

sec news digest

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November 28, 1973

RULE PROPOSALS AND ADOPTIONS

NEW RULE FOR DISCLOSURE OF INCOME TAX EXPENSE. The SEC today adopted a revision of Rule 3-16(o) of Regulation S-X which establishes new requirements for the disclosure of income tax expense. Three of the more important changes are as follows:

1. Disclosure of the amount of the estimated tax effects of each of the various types of timing differences which are greater than 15% of the deferred tax amount in the income statement.

2. A reconciliation between the amount of reported income tax expense and the amount computed by multiplying income before tax by the applicable statutory Federal income tax rate showing the amount of each of the underlying causes for the difference whenever such difference is significant as defined.

3. Disclosure of deferred tax reversals only in cases where the registrant expects that the cash outlay for income taxes with respect to any of the succeeding three years will substantially exceed income tax expense for such year.

An example of disclosure is attached to the release to assist registrants in complying with the new requirements.

Regular distribution of the above release is expected to begin through the SEC Docket mailing on about December 11, 1973. Persons desiring to receive the release before that time may by telegram or letter request same through the Commission's Public Reference Section, 500 North Capitol St., Washington, D.C. 20549 or through any of the Commission's Regional Offices. The Commission's normal charge for such service will be imposed. Telephone requests will not be honored. (ASR 149)

COMMISSION ANNOUNCEMENTS

SANITAS SERVICE SUSPENSION TERMINATED. The SEC has announced that the temporary suspension of over-the-counter and exchange trading in all securities of Sanitas Service Corporation (Sanitas), of Hartford, Conn., will terminate at midnight (EST) on December 2, 1973. The Commission initiated the trading suspension on September 24, 1973 in the securities of Sanitas because of the lack of adequate and accurate public information concerning the company.

On November 9, 1973 Sanitas mailed a letter to shareholders setting forth recent corporate information. The release contained financial statements of Sanitas which set forth comparative profit and loss and balance sheet information for fiscal 1972 and 1973 which show that Sanitas sustained a net loss for fiscal 1973 of \$1,292,611, in part due to the establishment of a \$1.9 million reserve, net of tax for expected losses arising from the sale of the assets of Sanitas' former Economy Linen Service Division. The net loss for fiscal 1972 was \$39,242. At this time, the company's independent public accountants cannot opine to the adequacy of the described reserve and, therefore, their opinion is subject to the ultimate determination of adequacy. The release further states that as of June 30, 1973, the company's current assets were \$24,114,000 and its current liabilities were \$16,732,000 and stockholders' equity was \$17,847,000 and consolidated tangible net worth was \$6,351,000. The release also states that an amendment to the existing Loan Agreement was executed on October 15, 1973 by the banks participating in Sanitas' \$15 million loan, which waives any default condition which may have existed through October 15, 1973, requires that company to maintain a certain ratio of consolidated senior indebtedness to consolidated tangible net worth plus subordinated indebtedness, limits the payment of dividends, and provides certain other financial limitations on the company.

On November 27, 1973 Sanitas issued a press release and a letter to shareholders containing, among other things: information on public sales of Sanitas' securities and other transfers of Sanitas' stock made other than in a public market by Sanitas' officers, directors and their relations during the period July 1, 1972 to September 19, 1973; a statement that the Commission is conducting an investigation concerning Sanitas' affairs; and a statement that Sanitas' officers and directors had undertaken not to effect any public sale or purchase of Sanitas' securities until March 6, 1974 unless released earlier from such obligation by the company.

The information stated above, which was released by the company, has not been passed upon by the Commission. (Rel. 34-10524)

TRADING SUSPENDED IN AFM HOLDING, INC., ACME MISSILES & CONSTRUCTION CORP., AND DUESENBERG CORP. Over-the-counter trading has been suspended for a ten-day period beginning on November 27 and terminating at midnight (EST) on December 6, 1973 in the securities of the following companies which have failed to file with the Commission the indicated reports: AFM Holding, Inc. of Allentown, Pa. (10-K Annual Report for 1972 and 10-Q Quarterly Reports for 1972 and 1973); Acme Missiles & Construction Corp. of Rockville Center, New York (10-K Annual Reports for 1971 and 1972 and 10-Q Quarterly Reports for 1971, 1972, and 1973); and Duesenberg Corp. of Los Angeles, Cal. (10-K Annual Report for 1972 and 10-Q Quarterly Report for 1973).

The Commission initiated the suspensions because the companies failed to comply with the reporting provisions of the Exchange Act resulting in the lack of current and accurate information available to the public. (Rel. 34-10522)

DECISION PERMANENTLY SUSPENDING REGULATION B EXEMPTION OF COOPERATIVE OIL INVESTMENT, INC. FINAL. The SEC has made final the decision of an administrative law judge permanently suspending the exemption of Cooperative Oil Investments, Inc. under Regulation B.

According to the decision, Cooperative Oil Investments, Inc., in connection with its offering of fractional undivided non-producing working interests in an oil and gas lease pursuant to the exemption, used certain sales literature in violation of the Commission's rules regulating the use of such material; that the material used contained untrue statements of material facts and omitted facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and that the offering was made in violation of the antifraud provisions of the securities laws. (Rel. 33-5440)

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES SVEA TRUST CO., S.A., FORMERLY SAR AND OTHERS. The SEC Fort Worth Regional Office announced that a complaint for injunction was filed in the U.S. District Court for the Southern District, Houston Division, seeking to enjoin SVEA Trust Company, S.A., formerly Societe Anonyme de Refinancement (SAR) and Northern Trust Company, S.A., Jean Keller, Herman William Brann, Michael L. Tedeschi and G. Lee Conway. The complaint charges the defendants with violations of the registration and antifraud provisions of the securities laws in the offer and sale of securities, namely, certificates of deposit and letters of credit issued by SAR and its successors. (LR-6156)

Y.W.C., INC., GEORGE IRVINE HALE ENJOINED. The SEC has announced that on November 20, 1973, the U.S. District Court Judge for the Southern District of Florida (Miami Division), issued an order permanently enjoining Y.W.C., Inc. (Y.W.C.) and George Irvine Hale (Hale), both of Miami, Florida, from violating the registration and antifraud provisions of the securities laws in the offer and sale of investment contracts and other securities of Y.W.C. The court ordered the removal of Hale from the control of Y.W.C., and appointed a receiver to take charge of Y.W.C.'s assets. An accounting of Hale's personal financial status was also ordered. The court retained the jurisdiction in order to entertain the Commission's motion for disgorgement by Hale. (LR-6157)

HOLDING COMPANY ACT RELEASES

THE POTOMAC EDISON COMPANY. An order has been issued authorizing The Potomac Edison Company, a registered holding company and an electric utility subsidiary company of Allegheny Power System, Inc., also a registered holding company, to issue and sell \$15,000,000 principal amount of first mortgage and collateral trust bonds at competitive bidding. (Rel. 35-18184)

COLUMBIA GAS SYSTEM, INC. An order has been issued upon a post-effective amendment of The Columbia Gas System, Inc., a registered holding company, and its subsidiaries, proposing that Columbia LNG issue and sell to Columbia Gas 174,000 shares of its common stock, \$25 par value, for \$4,350,000, and unsecured installment notes, aggregating up to \$9,800,000 principal amount. Columbia LNG will use the proceeds to finance its construction program, estimated at \$46,768,000 in 1973. (Rel. 35-18185)

MICHIGAN WISCONSIN PIPE LINE COMPANY. A notice has been issued giving interested persons until December 21, 1973, to request a hearing on a proposed post-effective amendment to Commission Order dated December 22, 1972 (35-17822), which would authorize Michigan Wisconsin Pipe Line Company, a pipeline subsidiary company of American Natural Gas Company, a registered holding company, to extend, to July 31, 1974, the maturity date of a \$20,000,000 line of credit from First National City Bank, New York, N.Y. (Rel. 35-18186)

MASSACHUSETTS ELECTRIC COMPANY. A notice has been issued giving interested persons until December 20, 1973, to request a hearing on an application-declaration filed by New England Electric System, a registered holding company, and its electric utility subsidiary company, Massachusetts Electric Company, regarding the proposed issue and sale of common stock by Mass Electric to New England. (Rel. 35-18188)

UTAH POWER & LIGHT COMPANY. A notice and order for hearing has been issued on a proposal by Utah Power and Light Company, a Salt Lake City electric utility and registered holding company, to acquire all the assets and liabilities of its sole subsidiary, Western Colorado Power Company. Interested persons have until January 3, 1974, to request to be heard in the proceeding or propose to intervene therein. (Rel. 35-18189)

SECURITIES ACT REGISTRATIONS FILED

(S-1) GRENELEFFE, P. O. Box 143, Cypress Gardens, Fla. 33880 - \$34,016,998 of condominium units with option rental pool arrangements, to be offered for sale at an average price of \$44,818 per unit. (File 2-49535 - Nov. 6)

(S-7) AMERICAN TELEPHONE AND TELEGRAPH COMPANY, 195 Broadway, New York, N.Y. 10007 - 10,000,000 shares of preferred stock (\$50 stated value), to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, Inc., One Liberty Plaza, New York, N.Y. (File 2-49537 - Nov. 7)

(S-7) SAN DIEGO GAS & ELECTRIC COMPANY, 101 Ash St., San Diego, Cal. 92101 - 2,000,000 shares of common stock, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, Inc., One Liberty Plaza, New York, N.Y. (File 2-49539 - Nov. 7)

(S-7) OMARK INDUSTRIES, INC., 2100 SE Milport Road, Portland, Or. 97222 - 300,000 shares of common stock, to be offered for sale by certain stockholders through underwriters headed by Smith, Barney & Co., Inc. The Company principally manufactures and markets cutting chain for chain saws, hydraulic loaders and cranes and industrial fastening systems, including construction tools and equipment, stud welding systems and precision fastening systems. (File 2-49546 - Nov. 7)

(S-1) MESA PETROLEUM COMPANY, Vaughn Building, 320 South Polk Street, Amarillo, Tex. 79105 - 2,327,800 shares of common stock at \$39 per share. Managing underwriters are Merrill Lynch, Pierce, Fenner & Smith, Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006 and Donaldson, Lufkin & Jenrette Securities Corporation, 140 Broadway, New York, N.Y. 10005. Of the 2,327,800 shares, 327,000 are being sold by the underwriters subsequent to the exercise of warrants purchased from certain selling security holders. The Company is primarily engaged in the exploration and development of oil and gas properties, in the operation of commercial cattle feedlots, and in the purchase, feeding and sale of cattle for its own account. (File 2-49557 - Nov. 9)

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:

Amrep Corporation, New York, N. Y. (File 2-49541) - 100,000 shares
 General Research Corporation, Santa Barbara, Cal. (File 2-49544) - 450,000 shares
 Tridair Industries, Redondo Beach, Cal. (File 2-49547) - 500,000 shares
 Flavorland Industries, Inc., Sioux City, Iowa (File 2-49548) - 50,000 shares
 Gino's Inc., King of Prussia, Pa. (File 2-49550) - 90,000 shares
 Eastmet Corporation, Colgate, Baltimore County, Md. (File 2-49556) - 132,034 shares

SECURITIES ACT REGISTRATIONS. Effective November 27: American Telephone and Telegraph Co., 2-49537; Arcata National Corp., 2-49326; Central Bancorporation, Inc., 2-49330; Colgate-Palmolive Company Employees Savings and Investment Plan, 2-49609; Florida Power Corp., 2-49491; Ilex Corp., 2-49016; Mercantile Bancorporation Inc., 2-49594; Mid-America Fidelity Corp., 2-48822; New England Power Company, 2-49454.

Effective November 28: ADR's for Union Corporation Limited, 2-49629.

MISCELLANEOUS

TRADING SUSPENSIONS. The SEC has announced the suspension of over-the-counter trading in the securities of Technical Resources Inc. for the further ten-day period November 28 to December 7, inclusive.

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
SANITAS SERVICE CORP	10,14	10/73
SANTA FE INTERNATIONAL CORP	7,13	10/73
SEA WORLD INC	9	10/73
SEATTLE FIRST CO	12,14	10/73
SECURITY CAPITAL CORP	1,2,8,9,12,13,14	10/73
SECURITY INVESTING CO LTD	3,14	10/73
SERVICEMASTER INDUSTRIES INC	13,14	10/73
SHUPWELL INC	3	10/73
SONDERLING BROADCASTING CORP	7,8,10,14	10/73
SOUTHERN CALIFORNIA EDISON CO	3,7	10/73
SOUTHLAND PAPER MILLS INC	7	10/73
STATE SAVINGS & LOAN ASSOCIATION	13,14	10/73
STEEL VALLEY INC	3,14	10/73
SUNAIR ELECTRONICS INC	2	10/73
SUNAMERICA CORP	13,14	10/73
SUPRADUK MANUFACTURING CORP	2,13,14	10/73
TALLEY INDUSTRIES INC	3,14	10/73
TCR SERVICE INC	13	10/73
TEXAS OIL & GAS CORP	7	10/73
TFI COMPANIES INC	4,7,13,14	10/73
TOMLINSON OIL CO INC	2,13	10/73
TRANSWESTERN LIFE INSURANCE CO	7	10/73
TULLY CORP OF VIRGINIA	4,7,14	10/73
UNITED GAS INC	8,11	10/73
UNIVERSAL FOODS CORP	7,13,14	10/73
UNIVERSAL GAS & OIL CO INC	2,14	10/73
VIRCO MANUFACTURING CORP	2,14	10/73
VSI CORP	11,14	10/73
WEIGHT WATCHERS INTERNATIONAL INC	3	10/73
WESTERN ELECTRIC CO INC	3	10/73
WESTRANS INDUSTRIES INC	2,14	10/73
WESTVACO CORP	10,14	08/73
WEYERHAEUSER CO	3,13	10/73
ZENITH RADIO CORP	13	10/73

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Copies of registration statements may be ordered from the Commission's Public Reference Section. All other referenced material is available in the issue of the SEC Docket indicated in parentheses below the News Digest Issue No. Both the News Digest (\$33.00 a year, first class mail, \$8.25 additional for foreign mailing, \$25.00 additional for air mail) and the SEC Docket (\$17.00 a year, first class mail, \$4.25 additional for foreign mailing) are for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.