

sec news digest

a daily summary from the securities and exchange commission

Issue No. 73-81
(SEC Docket, Vol. 1, No. 13 - May 8)

April 26, 1973

CHAIRMAN URGES INSTITUTIONAL DISCLOSURE ACT

Chairman G. Bradford Cook warned that the individual investor has already acquired the status of an "endangered species" and expressed concern about the growing institutionalization of the stock market.

The Chairman told the Economic Club of Chicago last night that the Commission plans to ask Congress to pass an Institutional Disclosure Act, which would give the SEC authority to require all types of institutional investors--banks, insurance companies, pension funds, and others--to disclose holdings and transactions in securities over which they have investment authority. He said institutions might be required to report holdings as of the end of each quarter and their past quarter's block transactions. Block transactions might be those involving 10,000 shares or 1% of the shares outstanding, whichever is less.

The disclosure of institutional holdings would inform small investors of "institutional concentration" and "aid the Commission in meeting its responsibility to assure orderly and equitable markets." Mr. Cook felt institutions would want to provide this information to demonstrate that their market behavior is fair and proper. It could be provided without undue burden from computer records presently maintained by most institutions, he argued. The Commission might assemble and collate such data, but the data should be of sufficient interest to corporations and market participants that a private collating effort might be profitable.

The Chairman expressed growing concern about the exodus of the individual investor from the market. He described the present market as "two-tiered" with large, internationally established growth stocks commanding all the attention and exhibiting high price-earnings ratios, while smaller, less established companies sell at ratios well below the levels of the past, despite record earnings gains. Financial institutions generally concentrate their activity in a relatively narrow range of established stocks. The activity of the individual investor brings trading interest and liquidity to the broad range of other stocks. "If the market-making capital for these smaller stocks continues to run dry, the effects on the over-the-counter market will hinder the ability of smaller and newer companies to raise new capital," Chairman Cook pointed out.

The current difficulties in our equity market may be accentuated by a current ceiling on dividends and the use of monetary policy to stem inflation resulting in higher interest rates, the Chairman suggested. The SEC might explore removing this ceiling so that equities can compete more fairly with debt. The Chairman further expressed the belief that Congress must consider the benefits of an incentive to investment in small, young companies, but he made no specific recommendations.

Concessions such as those allowing deferral of taxes on pension fund participation until the benefits are paid out, and then providing for capital gains treatment on the income and appreciation may well encourage a participant to rely on his pension and avoid making direct market investments, he concluded.

The Chairman again stressed that the SEC is trying to combat the alienation of the small investor by cracking down on the misuse of inside information, bolstering the financial stability of the brokerage industry and expanding opportunities for small investors by pushing the development of the central securities market. That market is designed to put small investors on a more equal footing with institutions by allowing them to execute trades at the best prices available anywhere in the country.

RULE PROPOSALS AND ADOPTIONS

RULE 12a-6 ADOPTED. The Commission announced the adoption of Rule 12a-6 under the Securities Exchange Act of 1934 ("Act") effective April 24, 1973. Rule 12a-6 was published for public comment on January 9, 1973 (Release No. 34-9931) and has been adopted with only minor modifications.

The rule provides an exemption from the registration provisions of Section 12(a) of the Act for securities underlying options where the option is itself registered on the national securities exchange, and the exchange upon which the option is listed limits its activity in the underlying securities to effecting exercises of the options.

The rule is thus intended to relieve any exchange which lists options of the need to register its underlying securities under Section 12(a) or to apply for unlisted trading privileges pursuant to Section 12(f) of the Act for the underlying securities where it has provided for comparable disclosure with regard to the listed options and their underlying securities and does not seek to establish trading markets in the underlying securities. (Rel. 34-10123)

FORM SECO-4-73 ADOPTED. The Commission has adopted Form SECO-4-73 setting forth the annual assessment fee schedule for fiscal year 1973 for registered brokers and dealers not members of a national securities association (nonmember broker-dealers). Form SECO-4-73 will become effective June 1, 1973 and fees which include a base fee of \$175 and a \$10 fee for each associated person will be due on or before that date. Copies of Form SECO-4-73 will be forwarded to nonmember broker-dealers and additional copies may be obtained by contacting the Division of Market Regulation, Securities and Exchange Commission, Washington, D. C. 20549. (Rel. 34-10125)

COMMISSION ANNOUNCEMENTS

STAFF OFFICIALS NAMED IN DIVISION OF INVESTMENT MANAGEMENT REGULATION. Allan S. Mostoff, Director, Division of Investment Management Regulation, announced the following personnel changes in the Division. Burton M. Leibert has been named Special Counsel in the Office of Compliance. In that capacity he will concentrate on the Commission's program of regulation under the Investment Advisers Act of 1940.

Mr. Leibert joined the Commission in July of 1969 as an attorney with the Division of Trading and Markets. In March 1971 he transferred to the Division of Corporate Regulation and with the reorganization of August 1972, Mr. Leibert remained with that part of Corporate Regulation which became the Division of Investment Management Regulation. In January 1973, he was designated Acting Special Counsel in the Office of Compliance.

John S. O'Toole has been named Special Assistant to the Director. In that capacity he will report to the Office of the Director on the administration of all phases of the Division's activity in addition to maintaining overall administrative responsibility for the management of the processing units under the Office of Applications and Hearings.

Mr. O'Toole joined the Commission in September of 1939. His career took him from Clerk-Stenographer to Financial Analyst to Branch Chief in the Division of Corporate Regulation.

SEC CITES COOPERATIVE CHURCH FINANCE, JOE H. WEST. The SEC has ordered the institution of administrative proceedings against Cooperative Church Finance, Inc., of Houston, Texas, a broker-dealer registered with the Commission since February 25, 1970, and Joe H. West, president and sole shareholder of the registrant. The proceedings are based on allegations by the staff that the respondents violated and aided and abetted violations of the anti-fraud provisions of the Federal securities laws, namely, Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder in connection with the public offering of church bonds through use of the mails and facilities of interstate commerce. The order also alleged that on October 25, 1972 an amended order of preliminary injunction was entered against the respondents enjoining them from further violations of Section 17(a) of the Securities Act of 1933.

A hearing will be scheduled by further order to take evidence on the staff charges and afford the respondents 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 is necessary or appropriate in the public interest. (Rel. 34-10126)

DECISIONS IN ADMINISTRATIVE PROCEEDING

HOLT, MURDOCK SECURITIES, INC. REVOKED AND PRESIDENT BARRED. The SEC has issued an order revoking the broker-dealer registration of Holt, Murdock Securities, Inc., Helena, Mont., and barring its president, Leslie D. Murdock, Salt Lake City, Utah, from association with any broker or dealer. The action was based on findings that during the period from January to July 1972 respondents violated the antifraud provisions of the Securities Exchange Act by making misstatements concerning the firm's solvency and by failing promptly to transmit, to persons entitled thereto, funds received in connection with a distribution of the common stock of Cavalier Mfg. Co., Inc., and also violated the net capital, bookkeeping and reporting provisions of the Act. Respondents did not respond to the charges against them and were deemed in default. (Rel. 34-10115)

JOHN, EDWARD & CO. REVOKED; EDGAR GAGLIARDI BARRED. The SEC announced the issuance of an order revoking the broker-dealer registration of John, Edward & Company, Inc., of Lebanon, New Hampshire, expelling the firm from NASD membership, and barring Edgar J. Gagliardi, the firm's president, from association with any broker-dealer.

The sanctions imposed were based on findings that, during the period from about December 1, 1970 to April 15, 1971, respondents failed to comply with credit and record-keeping provisions of the securities acts. In addition, on April 15, 1971, a permanent injunction was entered against respondents, with their consent and without their admitting or denying the allegations of the Commission's complaint, enjoining them from violations of those provisions and from engaging in the securities business while unable to execute customers' orders promptly and make prompt settlement therefor. On July 1, 1971, a trustee was appointed for the firm pursuant to the provisions of the Securities Investor Protection Act.

Respondents failed to answer the charges against them and were deemed in default. (Rel. 34-10117)

KARTER SECURITIES CO. REVOKED; FIN-TEK BARRED. The SEC has issued an order revoking the broker-dealer registration of Karter Securities Company, Inc., of Toledo, Ohio, expelling the firm from NASD membership, and barring Fin-Tek Corporation, beneficial owner of all of Karter's outstanding common stock, from association with any broker-dealer.

The sanctions imposed were based on findings that, in 1970-71, the firm charged customers excessive prices in the sale of common stock of North Atlantic Corporation and Scots Inn Management Co., and failed to comply with net capital, credit, record-keeping and reporting requirements. In addition, it was found that the firm and Fin-Tek failed to exercise reasonable supervision.

Respondents failed to answer the charges against them and were deemed in default. (Rel. 34-10118)

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 on the 8K form numbered in the parentheses. 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 several items of the form was included in Monday's News Digest.

8K REPORTS FOR MARCH 1973

MDC Corp (11)	1-5820-2	Nationwide Nursing Centers, Inc.	
MPO Videotronics Inc.(11)	1-4384-2	(2,14)	0-4370-2
MPS International Corp(2,7,8,14)	1-6685-2	Natural Gas Pipeline Co. of	
MVC Industries, Inc.(13)	0-3407-2	America (13)	1-6559-2
Mack Trucks, Inc.(11)	1-5526-2	New Jersey Bell Telephone Co.	
MacMillan, Inc.(8)	1-3911-2	(11)	1-3488-2
Macrodata Corporation (9,13)	2-45196-2	New York State Electric & Gas	
Madison Square Garden Corp		Corp (7,13,14)	1-3103-2
(3,10,13)	1-1144-2	New York Telephone Co. (7,11)	1-3435-2
Maine Public Service Company		Northern Illinois Gas Co.	
(4,7,14)	1-3429-2	(13,14)	1-3821-2
Management Assistance Inc.(11)	0-2017-2	Northern States Financial	
Manhattan Continental Development		Corp (11,14)	0-6886-2
Corp (2,7,14)	0-4795-2	Northwestern Mutual Life Ins.	
Marhofer Packing Co., Inc.		Co. (3,7,13,14)	2-28727-2
(7,8)	1-5158-2	Odyssey Incorporated (13)	2-43505-2
Marion Laboratories, Inc.(3)	1-5829-2	Ohio Edison Co. (7,14)	1-2578-2
Mark Products, Inc.(1,9)	0-4251-2	Ohio Water Service Co.(1,11)	0-498-2
Marshall Industries (14)	1-5411-2	Oil Shale Corporation (13,14)	0-877-2
Mattel Inc.(3)	1-5647-2	Olsten Corp (13,14)	0-3532-2
McDonough Co. (7)	1-6074-2	Optimal Computer Services,	
Arthur G. McKee & Co. (14)	1-146-2	Inc. (13)	2-34134-2
Measurex Corporation (11)	2-42639-2	Orbanco Inc.(7,14)	0-3907-2
Medical Scientific International		Ormand Communications, Inc.	
Corp (13)	0-5968-2	(2,7)	2-43632-2
Medusa Corp (4,7,8,14)	1-1274-2	Overseas Shipholding Group Inc.	
Mem Co., Inc. (7,8)	1-5292-2	(7)	1-6479-2
Memorial Oaks, Inc.(8,11,14)	0-5182-2	P&A Industries, Inc.(13)	1-4475-2
Meridian Industries, Inc.(2,14)	1-6755-2		
Metromedia Inc.(7,8,13,14)	1-4649-2	Pacer Corp (13)	0-6097-2
Mid-Texas Communications Systems,		Pacific Coast Medical Enterprises	
Inc.(2,14)	0-5713-2	(13)	0-5814-2
Midland Mortgage Investors		Pacific Commodities Exchange Inc.	
Trust (7)	1-6255-2	(11,13)	2-40942-2
Mr. Steak, Inc.(2,3,7,13)	0-4280-2	Pakco Companies, Inc.(3,14)	0-592-2
Mobil Oil Corp (10,14)	1-2182-2	Palomar Financial (2,13)	1-6547-2
Modern Merchandising, Inc.		Palomar Mortgage Investors	
(2,4,14)	0-6570-2	(11,13)	1-6600-2
Module Systems & Development		Pamex Foods, Inc.(11)	0-4678-2
Corporation (13)	0-6090-2	Parker Levitt Corp (13,14)	0-4494-2
Mohawk Data Sciences Corp		H. G. Parks, Inc.(13,14)	0-3517-2
(7,13,14)	1-5474-2	Pasquale Food Company, Inc.	
		(13)	0-6525-2
Molecular Research, Inc.(7,14)	0-3540-2	Paterson Parchment Paper Co.	
Monarch Cement Co.(4,7,14)	0-2757-2	(13)	1-5295-2
Monroe Group Inc.(11)	0-4419-2	The Pavelle Corp (13,14)	0-2885-2
Moore & McCormack Co., Inc.(11)	1-3273-2	Penn Central Co. (10)	1-6134-2
Morrison-Knudsen Co., Inc.(9)	1-6931-2	Physics International Co.(11)	0-5363-2
Paul Mueller Co. (7)	0-4791-2	Pizza Hut Inc. (13)	1-7046-2
Murray Ohio Mfg. Co. (11,14)	1-2172-2	Precision Polymers, Inc.	
NBC Company (13,14)	0-4752-2	(13,14)	1-6008-2
N.L. Industries, Inc.(13)	1-640-2	Primary Medical Communications	
Nachman Corp (3)	1-1492-2	Inc. (13,14)	0-6613-2
National Alfalfa Dehydrating &		Pro Systems, Inc. (10)	0-6056-2
Milling Co. (2,14)	1-3687-2	Pro-Tech Programs (3)	0-4969-2
National Community Builders		Project 7, Inc. (11,13,14)	2-33586-2
(6,7)	0-6227-2	Providence & Worcester Co.(13)	0-3960-2
National Tea Co. (13)	1-646-2		

8K REPORTS FOR MARCH 1973 CONT.

Prudential Funds, Inc. (1,2,7,8,11,14)	1-6277-2	Reserve Oil & Minerals Corp (2,11,13)	0-3492-2
Pulaski Furniture Corporation (7)	0-314-2	Residex Corp (2,7)	0-2318-2
RK Petroleum Corp (7,11,12)	2-38772-2	Revell Inc. (9,13)	0-2024-2
RMIC Corporation (1,7,9,14)	2-46601-2	Rex Precision Products, Inc. (8,14)	0-5413-2
Raymond Corp (4,7)	0-2129-2	Riker-Maxson Corp (1,9,10)	1-5922-2
Reeves Telecom Corporation(13)	1-4361-2	Robertson Distribution Systems, Inc. (7,14)	2-43610-2
Reliance Industries, Inc.(2)	0-2775-2	Robintech, Inc.(2,14)	1-7113-2

TRADINGS SUSPENSIONS CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Pelorex Corporation and First Leisure Corporation for the further ten-day period April 26 through May 5, inclusive.

SECURITIES ACT REGISTRATIONS. Effective April 25: American Smelting and Refining Company, 2-47616; American Telephone and Telegraph Company, 2-47630; Commonwealth Industries Corporation, 2-46941; Corco, Inc., 2-47218; Dart Industries, Inc., 2-47599; First National City Corporation, 2-47648 and 2-47647; Ford Motor Credit Company, 2-47628; General Motors Corporation, 2-47735 and 2-47734; International Funeral Services of California, Inc., 2-46100; MGF Oil Corporation, 2-46752 (90 days); P. R. Mallory & Co., Inc., 2-47532; Millipore Corporation, 2-47626; Mountain Fuel Supply Company, 2-47588; National Data Corporation, 2-46557; National Living Centers, Inc., 2-45059; PeabodyGalion Corporation, 2-47595; A. H. Robins Company, Inc., 2-47403; Standard Oil Company, 2-47745; Standard Oil Company of California, 2-47594; Sybron Corporation, 2-47659; Tucson Gas & Electric Company, 2-47565.

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