

SEP 29 1976

sec news digest

Issue 76-188
(SEC Docket, Vol. 10, No. 11 - October 12)

September 27, 1976

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

ORDER INSTITUTING PROCEEDINGS, FINDINGS, OPINION AND ORDER ISSUED WITH RESPECT TO THE CHASE MANHATTAN CORPORATION

The Commission has announced the institution of proceedings pursuant to Section 15(c)(4) of the Securities Exchange Act of 1934 (Exchange Act) with respect to The Chase Manhattan Corporation (CMC), One Chase Manhattan Plaza, New York, New York, the holding company for The Chase Manhattan Bank, N.A. (Chase Bank). The Commission simultaneously announced the settlement of these proceedings and the issuance of an Order Instituting Proceedings and Findings, Opinion and Order of the Commission (Order). The Order issued by the Commission: (1) sets forth detailed facts relating to the overvaluation of Chase Bank's trading account securities for the three and six month periods ending March 31, 1974 and June 30, 1974, respectively; (2) makes findings relating to the overvaluations, deficient financial reports and inadequate procedures at the Bank; (3) sets forth circumstances requested by CMC to be considered by the Commission; and (4) directs CMC to (a) amend its financial reports; and (b) comply with certain revised accounting and valuation procedures.

The Order describes, among other things, how the overvaluations occurred and the effect of these overvaluations on CMC's quarterly financial reports for the first and second quarters of 1974. Specifically, the Order notes, among other things, that the overvaluations caused an overstatement in CMC's net income of approximately \$6,630,000 or 18% for the first quarter of 1974 and approximately \$12,435,000 or 17% for the second quarter of 1974.

The Commission's Order was issued pursuant to an Offer of Settlement in which CMC, without admitting or denying any of the findings, consented to the findings and Order of the Commission. (Rel. 34-12814)

COMMISSION ANNOUNCEMENTS

COMMISSION GIVES PRELIMINARY VIEW ON NASD DUAL MARKET MAKING PROPOSAL

The Commission has advised the NASD that, in principle, an options program along the lines discussed in the NASD's analysis, submitted to the Commission in a May 14 memorandum, would be consistent with the Securities Exchange Act of 1934 and that, in an environment of vigorous competitive market making, it would be appropriate to permit market makers, if they choose, to make markets in both options and the underlying securities. In that connection, the Commission's Division of Market Regulation and Directorate of Economic and Policy Planning are developing a program to analyze various aspects of the functioning of a dual market making system and are formulating procedures for the surveillance of that system.

COURT ENFORCEMENT ACTIONS

FRANK S. ARKO, WILLIAM M. MITCHELL ENJOINED

The Seattle Regional Office announced that on August 20 U.S. District Court Judge Donald J. Voorhees in Seattle entered an order of permanent injunction against Frank S. Arko and William M. Mitchell both of Bellevue, Washington, enjoining them from violations of the antifraud provisions of the securities laws. The defendants consented to the entry of the order without admitting or denying the allegations of the Commission's complaint which was filed on August 20, 1975.

Arko, who does business as the International Frank Arko Report-The International Investor, was further ordered to disclose to any person who was his client between November 1, 1975 and August 20, 1976 the substance of the decree as well as a schedule reflecting

his transactions in the stock of Q. C. Explorations, Ltd., Lion Mines, Ltd., (both Canadian corporations), and Galaxy Oil Company, a Texas corporation including the dates of each purchase or sale, number of shares purchased or sold, and price involved in each transaction. (SEC v. Frank S. Arko, et al., W.D. Wash. Civil Action No. C-76-581V). (LR-7579)

COMPLAINT NAMES NATIONAL PACIFIC CORP., OTHERS

The SEC announced that on September 24 it filed a complaint for injunction, receiver and other relief against National Pacific Corp., National American Life Insurance Co. (NALICO), Joseph Hauser, John Boden, Melvin Wyman, and four other defendants in connection with their takeover of NALICO on June 15, 1976. The complaint charges violations of the antifraud and other provisions of the securities laws and asks for the appointment of a receiver over NALICO. The complaint charges that the defendants filed false documents with the Commission and other governmental agencies and misappropriated approximately \$1.5 million of NALICO's assets. (SEC v. National Pacific Corp., et al., C.A. No. 76-1784, D.D.C.). (LR-7581)

INVESTMENT COMPANY ACT RELEASES

BRAE COMPANY

An order has been issued on an application of Brae Company, a Delaware limited partnership, exempting Brae, subject to certain conditions, from all provisions of the Act, and the Rules and Regulations promulgated thereunder. (Rel. IC-9457 - Sept. 24)

AMERICAN INCOME TRUST

An order has been issued on an application of American Income Trust, Series 1 (and Subsequent Series), unit investment trusts, and its sponsor, B. C. Ziegler and Company, exempting the trusts from the initial net worth requirements of Section 14(a), from the limitations on the distribution of capital gains contained in Rule 19b-1, and exempting the secondary market operations of the sponsor from the pricing requirements of Rule 22c-1. (Rel. IC-9458 - Sept. 24)

HOLDING COMPANY ACT RELEASES

EASTERN UTILITIES ASSOCIATES

A supplemental notice has been issued correcting a statement of the consideration to be paid for the transfer of certain securities between subsidiaries of Eastern Utilities Associates, a registered holding company. (Rel. 35-19689 - Sept. 24)

LOUISIANA POWER AND LIGHT COMPANY

A notice has been issued giving interested persons until October 21 to request a hearing on a proposal of Louisiana Power & Light Company, subsidiary of Middle South Utilities, Inc., whereby Louisiana will operate and possibly subsequently acquire the electric utility facilities of the City of Thibodaux, Louisiana. (Rel. 35-19690 - Sept. 24)

NORTHEAST UTILITIES

A notice has been issued giving interested persons until October 21 to request a hearing on a proposal of Northeast Nuclear Energy Company, subsidiary of Northeast Utilities, to increase the amount of short-term bank borrowings by \$7,000,000 to an aggregate of \$29,500,000 outstanding at any one time for the purpose of financing its nuclear fuel requirements. Jurisdiction will again be reserved over the proposal to increase NNEC's overall rate of return on total capitalization to in excess of 10% per annum. (Rel. 35-19691 - Sept. 24)

ARKANSAS POWER & LIGHT COMPANY

A notice has been issued giving interested persons until October 21 to request a hearing on a proposal of Arkansas Power & Light Company, subsidiary of Middle South Utilities, Inc., to issue and sell through September 30, 1978, up to \$110 million of short-term promissory notes outstanding at any one time to a group of banks and/or a dealer in commercial paper. (Rel. 35-19692 - Sept. 24)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF FILING OF APPLICATION FOR REGISTRATION AS A CLEARING AGENCY

The Commission announced that National Bank of North America filed with the Commission an application for registration as a clearing agency pursuant to subsection (c)(1) of Section 240.17Ab2-1 under the Securities Exchange Act of 1934. (Rel. 34-12825)

SECURITIES ACT REGISTRATIONS

(S-16) THE BLACK AND DECKER MANUFACTURING COMPANY

701 East Joppa Rd., Towson, Md. 21204 - 143,000 shares of common stock, which may be offered for sale from time to time by the selling stockholders at prices current at the time of sale. The company is a power tool manufacturer. (File 2-57239 - Sept. 22)

(S-5) THE LOWRY FUND, INCORPORATED

100 Charles River Plaza, Boston, Mass. 02114 - 10,000 shares of common stock, to be offered for sale at \$50 per share through its principal underwriter, Lowry Financial Services Corporation, 350 Royal Palm Way, Palm Beach, Fla. 33480. The Fund has also filed a notification of registration and a registration statement under the Investment Company Act of 1940 and intends to engage in the business of an open-end, non-diversified, management investment company which will invest primarily in the shares of other registered investment companies. (File 2-57241 - Sept. 22)

(S-5) EQUITY EXCHANGE FUND

1500 Walnut St., Philadelphia, Pa. 19102 - 1,200,000 units of limited partnership interest (shares) to be offered for sale at \$21.24 per share in exchange for appreciated equity securities acceptable to the Fund, through soliciting dealers headed by Butcher & Singer as dealer-manager. The Fund is a diversified open-end investment company seeking long-term growth of capital and income. (File 2-57146 - Sept. 8)

(S-1) WAINOCO 76B COMPANY

Suite 600, 1100 Milan Bldg., Houston, Tex. 77002 - \$3,500,000 in limited partnership interests, consisting of 350 units of \$10,000 each. The minimum subscription is \$10,000; additional interests in one-half units of \$5,000 may be purchased; and purchasers may be requested to make additional contributions not to exceed 10% of their initial subscription. No underwriting discounts will be paid, but the offering will be made by NASD member firms. The partnership will be formed to search and drill for oil and gas. Wainoco, Inc. is the general partner. (File 2-57161 - Sept. 10)

(S-7) ORANGE AND ROCKLAND UTILITIES, INC.

75 West Route 59, Spring Valley, N.Y. 10977 - 750,000 shares of common stock, to be sold pursuant to the company's Dividend Reinvestment and Stock Purchase Plan. The company is an operating public utility providing electric and gas service. (File 2-57162-Sept. 10)

(S-7) THE CINCINNATI GAS & ELECTRIC COMPANY

139 East Fourth St., Cincinnati, Ohio 45201 - \$75 million of first mortgage bonds, due 2006, to be offered for sale through underwriters headed by Morgan Stanley & Co. Inc., 1251 Avenue of the Americas, New York, N.Y. 10020, and E. F. Hutton & Company, Inc., One Battery Park Plaza, New York, N.Y. 10004. The company is an operating public utility company providing electric and gas service. (File 2-57243 - Sept. 23)

RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events:

- | | |
|--|--|
| <i>Item 1. Changes in Control of Registrant</i> | <i>Item 9. Options to Purchase Securities</i> |
| <i>Item 2. Acquisition or Disposition of Assets</i> | <i>Item 10. Extraordinary items, other material charges and credits and capital restatements</i> |
| <i>Item 3. Legal Proceedings</i> | <i>Item 11. Submission of Matters to a Vote of Security Holders</i> |
| <i>Item 4. Changes in Securities</i> | <i>Item 12. Changes in Registrant's Certifying Accountant</i> |
| <i>Item 5. Changes in Security for Registered Securities</i> | <i>Item 13. Other Materially Important Events</i> |
| <i>Item 6. Defaults upon Senior Securities</i> | <i>Item 14. Financial Statements and Exhibits</i> |
| <i>Item 7. Increase in Amount of Securities Outstanding</i> | |
| <i>Item 8. Decrease in Amount of Securities Outstanding</i> | |

The companies listed below have filed 8-K reports for the month indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An invoice will be included with the requested material when mailed.

COMPANY	ITEM NO.	MONTH
AUTOMATED PROCESSES INC	13,14	08/76
BRADEN INDUSTRIES INC	3,7	08/76
CLASSIFIED FINANCIAL CORP	4,14	07/76
CONTINENTAL HERITAGE CORP	3	04/76
ENVIROTECH CORP	3	08/76
HOFFMAN INDUSTRIES INC	3	08/76
HOLOGRAPH CORP	1,2,3,4	08/76
NELSON THOMAS INC	7	08/76
ON GUARD CORP OF AMERICA	11,13	09/76
VELVET O'DONNELL CORP	2,13,14	08/76
VIKING GENERAL CORP	3,7,8,14	08/76
AMENDMENTS TO REPORTS ON FORM 8-K		
AMCOMP INC	9	08/76
AMINEX RESOURCES CORP	13	08/76
NAUM BROTHERS INC	2,14	06/76
NEW HAMPSHIRE BALL BEARINGS INC	7	08/76
ROUSE CO	13	07/76
SEAGO GROUP INC	8	08/76
TAYLOR REALTY ENTERPRISES INC	13	07/76
WINSTON NETWORK INC	14	10/76

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.

SEC NEWS DIGEST is published daily. Subscription rates: \$64.45/yr in U.S. first class mail; \$80.60 elsewhere.

SEC DOCKET is published weekly. Subscription rates: \$43.70/yr in U.S. first class mail, \$54.65 elsewhere. The News Digest and the Docket are for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.