

sec news digest

a daily summary from the securities and exchange commission

Issue No. 73-67

(SEC Docket, Vol. 1, No. 10 - April 17)

April 6, 1973

SEC MOVES TO CLARIFY CORPORATE DIRECTORS' RESPONSIBILITIES

Chairman G. Bradford Cook said today that the Commission was developing a comprehensive position paper on the responsibilities of corporate directors that would bring greater clarity and certainty to the question of their liability under the Federal securities laws. Mr. Cook's speech focused mainly on outside directors who are not involved in the day-to-day management of the corporations but who are being held to increasing liability in the courts.

Speaking in Dallas, Texas this morning at a seminar sponsored by the Southern Methodist University School of Business Administration, Mr. Cook told a breakfast gathering of corporation executives that we are living in an era of litigation. He said that both executives and directors of corporations have become the targets of suits by shareholders and others.

The Chairman indicated that it is not surprising that many persons today are afraid to serve as directors of corporations because of the liability that accompanies the position. "I think it is unfortunate that there is confusion and concern of a magnitude that can deprive some companies of the talent, the expertise and the independent view that outside directors can bring," said Mr. Cook. "The Commission feels a sense of obligation to the courts, to public investors, to the securities bar and to those persons whose activities may place them within the structures of the Federal securities laws, to enunciate the broad standards these (Federal) Acts impose. I believe the players have a right to know what the rules of the game are."

Mr. Cook said that the position paper would be ready for public comment within the next four to six weeks.

After defining the several specialized types of directors serving on corporate boards today, Mr. Cook focused in on the crucial responsibilities which must be borne by them. He said, in part:

"First, directors are fiduciaries and have an affirmative responsibility to act fairly and honestly to seek to assume that their corporations do the same. They owe this responsibility not only to their own shareholders but to all public investors who buy, sell or hold their company's securities. Second, directors are under a continuing obligation actually to carry out any special duties for which they have volunteered or been designated." Mr. Cook went on to say that he felt that this responsibility was particularly important because the investing public might be given a misleading impression that a director is actively protecting their interests in some vital area, when in fact he might be hardly active at all.

Mr. Cook stated that outside directors could not avoid the imposition of liability simply by asserting that they were not made aware of necessary, relevant corporate information. He said, "Outside directors who choose to gamble by approving action without a sufficient basis for doing so may find the cost to be very high." Mr. Cook said, "Although directors cannot delegate their responsibility to direct, I do believe they should have access to reliable experts who can help them decipher some of the highly technical jargon contained in corporate releases and filings."

In concluding, Mr. Cook said that corporate directors have the responsibility to read and examine the annual reports disseminated to their shareholders. "These reports are the most basic communications between the corporation and the investing public. It is important that directors satisfy themselves that the document truly reflects the condition of the corporation and that the representations it contains are consistent with the facts. This is particularly true of the President's message, which should set a tone of forthrightness and credibility, and not gloss over real problems."

RULE PROPOSALS AND ADOPTIONS

AMENDMENT TO RULE 203-3 PROPOSED. The Commission is releasing for public comment a proposal to amend Rule 203-3 under the Investment Advisers Act of 1940. Presently, this rule requires that an applicant for registration as an investment adviser pay to the Commission a fee of \$150. It provides further that every registered investment adviser must pay a \$100 assessment annually to the Commission while its registration is effective. While the proposed amendment would not change the application fee or the annual assessment, it would require investment advisers who withdraw before June 30 of any year to pay one half the annual assessment, and investment advisers who withdraw after July 1 of any year would be required to pay the full assessment. In addition, it would impose a \$100 late filing fee on those investment advisers who failed to pay the assessment when and as required.

The Commission also warned all registered investment advisers that the fee schedule as presently in effect and any amendments to such schedule which may be adopted pursuant to this notice will be enforced fully. Each registrant has the responsibility of paying all fees and assessments as and when required whether or not he receives a reminder or notice from the Commission. Appropriate enforcement action will be taken for failure to pay such fees and assessments.

All interested persons are invited to submit their views and comments on this proposal in writing to Ronald F. Hunt, Secretary, Securities and Exchange Commission, Washington, D. C. 20549, on or before May 18, 1973. All such communications should refer to File No. S7-479 and will be available for public inspection. (Rel. IA-369)

PROPOSAL TO SET ANNUAL FEES FOR NONMEMBER (SECO) BROKER-DEALERS FOR FISCAL YEAR 1973. The SEC has announced a proposal to set fees for the fiscal year 1973 for registered broker-dealers who are not members of the National Association of Securities Dealers, Inc. ("non-member broker-dealers"). This year's assessment, to be set forth on SECO-4-73 will include a base fee of \$175 and a fee of \$10 for each associated person. The Commission proposes the foregoing amendments to be effective June 1, 1973. All interested persons may submit their comments to the Commission at its office in Washington, D. C. 20549 no later than April 20, 1973. All comments should refer to File No. S7-480. Copies of the proposed Form SECO-4 to be amended have been filed with the Office of the Federal Register, and additional copies are available on request from the Commission at the above address. (Rel. 34-10085)

DECISIONS IN ADMINISTRATIVE PROCEEDING

MICHAEL SNYDER SANCTIONED. The SEC has announced the issuance of an order suspending Michael Snyder, Dix Hills, N. Y., from association with any broker, dealer, investment company or investment adviser for 12 months, commencing April 6, 1973, and prohibiting him from being associated with a broker or dealer in a supervisory or proprietary capacity. The order further provided that any broker or dealer with which he may later become associated must be acceptable to the Commission and supply information as to the position he holds and the supervision over him.

According to the decision, respondent, while a registered representative with a broker-dealer, violated antifraud and bookkeeping provisions of the securities laws in that he, with other persons, established nominee accounts with various broker-dealers to purchase and sell for their own benefit shares in new issues of securities intended for distribution to the public.

The Commission's action was taken pursuant to an offer of settlement in which respondent, without admitting or denying the charges, consented to the findings and sanctions. (Rel. 34-10087)

WINSLOW, COHU & STETSON, TWO OFFICERS SANCTIONED. The SEC has revoked the broker-dealer registration of Winslow, CoHU & Stetson, of New York City, and suspended Samuel R. Winslow and William C. McKinney, who had been its president and vice president, from association with any broker or dealer for periods of 90 days and 180 days, respectively. Thereafter they may not be so associated in a supervisory capacity without the prior approval of the Commission. The suspensions are effective April 16, 1973.

The sanctions were based on findings that during 1968 and 1969 the firm violated the antifraud, credit and recordkeeping provisions under the Securities Exchange Act, and that Winslow and McKinney failed to exercise reasonable supervision with a view to preventing the violations by persons subject to their supervision. The action was based on offers of settlement submitted by the respondents in which, without admitting or denying the charges, they consented to the above findings and sanctions. (Rel. 34-10077)

COMMISSION ANNOUNCEMENTS

TRADING SUSPENDED IN ORECRRAFT SECURITIES. The SEC has ordered the temporary suspension of over-the-counter trading in the securities of Orecraft, Inc., of Woodland Hills, Calif., for a ten-day period commencing April 5 and continuing through April 14, 1973. The suspension was ordered because of the unavailability of adequate and accurate information concerning the company's operations and financial condition and because of questions raised concerning the increase in the market and activity of the company's securities. On April 28, 1972 Orecraft, Inc. filed a registration statement on Form 10 under Section 12(g) of the Securities Exchange Act of 1934. Since that date, however, Orecraft, Inc. has failed to file certain required reports with the Commission as required by the Exchange Act, and questions have arisen concerning the ownership of control of the company and facts surrounding certain acquisitions and transactions. (Rel. 34-10082)

TRADING SUSPENDED IN WORLD-WIDE INVESTING SECURITIES. The SEC has ordered a ten-day suspension of trading in the over-the-counter trading in the securities of World-Wide Realty and Investing Corp. with principal offices in Miami Beach, Fla., for the ten-day period beginning April 5 and terminating April 14, 1973. The suspension was ordered because of the unavailability of required financial and other information of World-Wide and its operations. The Commission's public files disclose that World-Wide is a reporting company under Section 12(g) of the Securities Exchange Act of 1934 and it has not filed annual reports on Form 10-K for the years ending April 30, 1971 and 1972 and several quarterly reports on Form 10-Q. (Rel. 34-10083)

FOREIGN RESTRICTED LIST. The SEC today announced that it has placed S. A. Valles & Co., Inc., a Philippine corporation on the Foreign Restricted List. Information has been received by members of the staff of the Commission that evidences of indebtedness and shares of common stock of S. A. Valles & Co., Inc., have been offered and sold to investors in the United States. No registration statement covering these securities has ever been filed with the Commission pursuant to the provisions of the Securities Act of 1933. Consequently the offer and sale of these securities to investors in the United States would appear to constitute violations of Section 5 of the Securities Act of 1933. (Rel. 33-5381)

SIEREGA & COMPANY'S BROKER-DEALER AND INVESTMENT ADVISER REGISTRATIONS REVOKED. Administrative Law Judge Ralph Hunter Tracy has filed an initial decision revoking the registration as a broker-dealer and as an investment adviser of Sierega & Company, Inc., Los Angeles, Calif., and barring Donald L. Sierega from association with any broker-dealer. In addition, Sierega Management & Research Company, Inc. is unconditionally, permanently prohibited from being an investment adviser of a registered investment company or an affiliated person of such investment adviser, and Donald L. Sierega is barred from association with any broker-dealer and is permanently prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or principal underwriter for a registered investment company or affiliated person of such investment adviser.

The Administrative Law Judge found that from August 1968 to May 1970, Sierega & Co., Sierega Management & Research Co. and Donald L. Sierega willfully violated the anti-fraud provisions of the Federal securities laws by causing Olympus Fund, an open-end nondiversified investment company, to engage in excessive trading, "churning" for the benefit of affiliated persons and contrary to its stated investment objectives.

The Administrative Law Judge also found that statements in Olympus Fund's prospectus concerning its investment policies were false and misleading and that certain of Fund's assets were improperly converted to the use and benefit of Donald L. Sierega, Sierega & Co. and Sierega Management & Research Co. The decision is subject to review by the Commission on its own motion or on petition of the parties.

COURT ENFORCEMENT ACTIONS

ALVIN DOLNICK AND GEORGE DIXON ENJOINED. The SEC Chicago Regional Office announced that on March 29 the Federal court in Chicago, Ill. permanently enjoined Alvin Dolnick of Skokie, Ill., and George Dixon of Reno, Nev., from violating the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of securities of Pig N'Whistle Corporation. (LR-5830)

COMPLAINT NAMES REAL-TEX ENTERPRISES. The SEC Fort Worth Regional Office announced the filing of a supplemental complaint in Federal District Court at Fort Worth, Tex. on April 3 seeking the appointment of a receiver for Real-Text Enterprises, Inc., Dallas, Tex. According to the complaint, Real-Text Enterprises, Inc. is currently insolvent in that it is unable to meet its debts as they mature. (LR-5832)

INVESTMENT COMPANY ACT RELEASES

MASSACHUSETTS CAPITAL DEVELOPMENT FUND. The SEC has issued an order on an application of Massachusetts Capital Development Fund, Inc., Massachusetts Financial Development Fund, Inc., Massachusetts Income Development Fund, Inc., Massachusetts Investors Growth Stock Fund, Inc., Massachusetts Investors Trust, Inc., Vance Sanders Common Stock Fund, Inc., Boston Fund, Inc., Vance, Sanders Special Fund, Inc., and Century Shares Trust (Funds), all diversified, open-end management investment companies, and Vance, Sanders & Company, Inc., principal underwriter pursuant to a special distributing agreement with each Fund, permitting the applicants to sell shares of the Funds at their respective net asset values, i.e., without sales loads, upon the exercise of reinvestment privileges granted by the Funds to shareholders of the Funds. (Rel. IC-7754)

THE CITIZENS AND SOUTHERN CAPITAL CORP. The SEC has issued a notice giving interested persons until May 1 to request a hearing on an application of The Citizens and Southern Capital Corporation, a closed-end investment company and a licensee under the Small Business Investment Act, The Citizens and Southern National Bank and Citizens and Southern Holding Company for an order exempting from certain provisions of the Act certain transactions incident to the proposed transfer of substantially all the assets of Citizens and Southern Capital Corporation to Citizens and Southern Holding Company in exchange for common stock of Citizens and Southern National Bank. (Rel. IC-7755)

E. F. HUTTON TAX EXEMPT FUND. The SEC has issued an order granting an application of E. F. Hutton Tax-Exempt Fund (All Existing and Subsequent National and State Series), Michigan Fund, Tax-Exempt Municipal Investment Trust (First and Subsequent Series), Pennsylvania Fund, Tax-Exempt Municipal Investment Trust (First and Subsequent Series), all unit investment trusts registered under the Act, permitting applicants to distribute capital gains more often than annually. (Rel. IC-7756)

HOLDING COMPANY ACT RELEASES

COLUMBIA GAS SYSTEM. The SEC has issued a notice giving interested persons until May 2 to request a hearing upon a proposal of The Columbia Gas System, Inc., Wilmington, Del. holding company, to issue and sell \$50,000,000 of debentures, due 1998, at competitive bidding. Net proceeds, together with the general funds of Columbia, will be used to finance, among other things, the 1973 capital expenditures program of Columbia's subsidiary companies (estimated at \$200,000,000). (Rel. 35-17925)

SECURITIES ACT REGISTRATIONS FILED

FIRST UNION, INCORPORATED. P. O. Box 7300, St. Louis, Mo. 63177 - 390,000 shares of common stock. It is proposed to offer these shares in exchange for the outstanding capital stock of four banks as follows: 15 shares for each share of The First National Bank of Independence; 4 shares for each share of Citizens Bank of Pacific; 4.1333 shares for each share of Chesterfield Bank; and 10 shares for each share of Bank of Kennett. First Union is a bank holding company which owns substantially all the capital stock of thirteen banks. (File 2-47454 - Mar 30)

4 B's RESTAURANTS, INC., P. O. Box 1527, Bud Lake Village, Missoula, Montana 59801 - 200,000 shares of Class A common stock, to be offered for sale (* at \$6 per share maximum) through underwriters headed by D. A. Davidson & Co. Inc., 16 Third Street North, Great Falls, Mont. The company operates 19 restaurants, all in Montana except for a cafeteria in North Dakota. Of the net proceeds, \$526,200 will be used to redeem the company's outstanding Series C, D and E debentures and the balance used for working capital and other corporate purposes. (File 2-47455 - Mar 30)

MAREMONT CORPORATION, 168 N. Michigan Ave., Chicago, Ill. 60601 - 62,017 shares of common stock, which may be offered for sale from time to time by certain shareholders at prices current at the time of sale (* at \$39 per share maximum). The company principally manufactures and distributes automotive replacement parts. (File 2-47457 - Mar 30)

AGRI-LINK 1973 FUND, (the Partnership), 2192 DuPont Dr., Irvine, Calif. 92664 - \$3 million of partnership units, to be offered for sale at \$1,000 per unit with a minimum subscription of five units by Linkletter Investment Corp. and selected dealers. The Partnership was organized to operate a number of phases of the commercial cattle production business. Agri-Link Corp., subsidiary of Linkletter Enterprises, Inc., is the general partner. (File 2-47458 - Mar 30)

WAINOCO 73 COMPANY, (the Partnership), 1435 Bank of the Southwest Building, Houston, Tex. 77002 - \$7 million of partnership interests, to be offered for sale in minimum amounts of \$10,000 by selected NASD dealers. The Partnership was formed to search and drill for oil and gas. Wainoco Oil Ltd. and Wainoco, Inc. are the general partners. (File 2-47459 - Mar 30)

THE BELL TELEPHONE COMPANY OF PENNSYLVANIA, One Parkway, Philadelphia, Pa. 19102 - \$50 million of notes, due 1980, to be offered for sale at competitive bidding. Net proceeds, together with other funds, will be applied to repayment of interim debt consisting of advances from AT&T, the parent company, and notes payable (bank loans and commercial paper), estimated at \$62,700,000 and \$134,000,000, respectively. Construction expenditures are estimated at \$376 million in 1973 and the same amount in 1974. (File 2-47461 - Mar 30)

WYOMING BANCORPORATION, 18th St. and Carey Ave., Cheyenne, Wyo. 82001 - 336,620 shares of common stock. It is proposed to offer these shares in exchange for the outstanding shares of capital stock of the following companies at the specified rates: 1.6 shares for each outstanding share of capital stock of First State Bank and First State Corporation (which owns 88% of The First National Bank of Meeteetse) and 40.625 shares for each share of Greeley Finance Company of Colorado. Bancorporation is a multi-bank holding company, which owns substantially all of the capital stock of ten banks. (File 2-47463 - Mar 30)

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:
 Union Carbide Corporation, New York, N. Y. (File 2-47462) - 150,000 shares
 Allegheny Airlines, Inc., Washington, D. C. (File 2-47466) - 550,000 shares
 General Electric Company, New York, N. Y. (File 2-47467) - 250,000 shares
 Celanese Corporation, New York, N. Y. (File 2-47472) - 230,000 shares

TRADING SUSPENSION CONTINUED IN PHOTON. The SEC has ordered the further suspension of over-the-counter trading in the securities of Photon, Inc. for the further ten-day period April 5-14, inclusive.

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of (a) over-the-counter trading in the securities of First Leisure Corporation and Pelorex Corporation for the further ten-day period April 6-15, inclusive, (b) exchange and over-the-counter trading in the securities of Equity Funding Corporation of America and over-the-counter trading in the securities of Clinton Oil Company and Industries International, Inc. for the further ten-day period April 7-16, inclusive, and (c) exchange and over-the-counter trading in the securities of Goodway, Inc. and over-the-counter trading in the securities of Asdan Corporation for the further ten-day period April 8-17, inclusive.

SECURITIES ACT REGISTRATIONS. Effective April 5: Chicago Board Options Exchange Clearing Corp., 2-47021; Chicago Pneumatic Tool Co., 2-43954; Franzia Brothers Winery, 2-47077; Inexco Oil Corp., 2-46230 (90 days); The Limited Stores, Inc., 2-46932; Province of Quebec, 2-47255; The Perkin-Elmer Corp., 2-47220; Mohawk Data Sciences Corp., 2-42090; Woods Petroleum Corp., 2-46836 (90 days).

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

*As estimated for purposes of computing the registration fee.

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