

# sec news digest

Issue 75-247

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December 23, 1975

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

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### MORTIMER SHOR

The Commission has instituted proceedings and accepted an offer of settlement of Mortimer Shor, a former officer and director of the Neuwirth Fund and its adviser, Neuwirth Management and Research Corporation, in which Shor, without admitting or denying the allegations of the order, consents to having wilfully violated Section 17(e) of the Investment Company Act of 1940. On the basis of the offer of settlement, Shor was suspended for one year providing that he refund to the Neuwirth Fund the sum of \$5,000 which he received from a broker who transacted business with Shor on behalf of the Fund. (Rel. IC-9078)

### NASD ACTION AGAINST ALAN P. WOLLMAN REMANDED

The Commission has remanded to the NASD disciplinary proceedings against Alan P. Wollman, of Los Angeles. Wollman was a director of Lang-Lasser & Co. Inc., a former broker-dealer firm.

The NASD had found Wollman responsible for net capital and reporting violations by the firm. The Commission found that Wollman was not responsible for the reporting violation, and directed the NASD to re-examine its determination that a net capital violation had occurred. (Rel. 34-11928)

### LEO GLASSMAN SUSPENDED

The Commission has suspended Leo Glassman of New York City, a securities salesman for a registered broker-dealer, for six months from association with any broker or dealer. The suspension will begin at the opening of business on January 5, 1976. It is based on findings that Glassman violated the recordkeeping provisions of the Exchange Act.

In its opinion the Commission found that Glassman opened and maintained brokerage accounts with his employer and three other firms in the maiden names of his wife and mother. He used these accounts almost solely to purchase new "hot issues." The firms' records showed only that the accounts were owned by the persons in whose names Glassman had opened them. When Glassman discovered that his employer had received a letter from the Commission's staff relating to the accounts, he destroyed certain of his employer's records relating to the two accounts.

Glassman contended that there was nothing necessarily wrong about opening accounts in the maiden names of his wife and mother. The Commission agreed, but held the proposition irrelevant. Here, as the administrative law judge had found, Glassman opened and maintained the accounts solely for the purpose of frustrating inquiries by the National Association of Securities Dealers, Inc. and the Commission's staff.

The Commission observed that Glassman's misconduct was "extremely serious." It then went on to point out that the purpose of the proceeding was not to punish Glassman but to protect the public from future harm at his hands. A six month suspension in light of all the circumstances was deemed sufficient "to impress Glassman with the seriousness of his offenses and to deter him from such conduct in the future." (Rel. 34-11927)

In a separate, unrelated proceeding, Glassman was found to have violated Section 5(b) of the Securities Act. In that case, he was suspended for ten business days effective at the end of the foregoing six months period.

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## COMMISSION ANNOUNCEMENTS

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### SUSPENSION OF THE REGULATION B EXEMPTIONS

The Commission has issued orders temporarily suspending the Regulation B exemptions from registration under the Securities Act of 1933 with regard to the public offering of fractional undivided interests in oil and gas leases offered by the following companies: Petco Oil & Gas, Inc. (Rel. 33-5657); U. S. Crude Oil & Gas, Inc. (Rel. 33-5658); and Shay Oil Company (Rel. 33-5659).

### FOCUS REPORT ADOPTED

The Commission has announced the adoption of the FOCUS Report a program to streamline the financial and operational reporting of brokers and dealers. The newly announced reporting system greatly simplifies the reporting obligations of all brokers and dealers by converting existing reporting systems of all self-regulators and the Commission to a reporting system based upon general purpose financial statements. The new simplified program consolidates reporting requirements for purposes of surveillance, the annual audit, customer statements and economic data collection including the monitoring of the impact of competitive commission rates.

This reporting program will replace all similar existing reporting programs of self-regulatory organizations. The Commission also approved eight plans of self-regulatory organizations including plans filed by the American Stock Exchange, Boston Stock Exchange, Chicago Board Options Exchange, Midwest Stock Exchange, National Association of Securities Dealers, Inc., New York Stock Exchange, Pacific Stock Exchange and PBW Stock Exchange. The approved plans require their members to file the simplified FOCUS Report.

The New reporting program requires summary reporting on a monthly basis and detailed reporting on a quarterly basis for well capitalized firms clearing and carrying customer accounts. Well capitalized introducing firms will be required to submit data only on a quarterly basis and in a more simplified fashion than firms engaged in clearing or carrying customer accounts. This represents a substantial reduction in regulatory burden.

The annual audit report required of brokers and dealers will be greatly simplified by the new rules which take effect for firms with fiscal years ending after January 1, 1976, however, the auditor will be required to provide a reconciliation of the annual audit report with the general purpose surveillance reports, in regard to the firm's net capital position and its segregation of customer funds and securities.

The Commission has greatly simplified its Income and Expense Report, (Form X17A-10), and has reduced the time period for its filing from 90 days to 60 days in calendar year 1975.

While recognizing that the FOCUS reporting system which is widely supported is efficient in theory, and the form is satisfactory in substance, the Commission is of the view that certain areas requiring modification may become apparent after several months of practical experience with the FOCUS reporting structure. In order to implement the FOCUS reporting system, amendments have been made to the following rules and forms: Rule 17a-4, Rule 17a-5 and related Form X-17A-5, Rule 17a-10 and related Form X-17A-10, Rule 17a-11 and related Form X-17A-11, Rule 17a-20 and related Form X-17A-20.

Comments are requested on or before March 31, 1976 suggesting the adoption of proposed amendments to the FOCUS Report and accompanying implementation program and be made on or before June 30, 1976. All interested persons are invited to submit their views in writing to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549, by March 31, 1976. The comments should refer to File No. S7-594. All comments received will be available for public inspection. (Rel. 34-11935)

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## ORDERS FOR PUBLIC PROCEEDINGS

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### FAULKNER DAWKINS & SULLIVAN, INC. CENSURED

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against Faulkner Dawkins & Sullivan, Inc. (Faulkner) of New York City, a registered broker-dealer. The proceedings are based upon alleged violations of the antifraud provisions of the securities laws in connection with the purchase and sale of common stock of Telco Marketing Services, Inc. Simultaneously with the institution

of the proceeding, the Commission accepted the offer of settlement submitted by Faulkner, without admitting or denying the allegations contained in the order for proceedings. In accordance with this offer of settlement, the Commission has censured Faulkner. In addition, Faulkner has undertaken to make restitution to the firm's customers. (Rel. 34-11911)

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## INVESTMENT COMPANY ACT RELEASES

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### FIRST NATIONAL CITY BANK

An order has been issued permanently exempting First National City Bank and its affiliates from the provisions of Section 9(a) of the Investment Company Act operative as a result of the entry of an injunction against First National City Trust Company (Bahamas) Limited in Securities and Exchange Commission v. Everest Management Corporation, et al., 71 Civ. 4932). (Rel. IC-9093)

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## HOLDING COMPANY ACT RELEASES

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### CONSOLIDATED NATURAL GAS COMPANY

An order has been issued approving a proposal of Consolidated Natural Gas Company, a registered holding company, to acquire, as a wholly-owned subsidiary corporation, CNG Research Company, a newly created Delaware corporation. Consolidated will acquire in 1975, for \$2,500,000 cash, 25,000 shares of CNG Research's common stock, par value \$100 per share, and during each of the years 1976-1979, 6,000 such shares for \$600,000. Consolidated will transfer to CNG Research four proprietary research contracts presently administered by Consolidated Natural Gas Research Company. (Rel. 35-19307 - Dec. 22)

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## TRADING SUSPENSIONS

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### ADDITIONAL ACTION ON ONE TRADING SUSPENSION

The SEC has announced the suspension of over-the-counter trading in the securities of Transjersey Bancorp for the further ten-day period December 24 - January 2, inclusive.

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## SELF-REGULATORY ORGANIZATIONS

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### DISAPPROVAL OF PROPOSED RULE CHANGE

In light of the adoption of Rule 19c-1 under the Securities Exchange Act of 1934, the Commission has issued an order disapproving a proposed rule change filed by the New York Stock Exchange, Inc. (NYSE) under Rule 19b-4 to replace the NYSE's current Rule 394 which limits the ability of NYSE members to effect transactions otherwise than on an exchange. (SR-NYSE-75-8). (Rel. 34-11943)

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## SECURITIES ACT REGISTRATIONS

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### (S-6) TAX-EXEMPT MUNICIPAL TRUST, SIXTH NATIONAL SERIES

\$7 million of units of beneficial interest, to be offered for sale through Shearson Hayden Stone Inc. as sole underwriter, 767 Fifth Ave., New York, N.Y. 10022. The Trust, a unit investment trust, was created by a trust agreement among Shearson Hayden, as sponsor, United States Trust Company of New York, as trustee, and Standard & Poor's Corporation, as evaluator. The Trust'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 2-55207 - Dec. 19)

### (S-7) GULF STATES UTILITIES COMPANY

P. O. Box 2951, Beaumont, Tex. \$60 million of first mortgage bonds, due 2006, and 4,000,000 additional shares of common stock, scheduled to be offered for sale at competitive bidding on January 28, 1976. Gulf States furnishes electric energy to customers. (File 2-55209 - Dec. 19)

(S-7) ALBERTSON'S INC.

1623 Washington St., Boise, Idaho 83726 - 750,000 shares of newly issued common stock (excluding 75,000 additional shares being registered which are subject to over-allotment options), to be offered for sale through underwriters headed by Dean Witter & Co. Incorporated, 45 Montgomery St., San Francisco, Cal. 94106. The company is a major supermarket chain. (File 2-55218 - Dec. 22)

(S-1) THE BANKERS INVESTMENT COMPANY

820 North Main St., Hutchinson, Kan. 67501 - \$7 million of Series 1976 investment certificates, to be offered for sale at 100% of their principal amount directly by the company. The company is engaged in the finance and insurance business. (File 2-55219- Dec. 22)

(S-16) EMERSON ELECTRIC CO.

8100 Florissant Ave., St. Louis, Mo. 63136 - 117,008 shares of common stock, to be offered for sale by a shareholder through Goldman, Sachs & Co., 55 Broad St., New York, N.Y. 10004, as exclusive broker, at prices current at the time of sale. Emerson is engaged principally in the manufacture and sale of a broad line of electric and electronic products and systems. (File 2-55220 - Dec. 22)

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.

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