

# sec news digest

a daily summary from the securities and exchange commission

Issue 73-227

(SEC Docket, Vol. 3, No. 4 - Dec 11)

November 26, 1973

## DECISIONS IN ADMINISTRATIVE PROCEEDING

SECURITY PLAN, INC., AND OFFICERS SANCTIONED. The Commission has suspended the broker-dealer registration of Security Plan, Inc., Fort Worth, Texas, for 30 days beginning November 26, 1973, and suspended Jeffrey McManus, its president, Johnnie O'Neal Marshall, its secretary, from association with a broker-dealer for the same period.

The sanctions are based upon findings that from about June 14 to about August 28, 1972, Security Plan, aided and abetted by McManus and Marshall, violated the disclosure, net capital and reporting requirements of the securities laws. Among other matters, respondents failed to exercise due diligence in investigating the adequacy and accuracy of representations made in the prospectus about the nature of the underwriting of stocks of CoSeCo, Inc. and failed to disclose that Security Plan lacked the financial ability to engage in a firm commitment underwriting as was represented in the CoSeCo prospectus.

The Commission's order was issued under an offer of settlement in which the respondents consented to the findings and sanctions without admitting or denying the charges made against them. (Rel. 34-10509)

JOHN E. SCHUMACHER BARRED. An order has been issued barring John E. Schumacher, of San Diego, from association with any broker-dealer. The order was based on findings that, from April 1971 to February 1973, Schumacher sold unregistered common stock of Computer Consultants, Inc. and made material misstatements in the offer and sale of that stock. Schumacher represented that the stock being sold would be issued directly by Computer when in fact it was owned by officers of the company and that investors would be able to sell their stock publicly after Computer filed a registration statement, when in fact the statement, as filed, did not cover shares held by existing shareholders. He also represented that Computer was a new company with no operating history, when in fact, it had operated for six years with a loss each year; and that, when Computer's registration statement became effective, investors would be able to sell their stock, for which they had paid \$12.25 per share, for \$6 to \$8 per share in the over-the-counter market. On February 2, 1973, Schumacher, with his consent and without his admitting or denying the allegations of the Commission's complaint, was permanently enjoined from violations of the registration and antifraud provisions of the securities acts.

Schumacher failed to answer the charges against him and was deemed in default. (Rel. 34-10511)

ROTHSTEIN BARRED. The Commission has barred Ronald Rothstein of New York City, from association with any broker, dealer, investment company or investment adviser. After one year he may apply to the Commission to become so associated in a non-supervisory and non-proprietary capacity upon a showing of proper supervision, and after six years from the date of the Commission's bar order, he may apply for relief from such limits on his association.

According to the decision, Rothstein violated or aided and abetted violations of the securities laws, in that securities carried for customers were hypothecated and subjected to the liens and claims of pledgees for sums which exceeded the aggregate indebtedness of all customers for securities carried in their accounts. In addition, material facts concerning such hypothecation were not disclosed to customers and broker-dealers.

The Commission's order was based on an offer of settlement in which Rothstein, without admitting or denying the charges, consented to the findings and sanctions. (Rel. 34-10512)

KNIER, GABE AND BOECK SUSPENDED. An order has been issued suspending Clifford G. Knier, of Waite Park, Minnesota, from association with any registered broker-dealer for a period of one year, and suspending Patricia Gabe, of White Bear Lake, Minnesota, and Harvey Boeck, of St. Paul, Minnesota, from such association for a period of three months. After their respective periods of suspension, Knier, Gabe and Boeck may not, without the prior approval of the Commission's staff, be employed or function in any way in a supervisory capacity with a registered broker-dealer, or hold any office or directorship therein.

The sanctions imposed were based on findings that Knier, Gabe and Boeck, during the period September 1970 to February 1973, violated registration and antifraud provisions of the Securities Act in the offer and sale of securities of New Life Trust, Inc. (NLT). They made material misrepresentations concerning the safety of an investment, the value of the land allegedly securing an investment, and NLT's financial condition. In addition, during the period September 1970 to November 1971, they assisted a broker-dealer to engage in the

securities business when it had not registered with the Commission as required.

The Commission's order was issued pursuant to offers of settlement in which Knier, Gabe and Boeck, without admitting or denying the charges against them, consented to the findings and the indicated sanctions. (Rel. 34-10514)

#### COMMISSION ANNOUNCEMENTS

J. SHAPIRO CO., OTHERS CITED. An amending order for public proceedings under the Securities Exchange Act of 1934 has been issued against J. Shapiro Co., a Minneapolis broker-dealer, and certain of its officers and directors.

On January 11, 1973, the Commission ordered public administrative proceedings against J. Shapiro Co., Jerome H. Shapiro, the president and principal shareholder, and Otto D. Christenson, a former registered representative based upon allegations of violations of the net capital, hypothecation and antifraud provisions, record-keeping requirements, and reporting requirements of the Federal securities laws.

The amending order alleges additional violations of the net capital provisions, record-keeping requirements and reporting requirements against J. Shapiro Co. and Shapiro. It further alleged additional violations of the antifraud provisions against J. Shapiro Co., Shapiro, George W. Fredericks, vice-pres. and director, David T. Hoffman, assistant to Fredericks, and Rodney G. Aaberg, a former registered representative. Moreover, the following officers or directors of J. Shapiro Co. were named in the amending order pursuant to Section 10(b) of the Securities Investor Protection Act of 1970: Shapiro, Donald R. Anderson, Fredericks, Paul G. Kause, Edward D. Clapp, Herman J. Polisky, Miles U. Braufman and Stephen B. Goot.

J. Shapiro Co. ceased doing business on April 11, 1973. A SIPC trustee was appointed on April 13, 1973.

A hearing will be scheduled by further order to take evidence on the staff charges and afford respondents an opportunity to offer any defenses. The purpose of the hearing is to determine whether the allegations are true, and if so, whether any action of a remedial nature is necessary or appropriate in the public interest. (Rel. 34-10521)

#### COURT ENFORCEMENT ACTIONS

CAYE CHAPEL CLUB, LIMITED; BENJAMIN ABRAMSON ENJOINED. The SEC Washington Regional Office announced that on November 16, 1973 a complaint was filed in the U. S. District Court in Philadelphia, Pennsylvania seeking a permanent injunction and charging Caye Chapel Club, Limited and Benjamin Abramson, of Philadelphia, with violations of the securities registration provisions of the securities laws. Caye Chapel Club, Limited is a British Honduras corporation of which Abramson is the president, principal promoter and controlling person.

The case involves the public offer and sale to United States investors of unregistered common shares of Caye Chapel by the defendants between June 1967 and the present date. The complaint alleges that the defendants purchased the island of Caye Chapel off the coast of British Honduras for the purpose of developing it into a resort. The complaint further alleges that the defendants obtained approximately \$600,000 from public investors while holding themselves out as specializing in the successful syndication, promotion, and rapid development of resort real property.

Contemporaneously with the filing of this action the defendants consented to the entry of a final judgment of permanent injunction without admitting or denying the allegations contained therein. Pursuant to such consent, on November 19, 1973 the federal district court in Philadelphia entered a Final Judgment permanently enjoining the defendants from further violations of the aforementioned securities registration provisions of the securities laws. (LR-6155)

#### HOLDING COMPANY ACT RELEASES

WISCONSIN GAS COMPANY. An order has been issued authorizing Wisconsin Gas Company, subsidiary of American Natural Gas Company, to (1) issue up to \$28 million of promissory notes maturing November 28, 1974, to banks, or (2) sell commercial paper to a dealer in an aggregate amount not to exceed \$9 million, or (3) issue up to \$5 million of promissory notes to the trust department of a bank. The total of all such borrowings will not exceed \$28 million at any one time. Net proceeds will be used to repay notes outstanding and to partially finance its 1973 construction program. (Rel. 35-18180)

EASTERN UTILITIES ASSOCIATES. A notice has been issued giving interested persons until December 17, 1973, to request a hearing on a proposal of Eastern Utilities Associates (EUA), a registered holding company, and its electric utility subsidiary companies, Blackstone Valley Electric Company (Blackstone) and Brockton Edison Company (Brockton), that Blackstone sell all its securities of Montaup Electric Company, an EUA electric utility subsidiary company, to Brockton, and that certain short-term notes be issued and cash advances be made in connection with the reallocation. (Rel. 35-18182)

ALABAMA POWER COMPANY. A notice has been issued giving interested persons until December 18, 1973, to request a hearing on a proposal by the Alabama Power Company (Alabama), an electric utility subsidiary of The Southern Company, a registered holding company, and Alabama Property Company (APCO), a non-utility subsidiary of Alabama, whereby Alabama would make an aggregate capital contribution of \$300,000 to APCO by December 31, 1975. APCO will use the funds to acquire and hold real property for Alabama. (Rel. 35-18183)

#### INVESTMENT COMPANY ACT RELEASES

FUNDAMERICA OF JAPAN, INC. An order has been issued on an application filed by Fundamerica of Japan, Inc., a diversified, open-end management investment company registered under the Investment Company Act of 1940, permitting shares of the Fund to be offered in Japan to non-United States nationals at public offering prices which may differ from those described in the prospectus of the Fund used in the United States. (Rel. IC-8098)

TECHNO FUND, INC. A notice has been issued giving interested persons until December 11, to request a hearing on a proposal by the Commission to declare on its own motion that Techno Fund, Inc., of Columbus, Ohio, has ceased to be an investment company. (Rel. IC-3100)

#### MISCELLANEOUS

PEPSICO, INC. An order has been issued granting the application of PepsiCo, Inc. (PepsiCo) for a finding that the trusteeship of First National City Bank (the Bank) under an indenture of PepsiCo and an indenture of Wilson Sporting Goods Co. is not so likely to involve a material conflict of interest as to make it necessary to disqualify the Bank from acting as trustee. (Rel. TI-349)

SECURITIES ACT REGISTRATIONS. Effective November 23: American General Convertible Securities, Inc., 2-49394; American Hospital Supply Corporation, 2-49505; Charterbank, Incorporated, 2-48875 (40 days); The Diamond State Telephone Company, 2-49515; Eastmet Corporation, 2-49556; First Piedmont Corporation, 2-49219; Princeton American Bancorp, 2-49526; The Summit Bancorporation, 2-49106.

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.

RECENT FORM 8-K FILINGS. Form 8-K is used by companies to file current reports on the following events

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| Item 1. Changes in Control of Registrant.              | Item 9. Options to Purchase Securities.                                    |
| Item 2. Acquisition or Disposition of Assets.          | Item 10. Revaluation of Assets or<br>Restatement of Capital Share Account. |
| Item 3. Legal Proceedings.                             | Item 11. Submission of Matters to a Vote of Security Holders.              |
| Item 4. Changes in Securities.                         | Item 12. Changes in Registrant's Certifying Accountant.                    |
| Item 5. Changes in Security for Registered Securities. | Item 13. Other Materially Important Events.                                |
| Item 6. Defaults upon Senior Securities.               | Item 14. Financial Statements and Exhibits.                                |
| Item 7. Increase in Amount of Securities Outstanding.  |  |
| Item 8. Decrease in Amount of Securities Outstanding.  |  |

The companies listed below have filed 8-K reports for the month indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An invoice will be included with the requested material when mailed.

COMPANY	ITEM NO.	MONTH
RAINBU PHOTO COLOR INC	2,3,14	07/73
RAPID AMERICAN CORP	3	10/73
REDMAN INDUSTRIES INC	2,14	10/73
RELIANCE INSURANCE CU	3	10/73
RIMAK MANUFACTURING INC	2,14	09/73
KUANWELL CORP	13	10/73

8K REPORTS CONT.

ROBINSON HALPERN CO	11	10/73
RODAC CORP	3	10/73
ROLLINS INC	11,14	10/73
ROWAN INDUSTRIES INC	13	06/73
ROYAL ATLAS CORP	13,14	10/73
ROYAL RESOURCES EXPLORATION INC	13	10/73
RUBBERMAID INC	11	10/73
SAUL B F REAL ESTATE INVESTMENT TRUST	7	09/73
SAUL B F REAL ESTATE INVESTMENT TRUST	7	10/73
SCHICK INC	4,14	10/73
SCIENCE MANAGEMENT CORP	13	10/73
SEALED POWER CORP	7	09/73
SELECT THEATRES CORP	11	10/73
SHOWBOAT INC	11,13	10/73
SIGMOR CORP	7,11,13,14	10/73
SIGNETICS CORP	7,14	07/73
SIMPSON INDUSTRIES INC	11,14	10/73
SOUTHERN COOPERATIVE DEVELOPMENT FUND IN	11	08/73
SOUTHERN PACIFIC TRANSPORTATION CO	7,14	10/73
SOUTHWEST FOREST INDUSTRIES INC	3,13,14	10/73
STANDARD METALS CORP	11,13	10/73
STARCH DANIEL & STAFF INC	13,14	10/73
STERLING ELECTRONICS CORP	13	11/73
STRAUSS LEVI & CO	7	10/73
SUMMIT PROPERTIES	7,13	10/73
SUN OIL CO	3,7	10/73
SUPER STORES INC	11	10/73
SUPERIOR FOODS INC	8	10/73
SUSQUEHANNA CORP	6	10/73
TALCUTT JAMES INC	7,14	08/73
TASSAWAY INC	13	10/73
TAX CORP OF AMERICA	11,13,14	10/73
TAYLOR KENTAL CORP	7	10/73
TELECOM CORP	3,11,13,14	10/73
TELEPRO INDUSTRIES INC	4,8,11,14	10/73
TERADYNE INC	7	10/73
THERM AIR MANUFACTURING CO INC	13,14	06/73
TOPSYS INTERNATIONAL INC	13,14	10/73
TRANSCATA CORP	1,4,8,11,12,14	09/73
TRANSITRON ELECTRONIC CORP	2,3,7	09/73
TRIUMPH INDUSTRIES INC	13	10/73
UGI CORP	2	10/73
UNILAKE HEALTH SERVICES INC	11,14	10/73
UNION LIGHT HEAT & POWER CO	7,14	10/73
UNION PACIFIC CORP	13	10/73
UNITED BANKCORP OF MAINE	7	10/73
UNITED DATA CENTERS INC	3,14	10/73
UNITED STATES GYPSUM CO	3	10/73
UPJOHN CO	3,13,14	10/73
USM CORP	7,8,14	10/73
VACU DRY CO	11	10/73

**IMPORTANT NOTICE**

Many requests for copies of documents referred to in the daily SEC News Digest have erroneously been directed to the Government Printing Office. They should be addressed: Public Reference Section, Securities and Exchange Commission, Washington, D C 20549. The reproduction cost will approximate 12¢ per page, plus postage, for mailing within four days, to 25¢ per page, plus postage, for overnight mailing. Cost estimates given on request.

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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.