

# sec news digest

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July 26, 1973

## RULE PROPOSALS AND ADOPTIONS

THE COMMISSION PROPOSES RULE CHANGE WHICH WILL PERMIT PRELIMINARY WORK IN AUDITS OF BROKER-DEALERS. The Commission announced today a proposal to amend Rule 17a-5 and Form X-17A-5 to permit independent public accountants to perform audit procedures prior to the audit or balance sheet date of brokers and dealers. The release also clarifies the responsibilities of accountants with respect to reporting material inadequacies.

The proposal would require that if the independent public accountant wishes to perform, prior to the audit date, certain procedures set forth in the proposal, the broker-dealer would be required to file certain information with the Commission on a new Part III to Form X-17A-5. The proposal provides that the preliminary work may be performed as much as 100 days prior to the balance sheet date. A report based on the preliminary work would be required within 45 days after the date the preliminary work began and would contain a report filed by the independent public accountants which (1) describes the scope of the examination, (2) states that the statistical information required to be reported is fairly presented, and (3) comments upon any material inadequacies found to exist, based upon the scope of his preliminary work. (Rel. 34-10297)

## COMMISSION ANNOUNCEMENTS

TRADING SUSPENDED IN SECURITIES OF DEKRAFT CORP. The SEC has announced the temporary suspension of over-the-counter trading in the securities of Dekcraft Corp., of New York, New York, for a ten-day period commencing on July 25, 1973 and terminating at midnight (EDT) on August 3, 1973.

The Commission initiated the suspension because the company failed to comply with the reporting provisions of the Exchange Act resulting in the lack of current and accurate information available to the public. (Rel. 34-10298)

## COURT ENFORCEMENT ACTIONS

BELLEVUE CONTRACTOR SENTENCED. The SEC Seattle Regional Office announced that on July 20, 1973, Robert V. Gnapp, a Bellevue, Washington contractor and real estate developer, was sentenced to three years in Federal prison for falsely making and pledging a certificate of deposit purporting to be an obligation of Northwest Guaranty Savings and Loan Association of Seattle, Washington.

Gnapp was indicted together with Carl Martin Brandenfels and Kenneth H. Grove on charges of conspiring to embezzle assets of Northwest Guaranty Savings and Loan, Grove's firm. Brandenfels was found guilty and will be sentenced on August 17. Grove, who fled to Brazil in June 1971, is in custody there awaiting the outcome of an extradition hearing. (LR-5993)

COURT ENTERS ORDER RE LIPPER CORP. The SEC announced that on July 24, 1973, the Federal court in New York entered Findings of Fact, Conclusions of Law and an Order, upon consent, in the Commission's action against Arthur Lipper Corp. (Lipper Corp.) and others.

The Commission's action was instituted in 1969 against IOS, Ltd. (S.A.) (IOS), IIT Management Company, Fonditalia Management Company, Mel Rosen, Johannes Melse and Lipper Corp., alleging that each of these defendants had violated the registration requirements of the Federal securities laws, in connection with the sale of securities of Revenue Properties Company, Limited, a Canadian corporation, in 1969. On August 14, 1969, each of the defendants, with the exception of Lipper Corp., consented to the entry of a permanent injunction prohibiting them from future violations of the Securities Act registration provisions.

In an undertaking filed with the court, Lipper Corp. consented to the entry of a finding that it had violated the registration provisions of the Securities Act in connection with the sale by IOS of certain shares of Revenue Properties Company. Pursuant to its undertaking, Lipper Corp. has agreed that it will not engage in future violations of the registration provisions of the Securities Act in connection with the sale of Revenue Properties stock or any other security, and has also agreed that violations of its undertaking shall be punishable by the court as a contempt. In light of the Findings of Fact and Conclusions of Law entered therein, the action was, upon consent of the parties, otherwise dismissed. The court retained jurisdiction of the matter, however, to enter further orders with respect to Lipper Corp.'s undertaking as might, from time to time, become appropriate. (LR-5994)

## INVESTMENT COMPANY ACT RELEASES

TRANSATLANTIC FUND LIMITED. The SEC has issued a notice giving interested persons until August 21, to request a hearing on a proposal to declare by order upon its own motion that Transatlantic Fund Limited, of New York, is no longer an investment company. (Rel. IC-7905)

FIRST DIVERSIFIED MUTUAL FUNDS, INC. The SEC has issued a notice giving interested persons until August 21 to request a hearing on a proposal to declare by order on its own motion that First Diversified Mutual Funds, Inc., of New York, has ceased to be an investment company. (Rel. IC-7906)

FIRST BAY FUND. The SEC has issued an order declaring upon its own motion that First Bay Fund, of Oakland, California, has ceased to be an investment company. (Rel. IC-7907)

BAY CAPITAL FUND. The SEC has issued an order declaring upon its own motion that Bay Capital Fund, of Oakland, California, has ceased to be an investment company. (Rel. IC-7908)

BAY APPRECIATION FUND. The SEC has issued an order declaring upon its own motion that Bay Appreciation Fund, of Oakland, California, has ceased to be an investment company. (Rel. IC-7909)

## 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 of the form specified. 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 items of the form was included in Monday's News Digest.

COMPANY	ITEM NO.	MONTH
WHEELING PITTSBURGH STEEL CORP	3,13	06/73
WINTER PARK TELEPHONE CO	7	06/73
WISCONSIN TELEPHONE CO	3	06/73
WRATHER CORP	3	06/73
WSC GROUP INC	9,11	05/73
ZAUSNER FOODS CORP	7,14	05/73
ADVANCED PATENT TECHNOLOGY INC	7,9,13,14	07/73
AFFILIATED FINANCE INC	1,10	06/73
AIR WISCONSIN INC	2,7	06/73
AIRWICK INDUSTRIES INC	13,14	06/73
ALABAMA BANCORPORATION	10,13,14	06/73
ALLIED ARTISTS PICTURES CORP	3,13	06/73
ALLIED SUPERMARKETS INC	10	06/73

8K REPORTS CONT.

ALPEX COMPUTER CORP	13,14	06/73
AMERICAN SMELTING & REFINING CO	10,13,14	06/73
AMERICAN TELEVISION & COMMUNICATIONS CORP	7,13	06/73
ARCATA NATIONAL CORP	2,3,10	06/73
ARMADA CORP	2,3,14	06/73
ASSOCIATED MORTGAGE INVESTORS	8	06/73
BEECH CREEK RAILROAD CO	13	06/73
BIO MEDICAL SCIENCES INC	9,13,14	06/73
BOLT BERANEK & NEWMAN INC	2,4,8,10,14	06/73
BORMANS INC	1,3	06/73
BRESNAHAN COMPUTER CORP	1	06/73
BUNTING STERISYSTEMS INC	3	03/73
CALIFORNIA COMPUTER PRODUCTS INC	13	06/73
CAROUSEL FASHIONS INC	7,12,14	06/73
CARROLS DEVELOPMENT CORP	13	07/73
CERRO CORP	12,14	06/73
COMMONWEALTH EDISON CO	3,7,8,14	06/73
COMPUTER INVESTORS GROUP INC	10,14	06/73
CONNECTICUT LIGHT & POWER CO	3	06/73
CUBIC CORP	7,14	06/73
DIAMOND INTERNATIONAL CORP	13,14	06/73
EAST MOLINE DOWNS INC	3	06/73
ENVIRONMENT ONE CORP	7	06/73
EZ PAINTR CORP	13	06/73
FIRST CONTINENTAL REALTY FUND LTD	2,13,14	06/73
FIRST GREATWEST CORP	13	06/73
FORD MOTOR CREDIT CO	7	06/73
FOTOMAT CORP	13,14	06/73
GABLE INDUSTRIES INC	2,7,9,14	06/73
GALVESTON HOUSTON CO	2,7,14	06/73
GENERAL MOTORS ACCEPTANCE CORP	3,13	06/73
GREAT SOUTHWEST CORP	6,14	06/73
HARRAHS	13	06/73
HART SCHAFFNER & MARX	7	06/73
HAYWARD MANUFACTURING CO INC	11,13,14	06/73
HON INDUSTRIES INC	13	05/72
HOSPITAL AFFILIATES INC	8	06/73
HOUSTON NATURAL GAS CORP	7,14	06/73
INTERCOLE AUTOMATION INC	3	06/73
INTERNATIONAL BANKNOTE CO INC	4,11,14	06/73
INTERNATIONAL MINERALS & CHEMICAL CORP	10	06/73
INTERNATIONAL SYSTEMS & CONTROLS CORP	11,14	06/73
JANTZEN INC	13	06/73
KALVEX INC	3	06/73
KANSAS STATE NETWORK INC	3,9,14	06/73
KING INTERNATIONAL CORP	10	06/73
LCA CORP	11,13,14	06/73
LEHIGH VALLEY INDUSTRIES INC	11,13,14	06/73
LIFE SCIENCES INC	3	06/73
LISTFAX CORP	2,14	06/73
LITRONIX INC	13	06/73
LOCKHEED AIRCRAFT CORP	14	06/73
LORAL CORP	10,13,14	06/73
LTV CORP	8,14	06/73
MORTGAGE INVESTORS OF WASHINGTON	11,14	06/73
NATIONAL CHEMICAL CORP	1,3,7,13,14	06/73
NATIONAL STANDARD CO	7,8,14	06/73
NEW ULM RURAL TELEPHONE CO	13,14	02/73
NEW YORK TELEPHONE CO	7	06/73
NEWELL COMPANIES INC	2	06/73
NJB PRIME INVESTORS	13	06/73
ORBANCO INC	13	06/73
ORIGINAL CONEY ISLAND INC	3	05/73
OZITE CORP	7,14	06/73
PENN VIRGINIA CORP	3,12	06/73
PENNSYLVANIA LIFE CO	11,14	06/73
PEOPLES GAS LIGHT & COKE CO	13	06/73
PHILADELPHIA NATIONAL CORP	7,14	06/73

8K REPORTS CONT.

PHILADELPHIA SUBURBAN WATER CO	11	06/73
PITTSBURGH YOUNGSTOWN ASHTABULA RAILWAY	13	06/73
PRECISION INSTRUMENT CO	6	06/73
REPUBLIC CORP	1,13,14	06/73
REPUBLIC STEEL CORP	3,7,14	06/73
SANTA FE INDUSTRIES INC	3	06/73
SCHICK INC	4,11,14	06/73
SHOWBOAT INC	13	06/73
SOUTH CAROLINA ELECTRIC & GAS CO	7	06/73
SOUTHERN PACIFIC TRANSPORTATION CO	3,8,13	06/73
SOUTHLAND EQUITY CORP	9,14	06/73
SPECIALIZED SERVICES INC	2	06/73
SPECIALTY COMPOSITES CORP	14	06/73
SPERTI DRUG PRODUCTS INC	2,3,13	06/73
STANLEY HOME PRODUCTS INC	3	06/73
STERLING COMMUNICATIONS INC	13,14	06/73
SYSTEM CONTROL CO	2,14	06/73
TELTRONICS SERVICES INC	13	06/73
TEXAS ELECTRIC SERVICE CO	3,7	06/73
TOWER INDUSTRIES INC	2,13,14	06/73
TRANSPORT DATA COMMUNICATIONS INC	11,13	06/73
UNICITY INC	11,13,14	09/72
UNICITY INC	13,14	04/73
UNICITY INC	13	06/73
UNITED NEW JERSEY RAILROAD & CANAL CO	11,13	06/73
UNITED STATES INDUSTRIES INC	7,8	06/73
UPJOHN CO	3	06/73
VWR UNITED CORP	7,14	06/73
WARNACO INC	7,8,10,14	06/73
WESTERN BANCORPORATION	3	06/73
WESTERN HARNESS RACING INC	8,13,14	06/73
WESTERN MASSACHUSETTS ELECTRIC CO	3,11,14	06/73
WESTMORELAND COAL CO	3,13	06/73
WOMETCO ENTERPRISES INC	7	06/73
ZION FOODS CORP	12,14	06/73

TRADING SUSPENSIONS CONTINUED. The SEC has ordered suspension of exchange and over-the-counter trading in the securities of Equity Funding Corp. of America and Giant Stores Corp., and over-the-counter trading in the securities of Trionics Engineering Corp. and Industries International Inc. for the further ten-day period July 26 through August 4, inclusive.

SECURITIES ACT REGISTRATIONS. Effective July 25: Alexander & Alexander Services Inc., 2-48505 and 2-48428; ADR's for Bass Charrington Limited, 2-48362; William Bond, Inc., 2-48275; Crompton & Knowles Corp., 2-48455; Dunkin' Donuts Inc., 2-43868; First International Bancshares, Inc., 2-48561 and 2-48546; Foremost-McKesson, Inc., 2-48616; Grand Island Overland Co., 2-45954 (90 days); Hartz Mountain Corp., 2-48443; Insyte Corp., 2-47880; International Research and Development Corp., 2-48175; ADR's for Leslie Gold Mines Limited, 2-48363; North Platte State Co., 2-45953 (90 days); Utah International Inc., 2-48406.

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown after the name of the issuer.

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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 for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.