

sec news digest

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May 4, 1973

COMMISSION ANNOUNCEMENTS

MEETINGS OF BROKER-DEALER MODEL COMPLIANCE PROGRAM ADVISORY COMMITTEE SCHEDULED MAY 16-17. The Commission's Advisory Committee on a Model Compliance Program for Broker-Dealers, established on October 25, 1972 (Rel. 34-9835), will hold meetings on May 16-17, 1973 at the offices of the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D. C. The meetings will commence at 9:00 a.m., EDT.

This Advisory Committee was formed to assist the Commission in developing a model compliance program to serve as an industry guide for the broker-dealer community. Assisted by this Committee's work the Commission plans to publish a guide to broker-dealer compliance under the securities acts in order to advise broker-dealers of the standards to which they should adhere if investor confidence in the fairness of the market place is to be warranted and sustained. The Committee's recommendations are not intended to result in the expansion of Commission rules governing broker-dealers, but to inform broker-dealers as to the existing requirements and how they may comply with them.

The Committee's scheduled meetings will be for the purpose of reviewing drafts and proposals concerning the Committee's proposed report to the Commission on these compliance guidelines for broker-dealers.

These meetings are open to the public. Any interested person may attend and appear before or file statements with the Advisory Committee--which statements, if in written form, may be filed before or after the meeting or, if oral, at the time and in the manner and extent permitted by the Advisory Committee.

SEC ORDER CITES ADVANCED ANALYSIS, INC. The SEC has ordered administrative proceedings under the Investment Advisers Act of 1940 naming Advanced Analysis, Inc. of San Rafael, California and Stuart Alan Schwalbe as respondents. The proceedings are based on allegations of the Commission's staff that from on or about October 6, 1972, to the present, the respondents violated the anti-fraud provisions of the Advisers Act in that, among other things, in connection with an investment advisory service, Advanced Analysis and Schwalbe placed advertisements in periodicals and mailed letters to potential customers which (1) represented that Schwalbe's powers of ESP could in and of itself be used to determine which securities to buy and sell; (2) promised subscribers imminent and substantial profits; and (3) were false, deceptive and misleading. The Commission's staff further alleges that respondents' registration form failed to disclose that the New York Stock Exchange had once suspended Schwalbe, that from on or about October 6, 1972, to December 20, 1972, the respondents carried on the business of an investment adviser while not registered pursuant to the Advisers Act and that from December 20, 1972, to the present the advertising for the respondents' investment advisory service unlawfully represented that the respondents' methods of security analysis and their abilities or qualifications have been passed upon by the Commission.

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. Full Text. (Rel. IA-376)

SUSPENSION OF TRADING IN FIRST WORLD SECURITIES TERMINATED. The SEC today announced that the suspension of trading in the securities of First World Corp. (First World) will terminate at midnight (EDT) May 4, 1973. The Commission first initiated the trading suspension on May 10, 1972, because of the absence of correct and complete information concerning the company, its operations and financial condition, and because questions arose concerning the valuation of certain assets.

On October 24, 1972, the Commission filed a complaint in the U. S. District Court for the Southern District of New York alleging that First World, Christos Netelkos, president, and others violated the anti-fraud provisions of the Federal securities laws. Additionally, First World, Christos Netelkos, and Larry Doerfler were alleged to have violated the registration provisions of the securities laws in connection with the issuance of shares of First World to shareholders of Mr. Swiss of America. All the defendants have consented to the entry of final judgments of permanent injunction and final judgments were entered enjoining them from further violations of the registration and anti-fraud provisions of the Federal securities laws.

In compliance with the court order of March 12, 1973, First World disseminated to its shareholders a special report dated April 26, 1973, setting forth, among other things, the financial condition of the company as of December 31, 1972, and the substance and outcome of the Commission's civil action. The financial statement stated that as of December 31, 1972, First World had assets totaling \$68,726.56 and liabilities totaling \$136,860.33. The assets include \$1,812.19 cash in bank and \$64,156.16 as the cost value of unimproved real property, for which the company gives no assurance that the land's present value is equal to the cost in purchasing it. In addition, the U. S. District Court for the Western District of Oklahoma has entered two default judgments against First World for approximately \$21,000 and \$17,495.59 respectively. The special report further states ". . . management firmly believes that unless financing arrangements are made, any investment made in First World Corporation's shares of stock represent an extremely high degree of risk with very little likelihood of any return on such investment in the short term or immediate future." (Rel. 34-10137)

EXEMPTIONS FROM PROVISIONS OF RULE 17a-15 ANNOUNCED. The Commission announced that the Spokane Stock Exchange, the Intermountain Stock Exchange, and the Chicago Board Options Exchange, registered national securities exchanges, Quotron Systems, Inc. (formerly Scantlin Electronics, Inc.), GTE Information Systems, Inc. and Bunker Ramo Corporation have filed applications pursuant to Paragraph (h) of Rule 17a-15 (the "Rule") under the Securities Exchange Act of 1934 for exemptions from various provisions of the Rule. Paragraph (h) of the Rule provides that the Commission may "exempt from the provisions of [the] Rule, either unconditionally or on specified terms and conditions, any exchange, association, broker, dealer, vendor or specified type of security if [it] determines that it is not necessary in the public interest or for the protection of investors that such exchange, association, broker, dealer, vendor or type of security be subject to the provisions of [the] Rule." The Spokane Stock Exchange and the Intermountain Stock Exchange have requested exemption from reporting transactions in their solely listed securities due to limited interest in these securities and the burden such reporting would place on the exchanges. The Chicago Board Options Exchange has requested an exemption at the present time from all provisions of the Rule. Quotron Systems, Inc., GTE Information Systems, Inc. and Bunker Ramo Corporation have requested exemption from the market identification requirement of the Rule due to the expense involved in modifying their equipment to display such market identification. All interested persons are referred to the applications on file with the Commission for a statement of the representations contained therein. (Rel. 34-10135)

INVESTMENT COMPANY ACT RELEASES

THE CITIZENS AND SOUTHERN CAPITAL CORPORATION. The SEC has issued an order exempting from Section 17(a) of the Act certain transactions incident to the proposed transfer of substantially all of the assets of The Citizens and Southern Capital Corporation to Citizens and Southern Holding Company in exchange for common stock of The Citizens and Southern National Bank. (Rel. IC-7802)

HOLDING COMPANY ACT RELEASES

GREAT LAKES GAS TRANSMISSION COMPANY. The SEC has issued an order releasing jurisdiction, heretofore reserved, over fees and expenses aggregating \$432,000 incurred by Great Lakes Gas Transmission Company, a pipe line subsidiary company of American Natural Gas Company (Detroit, Michigan), a registered holding company. The fees and expenses relate to the sale of \$250,000,000 long-term debt securities by Great Lakes previously authorized by the Commission. (Rel. 35-17951)

THE COLUMBIA GAS SYSTEM, INC. The SEC has authorized The Columbia Gas System, Inc., Wilmington, Delaware, holding company, to issue and sell up to \$195,000,000 of short-term notes (bank loans and commercial paper) to banks and dealers in commercial paper. Columbia has requested exception from competitive bidding requirements in the sale of the commercial paper. (Rel. 35-17952)

OHIO EDISON COMPANY. The SEC has issued an order authorizing Ohio Edison Co., and its subsidiary company, Pennsylvania Power Company, to finance the acquisition of certain pollution control facilities through an arrangement with the Beaver County Industrial Development Authority (Authority). The agreement provides that the Authority will issue its pollution control notes to finance the acquisition of needed sulphur dioxide scrubber systems and cooling towers, and upon completion of these facilities, the Authority will convey same to Ohio Edison and Pennsylvania Power Company. It is stated that this means of financing will result in lower effect interest cost since the interest paid by the Authority under its pollution control notes will not be subject to Federal taxation. It is anticipated that Ohio Edison Co., and Pennsylvania Power Company will raise \$66,158,625 and \$7,328,750 respectively through the agreement with the Authority. (Rel. 35-17950)

SECURITIES ACT REGISTRATIONS FILED

MOSANTO COMPANY, 800 N. Lindbergh Blvd., St. Louis, Mo. 63166 - 254,638 shares of \$2.75 cumulative convertible preferred stock, issued in 1969 in connection with the acquisition of Fisher Governor Company. These shares may be offered for sale from time to time by certain shareholders. (File 2-47686 - Apr 16)

OCEAN DRILLING & EXPLORATION COMPANY, 1600 Canal St., New Orleans, La. 70112 - 7,369 shares of common stock, which may be offered for sale from time to time by certain shareholders (* at \$51.75 per share maximum). The company is engaged in contract drilling, exploration for and production of oil and gas. (File 2-47690 - Apr 16)

J. RAY MCDERMOTT & CO., INC., P. O. Box 36100, Houston, Tex. 77036 - 447,762 shares of common stock, issuable upon conversion of the company's 4-3/4% convertible subordinated debentures, due 1987. (File 2-47696 - Apr 16)

JONES & LAUGHLIN STEEL CORPORATION, 3 Gateway Center, Pittsburgh, Pa. 15230 - \$40 million of first mortgage bonds, Series G, due 1998, to be offered for sale through underwriters headed by The First Boston Corporation, 20 Exchange Place, New York 10005. The company is a fully integrated steel producer. Net proceeds will be used to reduce outstanding bank borrowings, which at March 31 aggregated \$58,500,000. (File 2-47697 - Apr 16)

AMAREX, INC. (the general partner) and AMAREX FUNDS OF DELAWARE, INC. 200 N. Harvey, Oklahoma City, Okla. 73102 - \$20,000,000 of preformation partnership interests in Amarex Drilling Program Ltd. - 73/74 (the Partnership), to be offered for sale at \$1000 per unit with a minimum subscription of five units (in Illinois ten units) by selected NASD members. The Partnership was organized for the purpose of oil and gas exploration. (File 2-47699 - Apr 16)

RECOGNITION EQUIPMENT INCORPORATED, 2701 East Grauwylar Rd., Irving, Tex. 75060 - 120,377 shares of common stock. It is proposed to offer these shares in exchange for outstanding common stock of Corporation S, (CS) 49% owned by Recognition, at the rate of 1/7th of a Recognition share for each CS share. Recognition manufactures and markets high-speed document-processing systems. CS provides data capture services. (File 2-47700 - Apr 16)

AMERICAN CAPITAL REALTY INCOME FUND, 3820 State St., Santa Barbara, Calif. 93110 - \$6 million of partnership interests, to be offered for sale at \$500 per unit through selected NASD members. Three partnerships are to be formed for the purpose of investing in income producing real property. William J. Levy, Roy J. Millender, Jr., James S. Taylor and Alex N. Pananides are the general partners. (File 2-47701 - Apr 16)

NEUWIRTH INCOME DEVELOPMENT CORPORATION, Middletown Bank Bldg., Middletown, N.J. 07748 - 1,925,000 shares of common stock, to be offered for sale at \$11.60 per share through underwriters headed by Edwards & Hanly Securities, Inc., One Whitehall St., New York, N.Y. 10004. The company is a closed-end, diversified management investment company, which invests all of its assets in debt securities. Its investment objective is a high level of current income. (File 2-47702 - Apr 16)

BELDEN & BLAKE AND COMPANY LIMITED PARTNERSHIP NO. 57, 702 Tuscarawas St., West, Canton, Ohio 44702 - \$600,000 of partnership interests, to be offered for sale at \$3,000 per unit with a minimum subscription of two units. The Partnership has been formed to engage in oil and gas drilling and exploration. Henry S. Belden III and Glenn A. Blake are the general partners. (File 2-47703 - Apr 16)

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.

CANAL RANDOLPH CORP	11,14	03/73
CAVAPEAL INTERNATIONAL CORP	13,14	03/73
CANCER SCREENING SERVICES INC	1	03/73
CANNON SHOE CO	2,14	03/73
CAPTAIN INTERNATIONAL INDUSTRIES LTD	4,9,14	03/73
CAPTECH INC	13	03/73
CARIBBEAN LEISUREWEAR INC	2,14	11/72
CARIBBEAN LEISUREWEAR INC	2,14	03/73
CARIBBEAN SHOE CORP	11,13	03/73
CARLSBERG MOBILE HOME PROPERTIES LTD	2,3,13,14	03/73
CAROLINA CARIBBEAN CORP	2,13	03/73
CAROUSEL FASHIONS INC	13,14	04/73
CARROLS DEVELOPMENT CORP	13	03/73
CASCADE NATURAL GAS CORP	13	03/73
CASCADE STEEL ROLLING MILLS INC	13,14	03/73
CASTLETON INDUSTRIES INC	13,14	03/73
CATTLEMENS INVESTMENT CO	2,7,9,13,14	03/73
CAVITRON CORP	11,13,14	03/73
CCI CORP	2,8,10,14	03/73
CENTEX CORP	7,14	03/73
CENTRAL LOUISIANA ELECTRIC CO INC	7,14	03/73
CENTREF CORP	2,12,14	03/73
CENTURY FINANCIAL CORP OF MICHIGAN	13	03/73
CHART HOUSE ENTERPRISES	13	03/73

8K REPORTS CONT.

CHARTER NEW YORK CORP	11,13,14	03/73
CHESA INTERNATIONAL LTD	1,13,14	03/73
CHESAPEAKE & POTOMAC TELEPHONE CO	11	03/73
CHESAPEAKE & POTOMAC TELEPHONE CO OF MAR	11	03/73
CHESAPEAKE & POTOMAC TELEPHONE CO OF VIR	11	03/73
CHESAPEAKE & POTOMAC TELEPHONE CO OF WES	11	03/73
CHESSCO INDUSTRIES INC	2,11,14	03/73
CHICAGO SOUTH SHORE & SOUTH BEND RAILROAD	11,13,14	03/73
CHILDRENS WORLD INC	2,4,7,14	03/73
CHRYSLER FINANCIAL CORP	3	03/73
CIC CORP	7,13	03/73
CINERAMA INC	13	03/73
CITIZENS & SOUTHERN CORP	11,14	03/73
CITIZENS & SOUTHERN REALTY INVESTORS	8	03/73
CITY NATIONAL BANK CORP	11,13,14	03/73
CL FINANCIAL CORP	9,14	04/73
CLARK EQUIPMENT CO	14	03/73
CLARKE CORP	13,14	03/73
CLEARV PETROLEUM CORP	8	03/73
COASTAL STATES GAS CORP	1,2,7,14	01/73
COASTAL STATES GAS PRODUCING CO	7,14	03/73
COCA COLA BOTTLING CO OF MIAMI INC	7,13,14	03/73
COGAR CORP	1,4,7,8,10,11,14	03/73
COLEMAN CABLE & WIRE CO	14	03/73
COLONIAL STORES INC	11,14	03/73
COLUMBIA PRECISION CORP	6,13	03/73
COM SHARE INC	10,14	03/73
COMBANKS CORP	11,14	03/73
COMBUSTION ENGINEERING INC	7,14	03/73
COMMERCIAL GROUP CORP	2,14	03/73
COMMERCIAL METALS CO	7,14	03/73
COMMERCIAL SOLVENTS CORP	3	03/73
COMMUNICATIONS PROPERTIES INC	1,7,8,14	03/73
COMMUNITY BANKS OF FLORIDA INC	13	03/73
COMPREHENSIVE DESIGNERS INC	3,7,8	03/73
COMPUCYNE CORP	11,14	03/73
COMPUTER DATABANKS INC	8	10/72
COMPUTER DIMENSIONS INC	2,14	03/73
COMPUTER ELECTION SYSTEMS INC	13,14	03/73

SECURITIES ACT REGISTRATIONS: Effective May 2; Chubb Corporation, 2-47741; Decision Data Computer Corp., 2-47155; Dominion Bankshares Corp., 2-47811; Hospitality Motor Inns, Inc., 2-46684; Petrolane Inc., 2-47709.

*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 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.