

# sec news digest

a daily summary from the securities and exchange commission

(Issue No. 73-36)

February 22, 1973

## COMMISSION ANNOUNCEMENTS

NEWPORT SECURITIES BROKER-DEALER REGISTRATION REVOKED. Administrative Law Judge Ralph Hunter Tracy has filed an initial decision revoking the broker-dealer registration of Newport Securities Corp., Newport Beach, Calif., and barring its officers, A. Gurdon Wolfson, president, Martin Susson, vice-president, and Roy O. Dawson, treasurer, from association with a broker-dealer.

The Administrative Law Judge found that from January 1, 1969 to January 31, 1970, Newport, aided and abetted by Wolfson, Susson and Dawson willfully violated Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 in the offer, sale and purchase of various securities. Among other things, the respondents variously made false and misleading statements concerning a prospective rise in price of the common stock of offerings in which they were participating, many of which were "hot issues".

The Administrative Law Judge also found that from January 1, 1969 to September 1969, the respondents willfully violated and aided and abetted violations of Section 10(b) of the Exchange Act and Rule 10b-5 while participating in "hot issue" stock offerings by bidding for and purchasing shares of such stocks for accounts in which they had beneficial interests and inducing other persons to purchase said stocks prior to completing the distributions. It was found, further, that from January 1969 to January 1970, Newport willfully violated and Wolfson and Susson willfully aided and abetted violations of the credit extension provisions of the Exchange Act and the rules thereunder. Wolfson, Susson and Dawson were also found to have failed to reasonably supervise persons subject to their supervision with a view to preventing the foregoing violations. The decision is subject to review by the Commission on its own motion or on petition of the parties.

SEC ORDER CITES HENRY YOUNG & CO. AND GEORGE KENNETH KNOX. The SEC has issued an order for administrative proceedings against Henry Young & Co. (registrant) and George Kennedy Knox (Knox), for alleged violations of the anti-fraud provisions of the Federal securities laws. Knox, while acting as president of Registrant, a registered investment adviser, is alleged to have employed the funds of a client for his personal use while informing the client that these funds were invested in her name.

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

J. RAY MCDERMOTT & CO., INC. The SEC has issued an order granting the application of J. Ray McDermott & Co., Inc., for a finding that the trusteeship of First National City Bank under an Indenture dated August 15, 1972, heretofore qualified under the Act, and an Indenture dated October 16, 1972, not qualified under the Act, is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify it from acting as such under any of these indentures.

## COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES PROVIDENT SECURITIES AND PERICLES CONSTANTINOU. The SEC New York Regional Office announced on January 22 the filing of a complaint in the Federal court in New York seeking to enjoin Provident Securities, Inc., a broker-dealer of New York City, and Pericles Constantinou, of New York City, from violations of the net-capital, anti-fraud and financial reporting provisions of the Securities Exchange Act of 1934. Appointment of a receiver is also sought. (LR-5746)

SOUTH CENTRAL INDUSTRIES, OTHERS ENJOINED. The SEC Fort Worth Regional Office announced that the Federal court in Midland, Tex. on February 15 permanently enjoined South Central Industries, Inc. and Richard W. Bratcher, both of Midland, Tex., from violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of the common stock of South Central Industries, Inc. The defendants consented to the entry of the order without admitting or denying the allegations. The court also preliminarily enjoined by default Joe T. Boyd of Midland, formerly of Marfa, Tex., Halvard T. Hansen of Big Spring, Tex. and William H. Lyons of Mobile, Ala. (LR-5749)

DONALD GARY NORTON ENTERS GUILTY PLEA. The SEC Fort Worth Regional Office announced that Donald Gary Norton of Houston, Tex. entered a plea of guilty on February 7, 1973 in State District Court at Houston, Tex. to one count of a multi-count indictment for securities fraud and embezzlement. (LR-5750)

OVER

**EIGHT INDICTED IN CAPITOL HOLDING - EMPIRE OIL DISTRIBUTIONS.** The SEC Los Angeles Regional Office announced on February 14 that a Federal Grand Jury had returned an indictment against eight principals of Capitol Holding Corporation, successor in interest to Empire Oil Corporation, both with principal offices in Los Angeles, charging, among other things, violations of the registration and antifraud provisions of the Federal securities laws in the sale and distribution of unregistered stock of Empire Oil and Capitol Holding. Named as defendants in the indictment were Daniel E. Manning and David A. Wooldridge, both of Newport Beach, Calif., Michael E. Cannata and Stephen J. Mydanick, both of New York, N. Y., William G. London, aka William G. Luzzo, of Phoenix, Ariz., Robert A. Eisenberg, formerly of Beverly Hills, Calif., now residing in Israel, and Bernard Klavir and Irwin Schwartz, aka Steve Schwartz, both of Montreal, Canada. (LR-5751)

**SEC COMPLAINT NAMES CATHEDRAL OF TOMORROW, REX E. HUMBARD.** The SEC Chicago Regional Office announced on February 12 the filing of a complaint in the Federal court in Cleveland seeking to enjoin Rex E. Humbard and the Cathedral of Tomorrow, Inc. (an Ohio non-profit corp.), both of Cuyahoga Falls, Ohio, from violations of the antifraud provisions of the Federal securities laws in connection with the offer and sale of promissory notes and other evidences of indebtedness. The complaint requested the court to appoint a receiver to preserve the assets of the defendant corporation. (LR-5752)

#### INVESTMENT COMPANY ACT RELEASES

**WHITE, WELD & CO. INC.** The SEC has issued an order on an application of White, Weld & Co. Incorporated and other registered broker-dealers acting as the prospective representatives of a group of underwriters to be formed in connection with a proposed public offering of shares of common stock of Advance Investors Corporation (Company), closed-end management investment company, exempting transactions by Applicants and their co-underwriters, incidental to the distribution of Company shares, from Section 30(f) of the Act to the extent that it adopts Section 16(b) of the Securities Exchange Act of 1934 which makes insiders liable for short-term trading profits. (Rel. IC-7681)

**CORPORATE ENTERPRISES, INC.** The SEC has issued a notice giving interested persons until March 16, 1973 to request a hearing on an application filed by Corporate Enterprises, Inc., of Miami, Fla., for an order declaring that it has ceased to be an investment company. (Rel. IC-7683)

**WESTLAND CAPITAL CORPORATION.** The SEC has issued an order permitting Brentwood Associates, a privately held California limited partnership, and an affiliated person of Westland Capital Corporation, a non-diversified, closed-end management investment company registered under the Act, to purchase certain personal property and leasehold improvements from Westland. (Rel. IC-7684)

**LOEB, RHOADES & CO.** The SEC has issued an order on an application of Loeb, Rhoades & Co. and other registered broker-dealers acting as the representatives of a group of underwriters to be formed in connection with a proposed public offering of shares of capital stock of John Hancock Income Securities Corporation, closed-end management investment company, exempting transactions by applicants and their co-underwriters, incidental to the distribution of John Hancock's shares, from Section 30(f) of the Act which adopts Section 16 of the Securities Exchange Act of 1934 which requires insiders to file reports of their holdings and any changes in their holdings, and make such insiders liable for short-term trading profits. (Rel. IC-7685)

#### HOLDING COMPANY ACT RELEASES

**DELMARVA POWER & LIGHT CO.** The SEC has issued a notice giving interested persons until March 19 to request a hearing on the proposal of Delmarva Power & Light Company, Wilmington, Del. holding company, to issue and sell, prior to August 1, 1974, up to \$56 million of unsecured short-term notes to banks and to a commercial paper dealer. The proceeds from the sales will be used to finance Delmarva's 1973 and 1974 construction program, estimated to aggregate \$200,000,000. (Rel. 35-17886)

#### SECURITIES ACT REGISTRATIONS FILED

**THE VICTORY COMPANY,** 1564 Broadway, New York, N. Y. - \$500,000 of pre-formation partnership interests, to be offered for sale at \$10,000 per unit. The partnership is to be formed for the purpose of producing the dramatic-musical play entitled "Victory Canteen." The book of the play was written by Milt Larsen and Bob Lauher and the music and lyrics are by Robert B. Sherman and Richard M. Sherman. Kenneth Weissman and Weissman & Fox, Inc. are the general partners. (File 2-47075 - Feb 16)

**AMERICAN MUNICIPAL SECURITIES COMPANY,** 200 Park Ave., New York, N. Y. 10017 - 2,500,000 shares of partnership interest, to be offered for sale at \$18 per share through underwriters headed by Bache & Co. Inc., 100 Gold St., New York 10038. The company is a closed-end diversified investment company, which was formed to invest in municipal bonds, the interest from which is exempt from Federal income tax. Bayrock Advisors, Inc., wholly-owned subsidiary of Bache & Co., Inc., is investment adviser. (File 2-47076 - Feb 16)

CONTINUED

**FRANZIA BROTHERS WINERY**, P. O. Box 697, Ripon, Calif. 95366 - 455,000 shares of common stock, of which 100,000 are to be offered for sale by the company and 355,000 by certain shareholders. The offering is to be made (\*at \$27 per share maximum) through underwriters headed by W. E. Hutton & Co., 14 Wall St., New York 10005, and Bateman Eichler, Hill Richards Inc., 460 S. Spring St., Los Angeles, Calif. 90013. The company produces and markets California still and sparkling wines and brandy. Net proceeds will be used to repay outstanding short-term borrowings incurred in connection with the expansion of its sales and physical plant. (File 2-47077 - Feb 20)

**CURRENT INCOME SHARES, INC.**, 445 S. Figueroa St., Los Angeles, Calif. 90017 - 4,000,000 shares of common stock, to be offered for sale at \$15 per share through underwriters headed by Lehman Brothers, One William St., New York 10004. The company is a closed-end, diversified management investment company, whose primary investment objective is a high level of current income through investment in marketable high quality debt securities. Unionamerica Investment Management Company is investment adviser. (File 2-47078 - Feb 20)

**UNITED STATES TANK CAR CORPORATION** (the general partner), Penthouse Plaza 600, Seattle, Wash. 98101 - \$15,525,000 of units in its 1973 Tankcar Management Program (the Partnership), to be offered for sale at \$31,050 per unit. No underwriting is involved. The Program was established by the company to provide a means whereby investors can obtain certain returns that may accrue from the ownership and operation of rail tankcars. (File 2-47079 - Feb 20)

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**, 80 Park Pl., Newark, N. J. 07101 - 600,000 shares of cumulative preferred stock (\$100 par), to be offered for sale at competitive bidding. Net proceeds will be used to pay short-term obligations (issued for general corporate purposes including construction costs). Construction expenditures are estimated at \$420 million in 1973. (File 2-47080 - Feb 20)

**VESTAUR SECURITIES, INC.**, 1411 Walnut St., Philadelphia, Pa. 19102 - 1,000,000 shares of common stock, to be offered for sale at net asset value (\* \$17.5625 per share maximum). The company is a closed-end, diversified management investment company, whose investment objective is a high level of current income through investment in high quality debt securities. Vestaur Corporation, wholly-owned subsidiary of First Pennsylvania Corporation, is investment adviser. (File 2-47081 - Feb 20)

**MUNICIPAL INVESTMENT TRUST FUND, TWELFTH MONTHLY PAYMENT SERIES**, - \$84 million of units. The Fund was created by a trust agreement among Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bache & Co. Incorporated and Walston & Co., Inc., as sponsors, United States Trust Company of New York as trustee and Standard & Poor's Corporation as evaluator. The Fund was formed for the purpose of obtaining tax exempt income through investment in a portfolio of interest-bearing state, municipal and public authority bonds, the interest on which is, in the opinion of recognized bond counsel, exempt from all Federal income tax under existing law. (File 2-47085 - Feb 20)

**NCS COMPUTING CORPORATION**, 3960 N. Central Expressway, Dallas, Tex. 75204 - 1,604,554 shares of common stock. It is proposed to offer these shares in exchange for the outstanding stock of Booth, Inc. in connection with the proposed merger between NCS and Booth, whereby present shareholders of NCS will own some 35% of the outstanding shares of the merged companies and present shareholders of Booth will own some 65%. The name of NCS will be changed to Booth, Inc., and the present management of Booth will be the management of the merged companies. NCS provides data processing services and leases data processing equipment. Booth manufactures and sells non coin-operated soft drink dispensing machines. (File 2-47086 - Feb 21)

**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:

International Harvester Company, Chicago, Ill. (File 2-47061) - 350,000 shares  
 Spacelabs, Inc., Chatsworth, Calif. (File 2-47062) - 64,193 shares  
 The Cops Corporation, Stevens Point, Wisc. (File 2-47082) - 15,000 shares  
 Phillips Petroleum Company, Bartlesville, Okla. (File 2-47083) - 22,714 shares  
 Advanced Computer Techniques Corporation, New York, N. Y. (File 2-47084) - 64,000 shares

#### MISCELLANEOUS

#### RECENT FORM 8-K FILINGS

Form 8K is a report which must be filed with the SEC by the 10th of the month after any of the following important events or changes: changes in control of the registrant; acquisition or disposition of assets; legal proceedings; changes in securities (i.e., collateral for registered securities); defaults upon senior securities; increase or decrease in the amount of securities outstanding; options to purchase securities; revaluation of assets; submission of matters to a vote of security holders; and any newly enacted requirements effecting registrant's business.

The companies listed below have filed Form 8-K reports for the month indicated, responding to the item on the 8K form numbered in the parentheses. Photocopies may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An index of the captions of the several items of the form was included in Monday's News Digest.

BK REPORTS FOR JANUARY 1973

National Mobile Concrete Corp (4)	0-6423-2	Pertec Corporation (11,14)	1-6975-2
National Savings Corp (2,7,14)	0-6290-2	Pet, Inc. (13)	1-242-2
National Starch & Chemical Corp (14)	1-3582-2	Philip Morris, Inc. (8,13)	1-194-2
New York State Electric & Gas Corp (7,8)	1-3103-2	Pillsbury Co. (14)	1-444-2
New Orleans Public Service Inc.(13)	0-5807-2	Planet Oil & Mineral Corp (2,13)	0-3651-2
Newell Inds., Inc.(11)	0-3180-2	Pneumo Dynamics Corp (7,14)	1-4875-2
Norfolk & Western Ry Co. (7,14)	1-546-2	Poa Corp (4)	0-5729-2
Norris Oil Co. (1,4,7)	1-3623-2	Polymer Materials, Inc.(2,13,14)	0-4767-2
North American Development Corp (13,14)	1-7058-2	Ponderosa System, Inc.(13)	1-6707-2
Northern Corp (13,14)	0-4405-2	Porta Systems Corp (7,14)	2-45589-2
Oakmont Corp (13)	0-3958-2	Portland General Electric Co.(14)	1-5532-2
Octo Ltd (9,11,13,14)	0-5228-2	Power Designs, Inc.(11,14)	0-1921-2
Ohio-Sealy Mattress Mfg Co.(2,14)	1-6878-2	Prel Corporation(3,14)	1-6831-2
Omni Spectra Inc.(11,14)	0-3386-2	Prentice-Hall Inc.(10)	0-681-2
Orbanco, Inc.(9,14)	0-3907-2	Printogs, Ltd. (3)	0-4428-2
Outlet Co. (13)	1-1209-2	Pro Systems, Inc.(4,13)	0-6056-2
Overseas Nat'l Airways, Inc.(7,14)	0-3060-2	Prochemco, Inc (7,14)	0-2242-2
PP & C Companies, Inc.(8,11)	0-3001-2	Prosher Corp (3,9,13)	1-7018-2
PSP, Inc. (7)	1-6287-2	Pro-Tech Programs (3,13)	0-4969-2
Pabst Brewing Co. (13,14)	0-466-2	Publishers Co., Inc.(13,14)	0-1359-2
Pacific American Inds., Inc. (13,14)	0-3711-2	Quaker Oats Co. (7,14)	1-12-2
Pacific Asbestos Corp (6,10)	0-1144-2	Quality Data Processing, Inc.(13)	2-33880-2
Pacific Bancorporation (13)	0-4180-2	Ranco, Inc. (11)	1-3988-2
Pacific Gas & Electric Co.(13,14)	1-2348-2	Ransburg Corp (2,14)	1-6870-2
Palomar Financial (1,7)	1-6547-2	Raygo, Inc.(12,13,14)	0-3370-2
Pan American World Airways, Inc. (4,7,8,14)	1-3532-2	Redactron Corp (7,8,10)	0-6647-2
Patent Development Corp (1,13)	0-6093-2	Redlake Corp (3)	0-5720-2
Patrick Oil & Gas Corp(13,14)	2-38071-2	Republic Automotive Parts, Inc. (13,14)	1-7020-2
Pease & Elliman Realty Trust (13,14)	2-45261-2	Retail Credit Co. (13,14)	1-6605-2
Penn Corporation (13,14)	0-6135-2	Retention Communications Systems, Inc. (4,7,9,14)	2-34009-2
The Pennstar Co. (13,14)	0-1993-2	Rexnord Inc. (11,14)	1-373-2
Penncoil Offshore Gas Operators Inc. (7,14)	0-5468-2	R.J. Reynolds Inds., Inc.(14)	1-6388-2
Peoples Protective Corp (2)	0-3650-2	The Riley Co. (2,14)	1-6280-2
		Rival Mfg. Co. (7)	0-265-2
		Robertshaw Controls Co.(14)	1-3452-2
		Roblin Inds., Inc. (11,14)	1-5213-2
		Rollins International, Inc.(13,14)	1-5728-2
		Russell Aluminum Corp (2,11,14)	1-5890-2

**TRADING SUSPENSION CONTINUED.** The SEC has ordered the suspension of over-the-counter trading in the securities of Nova Equity Ventures, Inc. for the further ten-day period February 22 through March 3, inclusive.

**SECURITIES ACT REGISTRATIONS. Effective February 21:** Electro-Craft Corp. and Napco Industries, Inc., 2-46373; First Commerce Realty Investors, 2-46370 (May 23); Fundamerica of Japan, Inc., 2-46660; Justice Mortgage Investors, 2-46246; Perry Drug Stores, Inc., 2-46801 (May 23); Technogenics General, Inc., 2-45038 (90 days); Tucson Gas & Electric Co., 2-46960.

**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.

---ooo0ooo---