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COMMISSION ANNOUNCEMENT

CASEY AND KNAUER CAUTION ON MULTI-LEVEL DISTRIBUTORSHIPS AND PYRAMID SALES PLANS. SEC Chairman William J. Casey and Special Assistant to the President for Consumer Affairs, Virginia H. Knauer today released a statement with respect to multi-level distributorships and other business opportunities that are being offered to prospective participants through pyramid sales plans.

It is believed that the operation of such plans often involves the offering of an "investment contract" or a "participation in a profit sharing agreement" which are securities within the meaning of Section 2(1) of the Securities Act of 1933. In such cases, the security involved - the agreement between promoter and investor - must be registered with the Commission unless some exemption is available. In the absence of registration or an exemption, sales of these securities violate Section 5 of the Securities Act.

Moreover, any person who participates in the distribution of these securities may be a broker as defined in Section 3(a)(4) of the Securities Exchange Act of 1934, and unless an exemption is available, would be required to register as a broker-dealer pursuant to Section 15(a)(1) of that Act. Such persons would include those who for a finder's fee, bonus, commission or other compensation induce other persons to become participants in the plans for the purpose of recruiting still other participants. The registration requirement would be important in this area since the common element of the various forms of pyramid promotions is a sales pitch which stresses the amount of money a participant can make on the recruitment of others to participate.

It further appears that the pyramid sales promotions that are often employed in connection with the sale of securities of the types described above may be inherently fraudulent. Under these programs various cash fees and percentage incentives are offered to those willing to participate as an inducement for the recruitment of additional participants. This aspect of the promotion is often given great emphasis at "opportunity meetings" at which movies may be shown and speeches made concentrating on the allegedly unlimited potential to make money in a relatively short period of time by recruiting others into the program.

Since there are a finite number of prospective participants in any geographic area however, those induced to participate at later stages have little or no opportunity for recruitment of further persons. It is patently fraudulent to fail to disclose these factors to prospective investors. Even where some disclosure of these practicalities is made moreover, it may be made in a manner that misleadingly fails to note the significance of the facts disclosed. Such sales practices constitute violations of the antifraud provisions of the federal securities laws. (Rel. 33-5211)

COMMISSION CITES BUTCHER AND SHERRERD. The Commission has ordered administrative proceedings under the Securities Exchange Act of 1934 against Butcher and Sherrerd, a registered broker-dealer whose principal office is located in Philadelphia, and Howard Butcher III, McBee Butcher, W. W. Keen Butcher, Edward P. Bromley, Jr., and James McAtee, all of whom are partners of Butcher and Sherrerd.

In the order for proceedings the Division of Trading and Markets alleges the above respondents violated the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 in that among other things, contrary to their obligation to deal fairly and equitably with all their customers: 1) Since in or about 1960 through May 1970 Butcher and Sherrerd as a course of conduct induced customers to buy the securities of Penn Central based on the investment judgment and recommendations of Butcher and Sherrerd. Such recommendations were conveyed regularly, both orally and in writing, to customers of Butcher and Sherrerd. Notwithstanding the above: (a) In May 1970 Butcher and Sherrerd changed its investment judgment and recommendation with respect to the securities of Penn Central. This change from a purchase to a sell recommendation was effected and was communicated on a selected basis to certain preferred customers but was not communicated to the other customers who held Penn Central and who had previously received the purchase recommendations from Butcher and Sherrerd; (b) In May 1970 Butcher and Sherrerd suspended its written policy which prohibited any partner or employee of Butcher and Sherrerd from buying or selling, in their own or related accounts, securities on which the firm or any department thereof was preparing a recommendation or on which a recommendation had recently been made; and (c) In May 1970 the respondents, based upon the change of recommendation and the material reasons therefor, gave preference to themselves and certain preferred customers in effecting sales of Penn Central securities, contrary to their representations and obligations to deal fairly with all of their customers. The sales were effected in contravention and disregard of Butcher and Sherrerd's previously stated policy of giving customers preference over the firm and its members in transactions following a recommendation.

It is further alleged that from about 1969 to in or about July 1970 all the above respondents violated the anti-fraud provisions of the Securities Act and the Exchange Act in that they made untrue and misleading statements of material facts and omitted to state material facts concerning among other things: (1) An expected price rise for the common stock of Penn Central; (2) The merits of Penn Central stock as an investment; and (3) The financial condition, earnings and prospects of Penn Central.

The order for proceedings also alleges that all of the above respondents and John Richter, another partner of the firm, failed reasonably to supervise persons under their supervision so as to prevent the alleged violations of the Securities Act and the Exchange Act.

A hearing will be scheduled by further order to afford the respondents an opportunity to refute the staff's allegations and to establish any defenses, and to determine what, if any, remedial action is appropriate in the public interest.

OVER

COURT ENFORCEMENT ACTION

DON F. LANGDON INDICTED. The SEC Fort Worth Regional Office announced November 18 that the Federal court in Topeka, Kansas, had accepted a plea of nolo contendere to one count of a multiple count indictment charging Don F. Langdon with a violation of the antifraud provisions of the Federal securities laws in connection with the offer and sale of fractional undivided working interests by Petroleum Explorations, Inc. (LR-5232)

INVESTMENT COMPANY ACT RELEASES

MINBANC CAPITAL CORP. The SEC has issued an order exempting Minbanc Capital Corp., Washington, D. C. closed-end, non-diversified management investment company, from certain provisions of the Act certain transactions between banks affiliated with any of Minbanc's officers, directors or advisory board members, and minority-owned or managed banks in which Minbanc is, or subsequently becomes, invested. (Rel. IC-6846)

KEYSTONE CUSTODIAN FUNDS. The SEC has issued a notice giving interested persons until December 10 to request a hearing upon an application of Keystone Custodian Funds, Inc., as trustee of nine separate trusts, Keystone Custodian Funds Series B-1, B-2, B-4, S-1, S-2, S-3, S-4, K-1 and K-2 (the Funds), all registered mutual funds, and Erwin D. Canham for an order exempting Canham from the definition of "interested persons" as that term is defined in the Act with respect to the Funds or any principal underwriter for such Funds solely by reason of his status as a director of John Hancock Mutual Life Insurance Company. (Rel. IC-6847)

HOLDING COMPANY ACT RELEASES

MICHIGAN POWER. The SEC has issued a notice giving interested persons until December 20 to request a hearing upon an application of Michigan Power Company, subsidiary of American Electric Power Company, Inc., for an increase from \$10 million to \$11 million, the amount of open account advances from the parent, provided that the advances will not be repaid before the preferred stock of Michigan Power has been retired and extending from December 31, 1971, to December 31, 1972, the time in which Michigan Power may have \$4,000,000 of notes to a bank outstanding, which notes were previously authorized by the Commission. Net proceeds of the borrowings will be used by Michigan Power in connection with its construction program, which for the year 1972 is expected to total some \$4 million, to pay bank loans, proceeds of which were used in connection with past expenditures in connection with its construction program and for other corporate purposes. (Rel. 35-17376)

SOUTHERN CO. The SEC has issued an order authorizing The Southern Company, Atlanta holding company, to issue and sell 7,000,000 shares of common stock at competitive bidding. Net proceeds, together with other funds will be invested by Southern in its subsidiaries (aggregating \$152 million) and will be used to pay outstanding short-term promissory notes of Southern estimated to aggregate some \$52,125,000 at the time of the stock sale, which notes were issued for the purpose of making such investments, and for other corporate purposes. (Rel. 35-17377)

TRANSOK PIPE LINE. The SEC has issued a notice giving interested persons until December 20 to request a hearing upon an application of Transok Pipe Line Company, a subsidiary of Public Service Company of Oklahoma, which in turn is a subsidiary of Central and South West Corporation, to issue and sell \$15 million of first mortgage pipe line bonds, due 1980, at competitive bidding. Net proceeds of its bond sale will be used to repay some \$12 million borrowed from Public Service for construction purposes and for the construction of additional gas transmission pipelines and gas gathering facilities, lease acquisitions, and exploration and development expenditures. (Rel. 35-17378)

SECURITIES ACT REGISTRATIONS

HALIFAX ENGINEERING, INC., 1757 Old Meadow Rd., McLean, Va. 22101, filed a registration statement on November 23 seeking registration of 150,000 shares of common stock, to be offered for public sale (*at \$6 per share maximum) through underwriters headed by Proctor, Cook & Co., Inc., 89 State St., Boston, Mass. 02109. The company is engaged in furnishing a broad range of technical and support services to government and private industry and provides uniformed guards, as well as in maintenance and repair of medical electronic devices. Of the net proceeds of its stock sale, \$368,000 will be used to retire outstanding notes and bank loans and to reduce current accounts payable and the balance for working capital and other corporate purposes. (File 2-42426)

CONTINENTAL WINGATE COMPANY, INC., 20 Kilby St., Boston, Mass. 02109, filed a registration statement on November 23 seeking registration of 250,000 shares of common stock, to be offered for public sale (*at \$10 per share maximum) through underwriters headed by Ladenburg, Thalmann & Co., 25 Broad St., New York 10004. The company is engaged in development, construction and management of low and moderate income housing projects. Of the net proceeds of its stock sale, \$450,000 will be used to obtain options or contracts to acquire, or title to, suburban land sites in the New England area for multi-family housing developments and the balance for working capital and other corporate purposes. (File 2-42427)

CONTINUED

MORTON SIMON, INC., 277 Park Ave., New York 10017, filed a registration statement on November 23 seeking registration of \$50 million of sinking fund debentures, due 1996, to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., and Salomon Brothers, 60 Wall St., both of New York. The company is engaged in four lines of business: food and food service; soft drinks and distilled spirits; packaging; and communications and graphic systems. Net proceeds of its debenture sale will be added to the company's general funds and used for general corporate purposes. (File 2-42429)

INTERSYSTEMS, INC., 1118 First National Bank Bldg., Jackson, Miss. 39201, filed a registration statement on November 23 seeking registration of 100,000 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering is to be made (*at \$28 per share maximum) through underwriters headed by Dillon, Read & Co., Inc., 46 William St., New York 10005. The company is engaged in processing "school" photographs. (File 2-42430)

CLARK EQUIPMENT CREDIT CORPORATION, 324 E. Dewey Ave., Buchanan, Mich. 49107, filed a registration statement on November 24 seeking registration of \$50 million of debentures, Series D, due 1991, to be offered for public sale through underwriters headed by Blyth & Co., Inc., 14 Wall St., New York 10005. A wholly-owned subsidiary of Clark Equipment Company (Clark), the company is engaged in financing of retail time sales of new Clark products. Net proceeds of its debenture sale will be applied to the reduction of commercial paper borrowings (totaling \$128 million at November 19) incurred in connection with the company's financing operations. (File 2-42431)

COQUINA OIL CORPORATION, 418 Building of the Southwest, Midland, Tex. 79701, filed a registration statement on November 24 seeking registration of \$5 million of preformation limited partnership units in Bengal 72 Fund, to be offered for public sale at \$10,000 per unit. No underwriting is involved. The Fund will be divided into two partnerships, each of which will engage in the exploration, development and production of oil and gas. Coquina Oil and Southwest Associates are the general partners. (File 2-42432)

BT MORTGAGE INVESTORS (the Trust), 10 P.O. Square, Boston, Mass. 02110, filed a registration statement on November 24 seeking registration of \$20 million of subordinated debentures, Series A due 1981, to be offered for public sale through underwriters headed by Eastman, Dillon, Union Securities & Co. Inc., One Chase Manhattan Plaza, and Drexel Firestone, Inc., 60 Broad St., both of New York. The Trust was established to invest primarily in a balanced portfolio of diversified real estate mortgage loans. BT Advisors, Inc., a wholly-owned subsidiary of Bankers Trust New York Corporation, is investment adviser. (File 2-42433)

AMBASSADOR GROUP, INC., 8400 River Road, North Bergen, N. J. 07047, filed a registration statement on November 24 seeking registration of 200,000 shares of common stock, to be offered for public sale (*at \$12 per share maximum) through underwriters headed by Moore & Schley, Cameron & Co., Two Broadway, New York 10004. The company is engaged through a subsidiary in underwriting "non-standard" fire and casualty insurance. Net proceeds will be contributed by the company to the capital and surplus of the subsidiary for investment, except for some \$100,000 which will be retained by the company for general corporate purposes. (File 2-42434)

MCCULLOCH OIL CORPORATION, 10880 Wilshire Blvd., Los Angeles, Calif. 90024, filed a registration statement on November 24 seeking registration of \$30 million of convertible subordinated debentures, due 1997, to be offered for public sale at 100% of principal amount through underwriters headed by Bache & Co. Inc., 100 Gold St., and Dominick & Dominick, Inc., 14 Wall St., both of New York. The company is primarily engaged in crude oil and natural gas exploration and production and in land development. Of the net proceeds of its debenture sale, \$9 million will be used to retire outstanding bank indebtedness incurred to finance a portion of the company's 1971 crude oil and natural gas development requirements and the balance for working capital and other corporate purposes. (File 2-42435)

EXTENDICARE, INC., 200 W. Broadway, Louisville, Ky. 40202, filed a registration statement on November 24 seeking registration of 556,405 shares of common stock, of which 342,207 may be issued from time to time pursuant to the company's program for acquisition of other enterprises and 214,198 (being outstanding shares) may be offered for sale from time to time by the holders thereof at prices current at the time of sale (*\$20 per share maximum) The company operates 41 hospitals. (File 2-42437)

MOBILE AMERICA CORPORATION, 1936 Gulf Life Tower, Jacksonville, Fla. 32207, filed a registration statement on November 24 seeking registration of 200,000 shares of common stock, to be offered for public sale (*at \$12 per share maximum) through underwriters headed by The Robinson-Humphrey Company, Inc., 2 Peachtree St., N. W., Atlanta, Ga. 30303. The company is engaged principally in arranging mobile home loans which it places with banks and savings and loan associations and of servicing the loans for those institutions. Of the net proceeds of its stock sale, \$250,000 will be added to the capital of the company's wholly-owned life insurance subsidiary to permit it to expand its insurance operations and the balance for working capital and other corporate purposes. (File 2-42438)

AUTOMATED PLAYER MACHINES, INC., 215 Route 10, Dover, N. J. 07801, filed a registration statement on November 24 seeking registration of 150,000 shares of common stock, to be offered for public sale at \$5 per share through underwriters headed by S. J. Salmon & Co., Inc., 77 Water St., New York 10005. Organized in 1969, the company intends to own and operate Rod Laver Practice Tennis Centers, featuring an automatic tennis ball throwing machine, and to lease the machine to potential users. Of the net proceeds of its stock sale, \$150,000 will be used to design and construct three tennis centers and the balance for working capital and other corporate purposes. (File 2-42439)

UNIVERSAL RESOURCES CORPORATION, 11411 N. Central Expressway, Dallas, Tex. 75231, filed a registration statement on November 24 seeking registration of 500,000 shares of common stock, of which 200,000 are to be offered for public sale by the company and 300,000 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$21.50 per share maximum) through underwriters headed by R. W. Pressprich & Co. Inc., 80 Pine St., New York 10005. The company is primarily engaged in exploring for and producing crude oil and natural gas. Net proceeds will be used for general corporate purposes. (File 2-42440)

COLUMBIA COMUS ASSOCIATES (the Partnership), 4641 Montgomery Ave., Bethesda, Md. 20014, filed a registration statement on November 24 seeking registration of \$2,500,000 of partnership interests, to be offered for sale at \$1,000 per unit, initially only to members of Columbia Country Club. Any units not purchased by Columbia Country Club members may be offered for sale outside the Club. No underwriting is involved. The Partnership was formed to provide the Club with a future site for ¹⁸eighteen hole golf courses and related facilities. Martin R. West, Jr., David S. Scrivener, Ben Dyer, Robert V. Smith, E. Austin Carlin, Raymond A. DuFour and Martin Wiegand are the general partners. (File 2-42441)

WESTRANS 1972 PROGRAM CORPORATION (the general partner), 250 Park Ave., New York 10017, filed a registration statement on November 24 seeking registration of units in two limited partnerships, to be offered for public sale at \$5,000 per unit by selected NASD members. The partnerships are to be formed for the purpose of exploring for oil and gas. Westrans Petroleum, Inc., parent of the general partner, will serve as operator. (File 2-42442)

BACHE - HUNTOON PAIGE GINNY MAE FUND, SERIES 1 (Fund), Bache & Co. Inc., 100 Gold St., and Huntoon Paige Securities Corporation, 44 Wall St., both of New York, filed a registration statement seeking registration of \$42 million of units of Fund. The Fund was created by a trust agreement and indenture under which Bache and Huntoon act as sponsors, the Bank of New York acts as trustee and Standard & Poor's Corporation acts as evaluator. The Fund consists of the diversified portfolio of "modified pass-through" type mortgage-backed securities guaranteed as to payment of principal and interest by Government National Mortgage Association, such guaranty relating only to such underlying mortgage-backed securities and not to the units offered. (File 2-42443)

CONILL CORPORATION, 231 S. LaSalle St., Chicago, Ill. 60604, filed a registration statement on November 24 seeking registration of \$100 million of notes, due 1979, to be offered for public sale through underwriters headed by Halsey, Stuart & Co., Inc., 123 S. La Salle St., Chicago, Ill. 60690, and Goldman, Sachs & Co., 55 Broad St., New York 10038. The company is a bank holding company, which owns all of the outstanding stock, except for directors' qualifying shares, of Continental Illinois National Bank and Trust Company of Chicago. Through subsidiaries, it is also engaged in mortgage banking, investment advisory and management services and related activities. Net proceeds of its financing will be added to the general funds of the Bank and used primarily for making loans and providing other banking services. (File 2-42444)

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:
 Scan-Optics, Inc., East Hartford, Conn. (File 2-42424) - 60,000 shares
 EQUIMARK Corporation, Pittsburgh, Pa. (File 2-42428) - 30,000 shares
 Time Industries, Inc., Chicago, Ill. (File 2-42436) - \$1,000,000 of participations in the Thrift Plan

* As estimated for purposes of computing the registration fee.

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