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RULES AND RELATED MATTERS

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AMENDMENT AND PROPOSED AMENDMENTS TO RULE 144(e) (1) (A)

The Commission has amended Rule 144(e) (1) (A) under the Securities Act of 1933 to provide that, for purposes of the volume limitation in Rule 144, securities reported through NASDAQ as well as those traded on securities exchanges can be included in determining the average weekly trading volume for the preceding four calendar weeks.

In addition, the Commission proposed amendments to Rule 144(e) (1) (A) and (B) which would require that if securities are quoted on NASDAQ (and not on any national securities exchange), the volume limitation would be the lesser of one percent of outstanding or the average weekly volume reported through NASDAQ during the four preceding calendar weeks. The Rule now provides that if securities are not exchange listed, the volume limitation is one percent of outstanding.

The Commission also has proposed amendments to the Rule as to the Use of Form S-7 under the Securities Act (and therefore to Form S-16 which incorporates the Rule as to Use of S-7) to allow those short forms to be used by a larger group of issuers. The proposed amendments would relax the qualifications relating to net income and lack of default and would delete the requirement that dividends have been earned.

The Commission also proposed amendments to the facing sheets of Forms 10-K, 12-K, and 10-Q to provide for a statement by the issuer of the number of shares of each class of securities outstanding in order to aid persons in complying with Rule 144. The statement that now appears on Forms 10-K and 10-Q relating to compliance with reporting requirements is also proposed to be added to Form 12-K.

All interested persons are invited to submit their views and comments on the foregoing proposals to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549 on or before November 20, 1975. Such communications should refer to File No. S7-581. All such communications will be available for public inspection. (Rel. 33-5613)

CBOE SUBMITS PROPOSAL TO TRADE BOISE CASCADE OPTIONS

The Chicago Board Options Exchange, Inc. (the CBOE) submitted on September 10 a proposed rule change under Rule 19b-4 with respect to the CBOE's commencing trading in options for which the underlying security is the common stock of Boise Cascade Corp. Boise Cascade options traded on CBOE will have expiration months of November, February, May and July and will, consequently, be on the same expiration cycle as Boise Cascade options traded on the PBW Stock Exchange, Inc.

If the proposed rule change of CBOE is approved by the Commission pursuant to Section 19(B) of the Securities Exchange Act of 1934 and CBOE commences trading in Boise Cascade options, this would be the first occasion, under the prevailing practices of the registered national securities exchanges, on which "dual trading" in options, i.e., trading on more than one exchange of options on the same underlying security and containing the same terms and conditions, would occur.

Publication of the submission is expected to be made in the Federal Register during the week of September 22, 1975. Interested persons are invited to submit written data, views and arguments concerning the CBOE submission within three weeks from the date of publication in the Federal Register. Persons desiring to make written statements should file six copies thereof with the Secretary of the Commission, Securities and Exchange Commission, 500 North Capitol St., Washington, D. C. 20549. Reference should be made to File No. SR-CBOE-1975-1. (Rel. 34-11646)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

ROBERT C. WHITEHEAD, JR. SUSPENDED

The Commission has suspended Robert C. Whitehead, Jr., of Pompano Beach, Florida, from association with any broker or dealer for 12 months. Whitehead was president of Lincoln Securities Corporation, a former Jacksonville, Florida broker dealer firm.

The sanction imposed was based on findings that, during the period from May through July 1970, Whitehead unlawfully sold unregistered securities of Inflation Protection Corporation and Aquarius Financial Services and, in connection with the offer and sale of those securities, made material misstatements concerning the use to be made of the proceeds and the issuers' future assets. It was also found that Whitehead aided and abetted Lincoln's violations of recordkeeping and reporting provisions.

The Commission's action was taken pursuant to an offer of settlement in which Whitehead, without admitting or denying the charges against him, consented to the above findings and the indicated sanction. (Rel. 34-11633)

SMITH JACKSON & CO., INC. REVOKED; STEPHEN S. SMITH BARRED

The Commission has revoked the registration of Smith Jackson & Co., Inc. of New York City, as a broker-dealer. It has also suspended Stephen S. Smith, its president, from association with any broker, dealer or registered investment company for 8 months, and barred him from being a supervisor or owner of any such entities.

The sanctions were based on findings that respondents failed to exercise reasonable supervision over a salesman subject to their supervision with a view to preventing violations of the antifraud provisions of the Securities and Securities Exchange Acts. The salesman established and permitted other persons, with whom he had reciprocal arrangements, to establish nominee accounts with registrant so that they might purchase and sell for their own benefit newly issued securities intended for distribution to the public. They also concealed their beneficial interest in such transactions.

Respondents consented to the findings and sanctions in an offer of settlement, solely for purposes of this proceeding and without admitting or denying the charges against them. (Rel. 34-11636)

COMMISSION ANNOUNCEMENTS

TEMPORARY SUSPENSION OF THE REGULATION A EXEMPTION OF SAN JUAN DIARY, INC.

The Commission has issued an order temporarily suspending the Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of securities of San Juan Diary, Inc., 1124 Ashford Avenue, San Juan, Puerto Rico 00907. Colonial Securities, Inc. of New York, N.Y. was named as underwriter for the offering but subsequently withdrew on July 10, 1974.

Pursuant to a notification filed May 28, 1974, San Juan Diary, Inc. proposed to offer 98,000 shares of its \$.10 par value common stock at \$5.00 per share with an aggregate offering price of \$490,000. According to the order, the Commission has reason to believe that: (a) the notification and offering circular contain untrue statements of material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, particularly with respect to, among other things: the failure to identify in the notification and offering circular Bernard Zipern as a controlling person in the issuer; the failure to disclose in the offering circular the financial condition of the issuer, its actual assets and liabilities and that the financial statements were not prepared in accordance with generally accepted accounting principles; the failure to disclose in the offering circular the number, amount and interest rates of outstanding loans made to the issuer; the failure to accurately disclose in the offering circular the compensation, fees, remuneration and reimbursed expenses actually paid to insiders; the failure to accurately disclose in the offering circular the underwriting arrangements made by the issuer; and the failure to disclose in the offering circular the extent to which the securities proposed to be offered by the issuer would be diluted because of the issuer's insolvency; (b) the terms and conditions of Regulation A have not been met, particularly with respect to the failure to identify in the notification and offering circular Bernard Zipern as a controlling person in the issuer; the failure to disclose in the offering circular the financial condition of the issuer, its actual assets and liabilities and

that the financial statements were not prepared in accordance with generally accepted accounting principles; the failure to disclose in the offering circular the number, amount and interest rates of outstanding loans made to the issuer; the failure to accurately disclose in the offering circular the compensation, fees, remuneration and reimbursed expenses actually paid to insiders; the failure to accurately disclose in the offering circular the underwriting arrangements made by the issuer; and the failure to disclose in the offering circular the extent to which the securities proposed to be offered by the issuer would be diluted because of the issuer's insolvency; and (c) the offering, if allowed to commence, would operate as a fraud and deceit upon purchasers in violation of Section 17(a) of the Securities Act of 1933, as amended. (Rel. 33-5614)

COURT ENFORCEMENT ACTIONS

LELAND AND RICHARD MCCARTHY ENJOINED

The SEC announced that on September 10 Judge Allen Hannay of the U.S. District Court for the Southern District of Texas (Houston Division) issued a final judgment of permanent injunction (1) enjoining Leland and Richard McCarthy (the McCarthys) of Fresno, California from violations of the antifraud and tender offer provisions of the securities laws, (2) imposing certain voting restrictions on the McCarthys with respect to their stock in Valhi, Inc., and (3) ordering them to comply with an undertaking not to hold the position of officer or director of Southdown, Inc. or Valhi, Inc. for three years. The McCarthys consented to the entry of the final judgment without admitting or denying the allegations in the Commission's complaint. The complaint charged that the McCarthys and others engaged in an undisclosed plan to obtain a controlling block of voting stock of Valhi, Inc., at bargain prices, using Valhi's assets to finance their planned takeover, in connection with the spin-off of Valhi from Southdown. (SEC v. Mize, et al., USDC SD., Texas CIV No. 75-H-1420). (LR-7080)

INVESTMENT COMPANY ACT RELEASES

JOHN HANCOCK INVESTORS

An order has been issued by the Commission pursuant to Section 17(d) of the Investment Company Act of 1940 and Rule 17d-1 thereunder to permit John Hancock Investors, Inc., a registered closed-end investment company, and John Hancock Mutual Life Insurance Company to engage in certain transactions involving investments in debt securities of the Gates Rubber Company. (Rel. IC-8930 - Sept. 11)

HOLDING COMPANY ACT RELEASES

GENERAL PUBLIC UTILITIES CORPORATION

An order has been issued releasing jurisdiction over the sale of common stock by General Public Utilities Corporation, a registered holding company, pursuant to an underwritten rights offering. (Rel. 35-19164 - Sept. 10)

GEORGIA POWER COMPANY

A notice has been issued giving interested persons until October 8 to request a hearing on proposals of Georgia Power Company, subsidiary of The Southern Company, to amend its charter to authorize a new kind of preferred stock and to issue and sell up to 3,000,000 shares of said preferred stock at competitive bidding. (Rel. 35-19165 - Sept. 10)

TRADING SUSPENSIONS

ADDITIONAL ACTION ON FOUR TRADING SUSPENSIONS

The SEC has announced the suspension of (a) over-the-counter trading in the securities of Systematic Tax, Inc. for the further ten-day period September 13 - 22, inclusive; and (b) exchange and over-the-counter trading in the securities of Equity Funding Corp. and over-the-counter trading in the securities of Industries International Inc. and Westgate California Corp. for the further ten-day period September 14 - 23, inclusive.

SECURITIES ACT REGISTRATIONS

(S-1) PIONEER TEXAS CORPORATION

1165 Empire Central Place, Suite 240, Dallas, Tex. 75247 - \$13,242,000 subordinated debentures, due 1996, offering Pioneer Texas Corporation (bearing interest at a rate to be determined) in exchange for the company's outstanding 6-3/4% senior subordinated convertible debentures, due 1985. The rate of exchange will be determined immediately prior to the exchange offer. The company, through its subsidiaries, engages in the business of constructing marine vessels, leasing and selling used data processing and communications equipment, motor fuel and advertising space on protective school book covers it prints. (File 2-54381 - Aug. 12)

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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