

# sec news digest

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Issue 73-204

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October 23, 1973

## COMMISSION TO ASK FOR PUBLIC COMMENT ON BANK'S ROLE IN SECURITIES BUSINESS

Chairman Ray Garrett, Jr., told members of the Bond Club of Chicago last Friday that a number of serious policy questions are being raised concerning the SEC's mandated role in "the protection of investors" by the recent attempts of banks and insurance groups to attract securities investment dollars. He said that the one investment service being offered by banks causing the greatest concern to members of the brokerage community is the automatic investment service. These services, he said, have been aggressively marketed by banks. The Chairman said that the securities industry's opposition to these bank programs essentially is predicated on two grounds: banks are prohibited from engaging in such broad ranging brokerage services by virtue of the provisions of the Glass-Steagall Act; and that these bank programs represent inherently unfair competition to brokers. "The Commission is vitally concerned about the health and continued viability of the securities industry," said Mr. Garrett, and it has been suggested that unless they are subject to some regulation, these bank programs could cause serious structural imbalances in the securities markets. Chairman Garrett said the Commission would in the near future, be asking for public comment on the important policy issues these activities raise.

## **DECISIONS IN ADMINISTRATIVE PROCEEDING**

PROJECT SECURITIES & CO. REVOKED. An order has been issued revoking the broker-dealer registration of Project Securities & Co., Inc. of Springfield, New Jersey based on findings that the firm failed to comply with net capital and reporting requirements. The firm, for which a trustee has been appointed under the Securities Investor Protection Act, failed to answer the charges against it and was deemed in default. (Rel. 34-10436)

DON D. ANDERSON & CO. REVOKED, PRESIDENT BARRED, REGISTRATION DENIED TO OKC INVESTMENTS. An order has been issued revoking the broker-dealer registration of Don D. Anderson & Co., Inc., of Oklahoma City, barring its president, Don D. Anderson, from association with any broker-dealer, and denying the application of OKC Investments, Inc., also of Oklahoma City, for broker-dealer registration.

The sanctions were based on findings that, from February 1970 to February 1972, Anderson & Co. and Anderson sold unregistered stock of Southwest Factories, Inc. and Pioneer Nursing Centers, Inc., and failed to disclose to customers to whom they recommended and sold those stocks that Southwest and Pioneer insiders were selling the stocks in contemporaneous transactions with Anderson & Co. In addition, Anderson & Co. was found to have engaged in the same misconduct with respect to the securities of Four Seasons Nursing Centers of America, Inc. and Academy Computing Corporation. The Commission also found that OKC engaged in business as a broker-dealer without being registered with the Commission and that Anderson & Co. and Anderson failed to comply with net capital and reporting requirements.

Without admitting or denying the charges against them, respondents consented to the findings and the indicated sanctions. (Rel. 34-10441)

## **COMMISSION ANNOUNCEMENTS**

SEC ORDER CITES FERRUGGIA, LIPPMAN & COYLE, INC., OTHERS. Public administrative proceedings have been ordered against Ferruggia, Lippman & Coyle, Inc., a Union, New Jersey broker-dealer; Gary Ferruggia, president; Mark L. Lippman, secretary and treasurer; Robert Herko, a former vice president; and Leo Nardone, a former trader of the firm. The proceedings are based on allegations by the staff that the respondents violated and aided and abetted violations of the anti-fraud and extension of credit provisions of the federal securities laws in the purchase and sale of the common stock of International Hydrolines, Inc.

A hearing will be scheduled to take evidence on the staff allegations and to afford the respondents an opportunity to offer any defense. The hearing is to determine whether the allegations are true, and if any action of a remedial nature is necessary. (Rel. 34-10446)

**BROKER-DEALER ADVISORY COMMITTEE TO MEET.** The Commission's Advisory Committee on a Model Compliance Program for Broker-Dealers, established on October 25, 1972 (Rel. 34-9835) will hold public meetings on October 31 - November 3, 1973 at the Wagon Wheel Motel on State Highway 72, Rockton, Ill. The meetings will commence at 9:00 a.m., local time. Interested persons may attend and appear before or file statements with the Committee.

This Advisory Committee was formed to assist the Commission in developing a model compliance program to serve as an industry guide for the broker-dealer community. The Commission plans to publish a guide to broker-dealer compliance under the securities acts in order to advise broker-dealers of the standards to which they should adhere if investor confidence in the fairness of the market place is to be warranted and sustained. The Committee's recommendations are not intended to result in the expansion of Commission rules governing broker-dealers, but to inform broker-dealers as to the existing requirements and how they may comply with them.

The Committee's scheduled meetings will be for the purpose of reviewing drafts and proposals concerning the Committee's proposed report to the Commission on these compliance guidelines for broker-dealers.

#### COURT ENFORCEMENT ACTIONS

**SITOMER, SITOMER & PORGES, OTHERS ENJOINED.** On October 19, 1973 the SEC filed a complaint in the United States District Court for the Southern District of New York seeking to enjoin the law firm of Sitomer, Sitomer and Porges, Alvin Lester Sitomer, Stephen Joel Sitomer, Robert E. Porges, Empire Fire and Marine Insurance Co., Gary O. Gross and Yale Kaplan from further violations of the anti-fraud and registration provisions of the Federal securities laws. The complaint alleges the defendants engaged in and aided and abetted a scheme to obtain undisclosed finders fees and similar payments in connection with the registered public offering of securities of Empire Fire and Marine Insurance Company and other issuers. Empire Fire and Marine Insurance Company's past and present insurance operations and practices are not in issue in this case. (LR-6107)

#### INVESTMENT COMPANY ACT RELEASES

**CONNBLIA FUND.** A notice has been issued giving interested persons until November 12 to request a hearing on an application by ConnBLIA Fund, Inc. for an order declaring that it has ceased to be an investment company. (Rel. IC-8043)

**THE VALUE LINE SPECIAL SITUATIONS FUND.** A notice has been issued giving interested persons until November 12 to request a hearing on an application of The Value Line Special Situations Fund, Inc., New York mutual fund, and Decicom Systems, Inc., for an order exempting from certain provisions of the Act the transfer of Decicom shares to the Fund under an arrangement made with respect to Decicom under Chapter XI of the Federal Bankruptcy Act. (Rel. IC-8044)

**HARRIS, UPHAM TAX-EXEMPT FUND.** An order has been issued on an application filed by Harris, Upham Tax-Exempt Fund (First and all Subsequent National and States Series), permitting the following: units of each of the series to be sold to the public without the series having received investment in the amount of at least \$100,000 from not more than 25 investors; each series to distribute capital gains more than once a year; and the sponsor of the series to engage in secondary market activities in units of each series at prices based on past valuations. (Rel. IC-8045)

#### HOLDING COMPANY ACT RELEASES

**LOUISIANA POWER & LIGHT COMPANY.** A notice has been issued giving interested persons until November 15 to request a hearing on a proposal of Louisiana Power & Light Company, New Orleans subsidiary of Middle South Utilities, Inc., to sell 4,725,000 shares of common stock to Middle South for \$30 million and 155,000 shares of common stock to Middle South concurrent with special dividend in a like sum of \$988,000 to Middle South, its sole common stockholder. Proceeds are to be used to retire short-term debt, to finance construction (estimated at \$131,300,000 for 1973) and for general corporate purposes. (Rel. 35-18131)

## SECURITIES ACT REGISTRATIONS FILED

CORPORATE INVESTMENT COMPANY, Guernsey Rd., Guernsey, R. D. #2 Biglerville, Pa. 17307 240,000 shares of Class A common stock, to be offered for sale at \$25 per share. No underwriting is involved. The company sells life insurance. (File 2-49199 - Sept. 28)

PAGINATION, INC., New Englander Industrial Park, Holliston, Mass. 01746 - 174,000 shares of common stock, to be offered for sale at \$3.75 per share by Cotzin, Woolf & Co., 340 Main St., Worcester, Mass. The company was organized in February to complete the development of a computerized projection platemaking systems, known as the Paginator System for sale to the graphics arts industry. (File 2-49200 - Sept. 28)

DND TELETRONICS, INC., 1156 Mohawk St., Utica, N.Y. 13501 - 300,000 shares of common stock, to be offered for sale at \$5 per share by Gotham Securities Corporation, 565 Fifth Ave., New York, N.Y. 10017 and R. A. Wolk & Co., Inc., 405 Lexington Avenue, New York, N.Y. 10017. The company manufactures accessory and peripheral products and testing equipment for the telecommunications and telephone interconnect industry. (File 2-49201 - Sept. 28)

STATE MUTUAL INVESTORS (the Trust), 440 Lincoln St., Worcester, Mass. 01605 - \$25 million of floating rate (8-12%) senior subordinated notes, due 1980, to be offered for sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York, N.Y. The Trust invests in real property investments. Its long range policy is to invest a major portion of its assets in long-term mortgage loans and construction and development mortgage loans. (File 2-49202 - Sept. 28)

BIOTEKNIKA INTERNATIONAL, INC., 5510 Vine St., Alexandria, Va. 22310 - 200,000 shares of common stock, to be offered for sale at \$3 per share. No underwriting is involved. The company has created, produced in very limited quantities and used in actual field applications, certain microbiological organisms in a process to clean up oil-water wastes. (File 2-49203 - Sept. 28)

SECURITY NEW YORK STATE CORPORATION, One East Ave., Rochester, N.Y. 14638 - 60,984 shares of common stock. It is proposed to offer these shares in exchange for the outstanding stock of Glen National Bank and Trust Company, at the rate of 2.4 shares for each Bank share. Security is a bank holding company. (File 2-49208 - Sept. 28)

BBDO INTERNATIONAL, INC., 383 Madison Ave., New York, N.Y. 10017 - 725,000 shares of common stock, to be offered for sale by certain stockholders through underwriters headed by Dean Witter & Co. Inc., 45 Montgomery St., San Francisco, Cal. 94106. The company is a full service advertising agency. (File 2-49209 - Sept. 28)

FIRST VIRGINIA MORTGAGE AND REAL ESTATE INVESTMENT TRUST, 6400 Arlington Blvd., Falls Church, Va. 22046 - \$20 million of floating rate (8-12%) senior subordinated debentures, due 1980, to be offered for sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York, N.Y. Organized in May 1972, the Trust invests primarily in first mortgage construction and development loans and intermediate-term first mortgage loans. First Advisors, Inc. is investment adviser. (File 2-49210 - Sept. 28)

COMMERCIAL STATE CORPORATION, 100 North Jefferson Ave., St. Louis, Mo. 63103 - 200,000 shares of common stock. It is proposed to offer these shares in exchange for the outstanding capital stock of Planned Future Life Insurance Company, at the rate of one share for each 2.49 Planned shares. Commercial State, through subsidiaries, sells life, accident and health insurance, merchandise the sale of equity securities and conducts a finance business. Planned sells life insurance in Minnesota. (File 2-49213 - Sept. 27)

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY, 607 East Adams St., Springfield, Ill. 62701 - 150,000 shares of cumulative preferred stock (\$100 par), to be offered for sale at competitive bidding. (File 2-49217 - Oct. 1)

FIRST PIEDMONT CORPORATION, 340 North Main St., Greenville, S.C. 29602 - 82,155 shares of common stock. It is proposed to offer these shares for subscription by common stockholders at the rate of one share for each ten shares held. The company is a bank holding company. (File 2-49219 - Oct. 1)

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:

Combustion Equipment Associates, Inc., New York, N.Y. (File 2-49204) - 400,000 shares  
 American Security Corporation, Wash., D.C. (File 2-49207) - 15,000 shares  
 Standard-Pacific Corp., Costa Mesa, Calif. (File 2-49211) - 200,000 shares  
 Texas International Company, Oklahoma City, Okla. (File 2-49212) - 500,000 shares  
 Security New York State Corporation, Rochester, N.Y. (File 2-49215) - 42,544 shares  
 Security New York State Corporation, Rochester, N.Y. (File 2-49216) - 60,000 shares  
 Varo, Inc., Garland, Texas (File 2-49220) - 424,520 shares  
 Codex Corporation, Newton, Mass (File 2-49224) - 159,540 shares

SECURITIES ACT REGISTRATIONS. Effective October 19: Adobe Oil & Gas Corp., 2-47858 (90 days); American Income Fund - 1973, 2-48668 (90 days); Carlyle Real Estate Limited Partnership - 1973, 2-47576 (90 days); Digital Equipment Corporation, 2-49239 and 2-4924 Hamilton Bancshares, Inc., 2-48933 and 2-48934; Harris, Upham Tax-Exempt Fund, First Series, 2-48961; Lexton-Ancira Real Estate Income, Ltd., 1973-B, 2-48801 (90 days); Lord Abbett Growth Fund, Inc., 2-48762; Ohio Bell Telephone Co., 2-49197; Phillips Petroleum Co., 2-49265; Physics International Co., 2-48977; Principal and Accumulation Trust, 2-48441; The Reit Income Fund Inc., 2-47597 (Nov 29); Teradyne, Inc., 2-48859.

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

#### MISCELLANEOUS

TRADING SUSPENSIONS CONTINUED. The SEC has initiated the suspension of over-the-counter trading in the securities of First Leisure Corp. for the further ten-day period October 23-November 1, inclusive.

COMPANIES WHICH RECENTLY ACQUIRED STOCK OF OTHER COMPANIES. Companies and individuals must report to the Commission on Schedule 13D the acquisition of more than 5% of the stock of another company within 10 days of such acquisition. During the period September 24-26, the following companies or individuals filed Schedule 13D's regarding the acquisition of stock of other companies.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER &amp; NUMBER OF SHARES</u>	<u>DATE FILED</u>
John S. Gleason, Jr.	Chicago Helicopter Industries, Inc. Common Stock - 63,035 shs.	9-24-73
* Tristar Developments, Inc.	Mobile Home Communities Beneficial Interest - 100,000 shs.	9-24-73
* Norbat Corp.	General Battery Corp. Common Stock - 2,291,550 shs.	9-24-73
* Berkshire Hathaway Inc.	Washington Post Co. Class B Stock - 410,250 shs.	9-24-73
Fifth Avenue Coach Lines, Inc. et al	Pacific Holding Corp. Common Stock - 115,063 shs. Common Stock - 40,000 shs. on exercise of Options	9-25-73
John L. Loeb, Trustee	Jet Air Freight Common Stock - 34,000 shs.	9-26-73

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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.