

# sec news digest

a daily summary from the securities and exchange commission

Issue 73-111

(SEC Docket, Vol. 1, No. 19 - June 1)

June 8, 1973

## RULE PROPOSALS AND ADOPTIONS

**INTERPRETATION OF RULE 15c3-1 RESPECTING NET CAPITAL TREATMENT OF SUSPENDED SECURITIES.** The SEC today released a letter to the National Association of Securities Dealers respecting the Division of Market Regulation's interpretation of the net capital treatment to be given to securities positions, transactions and obligations in suspended securities. The letter clarified several areas in which the suspension of a security pursuant to Sections 15(c)(5) or 19(a)(4) of the Securities Exchange Act of 1934 may affect the net capital of a broker-dealer who has positions or has effected transactions in such securities. Those six areas include: (1) Long Proprietary Positions; (2) Short Proprietary Positions; (3) Fails to Receive an Uncompleted Customer's Sales Transaction; (4) Fails to Deliver; (5) Customers' Special Cash Accounts Under Section 4(c) of Regulation T; and (6) Transactions in a General Account Under Section 3(a) of Regulation T.

Generally, both long proprietary positions and fails to deliver in the suspended security would be treated as assets not readily convertible into cash and deducted in computing net capital. Short proprietary positions would be valued at the last sales price prior to the suspension and would receive the appropriate haircut on the presumed market value of the position. Fails to receive an uncompleted customer's sales transaction would be included in aggregate indebtedness except if such liability were excludable under subparagraph (c)(1)(D) of Rule 15c3-1. Transactions in special cash accounts would be treated as secured for seven business days and transactions which are normally consummated on a C.O.D. basis would be permitted to be considered secured accounts for ten business days after settlement date. Finally, debit balances in margin accounts would be treated as partially secured or unsecured if as a result of the suspension the account had insufficient loan value to be considered as a fully secured account. (Rel. 34-10209)

## DECISIONS IN ADMINISTRATIVE PROCEEDING

### **FDI SECURITIES, OFFICERS SUSPENDED; OLD KENNETT LEASING REGULATION A EXEMPTION PERMANENTLY SUSPENDED.**

The SEC has suspended the broker-dealer registration of FDI Securities, Inc. for 20 business days, and suspended Beverley R. Wellford, F. Lamar Watson and Robert V. Holton, Jr., officers of the firm, from association with any broker or dealer for periods of 25, 25 and 20 business days, respectively. The Commission at the same time permanently suspended the Regulation A exemption from registration under the Securities Act with respect to a proposed offering by Old Kennett Leasing Co., of Wilmington, Del. of 50 units of limited partnership interests at \$10,000 per unit.

The action was based on findings of violations of the securities acts during the period August 1970-July 1972 in the offer and sale of unregistered securities consisting of limited partnership interests in Barley Mill Leasing Co., Brandywine Leasing Co., Rockford Leasing Co., Concord Court Associates, Outrigger Associates and Lexington Associates. In connection with these sales there was a failure to disclose among other things, the high risk involved in each venture and the aspects of the tax law bearing on tax shelter advantages. Respondents were also found to have engaged in the business of a securities broker at a time when they were not registered, and to have failed to supervise persons subject to their supervision who committed the above violations.

The permanent suspension of the Regulation A exemption was based on findings that the notification and offering circular failed to disclose the sales of unregistered securities of affiliates of Old Kennett Leasing and the contingent liabilities resulting from such sales, and that the proposed offering if made would have exceeded the applicable ceiling for an exemption under Regulation A.

The Commission's order was issued pursuant to an offer of settlement in which the respondents, for the purpose of settlement and without admitting or denying the charges, consented to the indicated findings and sanctions. Respondents in mitigation represented among other things that they had in good faith believed they were in compliance with the securities acts and had cooperated in the staff's investigation. (Rel. 34-10196)

## COMMISSION ANNOUNCEMENTS

**TRADING SUSPENDED IN ROYAL PROPERTIES SECURITIES.** The SEC has announced the temporary suspension of over-the-counter trading in the securities of Royal Properties Incorporated, of San Diego, for one ten-day period commencing on June 8 and terminating at midnight (EDT) on June 17, 1973.

The Commission initiated the suspension because Royal Properties failed to comply with the reporting provisions of the Exchange Act resulting in the lack of current and accurate information available to the public. (Rel. 34-10210)

## COURT ENFORCEMENT ACTIONS

NORTH AMERICAN RESEARCH AND DEVELOPMENT ENJOINED. The SEC New York Regional Office announced that on May 17 the Federal court in New York permanently enjoined Ramon N. Bowman, Robert Johnson, Donald Glenn, Richard Whitney and Frank Whitney from violations of the registration and antifraud provisions of the Federal securities laws in connection with the offer and sale of common stock of North American Research and Development. The defendants consented to the court order without admitting or denying the allegations. The court action was discontinued as to defendants Norma Bowman, Albert Conrad and Abby Whitney. (LR-5923)

ARTHUR LEVINE, OTHER WEIS PRINCIPLES ENJOINED. The SEC New York Regional Office announced that on May 30 the Federal court in New York City appointed Edward S. Redington as SIPC trustee for the liquidation of Weis Securities, Inc. and permanently enjoined Arthur Levine, Sol Leit, Alan Solomon, Joel Kubie and Robert Lynn from violations of certain anti-fraud provisions of the Federal securities laws, and from aiding and abetting violations of the customer reserve fund, books and records, financial reporting and supplemental reporting provisions of the Federal securities laws. The five defendants consented to the court order without admitting or denying the allegations. (LR-5924)

## HOLDING COMPANY ACT RELEASES

AMERICAN NATURAL GAS COMPANY. The SEC has issued a notice giving interested persons until June 29 to request a hearing upon an application of American Natural Gas Company, New York holding company, requesting exception from the competitive bidding provisions concerning American Natural's consideration of the sale of the outstanding common stock of its wholly-owned gas utility subsidiary company, Central Indiana Gas Co., Inc. Alternatively, American Natural will consider the sale by Central Indiana of assets of Central Indiana followed by the liquidation and dissolution of that company. American Natural states that exception from the competitive bidding requirements would afford it flexibility to obtain the best terms for the disposition of Central Indiana. (Rel. 35-17993)

## SECURITIES ACT REGISTRATIONS FILED

PETROL INDUSTRIES, INC., 6116 North Central Expressway, Dallas, Tex. 75206 - \$600,000 of fractional undivided interests in oil and gas leases, to be offered for sale at \$5000 per unit through selected NASD members. (File 2-47891 - May 9)

THE LUBRIZOL CORPORATION, 29400 Lakeland Blvd., Wickliff, Ohio 44092 - 142,857 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common stock of The R. O. Hull & Company, Inc., at the rate of 1.00817 Lubrizol shares for each Hull share. Lubrizol manufactures and markets chemical additives for the petroleum industry. Hull manufactures and sells electroplating chemicals, related products and test equipment. (File 2-47985 - May 9)

MALONE & HYDE, INC., 1451 Union Ave., Memphis, Tenn. 38104 - 70,000 shares of common stock, to be offered for sale by a selling shareholder (\* at \$27-1/8 per share maximum). File 2-47986 - May 9)

ARDs FOR GESTETNER (HOLDINGS) LTD. FILED. First National City Bank, 111 Wall St., New York 10015 - 100,000 American Depositary Receipts for "A" ordinary shares of Gestetner (Holdings) Limited, a United Kingdom corporation. (File 2-47987 - May 8)

MICROBANK CORPORATION OF AMERICA, 140 Broadway, New York, N.Y. 10005 - 375,000 shares of common stock, to be offered for sale (\* at \$13.50 per share maximum) through underwriters to be specified later. Organized in 1968, the company plans, to equip, own and operate super high frequency microwave telecommunications stations under FCC license. Of the net proceeds, \$755,000 will be used for advertising and related expenses and the balance for working capital and other corporate purposes. (File 2-47989 - May 9)

ROBERTSHAW CONTROLS COMPANY, 1701 Byrd Ave., Richmond, Va 23226 - 15,520 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. (File 2-47991 - May 8)

ROYAL CROWN COLA CO., 100 Tenth Ave., Columbus, Ga. 31901 - 181,789 shares of common stock, which may be offered for sale by certain shareholders at prices current at the time of sale (\* \$31-1/8 per share maximum). The company markets branded beverages. (File 2-47995 - May 10)

HITACHI, LTD., (U.S. Agent: Toru Komoriya, Hitachi America, Ltd., 437 Madison Ave., New York, N.Y. 10022), - 42,633,821 shares of common stock or American Depositary Receipts therefor, which may be offered for sale from time to time by certain shareholders (\* at \$.677 per share maximum) or on negotiated transactions. The company manufactures and sells industrial and consumer products used in the generation, transmission, distribution, control and utilization of electricity. (File 2-47999 - May 10)

**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:

National Cash Register Company, Dayton, Ohio (File 2-47979) - 2,000,000 shares  
Murray Ohio Manufacturing Co., Brentwood, Tennessee (File 2-47980) - 81,120 shares  
Western Publishing Co., Racine, Wisconsin (File 2-47982) - 200,000 shares  
National Steel Corp., Pittsburgh, Pa. (File 2-47983) - 450,000 shares  
Alpex Computer Corp., Danbury, Conn. (File 2-47984) - 136,700 shares  
Easco Corp., Baltimore, Md. (File 2-47988) - 132,576 shares  
Studebaker-Worthington, Inc., New York, N. Y. (File 2-47990) - 200,000 shares  
Squibb Corp., New York, N. Y. (File 2-47992) - 200,000 shares and (File 2-47993) - 150,000 shares  
Leonard Silver International, Inc., Chelsea, Mass. (File 2-47994) - 50,000 shares  
San Diego Gas & Electric Co., San Diego, Calif. (File 2-47996) - 160,000 shares  
Marlennan Corporation, New York, N. Y. (File 2-47997) - \$11,700,000 of interests in Savings Plans  
Ball Corporation, Muncie, Indiana (File 2-47998) - 200,000 shares

#### MISCELLANEOUS

**COMPANIES WHICH RECENTLY ACQUIRED STOCK OF OTHER COMPANIES.** The following companies or individuals acquired or proposed to acquire the stock of companies listed below as reported to the Commission on Schedule 13D.

Companies or individuals must report the acquisition of 5% or more of the stock of another company within 10 days of the acquisition. The following companies or individuals acquired stock of other companies during the period May 9-23:

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER AND NUMBER OF SHARES</u>	<u>EXPIRATION</u>
Charles C. and Mary Jo Grisham	Mass Merchandisers, Inc. Common Stock - 86,700 shs.	5-9-73
J. A. Terteling & Sons	Western Microwave Laboratories, Inc. Common Stock - 285,475 shs.	5-16-73
Michael, Bregman & Co.	Granite Management Services, Inc. Common Stock - 157,524 shs.	5-16-73
Edward M. and Fred Doumani	Golden Nugget, Inc. Common Stock - 104,640 shs.	5-16-73
Common Fund for Non-profit Organizations	R.L.I. Corp. Common Stock - 43,500 shs.	5-17-73
Dreyfus Leverage Fund, Inc.	WUI, Inc. Common Stock - 282,700 shs.	5-17-73
A. L. Zwick Group	Medfield Corporation Common Stock - 36,122 shs.	5-18-73
United States Philips Trust	North American Philips Corp. Common Stock - 6,078,583	5-21-73
Corning Glass Works	MetPath Inc. Common Stock - 135,000 shs.	5-21-73
Hessee Industries, Inc.	Aseco, Inc. Common Stock - 78,027 shs.	5-21-73
M. W. Sullivan *	Behavioral Research Laboratories, Inc. Common Stock - 1,833,270 shs.	5-21-73

\* Statement filed on 4-23-73 has been amended to reflect a purchase of 7,500 additional shares.

## RECENT FORM 8-K 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; and any newly enacted requirements effecting registrant's business.

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
CENC0 INC	8	04/73
CENTURY FINANCIAL CORP OF MICHIGAN	11,13,14	04/73
COASTAL STATES GAS CORP	7,14	04/73
COLLEGE UNIVERSITY CORP	7, 14	04/73
COMBINED COMMUNICATIONS CORP	4,7,14	04/73
COMBINED INSURANCE CO OF AMERICA	11,14	04/73
COMMERCE BANKSHARES INC	3,4,11,14	04/73
COMMERCIAL SOLVENTS CORP	11	04/73
COMMERCIAL STATE LIFE INSURANCE CO	11	04/73
COMMUNITY BANKS OF FLORIDA INC	11,13	04/73
COMPUTER RESOURCES INC	13	04/73
CONNECTICUT LIGHT & POWER CO	11,14	04/73
CONSYNE CORP	11,13	04/73
CORDURA CORP	4,7,14	04/73
COUNTY NATIONAL BANKCORPORATION	11,14	03/73
COX CABLE COMMUNICATIONS INC	13	04/73
CRYSTAL TISSUE CO	13	04/73
CUTTER LABORATORIES INC	13	05/73
DATA PLEX SYSTEMS INC	11,14	04/73
DENVER REAL ESTATE INVESTMENT ASSOCIATIO	13	05/73
DOCUTEL CORP	11,14	04/73
DOMINGUEZ WATER CORP	11	05/73
DUDDYS INC	7,14	04/73
ELECTRONIC COMPUTER PROGRAMMING INSTITUT	3	04/73
EMHART CORP	3,10,13	04/73
EMPIRE GAS CORP	3	04/73
EQUITY NATIONAL INDUSTRIES INC	7,14	04/73
ESCALADE INC	11	04/73
EXECUTIVE GROWTH PLANS INC	13	04/73
FALCONBRIDGE NICKEL MINES LTD	11,14	04/73
FIRST INTERNATIONAL BANKSHARES INC	11,14	04/73
FIRST TOPEKA BANKSHARES INC	8,13,14	04/73
FIRST VALLEY CORP	11	04/73
FRONTIER AIRLINES INC	11,13	04/73
GENERAL FELT INDUSTRIES INC	8	04/73
GENERAL PLYWOOD CORP	2,13,14	04/73

**TRADING SUSPENSIONS CONTINUED.** The SEC has ordered the suspension of over-the-counter trading in the securities of Star-Glo Industries, Inc., for the further ten-day period June 8-17, inclusive and in the securities of Continental Vending Machine Corporation for the further ten-day period June 9-18 inclusive.

**SECURITIES ACT REGISTRATIONS.** Effective June 7: Alaska Interstate Co., 2-47884; Crazy Girl Co., 2-47224 (90 days); Florida Power Corp., 2-47907; Hospital Corporation of America, 2-47912; Merrill Lynch & Co., Inc., 2-47934; Norton Simon, Inc., 2-46978; N L Industries, 2-47585.

**NOTE TO DEALERS.** The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

\* As estimated for purposes of computing the registration fee.

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Copies of registration statements may be ordered from the Commission's Public Reference Section. All other referenced material is available in the issue of the SEC Docket indicated in parentheses below the News Digest Issue No. Both the News Digest (\$33.00 a year, first class mail; \$8.25 additional for foreign mailing; \$25.00 additional for air mail) and the SEC Docket (\$17.00 a year, first class mail; \$4.25 additional for foreign mailing) are for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.