

# sec news digest

a daily summary from the securities and exchange commission

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May 17, 1973

## STATEMENT BY COMMISSIONER HUGH F. OWENS

I had a meeting this morning with the other members of the Commission and key members of the staff. As the senior commissioner and administrative head of the Securities and Exchange Commission in the immediate period ahead, I felt it was important to emphasize and reaffirm the crucial nature of the work the Commission is doing -- particularly in the restructuring of the securities markets and in the development of clearer, more meaningful disclosure of financial information for investors. I asked for their help and continued cooperation in the transition period ahead.

The Securities and Exchange Commission is an agency known for its professionalism, its integrity, its grasp of the issues. I have always considered this agency outstanding because its people were outstanding and I have never known a time when the quality of its people was so high. I think the statement made by Chairman Cook yesterday about his regard for this agency typifies the unity and the spirit which has enabled us to put together this agency's outstanding record.

I look for no major slowing or setback in the critical work ahead and it is my hope and intention that we can move as quickly as possible on the many urgent matters before us. I don't believe that there has ever been a time when the Commission has been involved in so many major policy decisions in so many areas of its responsibility. The emerging central market system, the clarification of the law and the enforcement programs on the use of inside information, the work on clarifying the role and responsibility of the corporate director, the development of rules and guidelines on earnings projections and improved prospectus, the work on mutual fund sales charges, the massive enforcement actions both in the courts and pending at the Commission -- these are but a few of our present concerns. When you consider the role of the investment process in this economy, particularly at this time, these matters take on added importance.

It is my intention that the Commission move ahead on a business-as-usual basis, but because of the scope of these actions, I am asking for unusual and concerted effort -- even for this Commission and staff. And I know I can count on it.

## CHAIRMAN COOK ANNOUNCES RESIGNATION

Dear Mr. President:

I deeply regret having to tender my resignation as Chairman of the Securities and Exchange Commission, but in light of the unfortunate circumstances now prevailing, I believe it best to do so. I have reached this most difficult decision because of my complete respect for the Securities and Exchange Commission and its dedicated staff. I retain my complete confidence in our country, its institutions, and myself.

Sincerely,

G. Bradford Cook

## STATEMENT BY G. BRADFORD COOK IN ANNOUNCING HIS RESIGNATION

Today I tendered my resignation to the President as Chairman of the Securities and Exchange Commission. You have copies of my letter. I would like only at this time to comment on the impression I perceive to be prevalent, that the SEC's case against Robert Vesco and 41 other defendants was compromised or altered by external pressures and influences. This case is one of the most important ever brought by this agency. It was directed at the systematic looting of hundreds of millions of dollars in investor money by Vesco. It is a case of which this agency can be proud, and if anything, it will add to the reputation for integrity and thoroughness which this agency has. My involvement and views as General Counsel on the building of this case are a matter of record and my view was consistent throughout: that Robert Vesco and the activities of those around him represented a menace and a threat to investor confidence everywhere. There was no question that this case could ever be settled out of court. The Commission had to bring one of the most forceful and thorough cases in its history -- which it did.

I believe in this agency and in this government and I believe in myself. The web of circumstances that I find myself confronted with has made me feel that the effectiveness of the agency might be impaired. I hope my action today will enable the Securities and Exchange Commission to move ahead with the urgent, unfinished business that affects our economy in so many ways.

## COMMISSION ANNOUNCEMENTS

**BROKER-DEALER MODEL COMPLIANCE PROGRAM ADVISORY COMMITTEE ANNOUNCES MEETINGS.** The Commission's Advisory Committee on a Model Compliance Program for Broker-Dealers, established on October 25, 1972 (Securities Exchange Act Release No. 9835), will hold meetings on May 30-31, 1973 at the office of Goldman Sachs & Co., 55 Broad Street, New York, New York and on June 12-13, at the office of the National Association of Securities Dealers, Inc., 1735 K Street, NW, Washington, D.C. The meetings will commence at 9:00 a.m., local time.

This Advisory Committee was formed to assist the Commission in developing a model compliance program to serve as an industry guide for the broker-dealer community. Assisted by this Committee's work the Commission plans to publish a guide to broker-dealer compliance under the securities acts in order to advise broker-dealers of the standards to which they should adhere if investor confidence in the fairness of the market place is to be warranted and sustained. The Committee's recommendations are not intended to result in the expansion of Commission rules governing broker-dealers, but to inform broker-dealers as to the existing requirements and how they may comply with them.

The Committee's scheduled meetings will be for the purpose of reviewing drafts and proposals concerning the Committee's proposed report to the Commission on these compliance guidelines for broker-dealers.

These meetings are open to the public. Any interested person may attend and appear before or file statements with the Advisory Committee -- which statements (if in written form, may be filed before or after the meeting or) if oral, at the time and in the manner and extent permitted by the Advisory Committee.

**LETTERS TO SELF-REGULATORY ORGANIZATIONS ON DISCIPLINARY ACTIONS SENT.** The Commission has sent letters to each of the registered national securities exchanges and to the National Association of Securities Dealers, Inc requesting that they amend their constitutions and/or rules or adopt policies to provide for full disclosure of their formal disciplinary actions to their members, other self-regulatory organizations, and the public. The Commission believes that, at a minimum, such disclosure should consist of the identification of the person or persons involved in the proceeding, the nature of the violation, the sanction imposed, and the basis of the disciplinary decision. In the case of a disciplinary action against an employee of a member firm, the identity of the firm which employed the person at the time of the alleged offense should be disclosed. In such cases, however, the organization's announcement should indicate, where appropriate, that the firm was exonerated of any wrongdoing, or was not named as a respondent in the proceeding. (Rel. 34-10152)

## COURT ENFORCEMENT ACTIONS

**REALTO P. CLINTON, OTHERS ENJOINED.** The SEC Fort Worth Regional Office announced that the Federal Court in Wichita, Kansas permanently enjoined by consent -- Realto P. Clinton, Wichita, William E. Lusk, Wichita, Lloyd W. Parrish, Wichita, Carl A. Funke, New York, N. Y., Rudolph H. Funke, Deerfield Beach, Florida, and Vernon E. Taylor, La Mesa, California, from violations of various provisions of the Federal securities laws. The six are among 18 individual defendants in the Commission's civil injunctive action filed earlier against Clinton Oil Company, of Wichita. (LR-5891)

**NORTHWEST PACIFIC ENTERPRISES, OTHERS ENJOINED.** The SEC Seattle Regional Office announced that on April 27 the Federal Court in Tacoma, Washington, permanently enjoined Northwest Pacific Enterprises, Inc., a Utah corporation, Richard Matuszewski, of Seattle, Washington, Francis C. Lund, a Salt Lake City, Utah attorney, and Robert M. Bryson, of Salt Lake City, Utah, from violations of the registration and anti-fraud provisions of the Federal securities laws. Breholt, Daines and Okuda, a Salt Lake City firm of Certified Public Accountants, and Tubber T. Okuda, a partner in that firm, were also enjoined from further violations of the anti-fraud provisions of the securities laws. (LR-5890)

## HOLDING COMPANY ACT RELEASES

**OHIO EDISON COMPANY.** The SEC has issued a notice giving persons until June 8 to request a hearing on an application of Ohio Edison Company, Pennsylvania Power Company, a subsidiary, regarding the proposed issue and sale of common stock (1) of the holding company at competitive bidding and (2) of the subsidiary company to the holding company. The proceeds will be used, together with other funds, to finance the companies' 1973 construction programs and to pay outstanding short-term promissory notes. Ohio Edison will also use a portion of the proceeds to purchase said shares of common stock of Pennsylvania Power Company. (Rel. 35-17965)

## INVESTMENT COMPANY ACT RELEASES

**NATIONAL SECURITIES & RESEARCH CORP.** The SEC has issued an order on an application of National Securities & Research Corporation of New York and the open-end funds for which it acts as principal underwriter, exempting them from Section 22(d) and Rule 22d-1 to permit shares of the Funds to be sold without sales charges upon the exercise of reinvestment privileges to be offered to redeeming shareholders. (Rel. IC-7817)

**LOOMIS-SAYLES CAPITAL DEVELOPMENT FUND.** The SEC has issued an order on an application of Loomis-Sayles Capital Development Fund, Incorporated, Boston mutual fund, permitting the Fund to issue its redeemable securities, which are usually sold at net asset value, for substantially all of the assets of JWC Investment Company, Inc. adjusted to compensate the Fund for any increased potential tax liability that might exist as a result of the transaction. (Rel. IC-7816)

#### SECURITIES ACT REGISTRATIONS FILED

**FORD MOTOR COMPANY,** The American Road, Dearborn, Mich. 48121 - 732,600 shares of common stock, issuable upon conversion of the 6% convertible guaranteed debentures, due 1987, issued by Ford International Capital Corporation. (File 2-47758 - Apr 19)

**WEIGHT WATCHERS INTERNATIONAL, INC.,** 175 East Shore Rd., Great Neck, N. Y. 11023 - 500,000 shares of common stock, to be offered for sale by certain shareholders. The offering is to be made (\* at \$22.75 per share maximum) through underwriters headed by New York Securities Co. Inc., One New York Plaza, New York 10004. The company operates a program designed to help overweight people lose weight. (File 2-47760 - Apr 19)

**BROCKTON TAUNTON GAS COMPANY,** 995 Belmont St., Brockton, Mass. 02401 - \$6 million of notes, due 1998, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, New York 10006. Net proceeds will be used to reduce outstanding bank loans incurred in connection with the company's construction program. Construction expenditures are estimated at \$11,009,000 for the period 1973 through 1975. (File 2-47762 - Apr 19)

In a separate statement, the company seeks registration of 104,064 shares of common stock. It is proposed to offer these shares for subscription by common stockholders at the rate of one new share for each five shares held, and (\* at \$28 per share maximum). Any unsubscribed shares may be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith. Net proceeds will be used to reduce outstanding bank loans incurred in connection with the company's construction program. (File 2-47763 - Apr 19)

**CHAMPION INTERNATIONAL CORPORATION,** 777 Third Ave., New York, N. Y. 10017 - 422,706 shares of common stock and 76,766 shares of \$1.20 cumulative convertible preference stock. Of these shares, 358,109 common and 76,766 preference shares are issuable pursuant to the Contingent Compensation Plan of the company or its subsidiary and 50,000 shares are issuable pursuant to the company's Contingent Compensation and Bonus Plan. The remaining 14,597 common shares are to be offered for sale by a selling shareholder. (File 2-47764 - Apr 20)

**FIRST ILLINOIS CORPORATION,** 800 Davis St., Evanston, Ill. 60204 - 600,000 shares of common stock. It is proposed to offer these shares in exchange for substantially all of the stock of First National Bank and Trust Company of Evanston, on a share-for-share basis. First Illinois was organized to be a one-bank holding company. (File 2-47767 - Apr 20)

**HMO INTERNATIONAL,** 1880 Century Park East, Suite 1500, Los Angeles, Calif. 90067 - 250,000 shares of common stock, of which 175,000 are to be offered for sale by the company and 75,000 by certain shareholders. The offering is to be made (\* at \$20 per share maximum) through underwriters headed by Clark, Dodge & Co. Inc., 140 Broadway, New York 10005. HMO performs management, marketing, administrative and other services primarily as an integral part of a health maintenance organization. Net proceeds will be used to pay short-term debt (\$2,021,000) and for working capital purposes. (File 2-47769 - Apr 20)

**FIRST UNITED BANCORPORATION, INC.,** One Burnett Plaza, Fort Worth, Tex. 76102 - 170,000 shares of common stock and \$7,200,000 of 7-1/2% subordinated series notes. It is proposed to issue these securities in exchange for 30,000 shares of common stock of Cleburne National Bank. Bancorporation is a bank holding company, which owns stock in five suburban banks in the Fort Worth area. (File 2-47770 - Apr 20)

**MONOLITHIC MEMORIES, INC.,** 1165 East Arques Ave., Sunnyvale Calif. 94086 - 630,000 shares of common stock, of which 520,000 are to be offered for sale by the company and 110,000 by a selling stockholder. The offering is to be made (\* at \$16 per share maximum) through underwriters headed by Loeb, Rhoades & Co., 42 Wall St., New York 10005. The company manufactures and markets large-scale integrated semiconductor memory circuits utilizing bipolar technology. Net proceeds will be used for working capital and other corporate purposes. (File 2-47772 - Apr 20)

**RUBY MINING COMPANY,** 418 South 7 East, Riverton, Wyo., 82501 - 6,000,000 shares of common stock, to be offered for sale at 10 cents per share by B. J. Leonard & Co., 10 Equitable Bldg., 730 17th St., Denver 80202. The company proposes to explore mining claims. Net proceeds will be used for general corporate purposes. (File 2-47774 - Apr 20)

**MARRIOTT CORPORATION,** 5161 River Road, Washington, D.C. 20016 - 53,457 shares of common stock, which may be offered for sale from time to time by a selling shareholder at prices current at the time of sale (\* \$31.75 per share maximum) or in negotiated transactions. (File 2-47775 - Apr 20)

**WISCONSIN REAL ESTATE INVESTMENT TRUST**, Suite 1920, Marine Plaza Milwaukee, Wis. 53202 - 1,300,000 shares of beneficial interest, to be offered for sale (\* at \$13.50 per share maximum) through underwriters headed by W. E. Hutton & Co., 14 Wall St., New York 10005. The trust invests primarily in equity ownership of income-producing real estate. MJA Associates, Inc. is manager and investment adviser. (File 2-47777 - Apr 20)

**VELVET-O'DONNELL CORPORATION**, 30111 Schoolcraft, Livonia, Mich. 48151 - 60,000 shares of common stock, to be offered for sale (\* at \$20 per share maximum) through underwriters headed by Financial House, Inc., 840 Buhl Bldg., Detroit, Mich. The company is engaged in the manufacture and sale of peanut butter and peanuts, in importing and distributing foreign and domestic beers, wines and liquors and the processing and sale of pre-cooked quick-frozen bacon. Of the net proceeds, \$200,000 will be used to construct an addition to its Haberstroh Farm facilities and the balance for working capital and other corporate purposes. (File 2-47778 - Apr 20)

**HONEYWELL INC.**, 2701 Fourth Ave., South, Minneapolis, Minn. 55408 - 5,011 shares of common stock which may be offered for sale from time to time by certain shareholders at prices current at the time of sale (\* \$115.125 per share maximum) or in negotiated transactions. The company manufactures electronic, electrical and pneumatic products having numerous applications. (File 2-47779 - Apr 20)

**DOCTOR HEREFORD, INC.** (the general partner), 6th & Grove, McLean, Tex. 79057 - \$1 million of pre-organization subscriptions in partnerships to engage in cattle breeding and feeding programs, to be offered for sale at \$1000 per unit with a minimum purchase of five units. (File 2-47780 - Apr 20)

**MARITIME FRUIT CARRIERS COMPANY LIMITED**, an Israeli corporation, 53 Shderot Hameginim, Haifa, Israel - 70,000 shares of Class A Ordinary Shares, issuable upon exercise of warrants pursuant to an agreement among the company, Maritimcor, S.A. a wholly-owned subsidiary, and Bankers Trust International Limited, warrant agent. The company engages in international transport of foods in refrigerated ships. (File 2-47783 - Apr 20)

**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:  
 First Pennsylvania Corporation, Philadelphia, Pa. (File 2-47759) - 250,000 shares  
 May Department Stores Company, St. Louis, Missouri (File 2-47766) - 444,852 shares  
 Atlantic Richfield Company, Los Angeles, Calif. (File 2-47768) - \$25 million of participations in the Plan  
 UV Industries, Inc., New York, N. Y. (File 2-47771) - 100,000 shares  
 American Fletcher Corporation, Indianapolis, Indiana (File 2-47773) - 320,885 shares  
 Retail Merchant's Industries, Inc., Columbus, Ohio (File 2-47781) - 100,000 shares  
 George Banta Company, Inc., Menasha, Wisconsin (File 2-47782) - 80,000 shares

#### MISCELLANEOUS

**TRADING SUSPENSIONS CONTINUED.** The SEC has ordered the suspension of exchange and over-the-counter trading in the securities of Equity Funding Corporation of America and over-the-counter trading in the securities of Clinton Oil Company, Industries International Inc., Trionics Engineering Corporation, and Giant Stores Corporation for the further ten-day period May 17-26, inclusive.

**SECURITIES ACT REGISTRATIONS. Effective May 16:** Boston Oil Limited 1973, 2-46827 (90 days); Coastal Caribbean Oil & Minerals, Ltd., 2-47360; Columbus and Southern Ohio Electric Co., 2-47830; Desoto, Inc., 2-47785; Dow Chemical Co., 2-47883; Esasco Corp., 2-47988; Grumman Corp., 2-47799; Honeywell Inc., 2-47779; Intel Corp., 2-47856; Itel Corp., 2-47428; Malone & Hyde, Inc., 2-47986; Northern Illinois Gas Co., 2-47835; Pacific Telephone and Telegraph Co., 2-47841; Textron Inc., 2-47946; Warner Company, 2-46364; Western Trio Cattle Co., 2-46993.

**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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