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COMMISSION ANNOUNCEMENTS

ADVISORY COMMITTEE REPORT ON A CENTRAL MARKET SYSTEM RECEIVED. The Commission's Advisory Committee on the Structure, Regulation and Governance of a Central Market System, established March 30, 1972, submitted its final report to the Commission on March 6, 1973. The submission of this Report represents the completion of the work of three Committees, including the Advisory Committee on Market Disclosure and the Advisory Committee on Block Transactions, originally proposed in the Commission's Statement on the Future Structure of the Securities Markets (February 2, 1972). The report recommends that the Commission consider two different approaches, both of which are discussed in full, for the implementation of a central market system. Members of the Committee included Richard B. Walbert, Chairman; William B. Eppler; Walter N. Frank, Sr.; Alan Greenspan; Jerome H. Grossman; Paul R. Judy; Robert C. Lewis; Jack Nash, Ralph S. Saul; John H. Schweiger; and John M. Liftin, Secretary. The 36-page report will be available in the public reference room at the Commission's headquarters in Washington, D. C.

OWENS SPEAKS ON HOLDING COMPANY ACT. The function of the Commission is to combine innovation and restraint in its administration of the Public Utility Holding Company Act of 1935, Commissioner Owens told the 68th Annual Convention of the Midwest Gas Association. "We try to say yes when we reasonably may, but no when we must." With these remarks as the keynote, Mr. Owens focused the majority of his address on illustrations of this manner and style of approach in the context of some recent developments under the 1935 Act.

Among the subjects covered were the modifications of the Commission's policy statements relating to the refundability of certain types of corporate debt subject to the 1935 Act, the Commission's regulatory response to the increased use of commercial paper by public utilities and the interpretative problems caused by current methods of lease financing.

The subject most emphasized, however, was the utility holding company conglomerate and the related issue of permissible diversification by registered and exempt holding companies. With regard to this area, Commissioner Owens discussed the applicable statutory sections and referred specifically to the agency's opinions in the Michigan Consolidated, National Utilities and Pacific Lighting cases. He drew particular attention to the latter two, both of which involved an exempt utility holding company and resulted in an even division on the Commission.

In concluding his speech, Commissioner Owens stressed that the Commission recognizes the problems and challenges which the members of the public utility industry face today. He called for continued cooperation between the regulator and the regulated in meeting these problems.

CHANGE IN OWNERSHIP ACCOUNTING. The Commission has referred the problem of accounting for changes in corporate ownership to the Financial Accounting Standards Board (FASB). In November the Commission had exposed a proposed Accounting Series release on this subject to the Accounting Principles Board (APB) and other interested parties for comment. The APB and other commentators suggested that the issues involved deserved careful study by the FASB prior to any determination as to the appropriate accounting for such transactions. The Commission accepted these suggestions and asked the FASB to put the item on its agenda. The text of the letter to Marshall Armstrong, chairman of the FASB, was released by the Commission.

TRADING SUSPENDED IN BENEFICIAL LABORATORIES. The SEC announced that it has ordered the temporary suspension of over-the-counter trading in the common stock, warrants and units of Beneficial Laboratories, Inc., of Oceanside, and Flushing, N. Y., for a ten-day period beginning March 5 and terminating at midnight on March 14, 1973. Trading was suspended because of questions that have arisen with respect to the manner in which the Reg. A offering of Beneficial Securities was offered and sold and questions raised with respect to the aftermarket trading in Beneficial shares and because of the lack of adequate information available concerning Beneficial. (Rel. 34-10031)

TRADING SUSPENDED IN INDECON INC. The SEC announced that it has ordered the temporary suspension of over-the-counter trading in the securities of Indecon Inc., of Chicago, Ill., effective for one ten-day period beginning on March 5 and terminating at midnight on March 14, 1973. Trading was suspended because of questions relating to the method of distribution of a registered offering of Indecon stock, and certain aftermarket activity in Indecon stock and because of the unavailability of adequate and accurate current information concerning the financial condition and business operations of Indecon.

Indecon has recently filed with the Commission its 10-K annual report for the fiscal year ended July 31, 1972. In that report, Indecon's independent auditor stated that it was unable to express an opinion on the fairness of Indecon's financial statements because of material uncertainties regarding transactions and events involving certain of its officers, a subsidiary, and P & H Associates, its underwriter. In this regard, the auditor's letter states that it was unable to identify the contingent liabilities to which Indecon may be subject under applicable law, including the Federal securities laws. (Rel. 34-10032)

TRADING SUSPENDED IN PROOF LOCK INTERNATIONAL CORP. The SEC announced that it has ordered the temporary suspension of over-the-counter trading in the securities of Proof Lock International Corp., of New York, N.Y., for a ten-day period beginning on March 5, 1973 and continuing through March 14, 1973. The suspension was ordered because of questions which have arisen in connection with trading in Proof Lock stock and the unavailability of adequate and accurate information concerning Proof Lock. The management of Proof Lock has indicated that under the circumstances it believes a trading suspension is appropriate and that it will cooperate fully in the Commission investigation. The management of Proof Lock has also informed the Commission that the company is in the process of preparing a release to its shareholders describing the company's present financial condition. (Rel. 34-10030)

COURT ENFORCEMENT ACTIONS

ROBERT S. PERSKY, OTHERS INDICTED. The SEC New York Regional Office announced that on March 1 a special Federal grand jury in New York indicted Robert S. Persky, a New York City attorney, Philip Zane and Jerome E. Silverman, two certified public accountants practicing in New York City; Charles J. Fischer, a money-manager, doing business in New York City; Morton S. Kaplan of Miami Beach, Fla., the former president of Microthermal Applications, Inc. and Ramon N. D'Onofrio, formerly of New York City, a securities promoter. Named as co-conspirators but not as defendants were John Peter Galanis, Akiyoshi Yamada, Steven C. Burns and Richard Kirschbaum. The indictment charged these persons with various activities in covering up the loss of approximately \$500,000 of the monies which Microthermal had obtained in a public offering of its securities in 1969, including the filing of false certified financial statements with the Commission for Microthermal and subsequently engaging in three transactions which were structured to create the false and misleading impression that these monies had been legitimately used for the purchase of other assets. In connection with these transactions, it is alleged that cash payoffs were made to the accountants, Fischer and D'Onofrio. The indictment also charges that during the course of the Commission's investigation, Zane and Silverman submitted false documentation to the staff to justify the payment to them by Galanis and, in addition, Zane is charged with perjury during the course of his testimony before an officer of the Commission. (LR-5768)

NORMAN RUBINSON GUILTY OF CIVIL CONTEMPT. The SEC New York Regional Office announced that on February 20 the Federal court in Manhattan filed an opinion in the case of Securities and Exchange Commission v. Radio Hill Mines Co., Ltd. The Court found that Norman Rubinson had knowingly submitted false reports with the Commission's New York Regional Office pursuant to a preliminary injunction which required Rubinson to submit an inventory of all securities he owned beneficially and to submit quarterly reports of all securities transactions in which he had a beneficial interest. Rubinson had earlier had been held in civil contempt for failing to submit such reports. The court found Rubinson guilty of civil contempt. (LR-5769)

ROBERT S. WALKER SENTENCED. The SEC Atlanta Regional Office announced that on March 1 the Federal court in Atlanta sentenced Robert S. Walker of Tampa, Fla., to three years on each of twelve counts, to run concurrently, following his conviction for violating the anti-fraud provisions of the Securities Act of 1933, the Mail Fraud Statute and conspiracy to violate these laws in connection with the sale of securities of American Capital Corporation. (LR-5771)

ROBERT R. HAGOPIAN SENTENCED. The SEC today announced that on February 28 the Federal court in New York sentenced Robert Hagopian, former portfolio adviser to two mutual funds, to one year in prison and fined him \$10,000, following his guilty plea to fraud and embezzlement charges in connection with a scheme to defraud these two funds. At the conclusion of the confinement, Hagopian is to be placed on probation for five years subject to the conditions that he shall not engage as an officer, director, agent, or other fiduciary in the discretionary investment or management of the funds or assets of others, and shall not directly or indirectly deal in any publicly-traded securities without the prior consent in writing of his probation officer. (LR-5772)

STEPHEN SANDERS SENTENCED. The SEC today announced that on March 2 the Federal court in New York sentenced Stephen Sanders, former portfolio adviser to three mutual funds, to six months and one day in prison, following his guilty plea to fraud charges and receiving illegal compensation in connection with a scheme to defraud these two funds. At the conclusion of the confinement, Sanders is to be placed on probation for five years subject to the conditions that he shall not engage as an officer, director, agent or other fiduciary in the discretionary investment or management of the funds or assets of others in the United States, and shall not directly or indirectly deal in any publicly-traded securities in this country without the prior consent in writing of his probation officer. (LR-5773)

GOLDSTEIN, SAMUELSON, INC.; HAROLD GOLDSTEIN RESTRAINED. The Los Angeles Regional Office announced that the Federal court in Los Angeles on February 28 restrained Goldstein, Samuelson, Inc. and Harold Goldstein from engaging in (1) offering for sale or selling options on commodities; (2) honoring any redemptions or liquidations of outstanding options on commodities; (3) effecting transactions in brokerage accounts maintained by or for the benefit of Goldstein, Samuelson and (4) disposing, dispensing or otherwise interfering with the business and assets of Goldstein, Samuelson. The defendants consented to the court order. Robert Komins of Los Angeles was previously appointed temporary receiver of Goldstein, Samuelson, Inc. (LR-5770)

GOLDSTEIN, SAMUELSON, INC.; HAROLD GOLDSTEIN ENJOINED. The SEC Los Angeles Regional Office announced the filing of a complaint on March 5 in the Federal court in Los Angeles, seeking to enjoin Goldstein, Samuelson, Inc., a California corporation, and Harold Goldstein, of Los Angeles, board chairman, from violating the registration and antifraud provisions of the Federal securities laws in the offer and sale of certain securities. The complaint also alleges that Goldstein, Samuelson failed to register as a broker-dealer with the Commission in accordance with the securities laws. The complaint asks that the defendants and persons affiliated with them in various capacities be restrained from transferring or otherwise disposing of property owned, controlled or in the possession of Goldstein, Samuelson and for the appointment of an equity receiver of all assets and property of Goldstein, Samuelson. (LR-5767)

INVESTMENT COMPANY ACT RELEASES

MCI COMMUNICATIONS CORP. The SEC has issued a notice giving interested persons until March 28 to request a hearing on an application by MCI Communications Corporation (Micom), a Delaware corporation, and Baker, Fentress & Company (B&F), a non-diversified, closed-end management investment company registered under the Act, for an order permitting a transaction whereby B-F would transfer to Micom, stock held by B-F in certain Micom affiliates together with options to purchase additional stock in such affiliates, and commit itself to make certain loans to Micom, in exchange for shares of Micom stock, a warrant to purchase additional Micom stock, and the assumption by Micom of certain loan obligation of B-F. (Rel. IC-7707)

HOLDING COMPANY ACT RELEASES

MIDDLE SOUTH UTILITIES. The SEC has issued an order authorizing Middle South Utilities, Inc. New York holding company, to issue and sell 4,000,000 shares of common stock at competitive bidding. The proceeds, estimated at about \$91 million, will be applied to repayment of Middle South's then outstanding bank loans. (Rel. 35-17898)

METROPOLITAN EDISON CO. The SEC has issued a notice giving interested persons until March 29 to request a hearing on an application of Metropolitan Edison Company, Berks County, Pa. subsidiary of General Public Utilities Corporation, to issue and sell 250,000 shares of its cumulative preferred stock at competitive bidding. The proceeds will be used, together with other funds, to finance its 1973 construction program, estimated at \$150,900,000, and to pay short-term promissory notes, estimated at \$41,400,000, incurred for such purpose. (Rel. 35-17899)

SECURITIES ACT REGISTRATIONS FILED

FOUNDERS SPECIAL FUND, INC., 2400 First National Bank Bldg., Denver, Colo. 80202 - 1,260,019 shares of capital stock. It is proposed to issue these shares in connection with the merger of First Sierra Fund into Special Fund, Inc. pursuant to which outstanding shares of Sierra Fund will be converted into shares of Special Fund. Special Fund and Sierra Fund are mutual funds, whose investment objectives are capital appreciation - Special Fund through short-term transactions and Sierra Fund through long-term investments. (File 2-47148 - Feb 28)

INDIANAPOLIS POWER & LIGHT COMPANY, 25 Monument Circle, P. O. Box 1595B, Indianapolis, Ind. 46206 - 725,000 shares of common stock and \$30 million of first mortgage bonds, due 2003, to be offered for sale in separate transactions through underwriters headed by Lehman Brothers, Inc., One William St., New York 10004. Net proceeds will be used to retire short-term notes, defray in part future construction expenses, and for other corporate purposes. Construction expenditures are estimated at \$55,732,000 in 1973 and \$441,441,000 for the five-year period 1973-1977. (File 2-47162 and 2-47163, respectively - Mar 1)

LOCAL LOAN CO., 105 W. Madison St., Chicago, Ill. 60602 - \$12 million of senior investment notes (Series A), due five years from issue, to be offered for sale at 100% of principal amount. No underwriting is involved. Included in these notes are \$6,799,600 of outstanding notes, which the company may have sold in violation of the Federal securities registration requirements. It offers to rescind the purchase of such outstanding notes and to substitute new notes in like principal amount and having the same maturity and bearing the same interest rate or to reimburse the purchaser the price paid for the notes plus 6% per annum interest. The company engages in the consumer finance business. Net proceeds will be used to finance consumer loans and for other corporate purposes. (File 2-47165 - Mar 1)

UNIVEST CORPORATION OF PENNSYLVANIA, 10 W. Broad St., Souderton, Pa. 18964 - 174,853 shares of common stock. It is proposed to issue these shares in connection with the merger of Union National Bank and Trust Company of Souderton into a recently organized national banking association, New Union National Bank (New Union), wholly-owned subsidiary of Univest Corporation of Pennsylvania. New Union's name will be changed to Union National Bank and Trust Company of Souderton. (File 2-47166 - Mar 1)

CHESSIE SYSTEM, INC., Terminal Tower, Cleveland, Ohio 44101 - 9,643,867 shares of common stock. It is proposed to offer these shares in connection with the merger of James River Railway Company into The Chesapeake and Ohio Railway Company (C&O). C&O shares will then be exchanged for an equal number of shares of common stock of Chessie System, Inc. C&O is engaged in railroad operations. James River was organized in February for the purpose of merging with C&O. (File 2-47167 - Mar 1)

DOCUTEL CORPORATION, 2615 E. Grauwlyer Rd., Irving, Tex. 75060 - 410,000 shares of common stock, of which 49,821 are to be offered for sale by the company and 360,179 by certain shareholders. The offering is to be made (*at \$38.25 per share maximum) through underwriters headed by Dean Witter & Co. Inc., 45 Montgomery St., San Francisco, Calif. 94106. The company manufactures and markets systems and related equipment which perform banking and other financial transactions. Of the net proceeds, \$1,300,000 will be applied to expanding the company's manufacturing capacity and the balance for other corporate purposes. (File 2-47169 - Mar 1)

CAYMAN EXPLORATION CORPORATION (the general partner), 608 Silver Spur Road, Palos Verdes Peninsula, Calif. 90274 - \$5 million of partnership interests in 1973 Cayman Oil and Gas Drilling Program, to be offered for sale at \$2,500 per unit with a minimum subscription of \$5,000 by selected NASD members. The Program is to be formed for the purpose of oil and gas exploration. (File 2-47170 - Mar 2)

MISCELLANEOUS

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Accurate Calculator Corporation, First World Corporation, Lilac Time, Inc. and Logos Development Corporation for the further ten-day period March 6-15, inclusive.

SECURITIES ACT REGISTRATIONS. Effective March 5: A. J. Industries, Inc., 2-46863; Coherent Radiation, 2-46944; Middle South Utilities, Inc., 2-47010.

*As estimated for purposes of computing the registration fee.

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