

sec news digest

Issue 75-133
SEC Docket, Vol. 7, No. 7 - July 22)

JUL 11 1975

July 10, 1975

RULES AND RELATED MATTERS

LIBRARY

AMENDMENT TO RULE 310 RELATING TO THE FURNISHING OF ASSURANCE THAT STATE SECURITIES ADMINISTRATORS HAVE BEEN NOTIFIED OF AN OFFERING PURSUANT TO REGULATION B UNDER THE SECURITIES ACT OF 1933

The Commission today published for comment a proposed amendment to Rule 310 under Regulation B under the Securities Act of 1933 which would require the furnishing of satisfactory assurance to the Commission that the relevant state securities administrators have been notified of a proposed offering pursuant to Regulation B. Unless such assurance is received, the offering sheet would not become effective. The Commission believes that the notification of the state securities administrators would facilitate the effective administration of the securities laws of the states, to the ultimate benefit of investors and the public interest.

All interested persons are invited to submit their views and comments on the proposed amendment to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549 on or before August 20, 1975. Such communications should refer to File No. S7-571. (Rel. 33-5595)

ADOPTION OF REVISION OF RULE 4-02 OF REGULATION S-X

The Commission today adopted a revision of Rule 4-02(e) of Regulation S-X concerning separate financial statement requirements for consolidated subsidiaries engaged in financial activities such as banking or insurance. The rule changes the definition of banking as a line of business for which separate statements are required. It requires separate statements of nonbanking subsidiaries of bank holding companies when such subsidiaries represent a significant percentage of the holding company assets. The test under which financial statements of a significant consolidated subsidiary can be omitted has been revised to provide for asset, revenue and income criteria with provision for averaging income. (Rel. 33-5596)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

MY-TOY COMPANY, INC. OFFER OF SETTLEMENT ACCEPTED

The Commission has simultaneously instituted administrative proceedings against and accepted an offer of settlement from My-Toy Company, Inc., of Brooklyn, New York, and issuer subject to the reporting provisions of the securities laws.

It was found that My-Toy's report on Form 10-Q for its third quarter ended March 31, 1973 failed to comply with Exchange Act requirements in that, due to a material overvaluation of inventory, the report (1) materially understated cost of goods sold, total costs and expenses, net loss and loss per share, and (2) materially overstated retained earnings and stockholders' equity.

My-Toy, in March 1975, filed an amendment to the report in question which, it says, complies with Exchange Act requirements. It undertakes to send a copy of the findings and order in the administrative proceedings to its shareholders with its annual report for the fiscal year ended June 30, 1974.

Without admitting or denying the charges, My-Toy consented to the above findings. (Rel. 34-11512)

LONDON SECURITIES REVOKED; JOSEPH C. CAGGIANO BARRED

The broker-dealer registration of London Securities Ltd., of New York City, has been revoked and its president, Joseph C. Caggiano, has been barred from association with any broker-dealer, investment company or investment adviser. The sanctions were based

on findings that the firm, aided and abetted by Caggiano, violated the financial responsibility, bookkeeping, reporting and credit extension provisions of the securities laws from about June to January, 1974.

Without admitting or denying the charges against them, London Securities and Caggiano consented to the above findings and indicated sanctions. (Rel. 34-11520)

TRADING SUSPENSIONS

TRADING SUSPENDED IN PACIFIC AIR TRANSPORT INTERNATIONAL, INC.

The SEC announced the temporary suspension of over-the-counter trading in the common stock of Pacific Air Transport International, Inc. located in Salt Lake City, Utah, for the ten-day period beginning on July 9 and terminating at midnight (EDT) on July 18, 1975.

The suspension was initiated because of the unavailability of current accurate information available to the public concerning the financial condition and assets of Pacific. (Rel. 34-11528)

COURT ENFORCEMENT ACTIONS

ALAN M. WEISS FOUND GUILTY

The Fort Worth Regional Office announced that on June 27 Federal District Judge Eldon B. Mahon, at Fort Worth, Texas, found Alan M. Weiss, Dallas, Texas, guilty of criminal contempt following his plea of nolo contendere to one count of an information. The September 26, 1973, information had charged Weiss and Joe Gebron, Jr., Dallas, with two counts of criminal contempt of an order of permanent injunction entered by Judge Mahon on October 24, 1972, which permanently enjoined Weiss and Gebron from violations of the registration and antifraud provisions of the securities laws. Previously, Gebron had pled nolo contendere on January 22, 1974, to one count of the same information. (U.S. v. Alan M. Weiss, N.D. Tex.). (LR-6973)

LOREN J. BERMAN INDICTED

The Los Angeles Regional Office announced that on July 2 a federal grand jury in Los Angeles returned a 13 count indictment charging a Los Angeles man with engaging in fraudulent stock transactions amounting to over \$140,000 with Mutual Securities Fund of Boston, based in Boston, Massachusetts. Named in the indictment was Loren J. Berman of Canoga Park, California. The indictment states that the defendant was also known as Larry J. Berman and David Rosner and was doing business as Rosco, Inc. The indictment alleges that Rosco was merely a front for Berman's stock transactions. The indictment charges Berman with one count of conspiracy to commit securities fraud and twelve counts of aiding and abetting separate violations of the Investment Company Act of 1940. Six of those counts charge the theft and conversion of approximately \$48,000 belonging to the Boston fund. The remaining six counts charge kickbacks to a former employee of the fund. Berman is charged with having sold blocks of stock to the Boston fund at inflated prices in prearranged transactions. Following the sales of such blocks of stock, it is alleged that Berman split his profits with the former employee by paying kickbacks exceeding \$25,000 to him. All of the transactions are alleged to have been made through Transamerican Securities, Inc., a former Salt Lake City, Utah broker-dealer. Certain of the blocks of stock are alleged to have been purchased from the Shamrock Fund, a Los Angeles based mutual fund now in receivership. (U.S. v. Loren J. Berman, C.D. CA Criminal Action No. 75-1064). (LR-6974)

COMPLAINT NAMES GEORGE E. WEAVER, OTHERS

The Fort Worth Regional Office announced that on June 30 Federal District Judge William M. Taylor, Jr., at Dallas, Texas, entered an order of permanent injunction by consent against George E. Weaver, Houston, Texas. Judge Taylor also entered an order of permanent injunction by consent against James D. Bearden, Austin, Texas, on June 25, 1975. The defendants were enjoined from violations of the registration and anti-fraud provisions of the securities laws in the offer and sale of the common stock of Sports International, Inc. Both Weaver and Bearden consented to the entry of the orders without admitting or denying the allegations contained in the Commission's complaint. (SEC v. Sports International, Inc., et al., N.D., Tex., Dallas Division). (LR-6975)

THOMAS F. CLENDENIN ARRESTED, INDICTED

The Washington Regional Office announced that on June 27 a federal grand jury in the

District of Columbia indicted Thomas F. Clendenin of Silver Spring, Maryland, on eight counts of interstate transportation of stolen property, following his arrest on June 26, 1975, on a Magistrate's Warrant charging him with interstate transportation of stolen property. Clendenin has been a fugitive since June 1974 and was arrested in Riverside County, California. (U.S. v. Thomas F. Clendenin, U.S.D.C., D.C., Criminal No. 75-463). (LR-6976)

ROBERT L. INGIS ENJOINED

The New York Regional Office announced that on July 7 the Honorable Robert L. Owen, U.S. District Judge for the Southern District of New York issued an order of summary judgment permanently enjoining Robert L. Ingis from violations of the proxy and reporting requirements of the securities laws. On January 6 and 8, 1975, on their consents, final judgments were entered against Kalvex Inc. and Emanuel L. Wolf. (SEC v. Kalvex Inc., et al., 74 Civil 5643 S.D.N.Y.). (LR-6977)

INVESTMENT COMPANY ACT RELEASES

THE GATEWAY FUND

A notice has been issued giving interested persons until August 4 to request a hearing on an application of The Gateway Fund, Inc., for an order declaring that it has ceased to be an investment company. (Rel. IC-8847 - July 9)

SECURITIES ACT REGISTRATIONS

(S-1) CONTINENTAL CAN COMPANY, INC.

633 Third Ave., New York, N.Y. 10017 - 200,000 shares of common stock, to be purchased by the trustee of the common stock fund under such plan. The company is engaged principally in the manufacture and sale of packaging products and the conduct of operations related thereto. (File 2-54032 - June 25)

(S-6) MUNICIPAL INVESTMENT TRUST FUND, FORTY-SECOND MONTHLY PAYMENT SERIES

\$40 million units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006. The Fund, a unit investment trust, is to be created by a trust agreement among Merrill Lynch, Bache & Co. Incorporated and Reynolds Securities Inc., as sponsors, The Bank of New York, as trustee, and Standard & Poor's Corporation, as evaluator. The Fund's primary objective is providing tax exempt income through investment in a fixed portfolio of interest-bearing, long-term state, municipal and public authority bonds. (File 2-54153 - July 8)

(S-6) THE MUNICIPAL BOND FUND, SERIES 22

c/o Paine, Webber, Jackson & Curtis Incorporated, 140 Broadway, New York, N.Y. 10005 - \$5 million of units. The Fund will be created under a trust indenture among Paine, Webber, Jackson & Curtis Incorporated, 140 Broadway, New York, N.Y. 10005, as sponsor, United States Trust Company of New York, as trustee, and Standard & Poor's Corporation, as evaluator. The Fund will consist of interest-bearing obligations issued by or on behalf of states, counties, municipalities and territorial possessions of the United States and authorities, agencies and other political subdivisions thereof, the interest on which is, in the opinion of counsel to the issuers of such obligations, exempt from Federal income tax. (File 2-54158 - July 8)

(S-12's) IRVING TRUST COMPANY

One Wall St., New York, N.Y. - seeks registration of 1,000,000 American Depositary Receipts of:

- (a) East Driefontein Gold Mining Company Ltd. (File 2-54139 - July 7)
- (b) Deelkraal Gold Mining Company Ltd. (File 2-54140 - July 7)
- (c) Marievale Consolidated Mines Ltd. (File 2-54141 - July 7)
- (d) Rand Mines Properties Ltd. (File 2-54146 - July 7)
- (e) Witwatersrand Nigel Ltd. (File 2-54147 - July 7)
- (f) Bracken Mines Ltd. (File 2-54155 - July 7)

REGISTRATIONS EFFECTIVE

July 7: Affiliated Fund, Inc., 2-54130; Nuveen Tax-Exempt Bond Fund, Series 73, 2-53787.
 July 8: Arkansas Power & Light Co., 2-53844; Coquina Oil Corp., 2-53794; Montana Power Co., 2-53940 & 2-53941; National Starch and Chemical Corp., 2-53998.
 July 9: Associated First Capital Corp., 2-53448; First Alabama Bancshares, Inc., 2-52850; The First Trust of Insured Municipal Bonds, Series 6, 2-54007; Public Servi Co. of Indiana Inc., 2-53964.

ACQUISITIONS OF SECURITIES

Companies and individuals must report to the Commission on Schedule 13D the acquisition of more than 5% of the equity securities of another company within 10 days of the acquisition. The following companies or individuals filed Schedule 13D's regarding the acquisition of stock of other companies during the period June 12 - 23, 197

| <u>REPORTING COMPANY OR INDIVIDUAL</u> | <u>ISSUER & NUMBER OF SHARES</u> | <u>DATE FILED</u> |
|--|---|-------------------|
| Group of Shareholders | Barber Oil Corp. (New York City) Capital Stock - 366,377 shs. | 6-12-75 |
| Tesoro Petroleum Corp. | Commonwealth Oil Refining Co., Inc. (Puerto Rico) Common Stock - 5,503,639 shs. (38%) (Above shares were acquired pursuant to the Tender Offer) | 6-12-75 |
| Prates Investment Co. | Prochemco, Inc. (Amarillo, Texas) Common Stock - 100,000 shs. Common Stock - 200,000 shs. on exercise of Option | 6-12-75 |
| * Eugene C. Fresch Allen R. Glick Paul W. Lowden | Las Vegas Hacienda, Inc. (Las Vegas, Nev.) Common Stock - 1,732,822 shs. | 6-12-75 |
| * G. Gray Garland Floyd R. Ganassi James W. Cooper | Funding Systems Corp. (Pittsburgh, Pa.) Common Stock - 655,295 shs. | 6-13-75 |
| * First City Financial Corp. Ltd. (Canada) | Far West Financial Corp. (Newport Beach, Calif.) Capital Stock - 461,900 shs. | 6-13-75 |
| * Selig S. Burrows Melvin Sirow | Cellu-Craft Inc. (New York City) Common Stock - 411,792 shs. | 6-16-75 |
| * Loyse E. Caldwell | Data Automation Co., Inc. (Dallas, Tex.) Common Stock - 2,140,539 shs. Conv. Preferred - 63,260 shs. | 6-16-75 |
| Robert W. Powell | Agricultural & Industrial Development, Inc. (Syracuse, Kans.) Common Stock - 254,000 shs. | 6-16-75 |
| * Helmerich & Payne, Inc. | Eason Oil Co. (Oklahoma City, Okla.) Common Stock - 310,596 shs. (19%) | 6-16-75 |
| * Superior Products Manufacturing Co. Warren G. Christianson | Despatch Industries, Inc. (Minneapolis, Minn.) Common Stock - 173,934 shs. | 6-16-75 |
| Richard G. Nolte | Environmental Control Products, Inc. (Charlotte, NC) Common Stock - 97,715 shs. Common Stock - 55,556 shs. on exercise of Warrants | 6-16-75 |
| * Harold D. Holder | American Agronomics Corp. (Tampa, Fla.) Common Stock - 212,600 shs. | 6-16-75 |

ACQUISITION REPORTS CONT.

| | | |
|--|---|---------|
| Edwin J. Beinecke, Jr. | Sperry & Hutchinson (New York City) Common Stock - 169,956 shs. Conv. Preference - 1,000 shs. | 6-16-75 |
| Frank J. LaPointe | Environmental Control Products, Inc. (Charlotte, NC) Common Stock - 43,334 shs. Common Stock - 55,556 shs. on exercise of Warrants | 6-16-75 |
| J. W. Carell Troy A. Waugh | Highland Inns Corp. (Memphis, Tenn.) Common Stock - 14,900 shs. Common Stock - 100,000 shs. on exercise of Options | 6-16-75 |
| Robert D. Lowrance | Agricultural & Industrial Development, Inc. (Syracuse, Kans.) Common Stock - 127,000 shs. | 6-16-75 |
| Virgil Thomas Hartquist | Environmental Control Products, Inc. (Charlotte, NC) Common Stock - 41,333 shs. Common Stock - 55,556 shs. on exercise of Warrants | 6-16-75 |
| Bank Leumi le-Israel B.M. (Israel) Leumi Securities Corp. Leumi Financial Corp. Bank Leumi Investment Co. Ltd. (Israel) | Israel Investors Corp. (New York City) Common Stock - 12,798 shs. | 6-16-75 |
| Group of Shareholders | First State Bancshares Corp. (St. Louis, Mo.) Common Stock - 54,814 shs. Common Stock - 1,714 shs. on exercise of Warrants Voting Preferred - 1,714 shs. | 6-16-75 |
| * National Heritage Management Corp. | Holding Corp. of America (Champaign, Ill.) Class A Common - 35,208 shs. Class B Common - 13,984 shs. | 6-18-75 |
| * Estate of George Kleiman | Scientific Industries, Inc. (Mineola, NY) Common Stock - 38,725 shs. | 6-18-75 |
| Estate of Jacob Leichtman | C.I.T. Financial Corp. (New York City) Common Stock - 915 shs. Common Stock - 31,535 shs. on conversion of Preferred | 6-18-75 |
| * Donald S. Rugoff | Cinema 5 Ltd. (New York City) Common Stock - 69,200 shs. Common Stock - 50,000 shs. on exercise of Options | 6-18-75 |
| * Holly Sugar Corp. | Hubinger Co. (Keokuk, Iowa) Common Stock - 101,700 shs. | 6-18-75 |
| * Superior Tube Co. | Williams and Co., Inc. (Pittsburgh, Pa.) Common Stock - 388,705 shs. (34.47%) Common Stock - 199,752 shs. on exercise of right under an Agreement | 6-19-75 |
| Group of Shareholders | Coffee-Mat Corp. (Kenilworth, NJ) Common Stock - 110,553 shs. | 6-19-75 |
| * Frank A. Klaus | Hi-Shear Corp. (Torrance, Calif.) Common Stock - 577,394 shs. | 6-19-75 |

ACQUISITION REPORTS CONT.

| | | |
|---|--|---------|
| * Daini Seikosa Co., Ltd. (Japan) | Computer Optics, Inc. (Bethel, Conn.) Common Stock - 485,000 shs. (58%) (Assuming full conversion of Notes held, Daini and its affiliate, Suwa Seikosa Co., Ltd. would be the beneficial owners of 83% of the Common Stock) | 6-20-75 |
| * Group of Shareholders | Bethlehem Corp. (Bethlehem, Pa.) Common Stock - 153,071 shs. | 6-20-75 |
| * Consolidated National Corp. | Independence National Corp. (Delaware, Ohio) Class A Common - 1,586,191 shs. (Above shares represent 33.41% of the outstanding voting shares) | 6-20-75 |
| David J. Greene and Co. | Elgin National Industries, Inc. (Chicago, Ill.) Capital Stock - 68,156 shs. (Included in above are 24,556 and 34,700 shs. held in discretionary and non-discretionary accounts respectively) | 6-20-75 |
| Harry H. Mitchell | California Life Corp. (Los Angeles, Calif.) Common Stock - 100 shs. Common Stock - 90,000 shs. on exercise of Warrant Common Stock - 26,825 shs. on exercise of Options | 6-23-75 |
| * Raymond M. Veltman Elaine T. Veltman | Containerfreight Corp. (Los Angeles, Cal.) Common Stock - 99,303 shs. | 6-23-75 |
| Evanston Coach Co. | Wisconsin Securities Co. of Delaware (Milwaukee, Wisc.) Capital Stock - 16,680 shs. | 6-23-75 |
| Florida Capital Corp. | Detroit International Bridge Co. (Detroit, Mich.) Common Stock - 31,800 shs. | 6-23-75 |
| * Amended Acquisition Report | | |

RECENT 8K 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.

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 |
|--------------------------------------|-------------|-------|
| LAWN A MAT CHEMICAL & EQUIPMENT CORP | 13 | 05/75 |
| MARINE PROTEIN CORP | 9 | 03/75 |
| SOUTHERN BANCORPORATION INC | 1,11 | 04/75 |
| COMTEN INC | 11,14 | 06/75 |
| CONNECTICUT WATER SERVICE INC | 1,2,7,10,13 | 04/75 |
| CYBERMATICS INC | 12,14 | 01/75 |
| DAYLIGHT INDUSTRIES INC | 13 | 06/75 |
| DERO INDUSTRIES INC | 13,14 | 05/75 |

RECENT BK FILINGS CONT.

| | | |
|--|------------|-------|
| EQUITABLE LIFE MORTGAGE & REALTY INVESTO | 7,14 | 05/75 |
| GEARHART OWEN INDUSTRIES INC | 11 | 06/75 |
| GOULD INC | 7 | 06/75 |
| HOWARD BROTHERS DISCOUNT STORES INC | 3 | 06/75 |
| MARYLAND OLD LINE CORP | 11 | 06/75 |
| NBT COPP | 11,14 | 06/75 |
| NHA INC | 8 | 05/75 |
| NORFOLK & CAROLINA TELEPHONE & TELEGRAPH | 13 | 05/75 |
| NORTH PLATTE STATE CO | 7 | 06/75 |
| OLYMPIA BREWING CO | NO ITEMS | 05/75 |
| PERRY DRUG STORES INC | 12,14 | 06/75 |
| PSA INC | 3,13 | 06/75 |
| SCHLANG & CO INC | NO ITEMS | 05/75 |
| STANDARD MICROSYSTEMS CORP | NO ITEMS | 05/75 |
| STELLAR INDUSTRIES INC | 13 | 01/75 |
| SUPER SERVICE DRUG INC | 3,13 | 06/75 |
| TRANSCONTINENTAL OIL CORP | 7,14 | 06/75 |
| UNIVERSAL CIGAR CORP | 2,11,13,14 | 05/75 |
| UNIVERSITY REAL ESTATE FUND LTD | NO ITEMS | 05/75 |
| VANDERBILT GOLD CORP | 13,14 | 05/75 |
| VAPORTECH CORP | 1,13 | 05/75 |
| WELLINGTON HALL LTD | 2,14 | 05/75 |
| AGWAY INC | 7,8 | 06/75 |
| ALBERTSONS INC | 7 | 06/75 |
| AMERICAN DIVERSIFIED INDUSTRIES CORP | 13 | 05/75 |
| AMERICAN LAND EQUITY INC | 11,13 | 12/74 |
| AMSTAR CORP | 13 | 06/75 |
| APECO CORP | 12,13,14 | 06/75 |
| ASPEN SKIING CORP | 3 | 10/74 |
| AVCO FINANCIAL SERVICES INC | 7,14 | 06/75 |
| BALTIMORE PAINT & CHEMICAL CORP | 13 | 06/75 |
| BOWLES FLUIDICS CORP | 7,9 | 06/75 |
| BURDOX INC | 2,14 | 06/75 |
| BURNS R L CORP | 7 | 06/75 |
| CENTURY MEDICAL INC | 2,13,14 | 12/74 |
| CENTURY MEDICAL INC | 3 | 01/75 |
| CENTURY MEDICAL INC | 2 | 02/75 |
| CENTURY MEDICAL INC | 3 | 03/75 |
| CENTURY MEDICAL INC | 2,14 | 05/75 |
| CLAROSTAT MANUFACTURING CO INC | 3 | 06/75 |
| CREATIVE MANAGEMENT ASSOCIATES INC | 11,14 | 12/74 |
| DEPOSITORS CORP | 13,14 | 06/75 |
| DONALDSON CO INC | 7,14 | 06/75 |
| DOYLE DANE BERNBACH INC | 13 | 06/75 |
| DREYFUS CORP | 11,14 | 06/75 |
| ENERGY MINERALS CORP | 2 | 06/75 |
| FARM & RANCH FINANCIAL INC | 1 | 06/75 |
| FIRST NATIONAL STATE BANCORPORATION | 4,14 | 06/75 |
| FISCO INC | 3,12,14 | 04/75 |
| GENERAL CAPITAL CORP | 3,6,14 | 05/75 |
| GIRARD INDUSTRIES CORP | 13 | 06/75 |
| GLATFELTER P H CO | 7 | 06/75 |
| GRAY MANUFACTURING CO | 13,14 | 06/75 |
| HERITAGE COMMUNICATIONS INC | 7 | 06/75 |
| HOMASOTE CO | 8,14 | 06/75 |

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.