

sec news digest

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August 7, 1973

CHAIRMAN GARRETT AND COMMISSIONER SOMMER SWORN IN

Ray Garrett, Jr., was sworn in yesterday as 19th Chairman and A. A. Sommer, Jr., as a new commissioner of the Securities and Exchange Commission by Senior Commissioner Hugh F. Owens.

Mr. Garrett, 52, is from Winnetka, Illinois. He has been a partner in the Chicago law firm of Gardner, Carton, Douglas, Children and Waud since 1958. From 1954 to 1958, he was on the staff of the Securities and Exchange Commission, serving for most of that period as Director of the Division of Corporate Regulation. Mr. Garrett was graduated from Yale University in 1941 and received his L.L.B. from Harvard Law School in 1949. Prior to joining the SEC staff, he was a teaching fellow at Harvard Law School and Assistant Professor of Law at New York University. For several years he was a visiting lecturer at the Northwestern University School of Law.

Mr. Sommer, 49, is from Shaker Heights, Ohio. He was a partner in and Chairman of the Executive Committee of the Cleveland firm of Calfee, Halter, Calfee, Griswold and Sommer. He is also a member of the Board of Governors of the National Association of Securities Dealers, a lecturer in securities law at Case-Western Reserve Law School and has served as Chairman of the American Bar Association's Federal Securities Regulation Committee.

Mr. Sommer was graduated from the University of Notre Dame in 1941 and received his L.L.B. from Harvard Law School in 1950. He has also done graduate work at Northwestern University and the University of Notre Dame.

RULE PROPOSALS AND ADOPTIONS

COMMISSION DECLINES TO ADOPT CAMPAIGN FUND PROPOSALS. The Commission has today issued a release containing the text of letter stating the reasons for which it declined to adopt a rulemaking petition which had proposed that the Commission amend its proxy rules under Section 14(a) of the Securities Exchange Act of 1934, 15 U.S.C. 78n(a). The proposal would have required disclosure in proxy soliciting materials or in corporate annual reports of information required to be filed with the Congress or with the Comptroller General under the Federal Election Campaign Act of 1971, P. L. 92-225, 86 Stat. 3, [FECA] concerning "the establishment, administration and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation . . ." as permitted by Section 205 of that Act. In declining to adopt the rule proposals, the Commission observed, among other things, that the Congress had expressly provided channels for the dissemination of information filed under the Federal Election Campaign Act and that the Commission could not assume that those channels were inadequate to achieve the Congressional goal of achieving a "wide dissemination" of that information. For this reason and for other reasons related to the objectives of the Federal securities laws, as set forth in its letter, the Commission concluded that it did not consider it necessary or appropriate in the public interest or for the protection of investors to amend its rules as suggested by the petitioners. (Rel. 34-10325)

AMENDMENTS TO RULES 0-2 and 0-5 UNDER THE INVESTMENT COMPANY ACT OF 1940. The SEC today announced the adoption, effective September 21, 1973, of amendments to Rules 0-2 and 0-5 under the Investment Company Act of 1940 for the purpose of facilitating the processing of applications for orders under the provisions of the Act and the Rules thereunder. The amendment of Rule 0-2 will have the effect of requiring applicants to submit to the Commission a proposed notice of the proceeding initiated by the application. The amendment to Rule 0-5 will conform that rule to the current and appropriate practice of the Commission by deleting therefrom reference to a date to be specified in the notice when an order will issue as of course if the Commission has not ordered a hearing. (Rel. IC-7926)

DECISIONS IN ADMINISTRATIVE PROCEEDING

NASD SANCTIONS AGAINST ALESSANDRINI & CO. AND PRESIDENT MODIFIED. The SEC has issued a decision reducing to \$10,000 a \$25,000 fine imposed by the National Association of Securities Dealers, Inc. (NASD) on Alessandrini & Co., Inc. of New York, and its president, Paul P. Alessandrini, but affirming the Association's 15-day suspension of the firm's membership and Alessandrini's registration as a registered principal, and its imposition of censure on them.

The Commission found, as had the NASD, that the firm and Alessandrini violated the NASD's Rules of Fair Practice in that they failed to comply with the requirements for record-keeping and the extension of credit to customers, improperly allocated portions of "hot issues," effected transactions in 17 securities when, because of the condition of the firm's records, it could not be ascertained whether the transactions complied with the Association's emergency "fails" rule, and executed transactions for employees of other members without notifying the members of the proposed opening of the accounts or using reasonable diligence to determine whether the transactions would adversely affect the interests of those members.

In reducing the fine, the Commission noted, among other things, that it had set aside certain findings of violation, and that, as the NASD had observed, many of the back-office violations were "highly technical" and did not reflect a chaotic condition or impair the member's financial position, that in fact the member's net capital substantially exceeded the amount required under the net capital rule, and that the firm and Alessandrini made "apparent good faith attempts" to remedy the deficiencies. (Rel. 34-10313)

UNIVERSITY MANAGEMENT CORP. AND PRESIDENT SUSPENDED. The SEC has issued an order suspending the investment adviser registration of University Management Corporation (formerly Jaffee Management Company, Inc.), of Westfield, New Jersey, for 30 days, suspending its president, Frank J. Abella, Jr., from association with any broker-dealer or investment adviser for 21 days, and prohibiting Abella for the same period from acting in various capacities for a registered investment company. During its suspension, University may continue to provide full services to existing clients free of charge.

University is investment adviser to The Cambridge Fund, Inc. (formerly The Jaffee Fund, Inc.), and, during the period January 1969 to February 1971, Jaffee & Co., formerly a registered broker-dealer, executed portfolio transactions for the Fund. The Commission's order was based on findings that, during that period, respondents aided and abetted violations of the securities laws in connection with various transactions between the Fund and Jaffee & Co. prohibited by reason of the affiliation between the two. According to the decision, respondents failed to disclose to the Fund and its shareholders that Jaffee & Co., acting as principal, sold securities to the Fund, and that Jaffee & Co. sold the Fund securities of issuers while acting as principal underwriter of a selling or underwriting syndicate for such issuers. Respondents also failed to disclose that they and Jaffee & Co. had interests materially adverse to those of the Fund and its shareholders. They were further found to have participated in the failure to maintain certain Fund records.

The Commission's order was issued pursuant to an offer of settlement in which respondents, without admitting or denying the charges against them, consented to the above findings and the indicated sanctions. (Rel. 34-10314)

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES HILL, CURTIN & ACKROYD, INC., WALTER R. CURTIN. The Boston Regional Office filed a complaint with the Federal court in Massachusetts on July 30 seeking to enjoin Hill, Curtin & Ackroyd, Inc., Framington, Mass. broker-dealer, and Walter R. Curtin, its president from violations of the recordkeeping, and antifraud provisions of the Federal securities laws. A temporary restraining order requested by the SEC was consented to by the defendants. The defendants also assented to the appointment of Joseph P. Rooney as trustee for the liquidation of the business of Hill, Curtin & Ackroyd on application of the Securities Investor Protection Corporation. (IR-6003)

AADAN CORPORATION, DELBERT A. FREEMAN NAMED. The SEC Los Angeles and Atlanta Regional Offices announced on August 2 the filing of a complaint in the Federal court in Los Angeles against Aadan Corporation, a Colorado corporation with offices in Anaheim, California and Delbert A. Freeman, Aadan's former president (now a vice-president), seeking an injunction to prohibit violations of antifraud and periodic reporting requirements of the Federal securities laws. (LR-6012)

HOLDING COMPANY ACT RELEASES

MIDDLE SOUTH UTILITIES. The SEC has issued a notice giving interested persons until August 28 to request a hearing on proposals of Arkansas Power & Light Company and Louisiana Power & Light Company, electric utility subsidiaries of Middle South Utilities, Inc., and Middle South Services, Inc. (Services), a non-utility service subsidiary of Middle South, whereby the electric subsidiaries will sell, and Services will purchase, certain microwave equipment. In order to provide the funds necessary to purchase said equipment, Services proposes to amend an existing loan agreement with Middle South increasing allowable borrowings thereunder from \$1,000,000 to \$3,000,000. (Rel. 35-18051)

INVESTMENT COMPANY ACT RELEASES

PACIFIC INVESTMENT FUND, LTD. The SEC has issued a notice giving interested persons until August 31 to request a hearing on a proposal to declare that Pacific Investment Fund, Ltd., of Hawaii, has ceased to be an investment company. (Rel. IC-7924)

BUNKER HILL INCOME SECURITIES. The SEC has issued a notice giving interested persons until August 31 to request a hearing on an application of Bunker Hill Income Securities, Inc., Los Angeles, California, diversified, closed-end management investment company, for an order permitting Security Pacific National Bank to serve as investment adviser to the Fund, and the directors of the Fund to serve as directors, until a meeting of stockholders to be held within 180 days after the effective date of the Fund's registration statement filed under the Securities Act of 1933. (Rel. IC-7925)

SECURITIES ACT REGISTRATIONS FILED

(Note: "Per share maximum" prices referred to in the following summaries of registration statements are prices estimated for the purpose of computing the registration fee and are not necessarily prices at which the securities will be sold.)

BANCORPORATION OF MONTANA, P. O. BOX 2308, 324 Central Ave., Great Falls, Mont. 59403 - 156,736 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common stock of First Security Bank of Glasgow, N.A., at the rate of 28.214 shares for each outstanding Bank share. Bancorporation owns 11 commercial banks in Montana. (File 2-48392 - June 22)

THE FIRST CONNECTICUT SMALL BUSINESS INVESTMENT COMPANY, 177 State St., Bridgeport, Conn. 06603 - 243,403 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 three shares held. Any unsubscribed shares will be offered for sale by W. E. Hutton & Co., 14 Wall St., New York, N.Y. 10005. The company is a closed-end non-diversified management investment company. (File 2-48393 - June 25)

NVDH CORPORATION, 601 S. Carling Springs, Rd., Arlington, Va. 22204 - 1,090,127 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common shares of Northern Virginia Doctors Hospital Corporation, on a share-for-share basis. NVDH is a new corporation organized to acquire all Hospital company's shares. (File 2-48421 - June 26)

IDS/NUVEEN INCOME TRUST, SERIES 1 - \$15,750,000 of units. The Trust was created by a trust agreement between John Nuveen & Co. Incorporated, the sponsor, and American National Bank and Trust Company of Chicago, the trustee. The Trust consists of long-term debt securities rated at the time of deposit within the highest four grades assigned by Moody's Investors Service, Inc., Standard & Poor's Corporation or Fitch Investors Service. (File 2-48398 - June 25)

MINNESOTA MINING AND MANUFACTURING COMPANY (3M), 3M Center, St. Paul, Minn. 55101 - 47,126 shares of common stock. It is proposed to offer these shares in exchange for the common stock of ISM Corporation, at the rate of one share for each 10.20 ISM shares. 3M produces graphic systems, tape and allied products, electrical and a variety of other products; in addition it manufactures certain industrial machinery. (File 2-48340 - June 18)

PORTLAND GENERAL ELECTRIC COMPANY, 621 S. W. Aldre St., Portland, Oregon 97205 - 200,000 shares of cumulative preferred stock (\$100 par), to be offered for sale (at \$100 per share maximum) through underwriters headed by Blyth Eastman Dillon & Co., Inc., 1 Chase Manhattan Plaza, New York 10005. Net proceeds will be used to repay short-term bank loans and commercial paper, incurred for construction purposes. Construction expenditures for 1973 are estimated at \$147,000,000 and for the years 1974-77 at \$583,000,000. (File 2-48402 - June 25)

FIRST GREATWEST CORPORATION, 200 Lincoln Benefit Life Bldg., Lincoln, Nebraska 68502 - 42,438 shares of common stock. It is proposed to offer these shares in exchange for the Class B voting common stock and Class A non-voting common stock of First Mid America Inc. (FMA) at the rate of 7.8 First Greatwest shares for each FMA share. First Greatwest, through subsidiaries, is in the life insurance and fire and casualty insurance business, and the business of writing insurance as an agent. FMA is in the general brokerage, commodities futures, corporate and municipal underwriting and investment banking businesses. (File 2-48404 - June 25)

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:

Drexler Technology Corporation, Palo Alto, Calif. (File 2-48395) - 50,000 shares
 Lloyd's Electronics, Inc., Compton, Calif. (File 2-48396) - 100,000 shares
 General Tire & Rubber Company, Akron, Ohio (File 2-48399) - 22,979 shares
 Deltona Corporation, Miami, Florida (File 2-48401) - 150,000 shares
 Penton Publishing Company, Cleveland, Ohio (File 2-48403) - 100,000 shares
 Risdon Manufacturing Company, Naugatuck, Conn. (File 2-48405) - 74,000 shares
 Utah International, Inc., San Francisco, Calif. (File 2-48406) - 125,000 shares
 Gleason Works, Rochester, N. Y. (File 2-48407) - 523,272 shares
 Fred S. James & Co., Inc., Chicago, Illinois (File 2-48408) - 200,000 shares

UNLISTED TRADING PRIVILEGES SOUGHT. The SEC has issued notices giving interested persons until August 22 to request a hearing upon an application of the Boston Stock Exchange for unlisted trading privileges in the common stocks of the following companies: Avis, Inc.; Colonial Penn Group; Davis Food Services, Inc.; Franklin Stores Corp.; Hospital Corp. of America; Jefferson-Pilot Corp.; Louisiana-Pacific Corp.; Masonite Corporation; Ponderosa System, Inc. (Del); Helena Rubenstein, Inc.; Russ Togs, Inc.; Statham Instruments, Inc.; Sternco Industries, Inc.; Tesoro Petroleum; Tropicana Products, Inc. (Fla); Uris Buildings Corp.; and General Development Corp. (Rel. 34-10325)

SECURITIES ACT REGISTRATIONS. Effective August 6: Alexander & Baldwin, Inc., 2-48525; Atlanta Richfield Co., 2-48325; Bausch & Lomb Inc., 2-48567; Deltak Corp., 2-46512; Dorr-Oliver Inc., 2-47815; New England Power Co., 2-48543; Sabine Royalty Corp., 2-48695; Texland Drilling Program-1973, 2-47383; Tideway 1973 Oil and Gas Program, 2-48052.

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