

sec news digest

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RULES AND RELATED MATTERS

LIBRARY

COMMENT PERIOD EXTENDED ON PROPOSED RULE 15c3-5 - FINANCIAL RESPONSIBILITY REQUIREMENTS FOR BROKER-DEALERS WITH RESPECT TO TRANSACTIONS IN GOLD

The SEC announced an extension until February 5 of the comment period on proposed Rule 15c3-5 as announced in Securities Exchange Act Release No. 11158. The Commission has received several requests from self-regulatory organizations and others for an extension of time in which to comment on the proposed rule in order that such organizations may complete analysis of the proposed rule.

Comments should be addressed to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol St., Washington, D.C. 20549. All such communications should bear the File No. S7-545 and will be available for public inspection. (Rel. 34-11217)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

PATRICK J. HOLLAND SANCTIONED

The Commission has suspended Patrick J. Holland, of Cleveland, Ohio, from association with any broker-dealer for 12 months beginning January 27, 1975, and barred him thereafter from such association in any capacity other than as a supervised employee in a non-supervisory and non-principal capacity.

The sanction imposed was based on findings that, during the period November 1972 to May 1973, Holland aided and abetted violations of the recordkeeping requirements of the Exchange Act. Without admitting or denying the charges against him, Holland consented to the findings and sanction. (Rel. 34-11194)

FRED A. SHAPIRO SANCTIONED

The Commission has suspended Fred A. Shapiro, of Milwaukee, from association with any broker, dealer, investment adviser or investment company for 6 months beginning January 27, 1975, and barred him thereafter from such association in any capacity other than as a supervised employee in a non-supervisory capacity.

The sanction imposed was based on findings that Shapiro aided and abetted violations of the net capital and recordkeeping requirements of the Exchange Act. Without admitting or denying the charges against him, Shapiro consented to the findings and sanction. (Rel. 34-11195)

DECISION PERMANENTLY SUSPENDING REG. A EXEMPTION OF DELTA STEEL CORPORATION FINAL

The decision of an administrative law judge permanently suspending the Regulation A exemption from registration under the Securities Act of Delta Steel Corporation, of Tucson, Arizona, has become final. The exemption related to a proposed public offering of 500,000 shares of common stock at \$1 per share.

The decision was based principally on findings that the company's notification and offering circular were materially misleading in failing to disclose that James N. Cannon, described only as a promoter, was also its manager and controlling person, and that the designated officers and directors had been inactive in the company's management. Delta's request for an opportunity to amend its filing was held unjustified. (Rel. 33-5559)

TRADING SUSPENSIONS

TRADING SUSPENDED IN BUILDERS INVESTMENT GROUP

The SEC announced the temporary suspension of exchange and over-the-counter trading in the securities of Builders Investment Group, a Florida corporation located in Valley Forge, Pennsylvania, for one ten-day period beginning on January 28 and terminating at midnight (EST) on February 6, 1975. This company's shares of beneficial interest are listed for trading on the New York Stock Exchange.

The Commission initiated the suspension because the company has failed to comply with the reporting provisions of the Exchange Act resulting in the lack of current and accurate information available to the public. (Rel. 33-11216)

ADDITIONAL ACTION ON ONE TRADING SUSPENSION

The SEC has announced the suspension of over-the-counter trading in the securities of Continental Vending Machine Corp. for the further ten-day period January 30 - February 8, inclusive.

COURT ENFORCEMENT ACTIONS

REGINALD R. VIRRO ENJOINED

The Atlanta Regional Office announced that on January 21 the Federal Court in Atlanta issued an order permanently enjoining Reginald R. Virro, of Coaldale, Colorado, from violations of the registration and antifraud provisions of the securities laws in the offer and sale of interests in real estate syndications. Defendant Virro consented to the entry of the injunction without admitting or denying the allegations in the Commission's complaint. (SEC v. Interstate Syndications, Inc., et al. N.D. Ga. C75-5 A). (LR-6692)

KIRSCH, CHANDLER, FEENEY & CO., INC., ENJOINED

The Chicago Regional Office announced that on January 16 the Federal Court in Des Moines, Iowa, permanently enjoined Kirsch, Chandler, Feeney & Co., Inc., of Des Moines, Iowa, from violating the registration and antifraud provisions of the securities laws. The Kirsch firm, one of several defendants, consented to the entry of the order without admitting or denying the allegations. (SEC v. New Life Trust, Inc. et al., S.D. Iowa, Civil Action No. 73-146-1). (LR-6693)

CONTINENTAL COMMODITIES CORP., OTHERS, ENJOINED

The Fort Worth Regional Office announced that on January 22 Federal District Judge Robert M. Hill at Dallas, Texas entered an order of permanent injunction by consent against Continental Commodities Corporation and Charles L. Long, both of Dallas, and Continental Commodities Trading Company of Los Angeles, California, enjoining them from violations of the registration and antifraud provisions of the securities laws. The defendants consented to the permanent injunction without admitting or denying the allegations in the Commission's complaint which alleged that the defendants fraudulently sold unregistered securities in the form of options on commodity futures contracts. (SEC v. Continental Commodities Corp., et al., N.D. Tex.). (LR-6694)

FINANCIAL HOUSE, INC. ENJOINED

The Chicago Regional Office announced that on January 7 the Federal Court at Detroit, Michigan permanently enjoined Financial House, Inc., a Detroit broker-dealer firm, from violations of the Commission's net capital and reserve bank account rules. The defendants consented to the court order, without admitting or denying the allegations. The defendant is currently being liquidated under the provisions of the Securities Investor Protection Act of 1970. (SEC v. Financial House, Inc., E.D. Mich. Civil No. 472434). (LR-6695)

DOUGLAS S. WARREN AND HANS BERGER ENJOINED

The Denver Regional Office announced the entry of orders of preliminary injunction against Douglas S. Warren on January 2 and Hans J. Berger on January 14 by the U.S. District Court for Utah, enjoining them from violating the registration and antifraud provisions of the securities laws in the offer and sale of securities of Universal Trade Corporation of Provo, Utah, namely investment contracts, evidences of indebtedness and interests and instruments commonly known as a security relating to an investment in silver. The injunctive orders were consented to by the defendants without

admitting or denying the allegations of the complaint. (SEC v. Douglas S. Warren, Hans J. Berger, et al., D. Utah, Civil Action No. C-74-362). (LR-6696)

WORLD ACCEPTANCE CORP., ROBERT SCHWARTZ, ENJOINED

The New York Regional Office announced that on June 28, upon the default of defendant World Acceptance Corp., an inactive corporation, and on October 4, 1974, upon the consent of defendant Robert Schwartz, a financial consultant, Judge Lawrence W. Pierce issued permanent injunctions enjoining the defendants from violations of the registration and antifraud provisions of the securities laws.

The Commission's complaint in this action was filed on February 20, 1974. For further details see Litigation Release No. 6260 and Securities Exchange Act Release No. 9580. (SEC v. World Acceptance Corp., 74 Civil 794). (LR-6697)

SUPREME OIL & GAS CORPORATION, OTHERS

The San Francisco Branch Office announced the filing of a complaint in the U.S. District Court in San Francisco on January 17 against Supreme Oil & Gas Corporation, Sunset Development Corporation, both headquartered in Pleasant Hill, California, and Francis K. Cook, a controlling shareholder in both Supreme and Sunset.

The complaint seeks an injunction from violations of the registration, antifraud, and periodic-filing provisions of the securities laws. It alleges that the defendants engaged in a scheme, whereby, 265,000 shares of restricted stock in Supreme were transferred to Cook, who resold these shares to members of the investing public. The proceeds from such sales, approximately \$350,000, went in large part to benefit Supreme, with the remainder going to Cook and his agents. In connection with the sales of these shares, the defendants made misstatements of material facts as to the registration and marketability of the shares, the future price of the shares, and the use of the proceeds. The defendants omitted to state that the price of the shares sold was established arbitrarily, that the company was insolvent with no imminent prospect of becoming profitable, and that the shares offered were those of Cook, not of a new issue. In addition, the complaint alleges that no annual report for 1973 has been filed for Supreme, nor have any quarterly reports been filed since the requirements to file quarterly reports took effect on January 1, 1971. (SEC v. Supreme Oil & Gas Corporation, et al., U.S.D.C. N.D. CA). (LR-6698)

MURRAY TAYLOR SENTENCED

The New York Regional Office announced that on September 4 the Honorable Jack B. Weinstein, District Judge for the Eastern District of New York, sentenced Murray Taylor of New York City, to a two year suspended sentence, five years probation and a fine of \$2,500. Taylor had previously pleaded guilty in connection with violations of the securities laws involving the common stock of Fleurette, Inc. On October 4, 1974 Judge Weinstein sentenced Louie Kaye, also of New York City, another defendant who had previously pleaded guilty, to a two year suspended sentence. Kaye was also placed on probation for a period of two years. (U.S. v. Dennis Carroll, et al., S.D.N.Y., 73 Crim. 345). (LR-6699)

COMPLAINT NAMES BIO-MEDICAL SCIENCES, INC., OTHERS

The New York Regional Office announced the filing of a complaint in the U.S. District Court of the Southern District of New York in January seeking to enjoin Bio-Medical Sciences, Inc. (BMS), Berel Weinstein, a director and former president and Zsigmond L. Sagi, a director and vice-president, from violations of the antifraud provisions of the securities laws.

The Commission's complaint alleges that since in or about March 1972, and January 1974, the defendants made, and aided and abetted in the making of false and misleading statements concerning alleged financial commitments to develop BMS products and the capability of BMS to machine package and mass product its clinical disposable thermometer. Information regarding certain of the alleged violations was directed to the Commission's attention by certain members of the BMS board of directors.

A final judgment of permanent injunction by consent was entered enjoining BMS and Weinstein from violations of the antifraud provisions of the securities laws; the consent provided that BMS will employ its best efforts to select a majority of independent directors on the BMS board of directors, and will hold its annual meeting of shareholders no later than June 30, 1975. (SEC v. Bio-Medical Sciences, Inc., et al., S.D.N.Y., Civil Action No. 226(TPG)). (LR-6700)

INVESTMENT COMPANY ACT RELEASES

THE LENOX FUND

A notice has been issued giving interested persons until February 24 to request a hearing on an application of the Lenox Fund of New York, New York for an order declaring that it has ceased to be an investment company. (Rel. IC-8653 - Jan. 28)

HOLDING COMPANY ACT RELEASES

AMERICAN NATURAL GAS COMPANY

A notice has been issued giving interested persons until February 20 to request a hearing on a proposal of American Natural Gas Company, a registered holding company, and ANG Coal Gasification Company, involving the sale to American Natural by ANG of up to 100 of its unissued shares of common stock (\$100 par) for \$10,000. ANG, which was organized to become the American Natural system's coal gasification company, will thereupon be a wholly-owned non-utility subsidiary of American Natural. (Rel. 35-18787 - Jan. 27)

NARRAGANSETT ELECTRIC COMPANY

A notice has been issued giving interested persons until February 28 to request a hearing on a proposal of Narragansett Electric Company, subsidiary of New England Electric System, to issue and sell \$15 million of first mortgage bonds at competitive bidding. (Rel. 35-18788 - Jan. 28)

T. W. PHILLIPS GAS AND OIL COMPANY

A notice has been issued giving interested persons until February 21 to request a hearing on an application for an order exempting T. W. Phillips Gas and Oil Company as a holding company under the Act. Phillips claims its exemption under Section 3(a)(1) of the Act because both it and its wholly-owned subsidiary public utility company will be organized under Pennsylvania law and the public utility assets owned by and operations carried on by Phillips' subsidiary will be confined to Pennsylvania. (Rel. 35-18789 - Jan. 28)

THE CONNECTICUT LIGHT AND POWER COMPANY

An order has been issued authorizing The Connecticut Light and Power Company, subsidiary of Northeast Utilities, to issue and sell up to \$85 million of first mortgage bonds. The net proceeds will be used to retire a portion of CL&P's short-term indebtedness. (Rel. 35-18790 - Jan. 28)

LOUISIANA POWER & LIGHT COMPANY

An order has been issued authorizing Louisiana Power & Light Company, subsidiary of Middle South Utilities, Inc., to engage in certain transactions related to a change in Louisiana Power's state of incorporation to Louisiana. (Rel. 35-18791 - Jan. 28)

SECURITIES ACT REGISTRATIONS

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:

Genstar Limited, Montreal, Canada (File 2-52675 - Jan. 15) - 126,700 shares

The Williams Companies, Tulsa, Okla. (File 2-52697 - Jan. 20) - 500,000 shares

Deseret Pharmaceutical Co. Inc., Sandy, Utah (File 2-52701 - Jan. 21) - 375,000 shares

Spectra-Physics, Inc., Mountain View, Cal. (File 2-52700 - Jan. 21) - 147,000 shares

The Bendix Corp., Southfield, Mich. (File 2-52702 - Jan. 21) - 1,969,340 shares

The Houston Complex, Inc., Houston, Texas (File 2-52705 - Jan. 20) - 400,000 shares

Alco Standard Corp., Valley Forge, Cal. (File 2-52706 - Jan. 21) - 500,000 shares

Volume Shoe Corp., Topeka, Kan. (File 2-52713 - Jan. 23) - 128,318 shares

REGISTRATIONS EFFECTIVE

Jan. 24: Club Panorama International Ltd., 2-51858.
 Jan. 27: The Bendix Corp., 2-52702; Eaton & Howard Cash Management Fund, 2-52148.
 Jan. 28: Caesars World, Inc., 2-52394; The Connecticut Light & Power Co., 2-52559;
 F & M Bancorp., 2-51620; Microdot Inc., 2-52578; Petro-Search 1975 Exploration and
 Development Program, 2-52092.

ACQUISITIONS OF SECURITIES

Companies and individuals must report to the Commission on Schedule 13D the acquisition of more than 5% of the equity securities of another company within 10 days of the acquisition. The following companies or individuals filed Schedule 13D's regarding the acquisition of stock of other companies during the period Jan. 9 - 14, 1975.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER & NUMBER OF SHARES</u>	<u>DATE FILED</u>
Franklin Engine Associates Second	Allied Aero Industries, Inc. (Liverpool, NY) Common Stock - 900,000 shs.	1- 9-75
* Jet Capital Corp.	Texas International Airlines, Inc. (Houston, Texas) Common Stock - 1,020,000 shs. on conversion of Series C Stock Common Stock - 765,103 shs. on exercise of Warrants	1- 9-75
* Ivaco Industries Ltd.	Laclede Steel Co. (St. Louis, Mo.) Common Stock - 299,980 shs.	1- 9-75
Robert K. Moses, Jr.	Dixel Industries Inc. (Houston, Texas) Common Stock - 171,326 shs. Common Stock - 40,674 shs. on conversion of Preferred Stock and Debentures	1- 9-75
* D. G. Seago, Jr.	Southwest Scottish Inns, Inc. (Little Rock, Ark.) Common Stock - 100,000 shs.	1- 9-75
Bel-Fran Investments Ltd. (Canada) Bel-Cal Holdings Ltd. (Canada) Bel-Alta Holdings Ltd. (Canada)	Cordura Corp. (Chicago, Ill.) Common Stock - 235,700 shs.	1- 9-75
* National Industries, Inc.	National Recreation Products, Inc. (Louisville, Ky.) Common Stock - 1,327,061 shs. (82.94%) Common Stock - 81,895 shs. on exercise of Warrants	1- 9-75
* Japan International Technology Corp.	IMC Magnetics Corp. (Westbury, NY) Common Stock - 176,400 shs. Common Stock - 200,000 shs. on conversion of Note	1- 9-75
Peter M. Schluter	Buck Engineering Co., Inc. (Farmingdale, NJ) Common Stock - 271,095 shs.	1- 9-75
* Mississippi River Corp.	Missouri Pacific Railroad Co. (St. Louis, Mo.) Common Stock - 3,638,333 shs. Common Stock - 4,654,967 shs. on conversion of Preferred	1-10-75
* Cargill, Inc.	Missouri Portland Cement Co. (St. Louis, Mo.) Common Stock - 371,788 shs. (331,238 shs. of above were purchased pursuant to the Tender Offer)	1-10-75

ACQUISITIONS REPORTS CONT.

Industrial Consultants, Inc. Golsen Corp. Jack E. Golsen	United Founders Life Insurance Co. (Oklahoma City, Okla.) Common Stock - 222,684 shs.	1-10-75
James William McKee, Individually and as Custodian & Trustee	Geosurveys, Inc. (Colorado Springs, Colo.) Common Stock - 150,631 shs.	1-10-75
Group of Shareholders	SaCom (Sun Valley, Calif.) Common Stock - 208,810 shs. Common Stock - 20,000 shs. on exercise of Warrants	1-10-75
* Irwin Jacobs	Grain Belt Breweries, Inc. (Minneapolis, Minn.) Common Stock - 81,390 shs.	1-10-75
* First International Reinsurance Co.	Standard Security Life Insurance Co. of New York (New York City) Common Stock - 147,000 shs.	1-10-75
* Hillman Coal & Coke Co.	Dahlstrom Corp. (Jamestown, NY) Common Stock - 154,209 shs. (41%)	1-10-75
* Edgar M. Bronfman	Clevepak Corp. (New York City) Common Stock - 269,000 shs.	1-10-75
* ISC Financial Corp. Thrift Plan	ISC Financial Corp. (Kansas City, Mo.) Common Stock - 204,485 shs.	1-10-75
* Andrew Levitske	Thorofare Markets, Inc. (Youngstown, Ohio) Common Stock - 80,287 shs.	1-10-75
Donald Heller	Intermodulex NDH Corp. (White Plains, NY) Common Stock - 80,000 shs.	1-10-75
Daniel Clyman	Intermodulex NDH Corp. (White Plains, NY) Common Stock - 80,000 shs.	1-10-75
Robert Dolobowsky	Intermodulex NDH Corp. (White Plains, NY) Common Stock - 80,000 shs.	1-10-75
George Bresler	Intermodulex NDH Corp. (White Plains, NY) Common Stock - 87,500 shs.	1-10-75
Chatham Corp.	Altair Corp. (Chicago, Ill.) Common Stock - 400,000 shs. (31%)	1-13-75
Douglas B. Fletcher	Shareholders Capital Corp. (Los Angeles, Calif.) Common Stock - 2,059,228 shs.	1-13-75
* Blue Chip Stamps	Source Capital, Inc. (Los Angeles, Calif.) Common Stock - 1,257,127 shs.	1-13-75
* Blue Chip Stamps	San Jose Water Works (San Jose, Calif.) Common Stock - 34,300 shs.	1-13-75
Putnam Growth Fund Putnam Equities Fund, Inc. Putnam Vista Fund, Inc.	General Dynamics Corp. (St. Louis, Mo.) Common Stock - 525,000 shs.	1-13-75
* Alexander & Baldwin, Inc.	Pacific Resources, Inc. (Honolulu, Hawaii) Common Stock - 425,000 shs.	1-13-75
* Albert M. Zlotnick	La Pointe Industries, Inc. (Rockville, Conn.) Common Stock - 43,900 shs.	1-13-75

ACQUISITIONS REPORTS CONT.

* Arthur L. Carter	Utilities & Industries Corp. (New York City)	1-13-75
	Common Stock - 387,592 shs.	
	Common Stock - 18,300 shs. on conversion of Debentures	
Gannett Co., Inc.	Speidel Newspapers, Inc. (Reno, Nev.)	1-13-75
	Common Stock - 392,901 shs.	
Marvin N. Demchick	Pennsylvania Financial Corp. (Philadelphia, Pa.)	1-13-75
	Common Stock - 31,443 shs.	
	Common Stock - 35,000 shs. on exercise of Options	
Group of Shareholders	American Bankshares Corp. (Milwaukee, Wisc.)	1-13-75
	Common Stock - 594,935 shs.	
Bass Brothers Enterprises, Inc.	Church's Fried Chicken, Inc. (San Antonio, Tex.)	1-13-75
	Common Stock - 250,000 shs.	
Alaska Bancorporation	Alaska Bancshares, Inc. (Anchorage, Alaska)	1-13-75
	Common Stock - 854,277 shs. (89%)	
* Canada Development Corp.	Texasgulf Inc. (New York City)	1-13-75
	Common Stock - 9,259,720 shs.	
	(Ownership of above shares has been transferred to CDC Nederland B.V. (Netherlands), a wholly-owned subsidiary of CDC)	
John Hancock Mutual Life Insurance Co.	Data General Corp. (Southboro, Mass.)	1-13-75
	Common Stock - 408,250 shs.	
* Martin J. Wygod Albert M. Weis Merchant Investors Corp.	Susquehanna Corp. (Los Angeles, Calif.)	1-13-75
	Common Stock - 84,800 shs.	
	Preferred Stock - 128,500 shs.	
Dr. Walter S. Baird	Baird-Atomic, Inc. (Bedford, Mass.)	1-13-75
	Common Stock - 75,200 shs.	
	(Dr. Baird is an officer and a director of Baird)	
John M. Dempsey, Jr.	Baird-Atomic, Inc. (Bedford, Mass.)	1-13-75
	Common Stock - 93,500 shs.	
	(Mr. Dempsey is the President and a director of Baird)	
Jack M. Medzorian	Baird-Atomic, Inc. (Bedford, Mass.)	1-13-75
	Common Stock - 60,000 shs.	
	(Mr. Medzorian is an officer and a director of Baird)	
C. Roy Harmon	Tridair Industries (Torrance, Calif.)	1-13-75
	Common Stock - 100,000 shs.	
	(Mr. Harmon is Senior Vice President and Chairman of the Executive Committee of Tridair)	
Marvin B. Levy Lester Miller	Contico International, Inc. (St. Louis, Mo.)	1-13-75
	Common Stock - 88,761 shs.	
	Common Stock - 29,825 shs. on exercise of Options and conversion of Debentures	
Harry Dorsey & Associates, Inc.	Leisure Group, Inc. (Los Angeles, Calif.)	1-13-75
	Common Stock - 333,333 shs. on conversion of Preferred	

ACQUISITIONS REPORTS CONT.

* Bi-State Industries Corp.	L'Aiglon Apparel, Inc. (New York City) Common Stock - 42,800 shs.	1-13-75
Group of Shareholders	Texas International Airlines, Inc. (Houston, Texas) Common Stock - 120,000 shs. Common Stock - 46,956 shs. on exercise of Warrants (The individuals comprising the group purchased the shares and Warrants from MEI Corp.)	1-13-75
* American Financial Corp.	Fairmont Foods Co. (Omaha, Nebr.) Common Stock - 450,000 shs. (Four wholly-owned insurance company subsidiaries of AFC own the above shs.)	1-13-75
Ernest Briggs	Carolina Caribbean Corp. (Banner Elk, NC) Common Stock - 199,215 shs.	1-14-75
* Amended Acquisition Report		

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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