

# sec news digest

a daily summary from the securities and exchange commission

Issue 73-201  
(SEC Docket, Vol. 2, No. 18 - Oct. 30)

October 17, 1973

## CHAIRMAN GARRETT CALLS FOR IMPROVED ACCOUNTING STANDARDS

Chairman Ray Garrett, Jr., called for a reexamination and reevaluation of the function of financial disclosure and the role the independent account should perform. In speaking before the American Institute of Certified Public Accountants in Atlanta, Ga., yesterday, he said that these questions were not being raised because of any recent dramatic events, but because of changing facets in the securities markets.

In enumerating the many significant rules that have been adopted and proposed during recent months, Mr. Garrett urged the continuing support of the accounting profession in the common goal of protecting the public interest. He cited the historical policy of reliance on the private sector for solving financial measurement problems and indicated that the SEC would continue this policy. "At the same time," he pointed out, "it must be recognized that the Commission has the statutory responsibility as well as the statutory authority to assure that accounting principles do serve the needs of investors."

Chairman Garrett indicated that the Commission would issue a release in the near future outlining the SEC's policy with respect to the Financial Accounting Standards Board and the establishment of accounting principles.

Mr. Garrett indicated that the Commission was concerned that enforcement actions against accountants was not the best method for upgrading professional standards. "Accountants must," he said, "be financially responsible for professional work, but they should not be required to serve as insurers who guarantee the panoply of deficiencies that may arise in documents stimulating investor response to new or existing securities offerings." He called for professional leadership in improving accounting standards in three areas: in the use of financial statement data in summaries, texts of annual reports, prospectuses, press releases, and similar disclosure documents; in assuming responsibility for interim reports and in being willing to assume responsibility for the detection of management fraud in appropriate cases.

In concluding, Mr. Garrett said, "While the whole problem of professional liability, in my opinion needs reexamination and imaginative thinking, the establishment of clearer standards should provide protection as well as guidance."

## COMMISSION ANNOUNCEMENTS

SUITOMAT TRADING HALTED. Over-the-counter trading in the securities of Suitomat Corporation of Farmingdale, New York has been suspended for a ten-day period beginning October 16 and terminating at midnight on October 25, 1973.

The suspension was initiated at the request of Suitomat, which informed the Commission that a creditors committee for Suitomat intends to file for an Assignment for the Benefit of Creditors in the New York Supreme Court to sell all of the assets of the company. (Rel. 34-10442)

## COURT ENFORCEMENT ACTIONS

THEODORE KOSS, KOSS SECURITIES CORP. AND FOURTEEN OTHERS INDICTED. The New York Regional Office announced that on September 25 a federal grand jury in New York City returned an indictment charging the following persons with conspiracy, securities fraud, mail fraud and mailing false statements and submitting false documents to the United States Securities and Exchange Commission: Theodore Koss, Brooklyn, N.Y.; Koss Securities Corp., a registered broker-dealer, Brooklyn, N.Y.; Stephen Zardus, Fort Lauderdale, Fla; Robert Santis, Wellsley, Mass.; Herbert Schulman, Brooklyn, N.Y.; Steven Adlman, New York, N.Y.; Robert Koebert, Hewlett, L.I.; Stanley Schwartz, Brooklyn, N.Y.; Samuel Weisman, Bronx, N.Y.; Harold Lassoff, Jamaica, N.Y.; Martin Roth, Miami, Fla; Erwin Layne, Brooklyn, N.Y.; Irwin Hyman, Brooklyn, N.Y.; William McGee, Brooklyn, N.Y.; Stephen Hagler and Dan Anfang. The indictment which contained thirteen counts charges that from about November 1, 1970, the defendants and others engaged in a conspiracy to manipulate the stock of Automated Information Systems, Inc., traded in the over-the-counter market, from \$1 per share to approximately \$5.50 per share while selling such stock at the inflated prices. (LR-6105)

**HOLDING COMPANY ACT RELEASES**

WEST PENN POWER COMPANY. A notice has been issued giving interested persons until November 8 to request a hearing on a proposal of West Penn Power Company, Greensburg, Pa. subsidiary of Allegheny Power System Inc., to sell 100,000 shares of preferred stock at competitive bidding. (Rel. 35-18125)

OHIO EDISON COMPANY. A notice has been issued giving interested persons until November 12 to request a hearing on a proposal of Ohio Edison Company Akron holding company, to consummate the final steps involving the settlement of certain claims, in the purchase of certain utility assets from the City of Norwalk, Ohio. (Rel. 35-18126)

**INVESTMENT COMPANY ACT RELEASES**

INCOME TAX FREE REVENUE FUND, SERIES 1. A notice has been issued giving interested persons until November 12 to request a hearing on a proposal of the Commission to declare that Income Tax Free Revenue Fund, Series 1, a unit investment trust, has ceased to be an investment company. (Rel. IC-8036)

**SECURITIES ACT REGISTRATIONS FILED**

IDS/NUVEEN INCOME TRUST, SERIES 2, 209 South LaSalle St., Chicago, Ill. 60604 - \$18,900,000 of units. The Trust was created under an indenture between John Nuveen & Co. Incorporated, the sponsor, and American National Bank and Trust Company of Chicago, the trustee. The Trust consists of a diversified portfolio of long-term debt securities which were rated at the time of deposit within the four highest grades assigned by Moody's Investors Service, Inc., Standard & Poor's Corporation, Fitch Investors Service or were obligations of, or guaranteed by, the United States government or an agency or instrumentality thereof. (File 2-49092 - Sept. 20)

TOTAL PETROLEUM (NORTH AMERICA) LTD., 639 Fifth Avenue South West, Calgary, Alta, Canada T2P 0M9 - 2,500,000 shares of common stock. Of these shares, 2,287,601 are to be offered for sale by the company and 212,399 by certain shareholders. The offering is to be made through a group of dealers managers headed by Morgan Stanley & Co. Inc. The company is an integrated petroleum company. (File 2-49144 - Sept. 26)

ROBLIN INDUSTRIES, INC., 290 Main St., Buffalo, N.Y. 14202 - 9,930 units of debentures of a new class and common shares, the makeup of each unit to be determined later. It is proposed to offer these units in exchange for outstanding 6-1/2% convertible subordinated debentures, due 1984. W. E. Hutton & Co. and S. D. Lunt & Co., have agreed to manage a group of dealers who will solicit acceptances of the exchange offer. The company manufactures durable goods for the building, consumer and industrial markets. (File 2-49157 - Sept. 26)

BOSTON EDISON COMPANY, 800 Boylston St., Boston, Mass. 02199 - 1,000,000 shares of common stock, to be offered for sale through underwriters headed by Blyth Eastman Dillon & Co. Inc. (File 2-49162 - Sept. 27)

CBT CORPORATION, One Constitution Plaza, Hartford, Conn. 06115 - 67,500 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common stock of The Clinton National Bank at the rate of 1.5 CBT shares for each Clinton shares. CBT is a one-bank holding company. (File 2-49163 - Sept. 27)

ALZA CORPORATION, 950 Page Mill Rd., Palo Alto, Calif. 94304 - 207,998 shares of common stock. Of these shares, 199,998 may be offered for sale by Metrepharm S.A., a selling stockholder, and 8,000 were issued under the company's Restricted Stock Purchase Plan. The company engages in research and development relating to therapeutic systems. (File 2-49164 - Sept. 27)

SHALAKO ENTERPRISES, INCORPORATED, 895 East Green St., Pasadena, Cal. 91106 - 250,000 shares of common stock, to be offered for sale at \$10 per share. No underwriting is involved. Organized in January, through subsidiaries, the company has acquired real property and has invested in the production of a motion picture. (File 2-49165 - Sept. 27)

AIRWICK INDUSTRIES, INC., 111 Commerce Rd., Carlstadt, N.J. 07072 - 22,500 shares of common stock, which may be offered for sale from time to time at prices current at the time of sale by Spencer Trask & Co., the selling stockholder. (File 2-49166 - Sept. 27)

THE ZONDERVAN CORPORATION, 1415 Lake Dr., S. E., Grand Rapids, Mich. 49506 - 363,883 shares of common stock. Of these shares, 200,000 are to be offered for sale by the company and 163,883 by certain stockholders through underwriters headed by William Blair & Co., 135 South LaSalle St., Chicago, Ill. 60603. The company develops, publishes and markets materials used in communicating the evangelical Christian faith; operates 25 religious bookstores; and owns two AM-FM radio stations. (File 2-49167 - Sept. 27)

AMAX PROGRAMS, INC., wholly-owned subsidiary of Amax Financial Corporation, 1050 Northgate Dr., San Rafael, Cal. 94903 - \$15 million of Programs for the Acquisition of Mutual Fund Shares and Insurance. The Programs may be offered by Amax Securities Corp. and other mutual funds, broker-dealers which have agreements with the company. They will generally be made up of policies of insurance sold through the parent and through American Pacific Life Insurance Company of California, and mutual fund shares sold by qualified brokers. Amax Securities and American Pacific Life are also subsidiaries of Amax Financial Corp. (File 2-49168 - Sept. 27)

PRESIDIO OIL FUNDS, INC. (the general partner), 1901 Avenue of the Stars, Los Angeles, Cal. 90067 - \$1,500,000 of preformation partnership interests in 1973 Presidio Year-End Oil and Gas Exploration and Development Program, to be offered for sale at \$5,000 per interest through selected NASD members. The Partnerships are to be formed to drill for and produce oil and gas. (File 2-49169 - Sept. 27)

SECURITIES ACT REGISTRATION. Effective October 16: E. T. Barwick Industries, Inc. 2-48928; Bunker Hill Income Securities, Inc., 2-49580 (Jan. 14, 1974); Chrysler Corporation 2-49252; Dresser Industries, Inc., 2-49129; Lionel D. Edie Capital Fund, Inc. 2-49007, (Jan. 14, 1974); The Manitoba Hydro-Electric Board 2-49080; Southwest Leasing Corp., 2-48481.

#### RECENT FORM 8-K 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; and any newly enacted requirements effecting registrant's business.

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
ACE INDUSTRIES INC	3,13,14	09/73
ACOUSTICON SYSTEMS CORP	13,14	09/73
AMREP CORP	11,14	09/73
ARKANSAS LOUISIANA GAS CO	7	09/73
AVCO CORP	13	09/73
BRISTOL MYERS CO	3,8	09/73
CANADIAN OCCIDENTAL PETROLEUM LTD	13	09/73
CHEMICAL LEAMAN TANK LINES INC	13	09/73
CLARK EQUIPMENT CREDIT CORP	11,14	09/73
CONAGRA INC	4,7,8,14	09/73
DEWEY ELECTRONICS CORP	11,14	11/72
ECONOMY BOOKBINDING CORP	4,7,14	09/73
HALLAMORE HUMES INC	2,8	07/73
IMPERIAL CORP OF AMERICA	7,8	09/73
INTERSERVICE CORP	2,14	08/73
JUSTIN INDUSTRIES INC	7,14	06/73
LANDMARK BANKING CORP OF FLORIDA	13	09/73
MARINE MIDLAND BANKS INC	14	09/73
MARSHALL INDUSTRIES	14	09/73
NATIONAL APPAREL CORP	13	07/73
PENNSYLVANIA POWER CO	7	09/73

REIS ROBERT & CO	6	09/73
SAFEWAY STORES INC	3	09/73
SCANFORMS INC	13,14	08/73
SOUTHERN UNION GAS CO	7,14	09/73
UNITED STATES REDUCTION CO	3	09/73
VANSCHAACK & CO	3	09/73
WAYNES PHOTO FINISHING INC	11,14	08/73
WD FORTY CO	9,13	09/73
WORCESTER BANKURP INC	7,14	09/73
ADVANCED PATENT TECHNOLOGY INC	13,14	08/73
ALLIED TECHNOLOGY INC	3	11/72
AMERICAN BIOMEDICAL CORP	1,7,14	09/73
BOSTON CO INC	3,14	09/73
BURLINGTON NORTHERN INC	7,14	09/73
CLEAK CREEK CORP	6	09/73
CLEVELAND ELECTRIC ILLUMINATING CO	3,7	09/73
CLEVEPAK CORP	7,14	09/73
COLGATE PALMOLIVE CO	2,7,14	09/73
CONCHEMCO INC	10,14	07/73
CONSOLIDATED FREIGHTWAYS INC	10,14	09/73
CONTINENTAL MORTGAGE INVESTORS	11	06/73
CUTTER LABORATORIES INC	11	09/73
DAYTON POWER & LIGHT CO	13	09/73
DELCO CORP	3,14	09/73
DELTA AIR LINES INC	7,8,14	09/73
DOYLE DANE BERNBACH INC	13,14	09/73
ECOLOGICAL SCIENCE CORP	3,13	09/73
FILWAYS INC	13	09/73
FIRST AT ORLANDO CORP	13	09/73
FIRST S&L SHARES INC	8,13,14	08/73
FLEXIBLE CIRCUITS INC	3,7,14	09/73
FLINTKOTE CO	3,7	09/73
GELLIS S & CO INC	1,3,7,10,11,14	09/73
GENERAL FELT INDUSTRIES INC	10,14	09/73
GOLDEN STATE HEALTH CENTERS INC	2,14	09/73
GULDFIELD CORP	2,3,14	09/73
GULF STATES UTILITIES CO	13,14	09/73
HALLAMORE HUMES INC	2	08/73
HALLAMORE HUMES INC	2	09/73
HITTMAN CORP	12,14	09/73
HOLIDAY INNS INC	3	09/73
HYDRU SKI INTERNATIONAL CORP	3,12,14	08/73
IMOCO GATEWAY CORP	8,13	09/73
INLAND STEEL CO	3,14	09/73
IOWA SOUTHERN UTILITIES CO	7,14	09/73
JAMESBURY CORP	10,14	08/73
LEEUS SHOES INC	3,6,7,8,13,14	09/73
LENER STORES CORP	2,4,11,13,14	09/73
LIBERTY HUMES INC	7	09/73
MACKE CO	3	09/73
MADISON SQUARE GARDEN CORP	13,14	09/73
MAINE SUGAR INDUSTRIES INC	3,6	09/73
MANUFACTURERS NATIONAL CORP	13	09/73
MAPLE PLAIN CO INC	9,11,14	08/73
MARATHON OIL CO	3	09/73
MERCHANTS PETROLEUM CO	11,13,14	09/73
MICHIGAN BELL TELEPHONE CO	7	09/73
MIDWESTERN FINANCIAL CORP OF KANSAS INC	13,14	09/73
MISSISSIPPI RIVER TRANSMISSION CORP	3,14	09/73
MULYBDEVUM CORP OF AMERICA	13,14	09/73

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