

sec news digest

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U.S. SECURITIES & EXCHANGE COMMISSION

RECEIVED

October 8, 1974

RULES AND RELATED MATTERS

OCT 9 1974

ADOPTION OF RULE 15b5-1 AND
AMENDMENT OF RULE 15b6-1 AND
RELATED FORM BDW

LIBRARY

The Commission announced today the adoption of Rule 15b5-1 under the Securities Exchange Act of 1934 (the Act). The rule provides that Commission revocation or cancellation of the registration of a broker or dealer under Section 15(b) of the Act: (a) shall be effective for all purposes, except as hereinafter provided, on the date of the order of revocation or cancellation or, if such order is stayed, on the date the stay is terminated; and (b) shall be effective six months after the date of the order of revocation or cancellation (or, if such order is stayed, the date the stay is terminated) with respect to a broker's or dealer's registration status as a member within the meaning of Section 3(a)(2) of the Securities Investor Protection Act of 1970 (SIPC Act) for purposes of the application of Sections 5, 6 and 7 thereof to customer claims arising prior to the date of the order of revocation or cancellation (of, if such order is stayed, the date the stay is terminated). The Commission also announced amendments to Rule 15b6-1 and related Form BDW. The amendments to Rule 15b6-1 and related Form BDW provide an additional period of six months after the broker's or dealer's withdrawal from registration has become effective during which the broker or dealer would continue in a registered status as a member within the meaning of Section 3(a)(2) of the SIPC Act, with respect to the application of Sections 5, 6 and 7 thereof to customer claims arising prior to the effective date of withdrawal for purposes other than the SIPC Act, but could not operate as a broker or dealer. Rule 15b5-1 and the amendments to Rule 15b6-1 and related Form BDW would become effective November 18, 1974. (Rel. 34-11042)

COURT ENFORCEMENT ACTIONS

ROBERT DALE JOHNSON SENTENCED

The Washington Regional Office announced that on September 27 the Honorable Oren R. Lewis, U.S. District Court Judge in Alexandria, Virginia, sentenced Robert Dale Johnson of McLean, Virginia to a term of imprisonment for a period of six years in connection with his guilty plea to a criminal information charging him with one count of securities fraud and one count of mail fraud in the offer and sale of unregistered securities involving the purported purchase and sale of industrial wine. (U.S. v. Robert Dale Johnson, U.S.D.C., E.D. Va., Alex. Div., Criminal No. 216-74). (LR-6536)

FIVE WEIS DEFENDANTS SENTENCED

The New York Regional Office announced that the five defendants in United States v. Arthur J. Levine et al., all former officers of Weis Securities, Inc., were sentenced by Judge Robert Carter of the U.S. District Court for the Southern District of New York as follows: Alan C. Solomon, treasurer and executive vice-president, was fined \$5,000, was given a one year suspended sentence and ordered to devote five hours per week during the period of his sentence to working with and rendering assistance to underprivileged people; Sol Leit, president, was given a two year suspended sentence and ordered to devote, for one year, five hours per week to working with and rendering assistance to underprivileged people; Joel Kubie, comptroller, was ordered imprisoned for six months

SEC
40th
ANNIVERSARY

REMEMBER SEC 40TH ANNIVERSARY/RESERVE NOW, PAY LATER

The SEC 40th Anniversary Celebration will be held on October 24, 1974, at the Statler Hilton, 16th and K Sts., N.W., Washington, D.C. For additional information and registration form see page 3 of the Digest.

and given a two year suspended sentence thereafter; Arthur J. Levine, chairman of the Board, was ordered imprisoned for six months and given a two year suspended sentence on the conspiracy count of the indictment, and a two year suspended sentence on a supplemental information - the sentences on the indictment and the information to run concurrently; Robert Lynn, assistant comptroller, was given a two year suspended sentence on a count of the indictment charging violations of the bookkeeping provisions and a two year suspended sentence on a supplemental information - the two sentences to run concurrently. Lynn was also ordered to devote five hours per week for one year to working with and rendering assistance to underprivileged people.

The five defendants had pled guilty (Solomon was found guilty) to various counts of an indictment charging them with conspiracy and violations of the antifraud, financial reporting and bookkeeping provisions of the securities laws in the financial collapse of Weis. The brokerage firm is currently being liquidated pursuant to the Securities Investor Protection Act of 1970. (U.S. vs. Arthur J. Levine et al., U.S.D.C. S.D.N.Y., 73 Civil 693). (LR- 6538)

INVESTMENT COMPANY ACT RELEASES

GPM BALANCED FUND, INC.

An order has been issued on an application of GPM Balanced Fund, Inc. of Boston, Massachusetts, exempting it from certain provisions of the Act to permit shares of the Fund to be sold without sales charges to persons who were shareholders as of November 16, 1972. (Rel. IC-8532 - Oct. 7)

KEMPER INCOME AND CAPITAL PRESERVATION FUND, INC.

An order has been issued on an application of Kemper Income and Capital Preservation Fund, Inc., Supervised Investors Income Fund, Inc., Supervised Investor Growth Fund, Inc., Supervised Investors Summit Fund, Inc., and Technology Fund, Inc., all mutual funds, and Supervised Investors Services, Inc., permitting income dividends of Capital Preservation Fund and of Income Fund to be invested in shares of Growth Fund, Summit Fund, or Technology Fund without a sales charge. (Rel. IC-8533 - Oct. 7)

FARWEST EQUITY VENTURES

A notice has been issued giving interested persons until October 30 to request a hearing on a proposal by the Commission to terminate on its own motion the registration under the Act of Farwest Equity Ventures, Inc., a registered closed-end investment company. (Rel. IC-8534 - Oct. 7)

HOLDING COMPANY ACT RELEASES

OHIO EDISON COMPANY

A notice has been issued giving interested persons until October 29 to request a hearing on a proposal of Ohio Edison Company, a registered holding company, to acquire utility assets in the city of Salem, Ohio. (Rel. 35-18594 - Oct. 7)

MIDDLE SOUTH UTILITIES, INC.

A notice has been issued giving interested parties until October 31 to request a hearing on proposals of Middle South Utilities, Inc., a registered holding company, and Arkansas Power & Light Company, an electric utility subsidiary, whereby Arkansas will issue and sell \$60 million of first mortgage bonds and 150,000 shares of preferred stock. Arkansas will also issue and sell, and Middle South will purchase, \$15 million of Arkansas' common stock. (Rel. 35-18595 - Oct. 7)

SECURITIES ACT REGISTRATIONS

(S-16) CARNATION COMPANY

5045 Wilshire Blvd., Los Angeles, Cal. 90036 - 3655 shares of common stock, to be offered upon the exercise of 9,530 Herff Jones Co. warrants which remain outstanding as of August 31, 1974, and which became the liabilities of Carnation as a result of the

SEC 40TH ANNIVERSARY CELEBRATION

The SEC wishes to invite all past employees to attend its 40th Anniversary Celebration to be held on October 24, 1974, at the Statler Hilton in Washington. The price will be \$25 per person for all former employees. The dress is optional.

RESERVE NOW, PAY LATER -- To facilitate planning of the dinner, the Committee will accept indications of interest for the reservation of complete tables, even if they are at this moment incomplete, without payment of the entire cost of the table. Thus, if you are reasonably sure that you will be reserving a table -- even if you have not obtained confirmations from all of your party -- please notify Ms. Betty Lear at (202) 755-1114 and send in your reservation form. In the event that you are unable to fill your table, you will not be responsible for unused seats.

DINNER RESERVATION & REGISTRATION FORM

To The SEC Anniversary Committee:

Herewith is my check or money order in the amount of \$_____ for which please issue _____ tickets to the SEC 40th Anniversary Celebration for the following persons (please PRINT names as they should appear in the Anniversary Program, listing married couples as "Mr. and Mrs."):

Please send the tickets to:

(Name)

(Address)

Please seat the persons listed above with the following additional persons (please PRINT names):

Make checks or money orders payable to "SEC Anniversary Committee," and mail to

SEC Anniversary Committee, Room 856
Securities and Exchange Commission
Washington, D. C. 20549

Present staff members and employees may make payment to Lawrence A. Friend, Treasurer, in Room 502.

November 8, 1973 merger of Herff into Carnation. Carnation processes and sells a large number of food, other grocery and related products, pet foods, animal feeds, byproducts, containers and products for the scholastic market. (File 2-52013 - Sept. 26)

(S-1) WELLS, RICH, GREENE, INC.

767 Fifth Ave., New York. N.Y. 10022 - \$11,240,064 of 10% subordinated sinking fund debentures, due 1984. It is proposed to offer these debentures plus cash in exchange for 1,405,008 shares of the outstanding common stock of Wells, Rich, Greene, Inc., at the rate of \$8 principal amount of debentures and \$3 cash for each share of common stock. White, Weld & Co. Incorporated, One Liberty Plaza, New York, N.Y. 10006, will be the dealer manager. Wells, Rich, Greene, Inc. is a full service advertising agency. (File 2-52095 - Oct. 3)

(S-1) HOSPITAL AFFILIATES, INC.,
DOCTORS PAVILION

1916 Patterson St., Nashville, Tenn. 37203 - \$7,200,000 of senior subordinated sinking fund debentures, to be offered in exchange for up to 600,000 shares of common stock of the company. Goldman, Sachs & Co., 55 Broad St., New York, N.Y. 10004 will act as dealer managers in connection with the exchange offer. The basis on which the exchange may be made and interest rate of the debentures are to be determined. The company operates general and psychiatric hospitals for its own account and for others. (File 2-52099 - Oct. 4)

(S-14) FIRST BANCGROUP-ALABAMA, INC.

31 North Royal St., Mobile, Ala. 36621 - 108,108 shares of common stock. It is proposed to offer these shares to the shareholders of the Farmers & Merchants Bank of Foley, Alabama in connection with a reorganization plan whereby Farmers and Merchants will merge into and become a separate subsidiary of First Bancgroup, and each 1.85 Farmers and Merchants shares will be converted into 1.0 First Bancgroup share. First Bancgroup is a registered bank holding company which controls two banks. (File 2-52101 - Oct. 4)

(S-1) PATRICK OIL AND GAS CORP.,
1975 COMBINATION PROGRAM

744 West Michigan Ave., Jackson, Mich. 49201 - \$6 million of 1975 combination program limited partnership interests, to be offered for sale in units at \$5,000 per unit with a minimum subscription of \$5,000 by Patrick Programs, Inc., 2655 North Woodward Ave., Suite 125, Bloomfield Hills, Mich. 48013. The Program is formed to acquire and operate producing oil and gas properties and to drill exploratory and development wells. (File 2-52102 - Oct. 4)

REGISTRATIONS EFFECTIVE

Oct. 4: Centran Corporation, 2-51966.

Oct. 7: Donbar Development Corp., 2-50896; Energy Absorption Systems, Inc., 2-50529; Federated Department Stores, Inc., 2-51536; J. Ray McDermott & Co. Inc., 2-51976; Kansas Nebraska Natural Gas Company, Inc., 2-51894.

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.

SEC NEWS DIGEST is published daily. Subscription rates: \$35.45/yr in U.S. first class mail; \$44.35 elsewhere.

SEC DOCKET is published weekly. Subscription rates: \$21.35/yr in U.S. first class mail, \$26.70 elsewhere. The News Digest and the Docket are for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.