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COMMISSIONER SPEAKS

THE SLIPPERY SLOPE OF MATERIALITY

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In a speech entitled "The Slippery Slope of Materiality" Commissioner A. A. Sommer, Jr. expressed concern that efforts to expand the outer limits of the definitions of materialities may have in some ways imperilled meaningful disclosure. The Commissioner expressed grave misgivings "about the danger that logical constructs which may well serve and resolve the complexities of one problem may, carried a few steps further, involve us in disclosure problems far beyond those contemplated by the authors of the statutes under which we operate and take us far beyond good policy."

In urging the Commission to go slowly in expanding the areas in which disclosure becomes a substitute for the enforcement of other substantive laws, the Commissioner stated: "It is better that laws be directly enforced by the appropriate authorities than that there be indirect enforcement by compelling corporations to point the finger of sin at themselves... Materiality is a concept that will bear virtually any burden; it can justify almost any disclosure; it can be expanded all but limitlessly. But we must constantly bear in mind that overloading it, unduly burdening it, excessively expanding it, may result in significant changes in the role of the Commission, the role of other enforcement agencies, and our ability to carry out our statutory duties."

RULES AND RELATED MATTERS

AMENDMENTS OF BANK AND BANK HOLDING COMPANY FINANCIAL STATEMENT REQUIREMENTS

Article 9 of Regulation S-X has been amended to conform certain reporting practices of bank holding companies and banks to practices followed generally in other industries. Specifically, these amendments relate to separate reporting of the valuation portion of the reserve for loan losses and balance sheet classification of unearned income and certain debt instruments such as bonds, notes and debentures. (AS-185)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

ROBERT L. INGIS, CPA, SANCTIONED

The Commission has instituted proceedings and imposed sanctions upon Robert L. Ingis, a certified public accountant, under Rule 2(e)(3) of its Rules of Practice, 17 CFR 201.2(e)(3). Mr. Ingis had previously been found to have violated and aided and abetted violations of the proxy and reporting requirements of the securities laws. Under the terms of its order, to which Mr. Ingis consented, the Commission prohibited Mr. Ingis from appearing or practicing before the Commission for 22 months. Should Mr. Ingis apply for permission to resume practice and appearance before the Commission he would be required to demonstrate continuing education in the accounting profession and to verify his professional competence. (Rel. 34-11906)

COMMISSION ANNOUNCEMENTS

1974 SURVEY OF PRIVATE NONINSURED PENSION FUNDS

According to estimates released by the Commission, private noninsured pension funds received a total of \$21.1 billion in contributions and other income and paid out \$11.0 billion in benefits and other disbursements, resulting in net receipts of \$10.0 billion in 1974. These figures compare to total receipts of \$19.7 billion, total disbursements of \$9.5 billion and net receipts of \$10.1 billion in 1973. For details, see the December issue of the SEC Statistical Bulletin.

TRADING SUSPENSIONS

ADDITIONAL ACTION ON THREE TRADING SUSPENSIONS

The SEC has announced the suspension of (a) over-the-counter trading in the securities of Transjersey Bancorp. for the further ten-day period December 14 - 23, inclusive; (b) exchange and over-the-counter trading in the securities of Canadian Javelin Ltd., for the further ten-day period December 15 - 24, inclusive; and (c) exchange and over-the-counter trading in the securities of Continental Vending Machine Corp. for the further ten-day period December 16 - 25, inclusive.

COURT ENFORCEMENT ACTIONS

ROBERT T. JACKSON PLEADS NOLO CONTENDERE

The Fort Worth Regional Office announced that on December 5 Robert T. Jackson, Dallas, plead nolo contendere to one count of a two-count information charging Jackson with criminal contempt of an order entered by the Court on June 19, 1972, permanently enjoining him from violations of the registration and antifraud provisions of the securities laws. Federal Judge Robert W. Porter, Dallas, set sentencing for December 19. (U.S. v. Robert T. Jackson, N.D. Tex.). (LR-7203)

CLIFFORD W. RUSSELL PLEADS NOT GUILTY

The Fort Worth Regional Office announced that on December 5 Clifford W. Russell, Dallas, entered a plea of not guilty to charges contained in a five-count indictment charging Russell with mail fraud, sale of unregistered securities and fraud in the offer and sale of securities. The indictment, returned November 6 by a federal grand jury at Fort Worth, charged that Russell, beginning in 1973, sold fractional undivided working interests in Mississippi and Oklahoma oil and gas leases issued by Sawood Petroleum Corporation (formerly Petroleum Production Corporation), Dallas, in violation of the registration and antifraud provisions of the securities laws and the mail fraud statute. Federal District Judge Robert W. Porter set the matter for trial on January 19, 1976. (SEC v. Clifford W. Russell, N.D. Tex.). (LR-7201)

ROBERT LEE ARNET AND HAROLD R. MALONE ENJOINED

The Fort Worth Regional Office announced that on December 5 Federal District Judge William M. Taylor, Jr., Dallas, entered orders of preliminary injunction by consent enjoining Robert Lee Arnett, Dallas, and Harold R. Malone, Fort Worth, from violation of the registration provisions of the securities laws. The defendants consented to the entry of the above orders without admitting or denying the allegations contained in the Commission's complaint. The Commission's complaint was filed on September 23 alleging violations of the registration and antifraud provisions of the securities laws in connection with the offer and sale of fractional undivided working interests in oil and gas leases issued by Gulf States Energy Corporation. (SEC v. Gulf States Energy Corp., et al., N.D. Tex.). (LR-7202)

COMPLAINT NAMES MASTER DRILLERS, INC., OTHERS

The Fort Worth Regional Office announced the filing of a complaint December 5 seeking to enjoin violations of the registration and antifraud provisions of the securities laws by Master Drillers, Inc. (formerly known as Gulf & Western Exploration Corporation), Standard Energy Corporation (formerly known as Gulf & Western Energy Corporation), Geophysical Sciences Corporation, Transland Energy Corporation, and Oil & Gas Energy, Inc., Edrie T. Blake, William A. Fuqua, Maurice C. Hooker, Kenneth F. McCarroll, and Robert D. Philpot, all of Dallas, Walter L. George, Jr., Shreveport, Louisiana, Kent D. Gilmer, Garland, Texas, Karl M. Grau, Nashville, Tennessee, Jack T. Redden, Lewisville, Texas, and Ernest Peltzer and Jasper P. Scalise, both of Pasadena Texas.

The complaint alleges violations of the registration provisions of the securities law by all defendants in connection with the sale of fractional undivided working interests in oil and gas leases issued by various of the defendant entities. In addition, all defendants except Oil & Gas Energy, Inc. are charged with violations of the antifraud

provisions of the securities laws in connection with the sale of fractional undivided working interests in oil and gas leases by various of the defendant entities (excluding Oil & Gas Energy, Inc.).

Furthermore, Philpot is charged with violations of the antifraud provisions in the offer and sale of common stock issued by Geophysical Sciences Corporation as well as bonds issued by Master Drillers, Inc. A hearing on the Commission's motion for preliminary injunction was set by Judge Robert W. Porter, Dallas, for January 7, 1976. (SEC v. Master Drillers, Inc., et al., N.D. Tex.). (LR-7204)

COMPLAINT NAMES TEX-A-CHIEF, INC., OTHERS

The Fort Worth Regional Office announced the filing of a complaint on December 8 in federal district court at Dallas, seeking to enjoin further violations of the registration and antifraud provisions of the securities laws by Tex-A-Chief, Inc., Texas Western Mining, Milling & Processing Corp., David C. McCord, Paul H. Brumley, James L. Cockrell, Archie S. Barnhill, Shoreline Holding Company, S.A., Gourmet Chef, Inc. and James G. McCollom, all of Dallas, Commonwealth Commodities Corp., Shelby Philip Merkatz, also known as Philip Shelby Merkatz, both of Phoenix, Arizona; Richard Randle Thomas, Frankfurt, Germany, formerly of Phoenix, International Commodities Services, Inc. and Frank Reagan, Troy, Michigan; Bates T. Nelson of Southfield, Michigan; William C. Rohlmeier, Norman, Oklahoma; Webb-Adams, Inc. and Donnie G. Webb, both of St. Louis, Missouri; International Surety & Casualty Company and Charles W. Deaton, both of Nassau, The Bahamas.

The complaint alleges that the defendants offered and sold investment contracts in the form of purported call options for silver bullion to investors in five states based upon the ability of Tex-A-Chief, Inc. to extract silver from low grade graphitic schist ore. The complaint alleges that the defendants had no ability or intention to produce such silver. (SEC v. Tex-A-Chief, Inc., et al., N.D. Tex.). (LR-7205)

INVESTMENT COMPANY ACT RELEASES

ATLAS SMALL BUSINESS INVESTMENT CORPORATION

A notice has been issued giving interested persons until January 5 to request a hearing on an application by Atlas Small Business Investment Corporation, a small business investment company, registered under the Act as a registered closed-end, non-diversified management investment company, for an order declaring that it has ceased to be an investment company for purposes of the Act. (Rel. IC-9079 - Dec. 11)

SELF-REGULATORY ORGANIZATIONS

APPROVAL OF PROPOSED RULE CHANGES

The Commission has approved a proposed rule change filed by American Stock Exchange, Inc. The rule change expands the scope of its simplified arbitration procedures and revises its arbitration fee schedule. (Rel. 34-11915)

The Commission has also approved a proposed Municipal Securities Rulemaking Board rule which assesses an initial fee on municipal securities brokers and municipal securities dealers. (Rel. 34-11916)

SECURITIES ACT REGISTRATIONS

(S-14) UPPSTER CORPORATION

110 Marcus Blvd., Hauppauge, N. Y. 11787 - 137,552 shares of common stock, to be offered in exchange for the outstanding common and preferred shares of GAP Instrument Corp., Hauppauge, N. Y., at the rate of one share for each fourteen shares of GAP. Uppster has developed a high-speed non-impact printer to be used, primarily, with computers. (File 2-55080 - Nov. 24)

(S-7) INDIANAPOLIS POWER & LIGHT COMPANY

25 Monument Circle, P.O. Box 1595B, Indianapolis, Ind. 46202 - 2,000,000 shares of common stock, to be offered for sale through underwriters headed by Lehman Brothers, Inc., One William St., New York, N. Y. 10004. The company is engaged primarily in the generation, distribution and sale of electric energy. (File 2-55154 - Dec. 10)

(S-7) CENTRAL ILLINOIS LIGHT COMPANY

300 Liberty St., Peoria, Ill. 61602 - 1,000,000 shares of common stock, to be offered for sale through underwriters headed by Dean Witter & Co. Inc., 14 Wall St., New York N. Y. 10005. The company is an electric and gas utility. (File 2-55155 - Dec. 10)

(S-5) MONEY MARKET/OPTIONS INVESTMENTS, INC.

535 Boylston St., Boston, Mass. 02116 - 1,200,000 shares of common stock, to be offered for sale through underwriters headed by Donaldson, Lufkin & Jenrette Securities Corp., 140 Broadway, New York, N. Y. 10005. The company is a diversified open-end investment company and proposes to receive investment advice from John P. Chase, Inc., a subsidiary of Phoenix Mutual Life Insurance Co., Hartford, Conn. (File 2-55158 - Dec. 10)

REGISTRATIONS EFFECTIVE

Dec. 9: Xerox Corp., 2-55043.

Dec. 10: Amax Inc., 2-55069; Burns International Security Services Inc., 2-54803; Burroughs Corp., 2-54986; The Detroit Edison Co., 2-55027; First Mississippi Corp., 2-54778; Gelman Instrument Co., 2-54906; General Signal Corp., 2-55060; Gladioux Food Services Inc. (90 days), 2-54880; Keystone International Inc., 2-54252; Media General Inc., 2-54696; Modern Merchandising Inc., 2-54989; The Montana Power Co., 2-55036; Scientific Atlanta Inc., 2-54860; Sperry Rand Corp., 2-55004; Studebaker-Worthington Inc., 2-54951; Wang Laboratories Inc., 2-55006.

NOTE TO DEALERS. When applicable the 90-day period of time dealers are required to use the prospectus is noted above in parentheses after the name of the issuer. As to the other issuers, there may be no such requirement to use a prospectus, or the requirement may be for a period of only 40 days; see Section 4(3) of the Securities Act of 1933 and Rule 174 (17 CFR 230.174) thereunder.

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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