. Adams, an attorney of Spring Valley, N. Y. guilty of four counts of a nine count indictment, including three counts of making false declarations before a grand jury, and one count of obstruction before the grand jury. The indictment was returned as an outgrowth of an investigation into the use of nominee accounts in public offers by New York brokerage firms.

INVESTMENT COMPANY ACT RELEASES

FLORIDA CAPITAL CORPORATION. The SEC has issued an order declaring that Florida Capital Corporation has ceased to be an investment company as defined in the Act. (Rel. IC-6910)

ADVANCE INVESTMENT FUND. The SEC has issued an order declaring that Advance Investment Fund, Inc., New York, N. Y., has ceased to be an investment company as defined in the Act. (Rel. IC-6918)

HOLDING COMPANY ACT RELEASES

SOUTHERN ELECTRIC. The SEC has issued an order authorizing Southern Electric Generating Company (Segco), Birmingham, Ala. subsidiary of The Southern Company, to issue and sell up to \$9 million of short-term notes (including commercial paper) to banks or dealers in commercial paper. Net proceeds will be used by Segco to reimburse its treasury for expenditures in connection with the build-up of its coal supply, to pay at maturity from time to time outstanding bank notes and commercial paper notes incurred for such purpose, and for other corporate purposes. (Rel. 35-17417)

SECURITIES ACT REGISTRATIONS

FINOMIC INVESTMENT FUND INC., 2510 Houston Natural Gas Bldg., Houston, Tex. 77002, filed a registration statement on December 22 seeking registration of 1,000,000 shares of common stock, to be offered for public sale at net asset value (* \$10 per share maximum) with no sales charge. The Fund was recently organized to operate as a diversified open-end investment company with long-term capital appreciation as its investment objective. Investment Advisors Incorporated is investment advisor. (File 2-42658)

ARI INDUSTRIES, INC., 9000 King St., Franklin Park, Ill. 60131, filed a registration statement on Dec. 23 seeking registration of 125,000 shares of common stock, to be offered for public sale at \$6.50 per share through underwriters headed by First Midwest Investment Corp., 1112 North Jackson St., Milwaukee, Wis. 53202. The company is engaged in the manufacture and sale of products in the areas of temperature generation, temperature sensing, temperature control and electrical conduction, specializing in high precision applications. Of the net proceeds of its stock sale, \$375,000 will be used to retire outstanding indebtedness to a finance company and the balance for working capital and other corporate purposes. (File 2-42671)

RECREATIONAL AND EDUCATIONAL MANAGEMENT CORPORATION, 468 Parish Dr., Wayne, N. J. 07470, filed a registration statement on December 23 seeking registration of 220,000 shares of common stock, to be offered for public sale at \$6 per share by Mayflower Securities Co., Inc., One State St. Plaza, New York, N. Y. The company owns and operates three suburban day schools and day camps in New Jersey. Of the net proceeds of its stock sale, \$750,000 will be used to acquire three sites and construct thereon and equip new facilities and the balance for working capital and other corporate purposes. (File 2-42672)

SYSTEMS ENGINEERING LABORATORIES, INCORPORATED, 6901 W. Sunrise Blvd., Fort Lauderdale, Fla. 33310, filed a registration statement on December 23 seeking registration of 173,578 outstanding shares of common stock. These shares may be offered for sale from time to time by the holders thereof at prices current at the time of sale (* \$8.25 per share maximum). The company manufactures, leases, and sells high-speed digital computers and peripheral equipment and related systems and components. (File 2-42673)

WARNACO INC., 350 Lafayette St., Bridgeport, Conn. 06602, filed a registration statement on Dec. 23 seeking registration of 231,222 outstanding shares of common stock and 52,143 outstanding shares of \$1.50 cumulative convertible preferred stock. These shares may be offered for sale from time to time by the holders thereof at prices current at the time of sale (* \$20 per common and \$30.75 per preferred share maximum). (File 2-42674)

SOUTHEASTERN EXPLORATION LTD. (1972-A) (the Partnership), 558 First National Bank Bldg., Jackson, Miss. 39205, and FLORIDA GAS COMPANY, Orange and Orlando Aves., Winter Park, Fla. 32789, filed a registration statement on December 23 seeking registration of \$5,000,000 of limited partnership interests in the Partnership with rights to purchase Class B-1 partnership interests in Southeastern Exploration Ltd. (1972-B), to be offered for public sale in minimum amounts of \$5,000. Dean Witter & Co. Inc., 45 Montgomery St., San Francisco, Calif. 94106, and Thomson & McKinnon Auchincloss Inc., 2 Broadway, New York, N. Y. 10004, have agreed to head a group of underwriters which will solicit purchases of partnership interests. The Partnership will conduct an oil and gas exploration program. C & K Petroleum, Inc. and Southeastern Exploration Company, a wholly-owned subsidiary of Florida Gas, are the general partners. (File 2-42676)

PAN AMERICAN BANCSHARES, INC., 150 Southeast Third Ave., Miami, Fla. 33101 filed a registration statement on December 23 seeking registration of 337,286 shares of common stock. It is proposed to offer these shares in exchange for the 269,829 outstanding shares of capital stock not owned by Bancshares or one of its subsidiary banks, at the rate of 1.25 shares of Bancshares for each Orlando share. Also included in this statement are 350,203 shares of common stock of Bancshares, which were issued in exchange for 280,171 shares of capital stock of Orlando in November 1971. Bancshares is a bank holding company, which at September 30, 1971, owned controlling interests in six Florida banks. (File 2-42677)

METROPOLITAN MAINTENANCE COMPANY, 43 River Road, Nutley, N. J. 07110, filed a registration statement on December 23 seeking registration of 224,000 shares of common stock, to be offered for public sale (* at \$8 per share maximum) through underwriters headed by S. D. Lunt & Co., 120 Broadway, New York, N. Y. The company is engaged in providing cleaning, maintenance and other similar services for businesses and institutions. Of the net proceeds of its stock sale, \$810,000 will be used to pay the balance of the purchase price for 224,449 shares of common stock of the company for an aggregate of \$835,000 and the balance for working capital and other corporate purposes. (File 2-42678)

SECURITIES ACT REGISTRATIONS. Effective December 29: Bobbie Brooks Inc., 2-42242; Cunningham Art Products, Inc., 2-42022 (90 days); Princeton Electronic Products, Inc., 2-41614; Sellers Corp., 2-40309 (90 days); The Sew In, Inc., 2-41302 (90 days); The Welsh Corp., 2-37705 (40 days); Winnebago Industries, Inc., 2-42163; Wyoming Bancorporation, 2-39810 (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.

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