

sec news digest

Issue 75-153

(SEC Docket, Vol. 7, No. 11 - August 19)

August 7, 1975

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

HARPER JOHNSON CO., INC. REVOKED; WILLIAM L. RICK BARRED

The Commission has revoked the broker-dealer registration of Harper Johnson Co., Inc. of New York City, and has barred its vice-president and director, William L. Rick, from association with any broker-dealer. The sanctions were based on findings that the firm violated the antifraud provisions of the securities laws in connection with transactions in the common stock of World Capital Investment Corp. During the period June 1973 to March 1974, it effected transactions in World Capital stock with or for customers' accounts without prior authorization from such customers at excessive mark-ups.

It was also found that the firm, aided and abetted by Rick, violated the net capital, bookkeeping and credit extension provisions of the securities laws. In addition, it was found that registrant with its consent had been permanently enjoined on April 8, 1974, by the U.S. District Court for the Southern District of New York from violating the net capital provisions. On the same day, that court appointed a trustee under the Securities Investor Protection Act to liquidate the firm. Rick was an officer and director of the firm at the time.

The respondents did not answer the charges against them and were deemed in default. (Rel. 34-11557)

SUSPENSION OF REGULATION A EXEMPTION OF ENVIRONMENTAL DEVICES, INC., MADE PERMANENT

An order has been issued making permanent the suspension of a claimed Regulation A exemption from the Securities Act's registration requirements for an offering of 100,000 shares of common stock of Environmental Devices, Inc., of Berkeley, California.

The Commission's temporary suspension order alleged that the ceiling for a Regulation A offering had been exceeded because the underwriter and certain of its registered representatives required purchasers of shares of the offering to buy a similar amount of the issuer's shares in the after-market at prices in excess of the public offering price. It was also alleged that Environmental's notification and offering circular failed to disclose that the offering of shares would be contingent upon compulsory purchases of a like amount of shares in the after-market.

The issuer and the underwriter originally requested a hearing on the Commission's allegations but subsequently withdrew their requests. (Rel. 33-5600)

COMMISSION ANNOUNCEMENTS

THE AMANA SOCIETY

The Commission has issued an order giving interested persons until August 29 to request a hearing on an application of The Amana Society for exemption from the provisions of Section 12(g) of the Securities Exchange Act of 1934. If an order is granted, it would exempt Amana from the registration, periodic reporting, proxy and insider trading provisions of the Act. (Rel. 34-11575)

IMPERIAL '400' NATIONAL, INC., THIRD SUPPLEMENTAL ADVISORY REPORT FILED

The Commission has filed a third supplemental advisory report with the U.S. District Court, Newark, New Jersey, with respect to an internal plan of reorganization of Imperial '400' National, Inc., under Chapter X of the Bankruptcy Act. The debtor operates a chain of about 85 budget motels around the country. Its subordinated debentures in the principal amount of \$994,000 and 837,722 shares of common stock are publicly held.

Under the plan, cash, two series of notes and common stock would be distributed to Imperial's creditors and stockholders. The Commission in its report concluded that the plan proposed by the trustee, the creditors committee and a stockholder is not fair and equitable nor feasible. It recommended certain amendments which would cure these deficiencies. (CR-315-July 30)

For previous advisory reports filed in this proceeding, see CR's 312 (July 12, 1972), 313 (August 29, 1973) and 314 (May 15, 1974).

'33 ACT "BIBLE" MADE PUBLIC

The Summary of Administrative Interpretations under the Securities Act of 1933, sometimes referred to as the '33 Act "Bible", has been placed in the Commission's Public Reference Room, 1100 L Street, N.W., Washington, D.C. for public inspection. The 518 page Summary covers the important interpretations of the Securities Act made by the Federal Trade Commission, the Chief of the Securities Division of the Federal Trade Commission, the Securities and Exchange Commission, and the General Counsel of the SEC between July 1, 1933 to March 1, 1938. In view of the time that has elapsed since preparation of the Summary, interpretations contained therein may have become outdated.

COURT ENFORCEMENT ACTIONS

INFORMATION CHARGES FOUR IN WYOMING

The Denver Regional Office announced that on July 18 James E. Wren of Dallas, Texas, Edward B. Pollock and Chester R. Evans of Casper, Wyoming, and Garvin Taylor of Kaycee, Wyoming, were named in a criminal information filed by the U.S. Attorney for the District of Wyoming.

The eleven court information charges defendants Wren, Pollock, and Evans with conspiracy, securities fraud, mail fraud, and the sale of unregistered securities, and Taylor with conspiracy, securities fraud and the sale of unregistered securities of Oil Additives, Inc., a Texas corporation. (U.S. v. James E. Wren, et al., U.S.D.C., Wyoming CR-75-71). (LR-7029)

KENNETH B. JOHNSON ENJOINED

The SEC announced the filing of a complaint on July 17 in the U.S. District Court for the Middle District of Florida at Tampa, Florida, seeking to enjoin Kenneth B. Johnson from violations of the antifraud provisions of the securities laws in connection with the offer and sale of memberships and/or investments in The Money Machine. The Money Machine is an unregistered trade style used by Johnson in soliciting capital from the public.

On July 18, 1975, the Honorable Ben Krentzman, U.S. District Judge, entered a judgment of permanent injunction prohibiting future violations of the foregoing provisions by Johnson in connection with the offer and sale of memberships and/or investments in The Money Machine or any other security. Johnson was further ordered to return all of the proceeds from the sale of memberships and/or investments in The Money Machine to investors. The judgment of permanent injunction was entered based upon the consent of Johnson, which neither admitted or denied the allegations of the Commission's complaint (SEC v. Kenneth B. Johnson, M.D. Fla., Civil Action No. 75-31-Ft.M.-H). (LR-7031)

THREE FOUND GUILTY

The New York Regional Office announced that a federal jury found three defendants guilty of charges which included conspiracy, interstate transportation and sales of stocks wrongfully issued by Fidelity Registrar & Transfer Co., a Jersey City, New Jersey, corporate transfer agent during 1970 through 1973.

The indictment charged that the defendants issued stock certificates in thirteen companies whose stocks are traded in the over-the-counter market. The indictment also charged that the defendants sold and pledged the unauthorized stock at various broker-dealers and banks. The three defendants convicted were: Phillip J. Gentile, residing in Granada Hills, California, Norman H. Shultz, residing in Woodmere, Ohio, and Hunter Brooks Brashier, residing in Woodland Hills, California.

Prior to the conviction, four other defendants plead guilty to one to sixteen counts of the indictment, as follows: Samuel Gallant, an attorney, residing in Mt. Vernon, New York, Manuel Posy, residing in East Northport, New York, Leonard Reisch, formerly president of Fidelity, residing in Jamaica, New York and Glen T. Rothbart, residing in Irvine, California. (U.S. v. Samuel Gallant, et al., 74 Cr. 984 S.D.N.Y.). (LR-7032)

INVESTMENT COMPANY ACT RELEASES

STANDARD & POOR'S/INTERCAPITAL LIQUID ASSET FUND

A notice has been issued giving interested persons until September 2 to request a hearing on an application by Standard & Poor's/InterCapital Liquid Asset Fund, Inc. (Fund), a diversified open-end company, for an order of the Commission declaring that Dr. Irwin Friend and Mr. John J. Scanlon, proposed directors of the Fund, shall not be deemed interested persons of the Fund solely by reason of their relationships with certain corporations which are registered as broker-dealers under the Securities Exchange Act of 1934. (Rel. IC-8875 - Aug. 5)

RICHARD S. STRONG

An order has been issued declaring that Richard S. Strong, owner of approximately 42.75% of the shares of Nicholas Company, Inc., a registered investment adviser, does not control the company. (Rel. IC-8876 - Aug. 5)

HOLDING COMPANY ACT RELEASES

PENNSYLVANIA ELECTRIC COMPANY

An order has been issued authorizing Pennsylvania Electric Company, subsidiary of General Public Utilities Corporation, to issue and sell up to \$45 million of first mortgage bonds at competitive bidding. (Rel. 35-19117 - Aug. 5)

SOUTHWESTERN ELECTRIC POWER COMPANY

A notice has been issued giving interested persons until September 2 to request a hearing on a proposal by Southwestern Electric Power Company, subsidiary of Central and South West Corporation, that it acquire interests in fuel exploration and development activities. (Rel. 35-19118 - Aug. 5)

TRADING SUSPENSIONS

ADDITIONAL ACTION ON TWO TRADING SUSPENSIONS

The SEC has announced the suspension of (a) exchange and over-the-counter trading in the securities of BBI, Inc. for the further ten-day period August 12 - 21, inclusive; and (b) over-the-counter trading in the securities of Royal Properties, Inc. for the further ten-day period August 11 - 20, inclusive.

SECURITIES ACT REGISTRATIONS

(S-16) ROLLINS, INC.

2170 Piedmont Rd., N.E., Atlanta, Ga. 30324 - 181,000 shares of common stock, which may be offered for sale from time to time by certain shareholders at prices current at the time of sale. Rollins is engaged in residential, commercial and media services - principally termite and pest control services. (File 2-54148 - July 7)

(S-16) DATAPOINT CORPORATION

8400 Data Point Dr., San Antonio, Tex. 78284 - 517,615 shares of common stock, issuable upon conversion of its 9% subordinated convertible debentures called for redemption on August 11, 1975, through underwriters headed by C. E. Unterberg, Towbin Co., 61 Broadway, New York, N.Y. 10006, have agreed to "standby" to purchase any debentures tendered to them at a price slightly higher than the redemption price and to convert such debentures to common stock. Datapoint is a manufacturer of business data processing equipment. (File 2-54159 - July 9)

(S-7) METROPOLITAN EDISON COMPANY

2800 Pottsville Pike, Muhlenberg Township, Berks County, Pa. - \$45 million of first mortgage bonds, to be offered for sale at competitive bidding. The company is a public utility supplying electric service. (File 2-54342 - Aug. 5)

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:

Stauffer Chemical Co., Westport, Conn. (File 2-54280 - July 29) - 23,263 shares
Dynalectron Corp., Washington, D.C. (File 2-54284 - July 29) - 482,400 shares
Standun Inc., Compton, Cal. (File 2-54287 - July 28) - 25,000 shares
Taco Bell, Torrance, Cal. (File 2-54295 - Aug. 5) - 75,000 shares
The Journal Co., Milwaukee, Wis. (File 2-54297 - July 30) - 108,000 shares
James Dole Corp., Redwood City, Cal. (File 2-54300 - July 30) - 67,000 shares
Minnesota Mining and Manufacturing Co., St. Paul, Minn. (File 2-54303 - July 30) - 3,049 shares
Louisiana-Pacific Corp., Portland, Ore. (File 2-54305 - July 31) - 250,000 shares
Mesa Petroleum Co., Amarillo, Tex. (File 2-54306 - July 31) - 200,000 shares
Pabst Brewing Co., Milwaukee, Wis. (File 2-54314 - Aug. 1) - 250,000 shares
Mallinckrodt, Inc., St. Louis, Mo. (File 2-54320 - Aug. 1) - 5,000 shares
American Family Corp., Columbus, Ga. (File 2-54326 - Aug. 1) - 150,000 shares
Dome Petroleum Ltd., Calgary, Alberta, T2P 0Z1, Canada (File 2-54328 - Aug. 4) - 675,000 shares
Heath Tecna Corp., Kent, Wash. (File 2-54329 - Aug. 4) - 52,338 shares
Honeywell Inc., Minneapolis, Minn. (File 2-54331 - Aug. 4) - 12,000 shares
Borman's, Inc., Detroit, Mich. (File 2-54332 - Aug. 4) - 100,000 shares
American Buildings Co., Eufaula, Ala. (File 2-54333 - Aug. 4) - 50,000 shares
Loral Corp., New York, N.Y. (File 2-54334 - Aug. 4) - 460,000 shares
American International Pictures, Inc., Beverly Hills, Cal. (File 2-54338 - Aug. 5) - 300,000 shares
Eastman Kodak Co., Rochester, N.Y. (File 2-54339 - Aug. 5) - 366,972 shares
Pan Ocean Oil Corp., New York, N.Y. (File 2-54341 - Aug. 4) - 550,000 shares
Eastman Kodak Co., Rochester, N.Y. (File 2-54343 - Aug. 5) - 140,704 shares

REGISTRATIONS EFFECTIVE

Aug. 5: The Great Atlantic & Pacific Tea Co. Inc., 2-54085; Harnischfeger Corp., 2-54208; Management Assistance Inc., 2-54154; Pennsylvania Electric Co., 2-54021; Petro Lewis Funds Inc., 2-53192; Tucson Gas & Electric Co., 2-54193.

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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