

# sec news digest

a daily summary from the securities and exchange commission

(Issue No. 73-38)

February 26, 1973

## SEC TO CLARIFY 'INSIDE INFORMATION' RULES

SEC Chairman-designate, G. Bradford Cook told a meeting of securities lawyers Friday that the Commission will be preparing over the next several months a detailed treatment of the crucial area of inside information with a view to providing a series of guidelines for corporate management, investors, financial analysts, attorneys and others.

Speaking before a conference of the Practising Law Institute in Washington, Mr. Cook said: "In my opinion, a regulatory approach is badly needed and is far more preferable than allowing matters in this area to proceed fortuitously on a case-by-case basis in the courts."

Mr. Cook added that the treatment will include the legislative history and intent of the law in this area, provide an analysis of what has taken place in the courts and present the Commission view of the law.

"At the same time," Mr. Cook declared, "the Commission intends to pursue on a priority basis its enforcement activities on misuse of non-public information. We will meet the growing problem whereby this information tends to become 'coin of the realm' in too many communications between issuers and the investment community." By clarifying the responsibilities of those concerned, Cook continued, the Commission hopes to make a meaningful expression of its views and move to prevent misuse of inside information.

Mr. Cook said the most fundamental and obvious changes in the next few years will take place in the securities markets. "There is a broad consensus that what we need is a central market system--really a communications system of national scope--which will bring together the capital resources and the know-how of the market makers in listed securities and put them to work for the investor in a highly visible and effective way." The Chairman-designate added: "In my judgment, all of the major elements of this system, including a consolidated last-sale and volume reporting network, a quotation display system and an effective regulatory structure, can and should be in operation no later than two years from now."

He told the group that the new economics of the securities business, the changing capital structure of the industry, the enlarged role of institutions, the shifting trading patterns in the markets and the regulatory impact of the industry's recent operational and financial crisis, should bring their greatest weight to bear in the next few years. "In our regulatory role," Cook said, "we at the Commission will work to complete the job of insuring financial responsibility of broker/dealers. We will pursue, legislatively and in the regulatory sphere, the task of creating a nationwide system for securities processing and ownership transfer. We will examine the whole question of fixed brokerage commissions. We will move to bring about a resolution of the Commission question in a way that reflects the economic realities of the business and at the same time provide firms with the flexibility to compete for business across the broad spectrum of the investment population."

Cook told the conference that the Commission plans to move forward in closing the gap in the quality of information companies prepare for stockholders and the information they file with the Commission. He added that the SEC will be defining with rules and guidelines its policies on earnings projections - "policies whose main impact will be that if a corporation chooses to make its views on future economic performance available to any outsiders, they must then be available at the same time to the investing public."

## COMMISSION ANNOUNCEMENTS

TRADING SUSPENDED IN LIBERTY INVESTORS LIFE INSURANCE STOCK. The SEC has ordered the temporary suspension of over-the-counter trading in the common stock of Liberty Investors Life Insurance Company, Tulsa, Okla. insurance company, for a ten-day period commencing on February 23 and terminating at midnight on March 4, 1973. The suspension was ordered because of the unavailability of adequate and accurate information concerning certain transactions entered by the company when new management took over during September and October 1972.

In September 1972 Bobby Cyril Rogers of Bethany, Okla. purchased the controlling 22% interest in Liberty, a company with approximately \$2,500,000 in assets. In connection with this purchase Rogers caused the company to use as collateral for a company loan certificates of deposits held by the company. Most of the proceeds of the loan in the approximate amount of \$500,000 were paid to Rogers, \$60,000 toward the purchase of his Paradise Valley, Arizona home, and about \$438,000 for the purchase of his controlling interest in First International Corporation, an Arizona holding company which owned as its principal asset International Bankers Life Insurance Company of Phoenix, Ariz. International Bankers Life Insurance Company has been in receivership since July 1972 and had surrendered its charter to do business in Arizona in June 1972.

In October Rogers, on behalf of Liberty, purchased Great Plains Life Insurance Company of Oklahoma City a non operating corporate shell with assets of approximately \$180,000. The \$255,000 price was paid by a loan secured by additional certificates of deposit of the company.

On November 8, 1972, the Oklahoma Insurance Commission filed a suit in state court at Tulsa to place the company in receivership. On December 22, 1972 the state court declined to place the company in receivership and the Oklahoma Insurance Commission has petitioned the Oklahoma Supreme Court to vacate the ruling. (Rel. 34-10015)

OVER

**SEC ORDER CITES SOL JAY RIFKIN D/B/A THE CSP ADVISOR.** The SEC has ordered proceedings under the Investment Advisers Act of 1940 naming Sol Jay Rifkin d/b/a The CSP Advisor as respondent. The proceedings are based on allegations of the Commission's staff that from on or about March 22, 1969 to November 6, 1972, the respondent violated the anti-fraud provisions of the Advisers Act in that, among other things, in connection with his investment advisory service he placed advertisements in newspapers and periodicals that promised imminent and substantial profits, were false, deceptive and misleading and referred to past specific recommendations of respondent which were or would have been profitable to any person.

A hearing will be scheduled by further order to take evidence on the staff allegations and to afford the respondent 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.

**FOREIGN RESTRICTED LIST.** The Commission today announced that it had added Northern Trust Company, S.A., Geneva, Switzerland to its Foreign Restricted List. The list is composed of the names of Foreign companies that are issuers of securities that the Commission has reason to believe are being offered for public sale in the United States without a registration statement under the Securities Act of 1933 having been filed or become effective.

Information has been received by the staff of the Commission that the Northern Trust Company, S.A. is a name change from Societe Anonyme de Refinancement. The Commission had previously added Societe Anonyme de Refinancement to the Foreign Restricted List on August 17, 1972 (Rel. 33-5291, dated 8/25/72). Societe Anonyme de Refinancement (SAR), now Northern Trust Company S.A. (NTC) is believed to be a joint stock company incorporated in Switzerland in August 1960 purportedly engaged in, among other things, banking activities. It has one office located in Geneva, Switzerland.

The staff has information that certificates of deposit and letters of credit purportedly issued or guaranteed by Northern Trust Company, S.A. have been distributed in this country and that attempts have been made to pledge these certificates with domestic banks as collateral for loans. In addition, the staff has received information which appears to indicate that a number of individuals have attempted to purchase securities through broker-dealers using SAR and NTC as credit reference. It appears that SAR and NTC have misrepresented that certain individuals have large deposits.

The staff has been informed that the Northern Trust Company, of Chicago, Ill. has no affiliation with Northern Trust Company, S.A. and should not be confused with it.

The staff is currently investigating these activities and anyone having information relating to Northern Trust Company, S.A. should contact Steven Berkowitz or Thomson von Stein of the SEC staff, (202) 755-1764.

Inasmuch as these securities are not registered under the Securities Act of 1933, and these transactions appear to be in violation of the provisions of that statute, Northern Trust Company, S.A. has been placed on the SEC's Foreign Restricted List. A cumulative list of all entities now on the Commission's Foreign Restricted List is as follows:

American International Mining (Bahamas)	Normandie Trust Company of Panama
Allegheny Mining and Exploration Company, Ltd.(Canada)	Obsco Corporation, Ltd. (Canada)
Amalgamated Rare Earth Mines, Ltd. (Canada)	Pascor Oils, Ltd. (Canada)
Antoine Silver Mines, Ltd. (Canada)	Pyrotex Mining and Exploration Company, Ltd. (Canada)
American Mobile Telephone and Tape Co. Ltd. (Canada)	Pacific Northwest Developments, Ltd.
Allied Fund for Capital Appreciation (AFCA, S.A.) (Panama)	Paulpic Gold Mines Ltd. (Canada)
Antel International Corporation Ltd. (Canada)	Radio Hill Mines Co. Ltd. (Canada)
British Overseas Mutual Fund Corporation (Panama)	San Salvador Savings & Loan Co., Ltd. (Bahamas)
Briar Court Mines, Ltd. (Canada)	Swiss Caribbean Development & Finance Corporation
Cia. Rio Banano, S. A. (Costa Rica)	Societe Anonyme de Refinancement (Switzerland)
California & Caracas Mining Corp. Ltd. (Canada)	Santack Mines Limited (Canada)
Canterra Development Corporation Ltd. (Canada)	Strathmore Distillery Company Ltd. (Glasgow, Scotland)
Cardwell Oil Corporation Ltd. (Canada)	Trust Company of Jamaica, Ltd., Jamaica, West Indies
Compressed Air Corporation Limited (Bahamas)	Trans-American Investments Ltd. (Canada)
Caribbean Empire Company, Ltd. (British Honduras)	Tom O'Shanter Ltd. (Switzerland)
Cerro Azul Coffee Plantation (Panama)	Unitrust Limited
Continental and Southern Industries, S.A. (Panama)	United Mining & Milling Corporation (Bahamas)
Crossroads Corporation, S.A. (Panama)	Vacationland (Canada)
Claw Lake Molybdenum Mines, Ltd. (Canada)	Valores de Inversion S.A. (Mexico)
Durman, Ltd., formerly known as (Bahamas)	Warden Walker Worldwide Investment Company (England)
Bankers International Investment Corporation	Western International Explorations Ltd. (Bahamas)
Ethel Copper Mines, Ltd. (Canada)	Yukon Wolverine Milling Company (Canada)
First Liberty Fund, Ltd. (Bahamas)	Rodney Gold Mines Limited (Toronto, Canada)
Golden Age Mines, Ltd. (Canada)	Banco de Guadaluajara (Mexico)
Hebilla Mining Corporation (Costa Rica)	Bank of Sark (United Kingdom)
Ironco Mining & Smelting Company, Ltd. (Canada)	Timberland (Canada)
Jupiter Explorations, Ltd. (Canada)	Darien Exploration Company, S.A. (Panama)
J.P. Morgan & Company, Ltd., of London, England	De Veers Consolidated Mining Corporation, S.A. (Panama)
Klondike Yukon Mining Company (Canada)	Euroforeign Banking Corporation, Ltd. (Panama)
Kenilworth Mines, Ltd. (Canada)	Global Explorations Inc. (Panama)
Kokanee Moly Mines, Ltd. (Canada)	Panamerican Bank & Trust Company (Panama)
Land Sales Corporation (Canada)	Security Capital Fiscal & Guaranty Corporation, S.A. (Panamanian)
Lynbar Mining Corp., Ltd. (Canada)	Victoria Oriente, Inc. (Panama)
Northland Mines, Ltd. (Canada)	Central and Southern Industries Corp.
Northern Survey (Canada)	Trihope Resources, Ltd. (Canada)
Norart Minerals Limited (Canada)	Wee Gee Uranium Mines, Ltd. (Canada)
Northern Trust Company S.A. (Switzerland)	

## COURT ENFORCEMENT ACTIONS

**TRAN-AIRE SYSTEMS ENJOINED.** The SEC on February 22 announced that the Federal court in the District of Columbia permanently enjoined Tran-Aire Systems, Incorporated of Houston from violations of the reporting provisions of the Federal securities laws and requiring Tran-Aire to file its delinquent periodic reports with the Commission. Tran-Aire consented to the court order. (LR-5754)

**TEIG ROSS ENJOINED.** The SEC Chicago Regional Office announced on February 20 that the Federal court in Minneapolis, Minn. preliminarily enjoined Teig Ross, Inc., Bloomington, Minn. broker-dealer from violations of the net capital requirements, the filing of a false statement of financial condition and charging the failure to deposit cash and/or securities to a "Special Reserve Bank Account for the Exclusive Benefit of Customers." Teig Ross, Inc. consented to the court order without admitting or denying the allegations of the complaint. The defendant consented to the appointment of Lawrence Perlman as receiver. (LR-5756)

**UNITED FINANCIAL GROUP, OTHERS ENJOINED.** The SEC Los Angeles Regional Office and the San Francisco Branch Office announced that on February 14 the Federal court in Portland, Oreg., permanently enjoined United Financial Group, Inc. (formerly USI Group, Inc.), and its subsidiaries, including United States Investment Services Ltd., United States Investment Plan Ltd., United Growth Fund, Inc., United Income and Growth Fund, Inc., Euro-American Real Estate Fund, Inc., USI Venture Fund, Inc., Fund of Nations, Inc., and individual defendants Robert W. Pollack, Robert J. Walker, Barry D. J. Snyder and Douglas K. Pollack, from violations of the anti-fraud provisions of the Federal securities laws. Defendants consented to the court order without admitting or denying the allegations of the complaint. The complaint in this action alleged that this offshore fund complex had fraudulently sold approximately \$50 million dollars in the securities of its various component funds and sales company. As a part of the final judgment defendants also consented to the continuation of the receiver appointed pendente lite until such time as proceedings under the Bankruptcy Act are instituted with respect to the defendant companies. (LR-5757)

**IVAN ALLAN EZRINE DISGORGES MANOR NURSING UNDERWRITING PROCEEDS.** The SEC New York Regional Office announced that on February 15 the Federal court in New York approved a settlement of the \$190,750 financial obligation of Ivan Allan Ezrine, New York, N. Y. and Mill Neck, N. Y. pursuant to a decree issued in SEC v. Manor Nursing Centers, Inc. Ezrine further agreed to waive his right to take any appeal from earlier orders of the Court and as security for the unpaid balance of the disgorged proceeds he consented to the entry of an Order of Contempt upon any default. (LR-5758)

## INVESTMENT COMPANY ACT RELEASES

**SHAREHOLDERS ASSOCIATES, INC.** The SEC has issued an order declaring that Shareholders Associates, Inc. has ceased to be an investment company. (Rel. IC-7686)

**SIGMA TRUST SHARES.** The SEC has issued an order pursuant to Section 17(b) exempting from Section 17(a) certain transactions involving Sigma Trust Shares and William L. Kingman as Trustee for Charles F. Eaton Unitrust for Mary A. Alley Hospital and for the Middlesex School. (Rel. IC-7687)

**MORGAN STANLEY & CO, INC.** The SEC has issued a notice giving interested persons until March 9 to request a hearing on an application filed by Morgan Stanley & Co., Inc., for an order exempting it and its co-underwriters from Section 30(f) of the Act in respect of their transactions incident to the proposed distribution of shares of common stock of Pacific American Income Shares, a registered closed-end investment company. (Rel. IC-7688)

**CHEMICAL FUND.** The SEC has issued an order on an application by Chemical Fund, Inc., New York mutual fund, permitting the Fund to issue its redeemable securities, without any sales charges, in exchange for substantially all of the assets of Corriveau Investment, Inc., a New Hampshire corporation. (Rel. IC-7689)

## HOLDING COMPANY ACT RELEASES

**THE CONNECTICUT LIGHT AND POWER CO.** The SEC has issued a notice giving interested persons until March 22 to request a hearing regarding an application by The Connecticut Light and Power Company, a Berlin subsidiary of Northeast Utilities, to issue and sell at competitive bidding \$50,000,000 of first and refunding mortgage bonds, due 2003. Proceeds will be used to repay in part CL&P's short-term borrowings previously incurred to finance its 1972-1973 construction program. (Rel. 35-17887)

**JERSEY CENTRAL POWER & LIGHT COMPANY.** The SEC has issued an order authorizing Jersey Central Power & Light Company, an electric utility subsidiary company of General Public Utilities Corporation, a registered holding company, to issue and sell \$30,000,000 of debentures at competitive bidding. (Rel. 35-17888)

## SECURITIES ACT REGISTRATIONS FILED

**SOVEREIGN EXPLORATION COMPANY,** 2001 Bryan Tower, Suite 3110, Dallas, Tex. 75201 - \$440,000 of fractional undivided working interests in two prospects, to be offered for sale in minimum amounts of \$5,000. No underwriting is involved. The company is engaged in oil and gas exploration. (File 2-47088 - Feb 21)

MESA PETROLEUM CO., 320 S. Polk St., Amarillo, Tex. 79105 - 731,312 shares of common stock. It is proposed to issue such shares in connection with the proposed merger of Pubco Petroleum Corporation into Mesa. Mesa explores for and develops oil and natural gas products; in addition, it purchases, feeds and sells cattle for its own account and operates grain storage facilities. Pubco engages in the development and exploration of oil and gas leases. (File 2-47089 - Feb 21)

AMERICAN METAL CLIMAX, INC., (Amax), 1270 Avenue of the Americas, New York 10020 - 125,403 shares of Series A convertible preferred stock (\$1 par). It is proposed to issue these shares in exchange for the outstanding shares of Tintic Standard Mining Company, at the rate of 0.108671 share for each Tintic share. Amax engages in the exploration for and mining of ores and minerals and the smelting, refining and other treatment of minerals and metals. Tintic engages in holding, leasing, exploring for and developing mineral properties. (File 2-47074 - Feb 16)

## MISCELLANEOUS IMPORTANT NOTICE

Many requests for copies of documents referred to in the daily SEC News Digest have erroneously been directed to the Government Printing Office. They should be addressed: Public Reference Section, Securities and Exchange Commission, Washington, D. C. 20549. The reproduction cost will approximate 12¢ per page, plus postage, for mailing within four days, to 25¢ per page, plus postage, for overnight mailing. Cost estimates given on request.

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. The captions of the items are as follows:

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| Item 1. Changes in Control of Registrant.              | Item 9. Options to Purchase Securities.                                 |
| Item 2. Acquisition or Disposition of Assets.          | Item 10. Revaluation of Assets or Restatement of Capital Share Account. |
| Item 3. Legal Proceedings.                             | Item 11. Submission of Matters to a Vote of Security Holders.           |
| Item 4. Changes in Securities.                         | Item 12. Changes in Registrant's Certifying Accountant.                 |
| Item 5. Changes in Security for Registered Securities. | Item 13. Other Materially Important Events.                             |
| Item 6. Defaults upon Senior Securities.               | Item 14. Financial Statements and Exhibits.                             |
| Item 7. Increase in Amount of Securities Outstanding.  |   |
| Item 8. Decrease in Amount of Securities Outstanding.  |   |

Copies of the reports may be purchased from the Commission's Public Reference Section (*in ordering, please give month and year of report*). Invoice will be included with the requested material when mailed.

### AMENDED 8K REPORTS

<b>Sterndent Corp #1 for Apr 71</b> (14)	1-5147-2	<b>Mapco Inc. Jun 72(14)</b>	1-5254-2
<b>Technomic Research Associates, Inc. Jul 72 #1 (7)</b>	0-5821-2	<b>Mass Merchandisers, Inc. Nov 72(7)</b>	0-5230-2
<b>United Consolidated Inds., Inc. #1 for Dec 72(1,8)</b>	0-5796-2	<b>Nevada Power Co. Jan 73(3)</b>	1-4698-2
<b>Universal Container Corp #1 for Dec 72(7,14)</b>	1-4277-2	<b>Pennsylvania Co. Aug 72(12)</b>	1-4954-2
<b>Xomox Corporation #1 for Jul 72(7)</b>	2-44589-2	<b>The Plaza Group Inc. Dec 72(3,8)</b>	1-4412-2
<b>Hittman Corporation Dec 72(2)</b>	0-5650-2	<b>Reclamation Systems, Inc. May 72(7)</b>	0-4800-2
<b>Independent Bankshares Corp Dec 72(7)</b>	0-6771-2	<b>South Shore Publishing Co., Inc. Nov 72(12)</b>	1-6661-2
		<b>Systems Engineering Laboratories, Inc. (7) Jun 72</b>	1-5635-2

**TRADING SUSPENSIONS CONTINUED.** The SEC has ordered the suspension of over-the-counter trading in the securities of (a) Pelorex Corporation for the further ten-day period February 25 through March 6, inclusive, and (b) Clinton Oil Company and Management Dynamics, Inc. for the further ten-day period February 26 through March 7, inclusive.

**SECURITIES ACT REGISTRATIONS. Effective February 23:** Colony Kitchens, Inc., 2-46451; Computing & Software, Inc., 2-46979; Esmark, Inc., 2-46969; Government Employees Financial Corp, 2-46962; Jersey Central Power & Light Company, 2-46857; Norris Oil Co., 2-45672 (90 days); Poe & Associates, Inc., 2-46406 (May 25); Saxon Funds, Inc., 2-46465 (May 25).

**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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Copies of registration statements may be ordered from the Commission's Public Reference Section. All other referenced material is available in the SEC Docket issue indicated in parentheses after the release number. Both the News Digest and the SEC Docket are for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.