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COMMISSIONER SPEAKS

COMMISSIONER LOOMIS DISCUSSES ACCOUNTING AND FINANCIAL REPORTING PROJECTS

Speaking before a Seminar of the Machinery and Allied Products Institute in Arlington, Virginia on June 24, 1974, Commissioner Philip A. Loomis, Jr., discussed "Current SEC Projects in Accounting and Financial Reporting." Rather than analyzing in depth the pros and cons of recent Commission actions in the accounting area, the Commissioner spoke in broader terms of the relationship of the SEC to accounting and financial reporting and the impact of current developments on the Commission's responsibilities as it perceives them.

Noting that accounting has become the subject of controversy of what seems an unprecedented degree, the Commissioner stated that "one obvious reason is the rate of change and the increasing complexity of the businesses which are being reported on. Another reason I would suggest, is wide-spread public misunderstanding of the functions and limitations of accounting."

Commissioner Loomis discussed the problem of alternative methods of accounting, noting that this is not a new problem and that frequently there may be a valid reason for alternative methods of accounting. He stated that the "Commission and the accounting profession have therefore resisted pressures to impose uniform methods of accounting."

Turning to the matter of projections, the Commissioner stated that the Commission's disposition is to permit, but not to require, projections in filing with the Commission "provided that they have a reasonable basis, are based upon reasonable and disclosed assumptions, and do not extend beyond the boundaries of what is reasonably foreseeable." Noting that he is inclined to this conclusion, not so much because he thinks projections are necessarily a good thing but because they do in fact exist, Commissioner Loomis added that "Investors want them and get them. There is really nothing we can do about this except to charge people with fraud. We have to do this from time to time but I doubt if it is a satisfactory overall approach to a matter of this magnitude and importance. If we are to have projections, I suggest that people who are both responsible and knowledgeable, that is to say management, should participate openly in the process, that projections be made available to all investors and not only to a favored few, and that the whole process be subject to the discipline and control of the Federal securities laws."

In conclusion, Commissioner Loomis stated that he would like to emphasize the Commission's desire to cooperate fully with accountants in the private sector, both private practitioners and those in corporate management, our need for their input, and our dependence and the dependence of the public upon their performance. The alternative, a corps of federal auditors, which was wisely rejected by the Congress in 1933, remains as objectionable now as it was then. In fact, I think it has become unthinkable. There will, however, continue to be a tension in our relationship, since if we are to rely so heavily on you to carry out the statutory mandate of investor protection, then we will have to expect from you and, if necessary, seek to require from you, standards of integrity and performance which are adequate to the needs of our times. In particular, we look forward to a fruitful relationship with the Financial Accounting Standards Board as it embarks upon its momentous mission."

COMMISSION ANNOUNCEMENTS

SEC WARNS INVESTORS ON GET-RICH QUICK SCHEMES

The SEC yesterday issued a warning to investors. The Commission said it was issuing this warning because the recent promotion of get-rich-quick schemes, promising spectacular returns without any basis in fact, had resulted in the loss of

millions of dollars. The Commission noted that its statement was not directed at the thousands of securities issues lawfully and properly offered to investors in this country. The Commission pointed out that: "Recent fraudulent schemes have been promoted by claims of a quick and high rate of return on money invested. Unfortunately, these investments are often stimulated by tips and rumors spread by friends, relatives and neighbors. Some of these promotions are a variation of the Ponzi or pyramid-type schemes in which the purported operation yields little or no income and early investors are repaid with money obtained from later investors who are left with substantial losses when the scheme collapses." The statement was issued because of the serious losses to investors, many of whom cannot afford such losses. (Rel. 34-10889)

REGULATION A EXEMPTION OF NEVADA ELECTRONICS AND VIDEO CORPORATION TEMPORARILY SUSPENDED

An order has been issued temporarily suspending the Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of securities of Nevada Electronics and Video Corporation (NEVCO) of Las Vegas, Nevada. M. L. Fallick & Co., Inc. of Salt Lake City, Utah was the named underwriter for the offering.

Under a notification filed on December 11, 1972, NEVCO offered 100,000 shares of common stock at \$1.00 per share. According to the order, the Commission has reason to believe that: (a) the notification and offering circular of NEVCO contain untrue statements of material facts and omits to state material facts particularly with respect to the failure to disclose Gilbert Wynn Barnes as a promoter of NEVCO, the sales of unregistered securities within the preceding year and the financial position of NEVCO; (b) the terms and conditions of Regulation A have not been complied with, in that the offering circular failed to state material facts about the sales of NEVCO securities, the manner of the proposed Regulation A offering and the liabilities of NEVCO; and (c) the offering was made in violation of the antifraud provisions of the securities laws. (Rel. 33-5509)

ORDERS FOR PUBLIC PROCEEDINGS

L. G. VICTORS GOLD & CO., OTHERS

Public administrative proceedings under the Securities Exchange Act of 1934 have been ordered involving L. G. Victors Gold & Co. (Registrant) of Tuscon, Arizona. Also named as respondents are William Janssen, secretary-treasurer and the director of the Registrant, and Lawrence G. Victors, formerly president and a director of the Registrant.

The proceedings are based upon allegations of the Commission's staff that the Registrant and the individual respondents variously violated the registration and the antifraud provisions of the securities laws by reason of certain offers and sales of securities of several issuers. The Commission's staff further alleged violations of the books and records provisions of the securities laws.

A hearing will be scheduled by further order to take evidence on the charges against the defendants. (Rel. 34-10891)

COURT ENFORCEMENT ACTIONS

LLORENS ASSOCIATES, INC., OTHERS, RESTRAINED; TEMPORARY RECEIVER APPOINTED

The New York Regional Office announced that on June 18 the Federal court in New York City issued a temporary restraining order against Llorens Associates, Inc., a broker-dealer of New York City, and Hector John Llorens, III, its president, restraining them from violations of the net capital, customer segregation, book-keeping, financial reporting and supplemental reporting provisions of the securities laws. William J. Fisher was appointed temporary receiver for Llorens Associates. (LR-6411)

TRADING SUSPENSIONS

NICOA CORP TRADING SUSPENDED

Over-the-counter trading in all securities of Nicoa Corporation of Boston, Mass., has been suspended for a ten-day period beginning on June 28 and terminating on July 7, 1974

The Commission initiated the suspension of trading of the securities of Nicoa on June 18 because of questions about the recent aftermarket trading activities in the common stock of Nicoa. This initial suspension expired on June 27, 1974. (Rel. 34-10888)

ADDITIONAL ACTION ON TWO TRADING SUSPENSIONS

The SEC has announced the suspension of (a) exchange and over-the-counter trading in the securities of BBI, Inc., for the further ten-day period June 28 - July 7, inclusive and (b) over-the-counter trading in the securities of Westgate California Corp. for the further ten-day period June 29 - July 8, inclusive.

INVESTMENT COMPANY ACT RELEASES

INVERNESS CAPITAL CORPORATION

An order has been issued on an application of Inverness Capital Corporation, declaring that the Corporation has ceased to be an investment company as defined in the Act. (Rel. IC-8402)

CHANNING BOND FUND

A notice has been issued giving interested persons until July 23 to request a hearing on an application of Channing Bond Fund, Inc., Channing Income Fund, Inc., Channing Securities, Inc., Channing Shares, Inc. and Channing Venture Fund, Inc., mutual funds, and Channing Company, Inc., the Funds' principal underwriter, for an order to permit the shareholders of American General Reserve Fund, Inc., to exchange their shares for shares of the other Funds at net asset value plus a sales charge equal to that of the Fund being acquired, less the sales charge originally paid on the American General Reserve Fund Shares. (Rel. IC-8403)

HOLDING COMPANY ACT RELEASES

NEW ENGLAND ELECTRIC SYSTEM

An order has been issued authorizing New England Electric System (NEES), a registered holding company, to sell up to \$50 million of short-term notes to banks. The proceeds will be used to make additional investments in subsidiary companies. (Rel. 35-18475)

MISSISSIPPI POWER & LIGHT COMPANY

An order has been issued releasing jurisdiction reserved by the Commission in an order issued June 10, 1974 (Rel. 34-18450) regarding the sale of pollution control revenue bonds by Washington County, Mississippi, and the construction by or on behalf of the County of pollution control facilities for Mississippi. The Commission had retained jurisdiction over Mississippi's semi-annual installment payment obligations to the County insofar as such payments are affected by the effective interest rate of said pollution bonds. (Rel. 35-18472)

THE POTOMAC EDISON COMPANY

An order has been issued declaring that the Potomac Edison Company and Monongahela Power Company, subsidiaries of Allegheny Power System Inc., have ceased to be holding companies. (Rel. 35-18473)

An order has been issued authorizing New England Power Company, subsidiary company of New England Electric System (NEES), to sell 750,000 shares of common stock to NEES. (Rel. 35-18474)

SECURITIES ACT REGISTRATIONS

(S-1) SMDC, Inc.

P.O. Box 369, Banner Elk, N.C. 28604 - 300 resort condominiums ranging in price from \$32,500 to \$66,000, coupled with a nonmandatory arrangement for their rental, in a resort condominium project being constructed at Sugar Mountain, a private resort development located in Avery County, N.C., which condominium units will be known as "Skyleaf Condominiums" and will be sold by officers, directors, and full-time employees of the company. The company develops and sells resort condominium units and provides rental services to the owners of such units. (File 2-51261 - June 7)

(S-14) HEALTHGARDE, INC.

330 West 5th South, Salt Lake City, Utah 84111 - 4,189,498 shares of common stock. It is proposed to issue those shares to the shareholders of Med-Mark, Inc., Bio-Logics Systems, Inc. and Professional Medical Investments, Inc. on the following basis: 1.25 HealthGarde for 1 Med-Mark, 1 HealthGarde for 1 Bio-Logics Systems, and .7 HealthGarde for 1 Professional Medical Investments. Med-Mark supplies respiratory therapy services to hospitals on a contract basis. Bio-Logics Systems designs, manufactures, and markets health-testing and related types of computerized equipment. Professional Medical Investments is a holding company with investments in Med-Mark, Bio-Logics Systems, and two other companies. (File 2-51297 - June 10)

(S-1) ASSOCIATED BANK CORPORATION

229 So. Dubuque St., Iowa City, Iowa 52240 -- 2,650,000 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common stock of Hawkeye State Bank, Iowa City, Iowa, at the rate of 16.12 Associates shares for each Hawkeye share; First Trust and Union Savings Bank, Sigourney, Iowa, at the rate of 244.41 Associated shares for each First Trust share; Kalona Savings Bank, Kalona, Iowa, at the rate of 29.97 Associated shares for each Kalona share; Community State Bank of Clear Lake, Clear Lake, Iowa, at the rate of 16.15 Associated shares for each Community share; and Iowa United Building Corporation, Iowa City, Iowa, at the rate of 7.14 Associated shares for each Iowa United share. The company is also registering 52,500 shares issuable upon exercise of outstanding stock warrants. The company is a bank holding company which owns substantially all of the outstanding stock of two commercial banks and a leasing company. (File 2-51321 - June 14)

(S-1) FINNIGAN CORPORATION

845 West Maude Ave., Sunnyvale, Cal. 94086 - 192,500 shares of common stock, to be offered for sale through underwriters headed by Hambrecht & Quist, 235 Montgomery St., San Francisco, Cal. 94104. Finnigan designs, manufactures and sells spectrometer systems and related analytical instruments, components and accessories. (File 2-51400 - June 26)

(S-14) AMF INCORPORATED

777 Westchester Ave., White Plains, N.Y. 10604 - 524,058 shares of common stock. AMF proposes to issue these shares in the merger of R.C.L. Electronics, Inc. into AMF. Each outstanding common share of RCL will be converted into .88 AMF share. AMF is engaged in two general lines of business: leisure time products and industrial products. (File 2-51407 - June 26)

REGISTRATIONS EFFECTIVE

June 27: Baltimore Gas And Electric Co., 2-51186; The El Paso Co., 2-50748 and 2-50747; First Kentucky National Corp., 2-51012; Government Employees Financial Corp., 2-51008; Martin Marietta Corp., 2-51296; Paine Webber Inc., 2-51284; Seligman & Latz, Inc., 2-50607; Ultrasonic Systems, Inc., 2-50614; Victor Comptometer Corp., 2-51047.

RECENT 8K 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.

The companies listed below have filed Form 8-K reports for the month indicated, responding to the item of the form specified. 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 items of the form was included in Monday's News Digest.

COMPANY	ITEM NO.	MONTH
HANNAFORD BROTHERS CO	11	05/74
HAYWARD MANUFACTURING CO INC	2,14	04/74
HEALTH INDUSTRIES INC	3	01/74
HERITAGE QUILTS INC	13	05/74
HON INDUSTRIES INC	11,14	05/74
HOSPITAL AFFILIATES INC	8	05/74
HOWMET CORP	11	05/74
IC PRODUCTS CO	3,13,14	05/74
IDLE WILD FOODS INC	2,7,13	05/74
ILLINOIS CENTRAL GULF RAILROAD CO	3	05/74
IMC MAGNETICS CORP	13,14	05/74
INTERNATIONAL FLAVORS & FRAGRANCES INC	11,13	06/74
INTERNATIONAL HARVESTER CO	13,14	05/74
JASPER CORP	13	05/74
JERSEY CENTRAL POWER & LIGHT CO	3,10,11,13,14	05/74
KAISER RESOURCES LTD	NO ITEMS	04/74
KEENE CORP	11	05/74
LEAR PETROLEUM CORP	2,14	05/74
MANNING MARTHA CO	7	11/73
MANNING MARTHA CO	7	12/73
MANNING MARTHA CO	7	01/74
MANNING MARTHA CO	7	03/74
MARINE EXPLORATION CO INC	3,13	05/74
MARSHALL FIELD & CO	3,11,14	05/74
MCNEIL PACIFIC INVESTORS FUND 1972	3,14	05/74
MEDCO CENTERS INC	3,11	03/74
METEX CORP	3	05/74
MIDLAND ROSS CORP	10,14	05/74
MODULAR COMPUTER SYSTEMS INC	11	04/74
MOUNTAIN FUEL SUPPLY CO	13	05/74
MULTRONICS INC	13	05/74
MW INTERNATIONAL	13	04/74
NATIONAL AVIATION UNDERWRITERS INC	13,14	05/74
NATIONAL COMMUNITY BUILDERS	2,10,13	05/74
NBS FINANCIAL CORP	3	05/74
NORFOLK & CAROLINA TELEPHONE & TELEGRAPH	13,14	05/74
NUCOR CORP	11	05/74
OVERSEAS NATIONAL AIRWAYS INC	6,7	05/74
OWJ PHOTO CORP	2,11,14	05/74
PALOMAR FINANCIAL	10,14	05/74
PHARMACAPS INC	11	05/74
POTOMAC ELECTRIC POWER CO	3	05/74
PUNTA GORDA ISLES INC	7,11,13,14	05/74
PYRAMID COMMUNICATIONS INC	2,3,13,14	05/74
RECOGNITION EQUIPMENT INC	10,14	05/74
SAVANNAH ELECTRIC & POWER CO	11	06/74
SCIENCE MANAGEMENT CORP	3	05/74
SHELL PIPE LINE CORP	3	05/74
SILO INC	4,7,14	05/74
SINCLAIR VENEZUELAN OIL CO	13	05/74
SOUTHERN CALIFORNIA EDISON CO	3,7	05/74
STANDARD OF AMERICA FINANCIAL CORP	11,14	05/74
STATE INDUSTRIES	10,14	05/74

RECENT 8K FILINGS CONT.

SURVEYOR COMPANIES INC	7	05/74
TEXACO INC	3	05/74
THERMO ELECTRON CORP	7	03/74
TOTH ALUMINUM CORP	1,13	05/74
TOTH ALUMINUM CORP	13	05/74
TRANS PACIFIC FINANCIAL CORP	13	05/74
TRANSCANADA PIPELINES LTD	3,7,8	05/74
TSI INC	2,14	05/74
UNION FINANCIAL CORP	11	05/74
UNITED STATES BANKNOTE CORP	11	05/74
WESTERN EMPIRE FINANCIAL INC	3	05/74

AMENDMENTS TO REPORTS ON FORM 8-K

ALVARADO CATTLE FEEDERS	13,14	03/74
ANTARENNI INDUSTRIES INC	1,8	04/74
BBI INC	14	03/74
EMONS INDUSTRIES INC	2	02/74
MCNEIL PACIFIC INVESTORS FUND 1972	13	03/74
MICRON CORP	2	02/74
MONTCALM VINTNERS INC	7	04/74
PACIFIC ASBESTOS CORP	6,13,14	04/74
PATENT DEVELOPMENT CORP	12,13,14	03/74
RAMAPO FINANCIAL CORP	7	04/74
REAL ESTATE PARTNERS OF AMERICA	7	12/73
ROYAL CROWN COLA CO	13,14	02/74
SYSTEMS ENGINEERING LABORATORIES INC	9,10,14	02/74
TRAVEL EQUIPMENT CORP	14	03/74
UTAH INTERNATIONAL INC	14	02/74
BFL COMMUNICATIONS INC	7,13	10/73
INTERCONTINENTAL DIAMOND CORP	14	08/73
COUNTRY KITCHEN INTERNATIONAL INC	2,14	02/74
NEWELL COMPANIES INC	NO ITEMS	04/74
STORAGE TECHNOLOGY CORP	NO ITEMS	10/73
VTR INC	NO ITEMS	12/73
CONSOLIDATED EQUITIES CORP	13	02/74
DISCOVERY OIL LTD	7	11/73
TELETRONICS INTERNATIONAL INC	NO ITEMS	01/73
AMERICAN DIVERSIFIED INDUSTRIES CORP	NO ITEMS	04/74
DOME MINES LTD	NO ITEMS	04/74
DOWNEN ZIER KNITS INC	NO ITEMS	05/74
EAGLE CLOTHES INC	3	05/74
ENROC INDUSTRIES INC	7,14	03/74
GRAY MANUFACTURING CO	13,14	05/74
ILLINOIS BELL TELEPHONE CO	NO ITEMS	03/74
PIONEER SYSTEMS INC	14	12/73
ADVANCED PATENT TECHNOLOGY INC	13,14	04/74
CAMPBELL RED LAKE MINES LTD	11	04/74
CROWN CRAFTS INC	14	03/74
EMONS INDUSTRIES INC	14	08/73
MUNFORD INC	14	04/74
RETAIL CREDIT CO	3	03/74
EZ PAINTR CORP	NO ITEMS	04/74
MARITIME FRUIT CARRIERS CO LTD	2	04/74
SHIPPERS DISPATCH INC	NO ITEMS	03/74
UNITED STATES ENERGY CORP	14	01/74
MIDLAND ROSS CORP	3	04/74
SPECTEX INDUSTRIES INC	14	05/73
ELT INC	14	01/74
FLAVORLAND INDUSTRIES INC	2,7,14	03/74
REDCOR CORP	9,13	01/74
SSP INDUSTRIES	7	03/74
VAHLSING INC	2,3,6,7,8,10,14	04/74
APPLIED MAGNETICS CORP	7	04/74
CALIFORNIA LIFE CORP	14	05/74
CAROLINA BANCORP INC	14	01/74
COMPREHENSIVE COMMUNITIES CORP	14	03/74
GREAT WESTERN UNITED CORP	10	02/74

AMENDMENTS TO 8K FILINGS CONT.

NEW ENGLAND PATRIOTS FOOTBALL CLUB INC	11	04/74
SOUTHWESTERN PUBLIC SERVICE CO	13	05/74
TELEFILE COMPUTER PRODUCTS INC	13	04/74
AMERICAN RE INSURANCE CO	11	04/74
DOWNE COMMUNICATIONS INC	14	06/73
DOWNE COMMUNICATIONS INC	14	04/74
MOOG INC	4	03/74
UNITED STATES GYPSUM CO	8	12/73
USP REAL ESTATE INVESTMENT TRUST	NO ITEMS	01/74
VIKOA INC	2,6,10	05/74
DERAND REAL ESTATE INVESTMENT TRUST	14	12/73
GLOBETROTTER COMMUNICATIONS INC	14	08/73
REDLAKE CORP	13	03/74

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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