

# sec news digest

a daily summary from the securities and exchange commission

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June 4, 1973

## COURT ENFORCEMENT ACTIONS

**COMPLAINT NAMES BAUSCH & LOMB, OTHERS.** The SEC today announced the filing of a complaint in the Federal court in New York seeking to enjoin the following from violations of the antifraud provisions of the Federal securities laws: Bausch & Lomb, Inc. (a Rochester, New York based optical company); Daniel G. Schuman (Chairman of Bausch & Lomb); Faulkner, Dawkins & Sullivan, Inc. (a New York based broker-dealer and investment adviser); David H. MacCallum (a securities analyst at Faulkner, Dawkins & Sullivan); Derrik C. Hoitsma (head trader at Faulkner, Dawkins & Sullivan); Brokaw, Schaenen, Clancey & Co. (a New York based investment adviser); Byron R. Wein and Richard J. Clancey (partners of the Brokaw firm); Campbell Asset Management Company (a New York based investment manager), Douglas Campbell, Jr. (sole proprietor of the Campbell Asset Management Company).

The complaint alleges that Daniel G. Schuman on March 15 and March 16, 1972 conveyed adverse material non-public information to certain of the defendants concerning the company's sales of soft contact lens and concerning earnings for the company's first quarter ended March 31, 1972. It is alleged that after receiving the inside information MacCallum reduced his earnings estimate for Bausch & Lomb's first quarter, withdrew his buy recommendation and conveyed the information to Hoitsma and others, who thereafter relayed the information to customers of Faulkner, Dawkins & Sullivan including Campbell. The complaint also alleges that on March 16, 1972 after receiving the inside information defendants Hoitsma (in his and family accounts), Wein and Clancey (for the advisory clients of Brokaw, Schaenen, Clancey & Co.); and Campbell (through discretionary accounts of Campbell Asset Management Co.) sold or caused the sale of Bausch & Lomb common stock. On March 17, 1972 Bausch & Lomb issued a news release concerning the aforementioned information and also a news article appeared in the Wall Street Journal. Trading in Bausch & Lomb's common stock was suspended by the New York Stock Exchange on that day. (LR-5918)

**LAVENTHOL, KREKSTEIN, HORWATH & HORWATH ENJOINED.** The SEC announced that the Federal court in New York has permanently enjoined Robert R. Hagopian, Meridian Capital Corporation, A. S. Stephen Sanders and Takara Asset Management corporation, upon consent, from violations of the antifraud provisions of the Federal securities laws in connection with transactions in the securities of any issuer, and enjoining them from affiliation with registered investment companies and from further violation of provisions which prohibit unauthorized joint transactions with registered investment companies, receipt of unauthorized compensation by persons affiliated with such companies, breach of fiduciary duty and gross abuse by persons in the management of such companies and embezzlement from such companies. In addition, Laventhol, Krekstein, Horwath & Horwath (LKH&H) has been enjoined, upon consent, from violation of the antifraud provisions of the Federal securities laws in connection with transactions in the securities of Takara Partners. In its consent, LKH&H agreed to adopt and maintain certain revised supervisory and control procedures and to permit an inspection to ascertain whether its professional practice is being conducted in compliance with such procedures. (LR-5910)

## DECISIONS IN ADMINISTRATIVE PROCEEDING

**BUSH & CO. BROKER-DEALER REGISTRATION REVOKED.** On June 1 the SEC issued an order for administrative proceedings, naming Bush & Company, Inc. (Bush & Co.) of Wichita, Kansas, a registered broker-dealer which served as investment adviser and principal underwriter for First Investment Corporation of Kansas, Inc. (FHI), a registered investment company, and seven persons associated with Bush & Co. - David William Bush, Sam J. Namee, O. J. Bealman, Jerry D. Vanier, John J. Vanier, Marvin G. Banwart, and Richard L. Scarlett. The order is based upon allegations of the Commission's staff that the Respondents violated the Federal securities laws in connection with the offer, purchase and sale of securities issued by FHI and Bush & Co. and in connection with their management and operation of FHI. The alleged violations include false and misleading sales practices in connection with the sale of FHI face amount certificates and common stock, self-dealing on the part of Bush & Co. and the other Respondents in the receipt of undisclosed compensation and the undisclosed use of FHI's assets for their personal benefit.

The Commission also issued an order pursuant to an offer of settlement submitted by Bush & Co. revoking the firm's registration as a broker-dealer, prohibiting it from serving as investment adviser or principal underwriter of any registered investment company and prohibiting it from acting as an investment adviser as defined in the Investment Advisers Act. In its offer, Bush & Co. admitted all of the violations alleged in the order for proceedings.

In a related action the Commission has suspended trading in the securities of FHI (Rel. 34-10190) for a ten-day period commencing on June 1, 1973 and terminating midnight (EDT) June 10, 1973. (Rel. IC-7844 and IC-7845)

## COMMISSION ANNOUNCEMENTS

**TRADING SUSPENDED IN FIRST HOME INVESTMENT CORP. OF KANSAS SECURITIES.** The SEC initiated the temporary suspension under the Securities Exchange Act of 1934 of exchange and over-the-counter trading in the common stock of First Home Investment Corporation of Kansas, Inc. (FHI), Wichita, Kansas, a registered face amount certificate company, for a ten-day period commencing June 1, 1973 and terminating at midnight (EDT) June 10, 1973.

The suspension was initiated at the request of FHI because FHI no longer has facilities with which to effect the transfer of its own common stock and in fact no transfers are being made. On April 24, 1973, FHI filed a voluntary petition for reorganization under Chapter X of the Federal Bankruptcy Act in the Federal court at Wichita. On April 24, 1973 the SEC through its Chicago Branch of Reorganization filed its appearance, pursuant to statutory authority, in the Chapter X reorganization proceeding of FHI. Thomas R. Brunner was appointed as trustee under Chapter X. Since 1964 FHI has been offering for sale and selling a package investment, consisting of face amount certificates and common stock. FHI operated as a mortgage investment company originating FHA insured and VA guaranteed loans. Due to termination of its management agreement with its former investment adviser, Bush & Co., Inc. of Wichita, on April 2, 1973 FHI voluntarily suspended sales of common stock and face amount certificates. A January 31, 1973 balance sheet attached to the petition indicated that FHI had assets in excess of \$82 million and shareholders equity of approximately \$46 million. An addendum attached to the balance sheet, as of April 19, 1973, showed mortgage loan commitments of approximately \$50 million. FHI stated in the petition that due to the cessation of sale of securities it would be unable to meet these commitments as they come due. On April 26, 1973 the National Stock Exchange suspended trading in FHI common stock. (Rel. 34-10190)

**TRADING SUSPENDED IN PACER CORP. SECURITIES.** The SEC initiated the temporary suspension of over-the-counter trading in the securities of Pacer Corporation of Waltham, Massachusetts, for a ten-day period commencing on June 1, 1973 and continuing through June 10, 1973.

The Commission initiated this trading suspension because of the unavailability of adequate and accurate current information concerning the financial condition and business operations of Pacer. Pacer has failed to file with the Commission its Form 10-Q for the quarter ended February 28, 1973 and has advised the Commission's staff that it is currently revising the financial statements submitted as part of its Form 10-K for the year ended November 30, 1972.

Pacer, which specializes in leasing out equipment purchased or leased from manufacturers, has filed a Form 8-K for the month of April 1973, which indicates that its major supplier of equipment, Photon, Inc. has directed no new business to Pacer since November 1972. According to Pacer, failure to obtain additional referral lease business from Photon, Inc. would have a serious adverse effect on Pacer. Pacer has also announced that it terminated the operations of its boating subsidiary, Ultra Boats Inc., in April 1973, and that it has reached an agreement with a boat manufacturer setting up a new corporation using certain assets of Ultra Boats and giving Pacer certain rights to convert a loan to the new corporation into shares of common stock of the new corporation. (Rel. 34-10191)

**SEC ORDER CITES FIVE STAR INVESTMENT COMPANY, OTHERS.** The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 against Five Star Investment Company (Registrant) of Baltimore, Maryland. Also named as respondents are Paul Isaacs, Edward W. Isaacs, James R. Cogg, William J. Haig, Donald Callerman, Thomas Foy, Jr., Harold W. Rummell, George L. Brownlee, Nicholas Guidara, James F. Trainor, and Edward L. Bart, all of whom are either former or current officers, salesmen, or associated persons of Registrant. The proceedings are based upon allegations of the Commission's staff that respondents, singly and in concert with others, wilfully violated and aided and abetted violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of Class A common stock of Five Star Foods Corporation of Maryland and other securities. The order further alleges that Registrant, Paul Isaacs, Edward W. Isaacs, Cox, Haig, and Callerman failed reasonably to supervise persons under their supervision with a view to preventing such violations.

A hearing will be scheduled by further order to take evidence on the staff's allegations and to 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. 34-10192)

**SEC ORDER CITES LOWENTHAL, HALE, JAFFE, INC., OTHERS.** The SEC has ordered administrative proceedings against Lowenthal, Hale, Jaffe, Inc. (Registrant) of Philadelphia, Pennsylvania, Eugene Jaffe of Cherry Hill, New Jersey, Albert Halegoua of Oreland, Pennsylvania, and Harris Lowenthal formerly of Philadelphia, Pennsylvania based upon allegations of the Commission's staff that they wilfully violated and aided and abetted violations of the registration, antifraud, bookkeeping and credit extension provisions of the Federal securities laws. The staff also charged that Registrant wilfully violated and Jaffee and Halegoua wilfully aided and abetted violations of the Commission's net capital rule and the rule requiring notification of customers of their free credit balances. The order also alleged that Registrant and Jaffe failed reasonably to supervise persons under their supervision with a view to preventing such violations. The order further alleged that in August 1971 Registrant, Jaffe and Halegoua, without admitting or denying the allegations, had been permanently enjoined from violating the said net capital, bookkeeping, credit extension, and free credit balance notification provisions.

A hearing will be scheduled by further order to take evidence on the staff allegations and to afford the respondents an opportunity to offer any defenses thereto for the purposes of determining whether the allegations are true and, if so, whether any action of a remedial nature should be ordered by the Commission. (Rel. 34-10193)

## HOLDING COMPANY ACT RELEASES

**NORTHEAST UTILITIES, OTHERS.** The SEC has issued an order authorizing a proposal by Northeast Utilities, of West Springfield, Massachusetts, a registered holding company, Northeast Utilities Service Company and four utility subsidiary companies. Service proposes to issue and sell \$2,500,000 of unsecured promissory notes to a bank for the purpose of financing its central warehouse inventory, and to prepay an equal amount of borrowings from Northeast previously incurred for that purpose. (Rel. 35-17996)

**MISSISSIPPI POWER & LIGHT COMPANY.** The SEC has issued an order authorizing Mississippi Power & Light Company of Jackson, Mississippi, subsidiary of Middle South Utilities, Inc., to issue and sell short-term promissory notes (including commercial paper) in an aggregate principal amount not exceeding \$32,000,000 outstanding at any one time to banks and/or to a dealer in commercial paper. The proceeds along with other funds will be used by Mississippi to finance its 1973 construction program (estimated at \$91,480,000) and for other corporate purposes. (Rel. 35-17997)

## 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.** Form 8-K is used by companies to file current reports on the following events:

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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<br>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.  |  |

The companies listed below have filed 8-K reports for the month indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An invoice will be included with the requested material when mailed.

COMPANY	ITEM NO.	MONTH
AITC INC	6	04/73
ALICO LAND DEVELOPMENT CO	13	04/73
ALKON INDUSTRIES INC	11,13	04/73
AMERICAN EQUITY INVESTMENT TRUST	7	04/73
AMERICAN INTERNATIONAL PICTURES INC	13,14	04/73
AMERICAN RESOURCES MANAGEMENT CORP	1	09/72
APECO CORP	4,11,13,14	04/73
ASSOCIATED TRANSPORT INC	3,11	04/73
BANNER MINING CO	11	04/73
BOWMAR INSTRUMENT CORP	4,7,14	04/73
BUILDEX INC	13,14	04/73
BUILDING & LAND TECHNOLOGY CORP	7,9	04/73
CALIFORNIA PORTLAND CEMENT CO	13,14	04/73
CALIFORNIA REAL ESTATE INVESTMENT TRUST	2, 13, 14, 3	03/73
COMPUTER ELECTION SYSTEMS INC	13	04/73
COMPUTER INVESTORS GROUP INC	3	04/73
CONTINENTAL COPPER & STEEL INDUSTRIES IN	13,14	04/73
CONTINENTAL INVESTMENT CORP MASSACHUSETT	3,13,14	04/73
CPC INTERNATIONAL INC	11,13	04/73
CRUTCHER RESOURCES CORP	11,14	04/73
CUMIS INSURANCE SOCIETY INC	7	03/73
CURTIS NOLL CORP	10,11,14	04/73
CURTIS PUBLISHING CO	11	04/73
DARYL INDUSTRIES INC	12	04/73
DERO INDUSTRIES INC	13,14	04/73
DUCOMMUN INC	11	04/73
ELECTRONIC ENGINEERING CO OF CALIFORNIA	11,14	04/73
EQUITABLE SAVINGS & LOAN ASSOCIATION	6	05/73
FAS INTERNATIONAL INC	13,14	04/73

BK REPORTS CONT.

FINANCIAL GENERAL BANKSHARES INC	11,14	04/73
FIRST REPUBLIC CORP OF AMERICA	2,14	04/73
FLORICA INVESTMENT TRUST	7,14	04/73
FLORICA PUBLIC UTILITIES CO	11	05/73
FLOWERS INDUSTRIES INC	8	04/73
FORTUNA CORP	13	04/73
FOSTER GRANT CO INC	7	04/73
FRANK CLINTON E INC	11,14	04/73
FRONTIER AIRLINES INC	11,13	04/73
GAC CORP	6,13	04/73
GENERAL DYNAMICS CORP	11	05/73
GOODRICH B F CO	11,14	04/73
GORIN STORES INC	8,11	04/73
GRANITE MANAGEMENT SERVICES INC	3,13	04/73
GREAT SOUTHERN FINANCIAL CORP	11,13	04/73
HARTFORD ELECTRIC LIGHT CO	11,14	04/73
HOUSE OF ADLER INC	2,13,14	04/73
INDIAN HEAD BANKS INC	13	04/73
JEFFERSON NATIONAL CORP	12	04/73
KAMPGROUNDS OF AMERICA INC	11	04/73
KENWIN SHOPS INC	11	04/73
LAMAUR INC	11	04/73
LINCOLN AMERICAN CORP	3,13	04/73
MCCORMICK & CO INC	4,7,14	04/73
MERIDIAN INVESTING & DEVELOPMENT CORP	10,13,14	04/73
MONMOUTH REAL ESTATE INVESTMENT TRUST	3	05/73
NATIONAL CASH REGISTER CO	7,11,14	04/73
NEW YORK TIMES CO	11,14	04/73
NFF CORP	4,7,13,14	04/73
NIAGARA FRONTIER SERVICES INC	8	04/73
OLD FORT INDUSTRIES INC	3,10	04/73
PACER CORP	2,13,14	04/73
PERFECT LINE MANUFACTURING CORP	11	03/73
PHILLIPS SCREW CO	2,14	05/73
PRODUCTS RESEARCH & CHEMICAL CORP	13	04/73
PROGRESSIVE CORP OF OHIO	11,14	04/73

CORRECTION RE RELEASE NUMBER - MUTUAL BENEFIT LIFE. The release number pertaining to a notice giving interested persons until June 22 to request a hearing on an application of Mutual Benefit Life Insurance Company and others should have been IC-7837, not IC-7838 as reported in the May 31 News Digest.

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of (a) exchange and over-the-counter trading in the securities of BBI, Inc. and U. S. Financial Incorporated for the further ten-day period June 3-12, inclusive, (b) over-the-counter trading in the securities of Proof Lock International Corporation, Triex International Corporation, and Beneficial Laboratories, Inc. for the further ten-day period June 3-12, inclusive, and (c) over-the-counter trading in the securities of Accurate Calculator Corporation, Logos Development Corporation, Orecraft, Inc., Photon, Inc. and Textured Products, Inc. for the further ten-day period June 4-13, inclusive.

SECURITIES ACT REGISTRATIONS. Effective May 23: Squibb Corporation, 2-47993. Effective May 31: Southern Cooperative Development Fund, Inc., 2-47326. Effective June 1: Hartford Life Insurance Co., 2-46577; McRae Consolidated Oil & Gas, Inc., 2-45869 (Aug 30); Norfolk & Carolina Telephone & Telegraph Co., 2-47375 (90 days); Palmer G. Lewis Co., Inc., 2-47818 and 2-47817; Questor Corp., 2-47895, 2-47894 and 2-47893; Royal Industries, Inc., 2-48037; ADR's for St. Helena Gold Mines Limited, 2-48172; ADR's for South African Land & Exploration Company Limited, 2-48099; Sunnycrest Nursing Facilities, Inc., 2-47188 (90 days); ADR's for Union Corporation Limited, 2-48061; Victory Co., 2-47075 (90 days).

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.

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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.