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JAN 28 1974

sec news digest

a daily summary from the securities and exchange commission

Issue 74-18

(SEC Docket, Vol. 3, No. 12 - Feb 5)

January 25, 1974

COMMISSIONER SOMMER OUTLINES THE RESPONSIBILITIES OF THE SECURITIES LAWYER

Speaking before the Banking Corporation and Business Law Section of the New York State Bar Association, Commissioner A. A. Sommer, Jr. discussed the emerging responsibilities of the securities lawyer. After noting some of the recent events impacting on lawyers, Commissioner Sommer stated "I would suggest that the security bar's conception of its role too sharply contrasts with the reality of its role in the securities process to escape notice and attention -- and in such situations the reality eventually prevails. Lawyers are not paid in the amounts they are to put the representations of their clients in good English, or give opinions which assume a pure state of facts upon which any third year law student could confidently express an opinion."

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"I would suggest that in securities matters (other than those where advocacy is clearly proper) the attorney will have to function in a manner more akin to that of the auditor than to that of the advocate. This means several things. It means he will have to exercise a measure of independence that is perhaps uncomfortable if he is also the close counselor of management in other matters, often including business decisions. It means he will have to be acutely cognizant of his responsibility to the public who engage in securities transactions that would never have come about were it not for his professional presence. It means he will have to adopt the healthy skepticism toward the representations of management which a good auditor must adopt. It means he will have to do the same thing the auditor does when confronted with an intransigent client -- resign."

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"I would suggest that the bar will make a serious error if it seeks to defend itself against the emerging trends by reliance upon old shibboleths and axioms. Society will not stand for it, any more than it will stand for the accounting profession saying that all it does is determine whether financial statements are prepared in accordance with generally accepted accounting principals and that it has no professional concern with their overall fairness or the adequacy of their portrayal of economic reality. Everyone has been shocked by the massive betrayal of public investors in recent years and inevitably the focus is upon the people and the process through which these debacles came about. This spotlight will, I predict, increasingly focus upon the role of attorney who is invariably a keeper of the stop and go signal."

Commissioner Sommer also cautioned that the Commission and its staff have a responsibility in this area: "The Commission and its staff must be extremely cautious when it is confronted with a seeming involvement of counsel in securities misconduct. It is too easy, too tempting to believe that an attorney always has knowledge or awareness sufficient to rouse inquiry into the misshapen schemes of his client. It is too facile to conclude that the presence of counsel is a necessary ingredient of every witches' brew. It is too easy to confuse vigorous, even commendable, representation of a client with countenancing misconduct. Before the Commission files a complaint, institutes a Rule 2(e) proceeding or makes a criminal reference, it must be as certain as it can be that it is not confusing counsel diligence for counsel coverup, that it does not demand a standard of conduct beyond that which can reasonably be expected of professionals."

In conclusion, Commissioner Sommer noted: "I would urge that as lawyers we not be hesitant in representing our clients, but let us not be hesitant, either, in protecting those who rely, sometimes rather blindly, upon the protections of professional judgment. Corporation law lawyers are paid well, ultimately by society, for doing a professional job and assuming professional responsibility. Let us not, I urge, appear to society fearful and hesitant as we adapt to the emerging responsibilities of this age where consumer is king."

DECISIONS IN ADMINISTRATIVE PROCEEDING

LEON KAPLAN SUSPENDED. An order has been issued suspending Leon Kaplan, of Bayonne, New Jersey, who was president of a formerly registered broker-dealer, from association with any broker or dealer for five business days to begin January 19, 1974. The sanction was based on findings that from June 1969 to February 1970 Kaplan aided and abetted violations of the registration provisions of the securities laws in the offer, sale and delivery of common stock of Imperial Investment Corporation.

The Commission's order was issued pursuant to an offer of settlement in which Kaplan, without admitting or denying the charges against him, consented to the above findings and sanction. (Rel. 34-10605)

COMMISSION ANNOUNCEMENTS

OPTIONS HEARINGS ANNOUNCED. The Commission has announced that William E. Toomey, Special Counsel, Office of the Chief Counsel, Division of Corporation Finance, will be the hearing officer at the public hearings on its Study of Multiple Exchange Trading and Option Trading in General, which were announced in Securities Exchange Act Release 10490. The hearings will begin on January 29 in Room 776 at the Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. Unless otherwise noted, the hearings will begin at 10 a.m. on each day.

The witnesses scheduled for the first week of hearings are:

Tues., Jan. 29 - Representatives of the Chicago Board Options Exchange.

Wed., Jan. 30 - Representatives of the American Stock Exchange.

Fri., Feb. 1 - Representatives of the PBW Stock Exchange, Inc.; and Mark Golden, Asst. Professor, Bowling Green Univ.

Copies of all statements submitted by witnesses and other interested persons prior to the hearings will be available for inspection at the Commission's headquarters in the Public Reference Room, 1100 L Street, N.W., Washington, D.C., and at the Commission's Regional Offices in Atlanta, Boston, Chicago, Denver, Fort Worth, Los Angeles, New York, and Seattle.

TRADING SUSPENDED IN SECURITIES OF THREE COMPANIES. The SEC has announced the suspension of over-the-counter trading for a ten-day period beginning on January 24 and terminating at midnight (EST) on February 2, 1974 in the securities of the following companies: Drew National Leasing Corporation of New York, N. Y.; Land & Leisure, Inc., of Miami, Florida; and National Computer Services Corp., of Englewood Cliffs, New Jersey.

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. 34-10615)

TRADING BAN IN BOTAR CORP. TO TERMINATE. The SEC has announced that the suspension of over-the-counter trading in the securities of Botar Corporation of Coconut Grove, Florida, will terminate at midnight (EDT) January 27, 1974.

The Commission initiated the suspension on January 8, 1974 because of questions about whether Botar had ever owned a 6,085 acre tract of land in Missouri, which it valued at \$1,217,000, and which it listed as its principal asset. In January 1973, Botar acquired the assets of Sircor Scientific Inc. of Roslyn, New York, whose securities were registered with the Commission. Since that time, Botar has been and continues to be delinquent in filing the required reports with the Commission. (Rel. 34-10614)

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES STRATHMORE DISTILLERY CO. LTD., JOHN B. R. TURNER. The SEC has announced the filing of a complaint in the Federal District Court in Washington, D.C. against Strathmore Distillery Co. Ltd. and John B. R. Turner of Glasgow, Scotland. The complaint alleges violations of the securities registration, broker-dealer registration and antifraud provisions of the securities laws in the offer and sale of securities involving interests in Scotch whisky. The defendants are alleged to have engaged in a nationwide campaign by mail to sell whisky interests at prices which in some cases were 100 percent above the prevailing trade prices. The complaint further alleges that in the

sales of these interests the defendants made untrue statements of material facts including statements that investors would obtain profits of 20% per year, that over-production of Scotch whisky is not an investment risk, and that there are no qualitative differences between Scotch grain whiskies. Also it was alleged that the defendants did not disclose the risks of market fluctuations, the amount of the sales retained by the defendants, the source of market price quotations and the actual market price for the Scotch whisky being sold. (LR-6217)

COMPLAINT NAMES TIPCO, INC., OTHERS. The Fort Worth Regional Office announced the filing of a complaint on January 18 in Federal District Court at Dallas against Tipco, Inc., Olympic Petroleum Corporation, Sawood Petroleum Corporation, William R. Cook, John D. Wilson, Charles Stafford Jackson, Clifford W. Russell, Sanford Dvorin, all of Dallas, Texas, Robert W. Wessel, Mesquite, Texas and Emilie Z. Gilutin, also known as Dan Grivas, Lake Dallas, Texas, charging violations of registration and antifraud provisions of the securities laws. Olympic Energy Corporation of Dallas was charged with violations of the registration provisions. The complaint requested the appointment of a receiver for Tipco, Olympic Petroleum and Tipco Management Corporation of Dallas, claiming that each is insolvent. (LR-6216)

HOLDING COMPANY ACT RELEASES

UTAH POWER & LIGHT COMPANY. An order has been issued releasing jurisdiction over certain obligations to be incurred by Utah Power & Light Company, an electric utility holding company, in connection with transactions previously authorized by the SEC. (Rel. 35-18263)

MISSISSIPPI POWER & LIGHT COMPANY. A notice has been issued giving interested persons until February 19 to request a hearing on a proposal of Mississippi Power & Light Company, subsidiary of Middle South Utilities, Inc., to increase the aggregate amount of short-term promissory notes (including commercial paper) which may be outstanding at any one time from \$32 million to \$38 million. (Rel. 35-18261)

ALABAMA POWER COMPANY. A notice has been issued giving interested persons until February 19 to request a hearing on a proposal of Alabama Power Company (APCO), subsidiary of The Southern Company, and Southern Electric Generating Company (SEGCO), subsidiary of APCO and Georgia Power Company, whereby APCO and SEGCO will jointly operate and maintain their combined facilities near Wilsonville, Alabama. The joint agreement calls, in part, for APCO to serve as SEGCO's agent in operating the facilities, procuring supplies and providing a common work force. (Rel. 35-18262)

SECURITIES ACT REGISTRATIONS FILED

(S-14) TASSAWAY, INC., 8383 Wilshire Blvd., Los Angeles, Cal. 90211 - 5 million shares (maximum) of common stock. These shares are to be issued to ARD Holding, S.A., a Luxembourg corporation (ARD) upon the acquisition by Tassaway of certain assets of ARD. The exchange ratio will be determined later. ARD will then distribute the shares to its stockholders in liquidation. Tassaway is a distributor of feminine hygiene products. ARD owns and operates natural gas production and transmission facilities. (File 2-49927 - Dec. 21)

(S-1) THE SCOTCH INVESTORS, LTD., 5275 Hollister Ave., Suite 3-G, Santa Barbara, Cal. 93111 - \$2 million of Scotch whisky warehouse receipts for Scotch whisky in government bond in the United Kingdom for sale in units of any amount in excess of \$2,000. The company is engaged in the business of selling investments in Scotch whisky warehouse receipts. (File 2-50042 - Jan. 11)

(S-7) COLUMBUS AND SOUTHERN OHIO ELECTRIC COMPANY, 215 North Front St., Columbus, Ohio 43215 - 200,000 cumulative preferred shares, to be offered for sale through underwriters headed by Dillon, Read & Co. Inc., 46 William St., New York, N. Y. 10005 and The Ohio Company, 51 North High St., Columbus, Ohio 43215. The company is a public utility engaged in the generation, transmission and sale of electric energy. (File 2-50081 - Jan. 23)

(S-7) TEXAS OIL & GAS CORP., (TXO), 2700 Fidelity Union Tower, Dallas, Tex. 75201 - \$35 million of first mortgage bonds, Series E, due 1994, to be offered for sale through underwriters headed by Kuhn, Loeb & Co. and The First Boston Corporation. TXO gathers processes, transports and sells natural gas. (File 2-50082 - Jan. 23)

(S-14) THE SAFETY FUND CORPORATION, 470 Main St., Fitchburg, Mass. 01420 - 131,500 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common stock of First Safety Fund National Bank, Fitchburg, Mass., on a share for share basis. Safety Fund Corporation was organized to become a bank holding company having control of one bank. (File 2-50084 - Jan. 23)

SECURITIES ACT REGISTRATIONS. Effective January 24: Commerical Credit Company, 2-50037; Daylin, Inc., 2-49857; MGIC Mortgage Corporation, 2-50015; The Rank Organisation Limited, 2-50064; Standard Microsystems Corporation, 2-49381.

Effective January 25: Affiliated Publications, Inc., 2-49691.

MISCELLANEOUS

TRADING SUSPENSIONS. The SEC has announced the suspension of (a) exchange and over-the-counter trading in the securities of Stratton Group Ltd., and over-the-counter trading in the securities of Home-Stake Production Co. and Continental Vending Machines Inc. for the further ten-day period January 25-February 3, inclusive; (b) over-the-counter trading in the securities of Seaboard Corp. for the further ten-day period January 26-February 4, inclusive; (c) over-the-counter trading in the securities of Seaboard American Corp. and Technical Resources Inc. for the further ten-day period January 27-February 5, inclusive; and (d) exchange and over-the-counter trading in the securities of Canadian Javelin, Ltd., and over-the-counter trading in the securities of Royal Properties, Inc. for the further ten-day period January 28-February 6, inclusive.