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SECURITIES & EXCHANGE COMMISSION
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Issue 75-123
(SEC Docket, Vol. 7, No. 5 - July 8)

June 25, 1975

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DECISIONS IN ADMINISTRATIVE PROCEEDINGS

LIBRARY

NASD ACTION AGAINST THOMAS E. JACKSON AFFIRMED

The Commission has affirmed sanctions imposed by the NASD on Thomas E. Jackson, of Phoenix, Arizona. Jackson, formerly a registered representative of an NASD member firm, was censured and barred from association with any NASD member.

The Commission found, as had the NASD, that, in May 1970, Jackson forged the signature on at least three applications for insurance in order to obtain commissions from his employer to which he was not entitled. The Commission rejected Jackson's argument that the NASD could not discipline him since it lacked jurisdiction over misconduct unrelated to securities. The Commission stated: "We see no reason why the NASD should be precluded from carrying out its mandate to protect its members and their customers against a repetition of the kind of conduct in which Jackson engaged. Although Jackson's wrongdoing in this instance did not involve securities, the NASD could justifiably conclude that on another occasion it might." (Rel. 34-11476)

COMMISSION ANNOUNCEMENTS

COMMISSION ACTION ON THREE FREEDOM OF INFORMATION ACT APPEALS

The Commission today considered three separate appeals from determinations of requests for records pursuant to the Freedom of Information Act (FOIA).

The Commission denied the request of Bernard Deutsch for access to inter- and intra-agency memoranda relating to a closed investigation and subsequent administrative proceeding involving University Management and others. Mr. Deutsch had previously been provided access to the evidentiary materials relating to these matters. Disclosure of the internal memoranda, which contain no factual matters not otherwise disclosed, is in these circumstances not required. (Rel. FOIA-14)

The Commission denied the request of Thomas C. Doane for records relating to an ongoing Commission investigation involving American Institute Counselors, Inc. and the request of Karen Holm, Esquire and Lewis R. Mills, Esquire for records relating to an active investigation of Diversified Industries, Inc. In each case, disclosure of such records would, in the Commission's opinion, interfere with prospective law enforcement proceedings, and would potentially deprive persons of their rights to a fair trial or impartial adjudication and constitute an unwarranted invasion of personal privacy. (Rel. FOIA-15 and 16)

BOSTON STOCK EXCHANGE APPLICATION FOR UNLISTED TRADING PRIVILEGES IN COMMON STOCK OF LUDLOW CORPORATION

The SEC announced that it has issued an order for the institution of a public hearing, under Section 12(f)(2) of the Securities Exchange Act of 1934 to consider whether the granting of the Boston Stock Exchange (BSE) application for unlisted trading privileges in the common stock of Ludlow Corporation (Ludlow) is necessary or appropriate in the public interest or for the protection of investors.

The Commission announced that the hearing on BSE's application for unlisted trading in the common stock of Ludlow will be held before Administrative Law Judge Edward B. Wagner and will convene at 10 a.m. Wednesday, August 6, 1975 at the Commission's headquarters, 500 North Capitol Street, N.W., Washington, D.C. (Rel. 34-11492)

**NOTICE OF PUBLIC HEARING ON THE BOSTON STOCK EXCHANGE
APPLICATION FOR UNLISTED TRADING PRIVILEGES IN COMMON
STOCK OF INTERNATIONAL FLAVORS & FRAGRANCES, INC.**

The SEC announced that it has issued an order for the institution of a public hearing, under Section 12(f)(2) of the Securities Exchange Act of 1934 to consider whether the granting of the Boston Stock Exchange (BSE) application for unlisted trading privileges in the common stock of International Flavors & Fragrances, Inc. (IFF) is necessary or appropriate in the public interest or for the protection of investors.

The Commission announced that the hearing on BSE's application for unlisted trading in the common stock of IFF will be held before Administrative Law Judge Max O. Regenstein and will convene at 10 a.m. Tuesday, August 5, 1975 at the Commission's headquarters, 500 North Capitol Street, N.W., Washington, D.C. (Rel. 34-11493)

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES NATIONAL ACCOUNTS SERVICE ASSOCIATION, INC., OTHERS

The Atlanta Regional Office announced the filing of a complaint in Federal Court in Birmingham on June 13 seeking preliminary and permanent injunctions against National Accounts Service Association, Inc. (NASA), its president, Ernest C. McAlister, both of Huntsville, Alabama, and Charles J. Steen, of Jackson, Mississippi. The complaint charges NASA, McAlister and Steen with violations of registration and antifraud provisions of the securities laws in the offer and sale of promissory notes of NASA. (SEC v. National Accounts Service Association, Inc., et al., N.D. Alabama, CA75L0757NE). (LR-6943)

COMPLAINT NAMES COLLATERAL ACCOUNTS, INC., AUBREY W. SMITH, SR.

The Atlanta Regional Office announced the filing of a complaint in Federal Court in Birmingham on June 13 seeking preliminary and permanent injunctions against Collateral Accounts, Inc., an Alabama corporation, and its president, Aubrey W. Smith, Sr., of Huntsville, Alabama. The complaint charges Collateral Accounts, Inc. and Smith with violations of registration and antifraud provisions of the securities laws in the offer and sale of promissory notes of Collateral Accounts, Inc. (SEC v. Collateral Accounts, Inc. and Aubrey W. Smith, Sr., N.D. Alabama, CA75L0758NE). (LR-6944)

BOWEN AND BOWEN AND ASSOCIATES, INC. PERMANENTLY ENJOINED

The Atlanta Regional Office announced the filing of a complaint in Federal Court at Atlanta, Georgia, on June 13 permanently enjoining Bowen and Bowen and Associates, Inc., an Atlanta investment adviser, and Robert B. Bowen, Jr., its president, from violations of the antifraud and bookkeeping provisions of the securities laws, and appointed a receiver for the investment adviser.

The Court also enjoined the defendants from transferring, disposing, dissipating, or disbursing funds or other property received from their clients, or any funds or other property derived from conversion of clients' funds or other property and froze certain bank accounts and a broker-dealer account of the defendants, pending further order of the Court. The defendants consented to the permanent injunction, the appointment of the receiver and the other ancillary relief without admitting or denying the allegations of the Commission's complaint. (SEC v. Bowen and Bowen and Associates, Inc., et al., N.D., Ga., Civil Action No. C75-1059A). (LR-6945)

JONES QUINCY ADAMS ACQUITTED

The Fort Worth Regional Office announced that on June 12 Jones Quincy Adams, Dallas, Texas, was, after a seven-day trial, acquitted of ten counts of a 21-count indictment by a Federal District Court jury at Dallas, Texas. The jury was deadlocked on the remaining 11 counts and the Federal District Judge dismissed those counts. The indictment charged Adams with violations of the antifraud provisions of the securities laws in connection with an alleged market manipulation. (U.S. v. Jones Quincy Adams, N.D. Tex.). (LR-6946)

GARY AWAD PLEADS GUILTY

The Chicago Regional Office announced that on June 19 Gary J. Awad, of Windsor, Ontario, Canada, pleaded guilty to a one-count information filed that day in the federal court at Detroit, Michigan, alleging violations of the antifraud provisions of the securities laws.

The information alleged, among other things, that Awad, while operations manager of a broker-dealer firm in Detroit, opened a trading account under a fictitious name at the firm; purchased and sold securities in the account over a three-year period; and caused the firm to issue checks out of the account, the proceeds of which Awad converted to his own use and benefit.

U.S. District Judge Charles W. Joiner accepted the plea and deferred sentencing until completion of a pre-sentence report. (U.S. v. Gary J. Awad, E.D. Mich., S. Div.). (LR-6947)

HAROLD MORGAN PLEADS GUILTY

Victor Ortega, U.S. Attorney for the District of New Mexico and the Denver Regional Office announced that on June 17 Harold Morgan, an Albuquerque, New Mexico attorney, pleaded guilty to an information charging him with one count of fraud in the sale of a note of American Fuels Corporation, a New Mexico corporation, to Great Basins Petroleum Co., a Canadian corporation with offices in Los Angeles, California, in violation of the antifraud provisions of the securities laws.

Previously defendant Morgan, along with others, had been indicted by a federal grand jury in a multi-count indictment charging securities fraud, mail fraud, misapplication of bank funds and wire fraud in connection with the activities of American Fuels Corporation and affiliated corporations.

Sentencing is scheduled for July 21, 1975 before U.S. District Judge H. Vearle Payne of the District of New Mexico. (U.S. v. E. M. (Mike) Riebold, et al., U.S.D.C., District of New Mexico, Criminal No. 74-353). (LR-6948)

SCHRODER NAESS & THOMAS AND NAESS & THOMAS SPECIAL FUND, INC. ENJOINED

The New York Regional Office announced that on June 18 a consent judgment of permanent injunction and other relief was signed enjoining Schroder Naess & Thomas (Naess) and Naess & Thomas Special Fund, Inc. (Fund) from violations of the antifraud provisions of the securities laws in connection with purchases of the stock of Bio-Medical Sciences, Inc. based upon non-public information. In addition to injunctive relief, the judgment provided that Naess and/or the Fund (1) disgorge to certain parties the sum of \$3,900 plus interest, profits realized by the Fund in connection with the purchase of securities of Bio-Medical Sciences, Inc.; and (2) implement and supervise employees' compliance with a written statement of policy concerning the receipt and use of material non-public information.

The \$3,900 payment by Naess and/or the Fund was in response to the request by the Commission in its complaint for disgorgement and/or restitution on the part of the defendants so that defrauded shareholders might recover their losses.

Also on June 18 Naess applied for, and was granted by order of the Commission, a temporary exemption for itself and affiliated companies from the provisions of Section 9(a) of the Investment Company Act of 1940 operative as a result of the injunction against Naess and the Fund. An application for permanent exemption is pending before the Commission. (See Investment Company Act Release Nos. 8751 and 8828 and Lit. Nos. 6056 and 6857). (SEC v. F. L. Salomon & Co., et al., S.D.N.Y., Civil Action No. 73-3926). (LR-6950)

HOLDING COMPANY ACT RELEASES

PENNSYLVANIA ELECTRIC COMPANY

A supplemental order has been issued authorizing Pennsylvania Electric Company, subsidiary of General Public Utilities Corporation, to revise the list of banks to which notes may be issued or renewed from 51 to 50 banks, the aggregate principal amount of such notes outstanding at any one time to be not more than \$88 million. (Rel. 35-19059 - June 24)

SECURITIES ACT REGISTRATIONS

(S-1) ALEXANDER & ALEXANDER SERVICES, INC.

1185 Avenue of the Americas, New York, N.Y. 10036 - 650,000 shares of common stock, to be offered and issued in connection with the future acquisitions of stock or assets of

other companies. Alexander & Alexander through its subsidiaries conducts an insurance brokerage and agency business in the United States and Canada. (File 2-53989 - June 19)

(S-1) MONTGOMERY WARD & CO., INCORPORATED

535 West Chicago Ave., Chicago, Ill. 60610 - \$75 million of sinking fund debentures, due 2000, to be offered for sale under a public offering through underwriters. The price is not known at this time. The managing underwriters are Lehman Brothers Incorporated, One William St., New York, N.Y. 10004 and Kidder Peabody & Co. Incorporated, 10 Hanover Sq., New York, N.Y. 10005. The company merchandises goods and services through its retail stores and catalogs. (File 2-53995 - June 20)

(S-7) NATIONAL STARCH AND CHEMICAL CORPORATION

10 Funderne Ave., Bridgewater, N.J. 08876 - \$25 million of convertible subordinated debentures, due 2000, to be offered for sale through underwriters headed by F. Eberstadt & Co., Inc., 61 Broadway, New York, N.Y. 10006. National Starch and Chemical Corporation manufactures and sells adhesives, starches, chemical and other related products. (File 2-53998 - June 20)

(S-7) DUQUESNE LIGHT COMPANY

435 Sixth Ave., Pittsburgh, Pa. 15219 - 3,000,000 shares of common stock, to be offered for sale by the company through an underwritten public offering to be managed by The First Boston Corporation, 20 Exchange Pl., New York, N.Y. 10005. The company is a electric utility serving Pittsburgh and vicinity. (File 2-54003 - June 23)

(S-5) AMERICAN MANAGED SECURITIES, INC.

25 South Charles St., Baltimore, Md. - 1,500,000 shares of common stock, to be offered for sale at net asset value which is estimated at \$10 per share, through Valley Forge Investment Management Corporation, Route 202 at Warner Rd., P.O. Box 837, Valley Forge, Pa. The company is a no-load open-end investment company with the objective of long term growth of capital. (File 2-54006 - June 23)

REGISTRATIONS EFFECTIVE

June 20: Barlow Rand Ltd., 2-53849; Commercial Shearing Inc., 2-53799; Fotomat Corp., 2-53762; Golden Cycle Corp., 2-53514; National Liberty Corp., 2-53603; Phone Mate Inc., 2-53428; Triangle Industries, Inc., 2-53488.

June 23: Babcock & Wilcox Ltd., 2-53861; Beech Aircraft Corp., 2-53319, 2-53324 & 2-52325; Clark Equipment Co., 2-53948; Coherent Radiation, 2-53111; Cullum Companies, Inc., 2-53036; Delmarva Power & Light Co., 2-53706 & 2-53709; Fideicomiso Condominios Kin-Ha, 2-53905; Hospital Affiliates International, Inc., 2-53833; Keene Corp., 2-53839; The Mitsubishi Rayon Co., Ltd., 2-51986; Southwest Water Co., 2-53551; Watkins-Johnson Co., 2-53963; Western Michigan Corp., 2-53735.

June 24: Carter Hawley Hale Stores, Inc., 2-53828; The Coca Cola Co., 2-53758; Gas Service Co., 2-53835; Interlake, Inc., 2-53871; Lucky Stores, Inc., 2-53800; Pizza Hut, Inc., 2-53867; Rexnord Inc., 2-53888; U.S. Bancorp., 2-53788; The United Illuminating Co., 2-53801.

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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