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U.S. SECURITIES & EXCHANGE COMMISSION

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February 21, 1975

RULES AND RELATED MATTERS

FEB 24 1975

RULE 204-2(a) AMENDED

LIBRARY

The Commission today announced the adoption of an amendment to paragraph (12) and new paragraph (13) of Rule 204-2(a) under the Investment Advisers Act of 1940 and the withdrawal of proposed paragraph (14) of that Rule. Paragraph (12) of Rule 204-2(a) requires investment advisers to maintain records of securities transactions for certain persons connected with the investment adviser and has been amended to include, among other things, a requirement for the maintenance of such records for affiliated persons of controlling persons of investment advisers, and affiliated persons of such affiliated persons. New paragraph (13) of the Rule provides a similar record-keeping requirement for investment advisers primarily engaged in non-advisory businesses. Proposed paragraph (14) of Rule 204-2(a), which set forth a definition of the term "control" for purposes of paragraphs (12) and (13), has been withdrawn and replaced by subparagraphs (B) in both paragraphs (12) and (13). Rule 204-2(a), as amended, becomes effective on March 31, 1975. (Rel. IA-436)

SEC REVISES RULES ON FREEDOM OF INFORMATION ACT

The Commission announced today the adoption of revisions of its rules relating to records and information to implement the requirements of recently enacted amendments to the Freedom of Information Act. The Commission has previously published for comment its proposal to continue in effect its existing fee schedule for search and duplication requests. The Commission has considered the comments received in response to that proposal and has determined to continue the existing fee schedule unchanged. In addition, the Commission has adopted certain amendments to conform to the procedural requirements of the Freedom of Information Act, as amended, and has made certain other revisions to reflect the substantive changes made in that Act.

The most important of the substantive changes concerns the exemption from the disclosure requirements of the Act for materials gathered in the course of an investigation. Under the revised rule, as in the past, the Commission will not publicly disclose investigatory records if doing so would interfere with enforcement proceedings, deprive a person of a right to a fair trial or an impartial adjudication or disclose the identity of a confidential source. Also, so long as there is a concrete prospect of enforcement action, the evidence gathered in the investigation will be considered exempt from disclosure. As one consequence of the rule, however, after all enforcement action is completed, or it is determined that no enforcement action will be taken, the evidentiary materials compiled in the course of an investigation will generally be made available to any person, although, in particular cases, the Commission may withhold investigatory records the disclosure of which would constitute an unwarranted invasion of personal privacy, disclose investigatory techniques and procedures or endanger the life or physical safety of law enforcement personnel.

The Commission regrets that in many cases the Commission will disclose records notwithstanding the fact that persons who cooperated in its investigation would have reasonable grounds to object to this disclosure, either because of considerations of personal privacy or business confidentiality. But the stringent time requirements under the Freedom of Information Act, as amended, as well as the heavy financial and manpower burden that the Commission would be obliged to sustain if it were to attempt to examine each individual record for these purposes, will generally prevent the Commission from refusing to make disclosure on these bases.

Because the Commission wishes, if possible, to afford appropriate protection to the interests of private persons who might be adversely affected through disclosure of the Commission's investigatory files, the Commission invites any person who has previously given testimony or supplied documentary evidence in a Commission investigation to write to the Commission (Attention: Director, Division of Enforcement) if they believe that particular testimony they gave or specific documents they supplied would be exempt from the disclosure requirements of the Freedom of Information Act and wish those matters to be treated as non-public. The relevant documents or portions of testimony

must be specifically identified, however, since the Commission cannot undertake to make detailed examination of voluminous materials. Moreover, any such letter should demonstrate why disclosure of the specified matters would "constitute a clearly unwarranted invasion of personal privacy" or would publicly expose sensitive commercial or financial information that would not normally be disclosed by the person from whom it was obtained.

Similarly, with respect to investigatory files that may be compiled in the future, all persons who supply testimony or documents to the Commission which they believe are exempt from the disclosure requirements of the Freedom of Information Act may request that they be withheld in the event of a subsequent demand for disclosure. The request must be in writing (Attention: Director, Division of Enforcement) and must state what specific materials are considered to be confidential and the legal or factual basis upon which that claim is made.

Although every consideration will be given to requests for confidential treatment, it should be understood that the Commission will not treat as non-public any matters it believes are required to be disclosed under the Freedom of Information Act, or which the Commission believes should be disclosed in the public interest.

Persons who wish to make requests under the Freedom of Information Act for Commission records should particularly note the procedures prescribed by the new rules. All requests must be made either in person during normal business hours at the Commission's Public Reference Room, 1100 L Street, N.W., Washington, D.C. or by mail addressed to the Securities and Exchange Commission, Public Reference Section, Washington, D.C. 20549. Requests for records are required to be made in terms that reasonably describe the records sought with sufficient specificity to permit them to be located. It should be noted that the Commission will normally be able to respond to a request for non-public records within the ten-day period prescribed by the rules only if the request is properly addressed. Requests that are misdirected to other offices of the Commission will be processed only upon receipt by the appropriate personnel. Furthermore, the Commission will not entertain an administrative appeal from an alleged failure of its staff to comply with a misdirected request unless it can be shown that the request had in fact been forwarded to the Public Reference Section. While members of the staff have been instructed to forward misdirected requests to the Public Reference Section, and while staff members will seek to elicit additional information when records are insufficiently described, the responsibility for compliance with the Commission's rules rests upon the person making the request. (Rel. 33-5571)

COMMISSION ANNOUNCEMENTS

SEC REPORT COORDINATING GROUP (ADVISORY) MEETINGS ANNOUNCED

The Commission's Report Coordinating Group (Advisory) will hold a meeting on March 20-21, 1975 at 55 Water St., Twenty-Third Floor, New York, N.Y. The meeting will commence at 10:00 a.m. local time on March 20 and at 9:00 a.m. local time on March 21 will be for the purpose of discussing the FOCUS Report of financial and operational information and reviewing the public comments received as of that date on the Group's Interim Report including a FOCUS Report Revised Discussion Paper. The public comment period will close on March 31, 1975. A limited supply of the Interim Report including a FOCUS Report Revised Discussion Paper is still available and will be provided upon request on a first come - first served basis.

The Group's meetings are open to the public. Any interested person may attend and appear before or file statements with the advisory committee. Said statements, if in written form, may be filed before or after the meeting. Oral statements shall be made at the time and in the manner permitted by the Report Coordinating Group.

The Group was formed to assist the Commission in developing a coherent, industry-wide, coordinated reporting system. In carrying out this objective, the Group is to review all reports, forms and similar materials required of broker-dealers by the Commission, the self-regulatory community and others. The Group is expected to advise the Commission on such matters as eliminating unnecessary duplication in reporting, reducing reporting requirements where feasible, and developing the FOCUS Report of financial and operational information. (Rel. Nos. 34-10612, 10959 and 11140)

The Interim Report including a FOCUS Report Revised Discussion Paper, and information concerning the meeting, including the procedures for submitting statements to the Group, may be obtained by contacting: Mr. Daniel J. Piliero II, Secretary, SEC Report Coordinating Group, Securities and Exchange Commission, Washington, D.C. 20549

COURT ENFORCEMENT ACTIONS

DATA LEASE FINANCIAL CORPORATION ENJOINED

The SEC announced that on February 14 U.S. District Court Judge John H. Pratt granted the Commission's motion for summary judgment and entered an order permanently enjoining Data Lease Financial Corporation (Data Lease), North Palm Beach, Florida, from failing to timely file with the Commission proper periodic and current reports in contravention of Section 13(a) of the Securities Exchange Act of 1934 and rules thereunder.

The order requires Data Lease to file with the Commission within seven days from the date of the order in proper form and content its Form 10-K annual report for the fiscal year ended June 30, 1974, and an amendment under cover of Form 8 with respect to material deficiencies in the financial statements for its annual report on Form 10-K for the fiscal year ended June 30, 1973. (SEC v. Data Lease Financial Corp., District of Columbia Civil Action No. 74-1860). (LR-6749)

POTTER INSTRUMENT COMPANY, INC. ENJOINED

The SEC announced that on February 13 Judge June L. Green filed a final order in the U.S. District Court for the District of Columbia permanently enjoining Potter Instrument Company, Inc. (Potter) from failing timely to file with the Commission proper periodic and current reports in contravention of Section 13(a) of the Securities Exchange Act of 1934 and the rules thereunder. The order requires Potter to file with the Commission and the American Stock Exchange, on or before February 13, 1975, (or such later date, if any, agreed to by the Commission), its annual report on Form 10-K for the fiscal year ended June 30, 1974 which shall include an "accountant's report"; and to take all steps necessary to file at the earliest possible time an annual report on Form 10-K for the fiscal year ended June 30, 1974, which shall contain financial statements required by Form 10-K, as in effect on June 30, 1974.

The Court also requires Potter to file on or before February 25, 1975 its delinquent quarterly report on Form 10-Q for the fiscal quarter ended September 30, 1974, and to file on or before March 14, 1974, its quarterly report on Form 10-Q for the fiscal quarter ended December 31, 1974. (SEC v. Potter Instrument Company, Inc., District of Columbia Civil Action No. 74-1861). (LR-6750)

HOLDING COMPANY ACT RELEASES

NATIONAL FUEL GAS COMPANY

A notice has been issued giving interested persons until March 19 to request a hearing on proposals of National Fuel and its subsidiaries, Distribution Corporation and Supply Corporation, whereby \$3,500,000 of a note previously issued by Distribution Corporation to National Fuel (See Rel. 35-18583, September 30, 1974) will be cancelled and Supply Corporation will issue its note in like amount of National Fuel. The purpose of these transactions is to adjust capital accounts in the subsidiaries to properly resolve a problem created by a \$3,500,000 emergency extension of credit by National Fuel to Supply Corp. on October 22, 1974. (Rel. 35-18818 - Feb. 19)

ALABAMA POWER COMPANY

An order has been issued approving proposals of Alabama Power Company (Alabama), subsidiary of The Southern Company, and Southern Electric Generating Company (SEGCO), subsidiary of Alabama and Georgia Power Company, whereby SEGCO will enter into an agreement with The Industrial Development Board of the Town of Wilsonville, Alabama (Board) for the construction of pollution control facilities financed by the Board's issuance and sale of up to \$21.5 million principal amount of pollution control revenue bonds. Alabama will enter into a guaranty agreement with the Board under which it will unconditionally guarantee SEGCO's payment obligations under its agreement with the Board. (Rel. 35-18819 - Feb. 19)

PENNSYLVANIA ELECTRIC COMPANY

A notice has been issued giving interested persons until March 14 to request a hearing on a proposal by Pennsylvania Electric Company, subsidiary of General Public Utilities Corporation, that it issue and sell up to 350,000 shares of a new issue of its preferred stock by competitive bidding. (Rel. 35-18820 - Feb. 20)

SECURITIES ACT REGISTRATIONS

(S-7) UNION ELECTRIC COMPANY

One Memorial Dr., St. Louis, Mo. 63102 - \$70 million of a new series of first mortgage bonds, due 2005, proposed 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, Halsey, Stuart & Co. Inc., 100 Gold St., New York, N.Y. 10038, Lehman Brothers Incorporated, One William St., New York, N.Y. 10004, and White, Weld & Co. Incorporated, One Liberty Plaza, 91 Liberty St., New York, N.Y. 10006. The company and its utility subsidiaries primarily supply electric service. (File 2-52833 - Feb. 14)

(S-9) NEW YORK TELEPHONE COMPANY

1095 Avenue of the Americas, New York, N.Y. 10036 - \$100 million of forty-year debentures, due 2015, to be offered for sale at competitive bidding. The company furnishes communications services, mainly local and toll telephone service. (File 2-52838 - Feb. 14)

In a separate statement the company seeks registration of \$100 million of eight-year notes, due 1983, to be offered for sale at competitive bidding. (File 2-52839 - Feb. 14)

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:

- Bowne & Co., Inc., New York, N.Y. (File 2-52780 - Feb. 3) - 60,000 shares
- Röspatch Corp., Grand Rapids, Mich. (File 2-52782 - Feb. 3) - 15,000 shares
- Louisiana General Services, Inc., Harvey, La., (File 2-52784 - Jan. 30) - 125,000 shares
- Baker Oil Tools, Inc. Commerce, Cal. (File 2-52787 - Feb. 5) - 250,000 shares, and (File 2-52788 - Feb. 5) - 250,000 shares
- Lee Pharmaceuticals, South El Monte, Cal. (File 2-52791 - Feb. 5) - 20,000 shares
- Brown Group, Inc., St. Louis, Mo. (File 2-52802 - Feb. 7) - 200,000 shares
- American Building Maintenance Industries, San Francisco, Cal. (File 2-52807 - Feb. 10) - 200,000 shares
- National-Standard Co., Niles, Mich. (File 2-52808 - Feb. 10) - 25,000 shares
- Long Island Lighting Co., Mineola, N.Y. (File 2-52809 - Feb. 10) - 350,000 shares
- Deere & Co., Moline, Ill. (File 2-52814 - Feb. 11) - 1,200,000 shares

REGISTRATIONS EFFECTIVE

Feb. 20: American Tax-Exempt Bond Trust, Series, 2-52769; First National Boston Corp., 2-52766; General Telephone Co. of Florida, 2-52735; Indiana Gas Company, Inc., 2-52734; Iowa Public Service Co., 2-52707; Minnesota Mining and Manufacturing Co., 2-52616; Pacific Bancorp., 2-52327; Sanders Associates, Inc., 2-52586; United Mexican States, 2-52756; Walt Disney Productions, 2-52742.

REGISTRATIONS WITHDRAWN

Feb. 18: Nationwide Nursing Centers, Inc., 2-49994.

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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