

# sec news digest

U.S. SECURITIES & EXCHANGE COMMISSION

Issue 74-224

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RECEIVED

November 19, 1974

## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

NOV 20 1974

GOVERNMENTAL STATISTICAL CORPORATION AND  
FREDERICK TILNEY, JR. SANCTIONED

LIBRARY

The Commission has revoked the investment adviser registration of Governmental Statistical Corporation, of Hicksville, New York, and barred Frederick Tilney, Jr., its president, from association with any broker, dealer or investment adviser.

The sanctions imposed were based on findings that federal courts convicted Tilney of fraud in the sale of securities, and enjoined him from effecting transactions while a broker-dealer of which he was the sole general partner was not in compliance with the net capital and recordkeeping requirements of the Securities Exchange Act. It was further found that the company, aided and abetted by Tilney, failed to amend its Form ADV to reflect Tilney's conviction.

Tilney and the company consented to the above findings and sanctions, without admitting or denying the charge relating to the Form ADV and admitting the remaining charges.  
(Rel. 34-11092)

## COMMISSION ANNOUNCEMENTS

ADVISORY COMMITTEE ON THE IMPLEMENTATION  
OF A CENTRAL MARKET SYSTEM MEETINGS  
ANNOUNCED

The SEC Advisory Committee on the Implementation of a Central Market System will conduct open meetings December 5 and 6, 1974, beginning at 9:00 a.m. at the offices of J. C. Penney Co., Inc., 31st floor, 1301 Avenue of the Americas, New York, N.Y. 10019.

The summarized agenda for the meeting is as follows:

- I) Completion of work on document entitled "Basic Characteristics and Principles of the Central Market System" including the following subjects.
  - A. The objectives and basic characteristics of the central market system.
  - B. Operating principles affecting specialists and market-makers.
    1. Net capital.
    2. Market continuity.
    3. Public preference.
    4. Treatment of limit orders.
    5. Dealing with customers.
    6. Allocation of securities to dealers.
    7. Affirmative obligations.
- II) Reports of the following working groups.
  - A. Broker-dealer access to the central market system - Messrs. Crum, Gardiner, Heller and Stone.
  - B. Economics of the self-regulatory organizations.
    1. National Association of Securities Dealers, Inc. - Messrs. McCulley and Yearley
    2. New York Stock Exchange - Messrs. Axelson, Gardiner, and Rohatyn.
    3. Midwest Stock Exchange - Messrs. Heller and Myers.
    4. Pacific Stock Exchange - Messrs. Jefferies and Lovelace.

Further information may be obtained by writing Andrew P. Steffan, Director, Office of Policy Planning, Securities and Exchange Commission, Washington, D.C. 20549.

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## COURT ENFORCEMENT ACTIONS

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THOMAS F. HEALY, OTHERS,  
ENJOINED

The New York Regional Office announced the filing of a complaint on October 1 in the U.S. District Court for the Southern District of New York charging Thomas F. Healy, Roger C. Kummer and John Thomson with violations of the antifraud provisions of the securities laws. The Complaint alleged that the three defendants purchased the common stock of the Magnavox Company prior to the public announcement by North American Philips Corporation (Philips) of its tender offer for Magnavox stock and at a time when, by virtue of their positions as executives of Philips, they possessed material non-public information relating to the impending tender offer.

On October 23, 31 and November 4, 1974, the Honorable Charles E. Stewart entered final judgments of permanent injunction and disgorgement against the above named defendants. Defendants Healy, Kummer and Thomson have consented to the entry of the orders without admitting or denying the allegations set forth in the Commission's complaint. (SEC v. Healy, et al., 74 Civ. 4305, S.D.N.Y.). (LR-6589)

CRIMINAL CONTEMPT PROCEEDINGS INSTITUTED  
AGAINST CARROLL W. WELLS

The Seattle Regional Office announced that on November 8 criminal contempt proceedings were instituted against Carroll W. Wells of Salmon, Idaho based on alleged violations of a permanent injunction issued against Wells on February 16, 1968 by the U.S. District Court for the District of Idaho which prohibited him from violations of the registration and antifraud provisions of the securities laws in the offer and sale of the common stock of Nuclear Fuels and Golden Pleasure Mining Company, Inc. District Court Judge, Fred M. Taylor, issued a show cause order against Wells for December 17, 1974. (U.S. v. Carroll W. Wells, U.S.D.C. Idaho, Civil Action No. 1-68-11). (LR-6590)

COMPLAINT NAMES JAN CORPORATION, INC.,  
OTHERS

The Seattle Regional Office announced that on November 7 a complaint was filed in the U.S. District Court for the District of Idaho against Jan Corporation, Inc., Lawrence Gini and Phillip Bechthold, all of Salmon, Idaho, Charles K. McConnell of Tendoy, Idaho, Donna Lou Davidson of Wilson, Wyoming, Robert L. Whistler and Fred L. Whistler, both of Costa Mesa, California, and Don A. Jenks and C. Dewey Myers, both of Salt Lake City, Utah, seeking an injunction from violations of the registration and antifraud provisions of the securities laws in the offer and sale of the common stock of Jan Corporation, Inc. (SEC v. Jan Corporation, Inc., et al., U.S.D.C. Idaho, Civil Action No. 4-74-44). (LR-6591)

COMPLAINT NAMES CAROLINA CARIBBEAN  
CORPORATION

The SEC announced the filing of a complaint in the U.S. District Court for the District of Columbia on November 13 seeking a court order directing Carolina Caribbean Corporation (Carolina), Beech Mountain, Watauga County, North Carolina, to comply with the reporting provisions of the securities laws and seeking a permanent injunction against further such violations. According to the Commission's complaint against Carolina, that company failed to file its annual report on Form 10-K for its fiscal year ended March 31, 1973, and its quarterly reports on Form 10-Q for the quarters ended June 30, 1974 and September 30, 1974 with the Commission. (SEC v. Carolina Caribbean Corporation, U.S.D.C. D.C., Civil Action No. 74-1653). (LR-6592)

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## INVESTMENT COMPANY ACT RELEASES

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PRESIDENTIAL EXCHANGE FUND

A notice has been issued giving interested persons until December 13 to request a hearing on an application by Presidential Exchange Fund, Inc., Second Presidential Exchange Fund, Inc. and Fifth Presidential Exchange Fund, Inc. for an order declaring that such funds have ceased to be investment companies. (Rel. IC-8586 - Nov. 18)

## INVESAT CORPORATION

A notice has been issued giving interested persons until December 13 to request a hearing on an application by Invesat Corporation, a registered, closed-end, non-diversified, management investment company and a Small Business Administration licensed small business investment company, for an order of the Commission exempting from certain provisions of the Act the proposed investment by Invesat of more than 5% of its total assets in a wholly-owned small business investment company subsidiary. (Rel. IC-8587 - Nov. 18)

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## HOLDING COMPANY ACT RELEASES

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### COLUMBIA COAL GASIFICATION CORPORATION COLUMBIA GAS TRANSMISSION CORPORATION

A notice has been issued giving interested persons until December 10 to request a hearing regarding a proposal by Columbia Gas Transmission Corporation to lease to Columbia Coal Gasification Corporation, both wholly-owned non-utility subsidiaries of The Columbia Gas System, Inc., 300,000 acres of land in West Virginia for the exploration, development and extraction of minable coal thereunder. (Rel. 35-18659 - Nov. 15)

A notice has also been issued giving interested persons until December 10 to request a hearing on proposals by Columbia Coal Gasification Corporation, to exchange interests in coal reserves with the Carter Oil Company and, in connection therewith, to engage in a joint coal mining venture with Carter. As its share of the joint venture's equity capital requirements, Columbia Coal Gasification will provide \$48 million over a 6-7 year period, such funds to be obtained through the issue and sale of its promissory notes and common stocks to Columbia. (Rel. 35-18660 - Nov. 15)

### SOUTHWESTERN ELECTRIC POWER COMPANY

An order has been issued correcting errors made in an order dated October 30, 1974 (Rel. 35-18636). (Rel. 35-18661 - Nov. 18)

### CENTRAL AND SOUTH WEST CORPORATION

A notice has been issued giving interested persons until December 10 to request a hearing on a proposal by Central and South West Corporation, a registered holding company, that it issue and sell up to 4,382,108 shares of its common stock through a negotiated offering. (Rel. 35-18662 - Nov. 18)

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## SECURITIES ACT REGISTRATIONS

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### (S-1) MCCULLOCH OIL CORPORATION

10880 Wilshire Blvd., Los Angeles, Cal. 90024 - \$15 million of preformation limited partnership interests in the McCulloch Oil Exploration - Development Program - 1975, consisting of three limited partnerships, to be offered for sale in units of \$1,000 by McCulloch Securities, Inc. The partnerships will engage in the exploration for and development of oil and gas. (File 2-52332 - Nov. 14)

### (S-7) RELIANCE ELECTRIC COMPANY

24701 Euclid Ave., Cleveland, Ohio 44117 - \$40 million of debentures, due 1994, to be offered for sale through underwriters headed by Lazard Freres & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated. Reliance Electric develops, manufactures, sells and services components and systems for use in the automation of industrial and commercial processes and operations. (File 2-52333 - Nov. 14)

### (S-16) MINNESOTA MINING AND MANUFACTURING COMPANY (3M)

3M Center, St. Paul, Minn. 55110 - 171,548 shares of common stock. These shares were issued in exchange for the business, assets and goodwill of Automated Analytical Laboratories (AAL). AAL was subsequently liquidated and the 3M shares exchanged for the AAL shares. The 3M shares may be offered for sale from time to time by the former stockholders of AAL who received shares at prices current at the time of sale. 3M produces a wide variety of products, including copying and microfilm, adhesives, abrasives, tape, reflective and decorative materials, electrical materials, printing products and magnetic recording materials. (File 2-52334 - Nov. 14)

(S-6) MUNICIPAL INVESTMENT TRUST FUND,  
THIRTY-FIRST MONTHLY PAYMENT SERIES

\$30 million of units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006. The Fund, a Unit Investment Trust, is to be created by a trust agreement among Merrill Lynch, Bache & Co. Incorporated and Reynolds Securities Inc., as Sponsors, United States Trust Company of New York, as Trustee, and Standard & Poor's Corporation, as Evaluator. The Fund's primary objective is providing tax exempt income through investment in a fixed portfolio of interest-bearing, long-term state, municipal and public authority bonds. (File 2-52335 - Nov. 14)

(S-7) COMMONWEALTH EDISON COMPANY

One First National Plaza, P.O. Box 767, Chicago, Ill. 60690 - \$100 million of first mortgage bonds, Series 29, due 1980. The holders of the company's outstanding \$100,000 of first mortgage bonds, Series 19, which will mature on January 1, 1975, will be offered the right to exchange their Series 19 Bonds for an equal principal amount of the new issue of Series 29 Bonds. Optional cash payments will be accepted from holders of Series 19 Bonds for the purchase, at the price of 100% of the principal amount thereof, of Series 29 Bonds which will not be needed to satisfy exchange offer participation. The exchange offer will expire at 4:00 p.m. on December 20, 1974, and cash payments must be received by the company on or before January 8, 1975. The company produces, purchases, transmits, distributes and sells electricity in the northern part of Illinois. (File 2-52329 - Nov. 13)

(S-14) ROYAL APEX SILVER, INC.

504 Bank St., Wallace, Idaho 83873 - 3,500,000 shares of common non-assessable stock. It is proposed to offer these shares in exchange for the outstanding common shares of Silver State Consolidated Mines Company, Reno, Nevada, at the rate of 1 Royal Apex share for each Silver State share. Royal Apex is a mining corporation which holds mining property in the Coeur d'Alene Mining District, Shoshone County, Idaho. (File 2-52237 - Oct. 8)

(S-5) VANCE, SANDERS DAILY INTEREST TRUST

One Beacon St., Boston, Mass. 02108 - 500,000 shares of beneficial interest. The Trust is a no-load, diversified open-end investment management company designed for investors who wish to invest in short-term "money market" obligations. Vance, Sanders & Company, Inc., One Beacon St., Boston, Mass. 02108 will be the Trust's investment adviser. (File 2-52246 - Oct. 31)

(S-5) CG MONEY MARKET FUND, INC.

900 Cottage Grove Rd., Bloomfield, Conn. 06002 - 2,500,000 shares of common stock, to be offered through CG Equity Sales Company, 900 Cottage Grove Rd., Bloomfield, Conn. 06002, as principal underwriter. CG Money Market Fund is a diversified, open-end, management investment company. CG Investment Management Company will act as investment adviser. (File 2-52261 - Nov. 1)

REGISTRATIONS EFFECTIVE

Nov. 18: American Security and Trust Co., 2-51997;  
Automatic Data Processing, Inc., 2-52191; Dean Witter Tax-Exempt Trust, Second Series, 2-52167; Ferguson Oil & Gas Co., Inc., 2-52250; MCI Communications Corp., 2-52305; Newmark American Petroleum Corp., 2-50407; Nolex Corp., 2-52196; North American Philips Corp., 2-52085; Sysco Corp., 2-52195.  
Nov. 11: AMCO Industries, Inc., 2-51605.

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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