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RULE PROPOSALS AND ADOPTIONS

REGISTRATION SUMMARY RULE ADOPTED. The SEC today announced the adoption of Rule 458 under Section 19(a) of the Securities Act of 1933. The new rule, which becomes effective November 15, 1973, requires any company filing a registration statement with the Securities and Exchange Commission other than on Form S-8 and S-12 to provide in a letter but not as part of the registration statement a one-paragraph summary for the SEC News Digest as notice of the registration filing. No summary is required for pre- and post-effective amendments.

The summary should contain the number of the form on which the registration statement is filed; the name and address of the issuer; the full title of the securities and the amount being offered; the price of the security; the name and address of the managing underwriter; a brief indication of the primary business of the issuer; and the amount of the offering if any, to be made by selling security holders. In the case of a rights offering, the summary should include the class of the securities to which holders would be entitled to subscribe, the subscription ratio, the record date if known, and the subscription price, if known. For exchange or tender offers, the summary would include the name of the issuer and the title of the securities to be surrendered in exchange for the securities to be offered and the basis on which the exchange may be made. (Rel. 33-5424)

AMENDMENTS TO RULE 17a-5, FORM X-17A-5 ADOPTED. The SEC today announced the adoption of amendments to Rule 17a-5 and Form X-17A-5 thereunder which would permit independent public accountants to perform preliminary audit procedures within 190 days prior to the financial statement date. The amendments would require broker-dealers to notify the regional office in which they have their principal place of business upon the commencement of preliminary audit work by the independent public accountant and would require the broker-dealer to file 45 days after the commencement of preliminary work on Part III of Form X-17A-5 specified statistical information as well as the accountant's report including a report of any material inadequacies found to exist during the course of the preliminary work.

The Commission further released its views regarding the reporting of material inadequacies found to exist with respect to a broker-dealer's internal control. Such material inadequacies would be required to be reported if the inadequacy had or reasonably could be expected to: (1) inhibit the ability of the broker-dealer to complete securities transactions or otherwise interfere with the broker-dealer's ability to meet obligations to customers, other broker-dealers or creditors; (2) result in material financial loss; (3) result in material misstatements of the broker-dealer's financial statements; or (4) result in violations of the Commission's financial responsibility or recordkeeping rules as well as those rules which the independent accountant has a responsibility to review pursuant to the audit requirements of Form X-17A-5. The Commission has determined that reports on Part III of Form X-17A-5 shall be deemed confidential. The amendments are effective immediately. (Rel. 34-10398)

COMMISSION ANNOUNCEMENTS

INSTITUTIONS' 1973 SECOND QUARTER STOCK PURCHASES LOWEST SINCE LATE 1970. Four major types of institutional investor groups--private noninsured pension funds, open-end investment companies, life insurance companies, and property and liability insurance companies--purchased \$10.1 billion of common stock and sold \$8.7 billion during the second quarter of this year. This resulted in net common stock purchases of \$1.4 billion. Gross purchases and sales each were lower than those experienced in either the first quarter of 1973 or the second quarter of 1972. Second quarter gross purchases were \$4.9 billion lower than a year earlier, gross sales were \$3.2 billion lower, and net purchases of common stock were \$1.8 billion lower. Net common stock purchases of \$1.4 billion in the second quarter of 1973 were the smallest recorded by these institutional investor groups since the third quarter of 1970. In contrast, the largest recorded net purchases of common stock were made in the second quarter of 1971, when these institutional investor groups added \$4.9 billion of common stock to their portfolios. For details, see the September 19, 1973 issue of the SEC Statistical Bulletin.

TRADING SUSPENDED IN THREE COMPANIES. The SEC announced the suspension of over-the-counter trading for a ten-day period beginning on September 19, and terminating at midnight (EDT) on September 28, 1973 of the securities of the following issuers which have failed to file with the Commission the indicated reports:

ABERLE INDUSTRIES, INC., of Croydon, Pennsylvania (10-K Annual Report for 1972 and 10-Q Quarterly Reports for the last quarter of 1972 and the first two quarters of 1973);
 APPLIED FLUIDICS, INC., of Westbury, New York (10-Q Quarterly Reports for 1972 and the first quarter of 1973); and
 FLUID POWER PUMP, of Albuquerque, New Mexico (10-K Annual Report for 1972 and 10-Q Quarterly Reports for 1973). (Rel. 34-10400)

REGISTRATION STATEMENT OF CROYLE COMPUTER SERVICES, INC. QUESTIONED. A stop order proceeding has been ordered pursuant to Section 8(d) of the Securities Act of 1933 with respect to a registration statement filed by Croyle Computer Services, Inc., of Phoenix, Arizona. The Division of Enforcement has alleged that the registration statement, which became effective by operation of law on May 15, 1973, is false and misleading and omits to state material facts because, among other things, it does not adequately describe Croyle's organization and business, its plan of distribution and its property. The administrative hearing is scheduled to commence at 10:00 a.m. on October 1, 1973 at the offices of the Securities and Exchange Commission. (Rel. 33-5423)

DECISIONS IN ADMINISTRATIVE PROCEEDING

WALSTON & CO., INC., SANCTIONED. An order has been issued censuring Walston & Co., Inc., a registered broker-dealer of New York, and suspending for two weeks commencing October 1, 1973, over-the-counter trading at Walston's Chicago branch office. Excepted from the suspension are unsolicited orders, exempt securities, mutual funds, bonds and shares which are being distributed publicly.

According to the decision, Walston between January and September 1969 violated the securities registration and antifraud provisions of the securities laws by offering for sale the common stock of Chemtrust Industries when no registration statement had been filed, by mailing Chemtrust shares without a proper prospectus, and by making misrepresentations about prospective rises in the price of the stock. In connection with its offer, Walston represented that it would not contest, in certain respects, a class action brought by certain purchasers of Chemtrust stock and would contribute over-the-counter commissions earned by the Chicago branch during the suspension to a donee approved by the SEC staff.

The Commission's decision was based on an offer of settlement in which Walston, without admitting or denying the charges, consented to the findings and the indicated sanctions. (Rel. 34-10387).

COURT ENFORCEMENT ACTIONS

LUM'S INC. (NOW CAESAR'S WORLD, INC.) ENJOINED. The New York Regional Office announced that the U. S. District Court for New York filed an opinion on September 13, 1973 in Securities and Exchange Commission v. Lum's, Inc., et al. The fifty-four page Opinion which deals extensively with the concepts of liability for the tipping of "inside information," found Lum's Inc. (now Caesar's World, Inc.) and its former president Melvin Chasen liable for violations of the antifraud provisions of the securities laws. Terming the violations "flagrant," the Court ordered injunctions against the company and Chasen restraining them from future violations. Moreover, in a precedent setting move, Judge Tyler accepted the Commission's request that the company be ordered to establish written guidelines for the dissemination of corporate information to the investment community. (LR-6065)

JOHN DEBLASI SENTENCED. The Washington Regional Office announced that on September 18 John DeBlasi of Bellmawr, New Jersey was sentenced to three months imprisonment and an additional two years suspended sentence with probation imposed. On September 6 before the District Court in Philadelphia, Pa., DeBlasi pled nolo contendere to thirteen counts charging mail fraud and one count of conspiracy in a twenty-four count indictment charging interstate transportation of stolen securities, mail fraud and a conspiracy to commit those offenses in the theft of securities and funds from certain Philadelphia broker-dealers. (LR-6064)

INVESTMENT COMPANY ACT RELEASES

IDS LIFE VARIABLE ANNUITY FUND B. A notice has been issued giving interested persons until October 15 to request a hearing on an application of IDS Variable Annuity Fund B, an open-end investment company, and IDS Life Insurance Company for an order exempting them from certain provisions of the Act. The requested order would permit participants in a group variable annuity contract proposed to be offered by the Fund (1) to transfer without a sales or administrative charge values under a fixed account to a variable account, both during the accumulation period and upon the commencement of the annuity payout period; (2) to permit the usual decreasing sales and administrative charges to apply regardless of whether prior contributions under the contract were allocated to the variable account or the fixed account; (3) to permit the beneficiary of a participant to elect to have the proceeds payable upon the death of the participant applied to a variable annuity in lieu of a lump sum payment without deduction of a sales or administrative charge and (4) to permit experience rating on a non-discriminatory basis under the group contract. (Rel. IC-7996).

R. S. HERSHEY FUND. A notice has been issued giving interested persons until October 15 to request a hearing on an application by R. S. Hershey Fund, Inc., of Chicago, Illinois, for an order declaring that the Fund has ceased to be an investment company. (Rel. IC-7997)

RESIDEX CORPORATION. An order has been issued declaring the Residex Corporation, of Far Hills, New Jersey, not to be an investment company. (Rel. IC-7999)

SECURITIES ACT REGISTRATIONS FILED

GENERAL TELEPHONE COMPANY OF THE SOUTHWEST, 2701 South Johnson St., San Angelo, Tex. 76901 - \$30 million of first mortgage bonds, due 2003, to be offered for sale at competitive bidding. A subsidiary of General Telephone & Electronics Corporation, the company will apply net proceeds toward payment of short-term loans owing to banks and to the parent and commercial paper, obtained to finance its construction program. Construction expenditures are estimated at \$117,504,000 for 1973. (File 2-48869 - Aug. 17)

NEW JERSEY BELL TELEPHONE COMPANY, 540 Broad St., Newark, N.J. 07101 - \$150 million of debentures, due 2013, to be offered for sale at competitive bidding. A subsidiary of AT&T, the company will apply net proceeds toward repayment of interim debt consisting of advances from AT&T and notes payable, obtained or issued to obtain interim financing for general corporate purposes. Construction expenditures are estimated at \$373 million in 1973 and to be higher in 1974. (File 2-48871 - Aug 17)

PHILADELPHIA ELECTRIC COMPANY, 2301 Market St., Philadelphia, Pa. 19101 - 5,138,119 shares of common stock. It is proposed to offer these shares for subscription by common stockholders of record September 12, at the rate of one share for each 15 shares held. Any unsubscribed shares may be offered for sale through underwriters headed by Drexel Burnham & Co., Inc. Net proceeds will be used to provide in part permanent financing of the construction and expansion program of the company, including partial repayment of short-term debt (\$40 million on July 31), incurred for interim financing of that program. (File 2-48872 - Aug. 17)

LAWTER CHEMICALS, INC., 990 Skokie Blvd., Northbrook, Ill. 60062 - 98,366 shares of common stock, to be offered for sale by certain shareholders through underwriters headed by Blunt Ellis & Simmons Inc., 111 W. Monroe St., Chicago, Ill. 60603. The company manufactures and sells printing ink vehicles, synthetic resins, fluorescent pigments and coatings and manufactures and sells machines and compounds used in producing raised printing. (File 2-48873 - Aug. 17)

FABRI-TEK INCORPORATED, 5901 South County Rd. 18, Edina, Minn. 55436 - 468,680 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common stock of Digiac Corporation, at the rate of .6241545 shares for each Digiac common shares and .296775 shares for each Digiac preferred share. Fabri-Tex manufactures core memory components and systems. Digiac manufactures and markets educational training devices and related software used to teach the operation, maintenance and repair of computers, radio and television receivers and electromechanical devices. (File 2-48874 - Aug. 14)

CHARTERBANK, INCORPORATED, Brockton, Mass. - 150,000 shares of common stock. It is proposed to offer these shares in exchange for all of the outstanding capital stock of Plymouth-Home National Bank, on a share-for-share basis. Charterbank was organized for the purpose of making the exchange offer. (File 2-48875 - Aug. 17)

THE FLINTKOTE COMPANY, 400 Westchester Ave., White Plains, N.Y. 10604 - 150,000 shares of common stock. These shares are to be contributed to Irving Trust Company, as trustee under Flintkote's Group Retirement Pension Plan for Salaries and Sales Employees, in lieu of Flintkote's annual cash contribution to such Plan for 1972 and 1973. (File 2-48917 - Aug. 24)

THE EMPIRE DISTRICT ELECTRIC COMPANY, 602 Joplin St., Joplin, Mo. 64801 - 210,000 shares of common stock, to be offered for sale through underwriters headed by The First Boston Corporation, 20 Exchange Pl., New York, N.Y. 10005. Net proceeds will be used for prepayment of bank loans incurred for construction expenditures (estimated at \$7 million for 1974 and \$8 million for 1975). (File 2-48939 - Aug. 28)

METROPOLITAN EDISON COMPANY, 2800 Pottsville Pike, Muhlenberg Township, Berks County, Pa. 19604 - 150,000 shares of cumulative preferred stock, Series J, to be offered for sale at competitive bidding. Net proceeds will be applied to the payment of bank loans and for construction purposes. Construction expenditures are estimated at \$145 million for 1974 and \$130 million for 1975. (File 2-48940 - Aug. 28)

SECURITIES ACT REGISTRATIONS. Effective September 19: American Cattle Company, 2-47726; Bevis Industries, Inc., 2-48209; Cavenham Ltd. ADRs, 2-49011; Chateau D'Vie, Ltd., 2-47180; P. H. Glatfelter Co., 2-48866; Hawaiian Electric Co., Inc., 2-48914 and 2-48915; Natural Gas Pipeline Co. of America, 2-48942; North American Philips Corp., 2-48897.

MISCELLANEOUS

TRADING SUSPENSION CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Royal Properties, Inc. for the further ten-day period September 20-29, inclusive.

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.

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.