

sec news digest

U.S. SECURITIES & EXCHANGE COMMISSION

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July 17, 1974

COMMISSION ANNOUNCEMENTS

JUL 18 1974

INITIAL DECISION ORDERS SANCTIONS
OF ROY A. PITT, OTHERS

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Administrative Law Judge David J. Markun has filed an initial decision imposing sanctions upon various respondents for violations of the antifraud provisions of the securities laws in acts, practices, and a course of business that involved the giving of various kinds of gratuities, during the period September 1968 to about October 1969, to Roy A. Pitt, Jr., then Executive Secretary of the State Finance Committee of the State of Washington, and Pitt's acceptance of such gratuities, at a time when Pitt had complete discretion as to the broker-dealers through whom he purchased and sold securities on behalf of the numerous retirement and other state funds administered by the SFC and during which period the givers of the gratuities did substantial official business with the SFC in connection with the purchase and sale of securities on behalf of the State funds.

Pitt, among other things, accepted from one broker-dealer's representative "loans" that were not expected to be, and were not, repaid; from another broker-dealer he bought an issue of stocks at a greatly discounted price; and from several broker-dealers, he bought allocations of "hot" new issues of stock that were expected to, and did, promptly rise to a premium, after the stock registrations became effective, over the respective offering prices paid by Pitt. Pitt disclosed none of these personal matters to the SFC, and that Committee was unaware of Pitt's acceptance of the various gratuities.

For his antifraud violations the decision bars Pitt from association with any broker-dealer with the proviso that after nine months he may apply to the Commission for permission to become so associated in a non-proprietary, non-supervisory capacity upon a satisfactory showing that he will be adequately supervised.

Respondent Black & Company, Inc., a broker-dealer headquartered in Portland, Oregon, is reprimanded for having, among other things, allocated to Pitt ten hot new issues during the relevant period, and Respondent Lawrence S. Black, president, chief executive officer and principal owner of the firm, who personally made such allocations to Pitt and handled the SFC business, is suspended for a period of thirty days.

R.W. Pressprich & Co., Inc., a broker-dealer headquartered in New York, New York, is found, among other things, to have failed adequately to supervise one of its Portland-office registered representatives who dealt with Pitt, as a result of which failure the firm unknowingly allocated a single "hot" new issue to Pitt in 1966. Because of various mitigating circumstances, the imposition of any sanction against Pressprich & Co. is found not to be indicated or required in the public interest.

The decision is subject to review by the Commission on its own motion or on petition of a party. The remainder of the six corporate and six individual respondents named in the proceeding had earlier entered into settlements with the Commission

COURT ENFORCEMENT ACTIONS

ROBERT DALE JOHNSON, OTHERS, ENJOINED

The Washington Regional Office announced that on June 21 the Federal court in Alexandria, Virginia, entered orders permanently enjoining Jack O. Friedman of Charleston, West Virginia; Frank E. Mower, II, of Virginia Beach, Virginia; and James L. Phillips of Arlington, Virginia; on June 25 entered orders permanently enjoining Robert Dale Johnson, Ridge Associates & Co., John D. Schrott, Jr., Vortex Corporation, Resource Evaluation and Development, Inc., and Canal Corporation, all of McLean, Virginia; Thomas W. Gilliam, Jr. and Erle Cocke, Jr., both of Washington, D.C.; and on July 1 entered an order permanently enjoining Joseph M. Holt, Jr. of Lewisburg, West Virginia.

The defendants Robert Dale Johnson and Ridge Associates & Co. are enjoined from violating the registration requirements and the antifraud provisions of the securities laws and all others are enjoined from violating the registration requirements of those laws in the offer and sale of securities, namely investment contracts, promissory notes and instruments commonly known as securities in the form of limited partnership interests or any other securities.

The defendants consented to the court orders without admitting or denying the allegations of the complaint. (LR-6435)

CONVICTION OF HOWARD NICHOLAS JOHNSON AFFIRMED

The Atlanta Regional Office announced that on June 28 the Fifth Circuit Court of Appeals affirmed the August 31, 1973 conviction of Howard Nicholas Johnson of Daytona Beach, Florida, for violations of the registration and antifraud provisions of the securities laws and the Mail Fraud Statute in the sales of securities of Television Productions International Corporation, a Florida corporation. (LR-6432)

COMPLAINT NAMES BACHINSKAS-NATION INVESTMENTS, INC., OTHERS

The Fort Worth Regional Office announced that a complaint was filed on July 10 in the Federal District Court at Dallas seeking to enjoin Bachinskas-Nation Investments, Inc., its wholly-owned subsidiaries American Properties, Inc. and Dallas Buyer Property Investments, Inc., and Edward H. Bachinskas and James R. Daffron, all of Dallas, William R. Latham of Denton, Billy Ray McNabb of Fort Worth and Thomas H. Nation of Houston from violations of the registration and antifraud provisions of the securities laws in the offer and sale of investment contracts and profit sharing agreements involving raw land real estate syndications. Dallas Buyer Property Investments, Inc., was also enjoined from violations of the broker-dealer registration provisions. The complaint also seeks the appointment of a receiver for the three corporate defendants. (LR-6433)

COOPERATIVE CHURCH FINANCE, INC., OTHERS ENJOINED

The Fort Worth Regional Office announced that on June 21 a Federal District Court at Houston, Texas, issued an order permanently enjoining by consent Cooperative Church Finance, Inc. and its former president, Joe H. West, both of Houston, from violations of the antifraud provisions of the securities laws in the offer and sale of bonds issued by Greenwood Village Baptist Church, also of Houston. (LR-6434)

ORDERS FOR PUBLIC PROCEEDINGS

A. J. CARNO CO., INC., OTHERS

Public administrative proceedings have been ordered against A. J. Carno Co., Inc. and Mayflower Securities Co., Inc., both broker-dealers in New York City, Anthony Nadino, of Jersey City, New Jersey, Joseph Cirello of Wallington, New Jersey, and Thomas F. Brennan, III, of New Providence, New Jersey, all securities traders, for violating and aiding and abetting violations of the registration and antifraud provisions of the securities laws in connection with the offer and sale of common shares of Management Dynamics, Inc. (MD). In addition, the order also alleged that Carno, aided and abetted by Nadino, violated the over-the-counter quotation rule of the Exchange Act by submitting bid and offer quotations for MD common shares. Carno and Mayflower were additionally charged with failing to supervise other persons under their supervision with a view to preventing the alleged violations.

A hearing will be scheduled by further order to take evidence on the charges against the defendants. (Rel. 34-10917)

INVESTMENT COMPANY ACT RELEASES

DANMONT CORPORATION

An order has been issued declaring that Danmont Corporation is primarily engaged in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities. (Rel. IC-8425)

HOLDING COMPANY ACT RELEASES

ARKANSAS-MISSOURI POWER COMPANY

An order has been issued approving a post effective amendment to an application-declaration of Middle South Utilities, Inc., and its subsidiary, Arkansas-Missouri Power Company, regarding a proposed increase in the amount of Arkansas-Missouri's short-term notes to banks. (Rel. 35-18498)

OHIO EDISON COMPANY

A notice has been issued giving interested persons until August 6 to request a hearing on a proposal of Ohio Edison Company, a registered holding company, to sell up to \$150 million of first mortgage bonds at competitive bidding, and to issue and use up to \$1,091,000 of first mortgage bonds for sinking fund purposes. (Rel. 35-18500)

TRADING SUSPENSIONS

CORRECTION RE WESTERN GENERAL AND UNAC INTERNATIONAL TRADING SUSPENSIONS

The reasons for the suspension of trading in the securities of UNAC International, Inc. of Indianapolis, Ind. and Western General Corp of Ogden, Utah were reversed in the News Digest report of July 15. The Western General suspension was ordered because of the unavailability of adequate and accurate information about the company and its financial condition and operations concerning its natural gas explorations in New York State.

UNAC was suspended at the request of the company because of information received from the company indicating that the Indiana Department of Insurance has advised the company that its reserves for claims may be inadequate. The company advised that if the Indiana Department of Insurance is correct in its preliminary examination it would have a significant adverse impact on the company. (Rel. 34-10913 and 34-10914)

ADDITIONAL ACTION ON THREE TRADING SUSPENSIONS

The SEC has announced the suspension of exchange and over-the-counter trading in the securities of Canadian Javelin Ltd., and over-the-counter trading in the securities of Winner Industries, Inc. and Royal Properties, Inc. for the further ten-day period July 17 - 26, inclusive.

SECURITIES ACT REGISTRATIONS

(S-2) RECYCLED NATIONAL PAPER CORPORATION

2715 East Oakland Blvd. (Suite 201), Fort Lauderdale, Fla. 33306 - 100,000 shares maximum, 50,000 shares minimum of common stock to be offered for sale on a "50% or none", best-efforts basis through the company's officers, directors and employees. The company purchases, processes and sells waste-paper for recycling to paper mills. (File 2-51525 - July 5)

(S-5) MONEY INSTRUMENTS, INC.

25 South Charles St., Baltimore, Md - 1,500,000 shares of common stock, to be offered for sale at net asset value through Valley Forge Investment Management Corporation, Route 202 at Warner Rd., P.O. Box 837, Valley Forge, Pa. The company is a no-load open-end investment company with the objective of maximum income consistent with preservation of principal. Valley Forge Investment Management Corp. will act as manager for the Fund. (File 2-51532 - July 5)

(S-1) GRUMMAN CORPORATION

Bethpage, Long Island, N.Y. 11714 - \$29,692,800 of 8% convertible subordinated debentures, due 1999. It is proposed to offer \$600 of such debentures in exchange for each \$1,000 of Grumman Corporation's outstanding 4 1/4% convertible subordinated debentures, due 1992. Grumman, through various subsidiaries, designs, produces and

sells military aircraft and related spare parts and special support equipment.
(File 2-51555 - July 12)

(S-6) MUNICIPAL INVESTMENT TRUST FUND,
TWENTY-SIXTH MONTHLY PAYMENT SERIES

\$30 million of units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006. The Fund, a Unit Investment Trust, is to be created by a trust agreement among Merrill Lynch, Bache & Co. Incorporated and Reynolds Securities Inc., as Sponsors, The Bank of New York, as Trustee, and Standard & Poor's Corporation, as Evaluator. The Fund's primary objective is providing tax exempt income through investment in a fixed portfolio of interest-bearing, long-term state, municipal and public authority bonds. (File 2-51556 - July 12)

(S-7) LONG ISLAND LIGHTING COMPANY

250 Old Country Rd., Mineola, N.Y. 11501 - approximately 2,260,000 shares of common stock, to be offered by subscription to common stockholders of record July 31, 1974, at the rate of one share for each ten shares held and at a price to be determined. (File 2-51557 - July 12)

(S-12) MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

23 Wall St., New York, N.Y. 10015 - seeks registration of 100,000 American Depositary Receipts for ordinary shares of Potgietersrust Platinums Limited, a South African corporation. (File 2-51559 - June 11)

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:

- Soundesign Corporation, Jersey City, New Jersey, (File 2-51554 - July 12) - 220,000 shares
- A & E Plastik Pak Co., Inc., Industry, Cal. (File 2-51558 - July 15) - 200,000 shares
- Koger Properties, Inc., Jacksonville, Fla. (File 2-51560 - July 15) - 65,000 shares
- National Telephone Company, Inc., East Hartford, Conn. (File 2-51562 - July 15) - 200,000 shares
- General Medical Corporation, Richmond, Va. (File 2-51563 - July 15) - 112,837 shares

REGISTRATIONS EFFECTIVE

June 24: Amfac, Inc., 2-50761.

June 25: Consolidated Oil & Gas, Inc., 2-50706.

July 15: Autotrol Corp., 2-51239.

July 16: ARA Services, Inc., 2-51295; Big Bromley, Inc., 2-50224; Corning Glass Works, 2-51351; DWG Corp., 2-49489; Ford Motor Co., 2-51432; Northern States Power Co., 2-51163; Occidental Petroleum Corp., 2-45774; Potomac Electric Power Co., 2-51341; South Carolina Electric & Gas Co., 2-51291; W.R. Grace & Co., 2-51254.

NOTICE

Many requests for copies of documents referred to in the SEC News Digest have erroneously been directed to the Government Printing Office. Copies of such documents and of registration statements may be ordered from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549. The reproduction cost is 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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