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CHAIRMAN COOK: FULL DISCLOSURE AND THE CHANGING BUSINESS ENVIRONMENT

Yesterday in an address before the American Society of Corporate Secretaries, Chairman Cook stressed that the Commission will not apply new rules governing earnings projections retroactively. He pointed out that full disclosure will be the thrust of any rules and guidelines established by the Commission on projections and that rules would only be adopted after publication for and the consideration of comments. He said that companies which have issued earnings forecasts should continue to do so if they desire.

The Chairman sought to allay the concern of corporations about earnings forecasts which turn out to be wrong. He said, "It is the Commission's conviction that when a company makes a forecast in which it firmly believes and bases the forecast on reasonable assumptions, the fact that the actual operating results do not match up should not make the company liable". He stated that a "safe harbor" rule is anticipated by the Commission which will set forth clearly what constitutes a forecast and the steps required once the forecast has been made.

In another area, The Chairman said future earnings, pending negotiations for important contracts or possible mergers, recent corporate product discoveries, and the like, which are not yet publicly known, should not be disclosed to financial analysts unless released to the public at the same time. He acknowledged that some corporate officers tended to refrain from discussing anything concerning their companies with financial analysts following the onslaught of antifraud cases. "I frankly reject the notion that the antifraud provisions of the federal securities laws were intended to preclude or should be viewed as precluding such discussions," Chairman Cook said. "I believe that corporate officials can serve a valuable public purpose by clarifying and interpreting existing public data relating to companies."

RULE PROPOSALS AND ADOPTIONS

AMENDMENTS TO REGISTRATION FORMS ADOPTED TO REQUIRE DISCLOSURE OF EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS. The Commission today announced the adoption of amendments to certain of its registration and reporting forms. The major thrust of the revisions deals with disclosures designed to describe the effect upon an issuer's business of compliance with Federal, State and local provisions dealing with the protection of the environment, and to describe administrative or judicial proceedings arising from such provisions. The forms amended by the Commission's action are Forms S-1, S-7 and S-9 under the Securities Act, and Forms 10, 10-K and 8-K under the Securities Exchange Act. The amendments will be effective with respect to reports and registration statements filed on or after July 3, 1973. (Rel. 33-5386)

DECISIONS IN ADMINISTRATIVE PROCEEDING

ROBERT L. RAFF BARRED. The SEC has affirmed the decision of an administrative law judge barring Robert L. Raff, Seattle, Wash., from association with any broker or dealer. The action was based on findings that during 1970 and 1971, respondent, who was then president and principal stockholder of a registered broker-dealer, had aided and abetted violations of the antifraud, net capital and recordkeeping provisions of the Securities Exchange Act and failed to exercise reasonable supervision over persons subject to his supervision with a view to preventing the violations. He was also subject to an injunction, entered with his consent, against violations of the same provisions. (Rel. 34-10111)

COMMISSION ANNOUNCEMENTS

SEC CITES MIDLAND SECURITIES CORP. The SEC has ordered administrative proceedings against Midland Securities Corporation (Registrant), an Edina, Minnesota, broker-dealer, certain of its present and former officers, and one former employee, for alleged violations of the anti-fraud, net capital, bookkeeping, customer credit, and financial and supplementary reporting provisions of the Federal securities laws. Named as individual respondents for variously aiding and abetting these alleged violations are present and former officers Richard B. Berdahl, Robert O. Knutson, William H. Harrison and Bruce L. Hankerson, and former employee James R. Ehlen.

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 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. (Rel. 34-10119)

COURT ENFORCEMENT ACTIONS

DR. TELTSHER'S APPLICATION DENIED. The SEC announced that on April 11 the Federal court in Manhattan dismissed an application filed by Dr. Lester Teltsher of Hibiscus Island, Miami Beach, Florida, to vacate, stay or modify an administrative subpoena duces tecum issued to the Second National Bank of North Miami for its records concerning his accounts. Judge Pierce's opinion found the application to be without merit.

Dr. Lester Teltsher had filed his application on March 30, 1973. Teltsher asserted that when he appeared to testify before the Commission he might invoke his Fifth Amendment privilege and that therefore his bank records were protected by the privilege. Teltsher further contended that production of the records would violate his physician-patient privilege, that the subpoena exceeded the scope of the Commission's order of investigation, and that he was being harrassed by the Commission's staff.

Judge Pierce found that Teltsher had no standing to attack the subpoena which was directed to records of another party, that he had no Fifth Amendment privilege as to such records and that there is no physician-patient privilege recognized in Federal court. (LR-5856)

THREE R TRUST MAKES \$500,000 RESTITUTION PAYMENT. The SEC Fort Worth Regional Office announced April 18 that the Federal court in Texas permanently enjoined the Three R Trust and Irwin M. Herz, Jr., individually and as Trustee for the Three R Trust, and ordered the payment by the Three R Trust of \$500,000 to First National Life Insurance Company of Houston, Texas by way of restitution of allegedly wrongfully withdrawn assets of such insurance company. The order was entered upon consent of the defendants who neither admitted nor denied the allegations contained in the Commission's complaint. The suit continues with respect to thirteen other defendants and an additional \$434,000 of requested restitution. (LR-5857)

DIXON, DOLCE & CO., OTHERS ENJOINED. The SEC New York Regional Office announced that on April 16 the Federal court in New York had permanently enjoined, by consent, Dixon, Dolce & Co., Inc., a broker-dealer of New York City, Ronald E. Dixon and Joseph S. Dolce, from further violations of the net capital recordkeeping, and supplemental reporting provisions of the Securities Exchange Act of 1934. (LR-5858)

INVESTMENT COMPANY ACT RELEASES

BROAD STREET INVESTING CORPORATION. The SEC has issued a notice giving interested persons until May 15 to request a hearing on an application of Broad Street Investing Corporation, New York mutual fund, for an order permitting the Fund's securities to be issued without sales load in exchange for substantially all of the assets of Forcash Investment Company. (Rel. IC-7775)

PRUDENTIAL INSURANCE COMPANY. The SEC has issued a notice giving interested persons until May 15 to request a hearing on an application of The Prudential Insurance Company of America ("Prudential") and three registered unit investment trusts for which it acts as sponsor and depositor, Prudential's Investment Plan Account (IPA), Prudential's Annuity Plan Account (APA), and Prudential's Annuity Plan Account 2 (collectively, "Applicants"), for an order of the Commission (1) modifying an earlier order (Rel. IC-5767 as amended by IC-5796) to, among other things, permit an increase in IPA's administrative charges; (2) permitting sales charges of outstanding APA contracts to be computed in accordance with the terms of such contracts while new APA contracts will provide for different sales charges; (3) approving an offer by Prudential and IPA to exchange interests under existing IPA Systematic Investment Plan Contracts for interests under different Systematic Investment Plan Contracts to be issued by IPA; and (4) permitting Applicants to make certain of the proposed changes on a state-by-state basis subject to certain conditions. (Rel. IC-7776)

MISCELLANEOUS

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Continental Vending Machine Corporation for the further ten-day period April 20-29, inclusive, and in the securities of Radiation Services, Inc. (formerly Meridian Fast Food Services, Inc.) for the further ten-day period April 21-30, inclusive.

SECURITIES ACT REGISTRATIONS. Effective April 18: ADR's of Comalco Limited, 2-47660; General Electric Co., 2-47467; Larwin Mortgage Investors, 2-47265. Effective April 19: AMF Incorporated, 2-47651; Central Bancshares of the South, Inc., 2-46916; Contech Inc., 2-47346; Continental Investment Corp., 2-47023; Cotter & Company, 2-47315; Econo-Travel Motor Hotel Corp. 2-46484 (90 days); Hartford Electric Light Co., 2-47234; Kearney-National Inc., 2-47566; Southwest Gas Corp., 2-47284.

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.

Copies of registration statements may be ordered from the Commission's Public Reference Section. All other referenced material is available in the issue of the SEC Docket indicated in parentheses below the News Digest Issue No. Both the News Digest (\$33.00 a year, first class mail; \$8.25 additional for foreign mailing; \$25.00 additional for air mail) and the SEC Docket (\$17.00 a year, first class mail; \$4.25 additional for foreign mailing) are in sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.