

sec news digest

Issue 75-74

(SEC Docket, Vol. 6, No. 15 - April 29)

U.S. SECURITIES & EXCHANGE COMMISSION
RECEIVED

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COMMISSIONER SPEAKS

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ZERO MINUS SIXTEEN AND COUNTING

On Tuesday, April 15, 1975, sixteen days before fixed rates are eliminated, Commissioner Evans addressed the Securities Traders Association of Connecticut concerning various areas that would be impacted and affected by the advent of fully competitive commission rates. Despite dire predictions that have been made regarding the Commission's rate decision, Mr. Evans reaffirmed once again the Commission's position that the free play of competition in the commission rate area will better serve the investing public than any system of price fixing that can be reasonably devised.

In pointing out that not everyone will be happy under competitive rates, Commissioner Evans cautioned that competitive forces will be harsh, and that marketplaces, broker-dealers and other market participants who have relied on a fixed rate of commission will feel the effects of the new system and that competitive forces will create a whole new set of market relationships. Methods of dealing will be altered significantly, particularly in such areas as the offering of certain brokerage services and the payment for such services by money managers. The Commissioner stated that under competitive rates the costs of services will be more amenable to measurement and that both customers and money managers will be able to measure more closely the value of services provided. Thus, although fiduciary obligations are important, Commissioner Evans submitted that the basic concern of money managers would be to avoid undesirable relations with customers by encouraging customer trust and confidence through full disclosure of separate costs and an itemization of such costs.

Regardless of whether services such as research and execution are unbundled or not, the Commissioner observed that customers could measure bundled services by unbundled alternatives so that in effect firms offering full services would be unbundled indirectly. In addition, Commissioner Evans asserted that the unbundling of services would result "in more accurate pricing, greater profits, increased stability of earnings, a stronger securities industry and a more efficient capital raising mechanism." Thus, the marketplace would determine which services ought to be offered and what they are worth by those who purchase the services. In view of these likely developments, the Commissioner concluded that competitive commission rates "undoubtedly will have a greater impact on the structure of our securities markets than any other single change . . ."

RULES AND RELATED MATTERS

COMMENT PERIOD EXTENDED ON RULE PROPOSALS UNDER THE ADVISERS ACT

The Commission announced today that it has extended from April 30, 1975 until May 31, 1975 the period for submission of comments by interested persons on proposed Rule 206(4)-4 under the Investment Advisers Act of 1940 and proposed new paragraph (14) of Rule 204-2(a) under the Act. The proposals were announced on March 5, 1975 (Investment Advisers Act Release No. 442). Proposed Rule 206(4)-4 would require an investment adviser to provide clients and prospective clients with a written disclosure statement containing specified information relating to, among other things, the adviser's services, method of operation, and fee arrangements, and qualifications of advisory personnel. Proposed paragraph (14) of Rule 204-2(a) would require investment advisers to maintain a copy of such written statements, and any amendments or revisions thereof, in their books and records.

All communications commenting on these rule proposals should refer to File No. S7-555. (Rel. IA-451)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

LOUIS MANCUSO AND LAURENS TARTASKY SANCTIONED

The Commission has imposed sanctions on Louis Mancuso, of Purchase, New York, and Laurens Tartasky, of West Orange, New Jersey, former salesmen of Hale Securities Corp., which was a Jericho, New York broker-dealer firm. Mancuso and Tartasky were suspended from any association with a broker-dealer, investment adviser or investment company for respective periods of 6 months and 75 days, and barred from any such association in a supervisory or proprietary capacity. After one year of association with a broker-dealer in a supervised position, Tartasky may apply to become so associated in a supervisory or proprietary capacity.

The sanctions were based on findings that, during the period from about November 1972 to July 1973, Mancuso and Tartasky violated antifraud provisions of the securities laws in the offer and sale of common stock of Proof Lock International, Inc. Mancuso and Tartasky charged unfair prices and made material misrepresentations concerning the nature and profitability of Proof Lock's business operations, its contracts and the market for its products, the speculative nature of Proof Lock stock, and the existence of current and accurate financial information concerning the company.

The Commission's order was issued under offers of settlement in which, without admitting or denying the charges against them, Mancuso and Tartasky consented to the above findings and the indicated sanctions. (Rel. 34-11345)

GEORGE S. GORDON SUSPENDED

The Commission has suspended George S. Gordon, of Miami Lakes, Florida, who had been vice-president of a broker-dealer, from association with any broker, dealer, investment adviser or investment company for 45 business days, effective April 21.

The sanction was based on findings that Gordon aided and abetted violations of the securities laws because transactions were effected in Camcco Corporation securities without furnishing customers timely written notification disclosing the capacity in which his firm was acting, and its participation or financial interest in the distribution. In addition, it was found that records were not made accurately and kept current.

The Commission's action was based on an offer of settlement in which Gordon, without admitting or denying the charges against him, consented to the above findings and the indicated sanction. (Rel. 34-11344)

COMMISSION ANNOUNCEMENTS

SECOND WEEK OF HEARINGS SCHEDULED ON POSSIBLE ENVIRONMENTAL AND SOCIAL DISCLOSURE

The second week of hearings in the Commission's public proceeding concerning possible disclosure of environmental and other socially significant matters will convene on Monday, April 21, 1975 at 9:30 a.m., in Room 776, at the Commission's offices at 500 North Capitol Street, Washington, D.C. 20549. In these proceedings, which were originally announced on February 11, 1975 (Rel. 33-5569, 34-11236), the Commission seeks to determine the nature and extent of investor interest in corporate disclosures in registration statements, reports and other documents filed with the Commission or required to be furnished to investors of environmental and other matters of primarily social rather than financial concern, including equal employment matters.

The Commission has designated Mr. William F. Bavinger to preside at these hearings. Written communications with respect to the proceedings, and requests from interested persons wishing to make oral presentations, should be addressed to Mr. Bavinger, Room 730, Securities and Exchange Commission, Washington, D.C. 20549. Telephone inquiries may be directed to Mr. Bavinger, 202/755-1387, or Daniel L. Goelzer, 202/755-1977.

Copies of the transcripts of the hearings may be purchased through Columbia Reporting Co., Inc. at a price of \$.12 per page. Requests should be made directly through Mr. Frank McCabe, Columbia Reporting Co., Inc., 300 Seventh Street, S.W., Washington, D.C. (202/737-8333).

The schedule of witnesses for the second week of hearings appears below:

Monday, April 21

AM: Russell B. Stevenson, Professor of Law, George Washington University
Frederick T. Searls, Esq., Debevoise & Liberman

PM: D. K. Patton, Real Estate Board of New York, Inc.

Stanley K. Bigman, Executive Director, Sponsors of Open Housing
Investment

Tuesday, April 22

NO HEARINGS SCHEDULED

Wednesday, April 23

AM: W. Sterling Cary, President, National Council of Churches

Larold K. Schulz, Executive Director, United Church of Christ Center

Wednesday, April 23, cont.

AM: Robert Cahn, Conservation Foundation

PM: Florence Little, Women's Division, United Methodist Church

G. Brockwell Heylin, Labor Relations Attorney, Chamber of Commerce
of the United States

Thursday, April 24

NO HEARINGS SCHEDULED

Friday, April 25

AM: Paul Neuhauser, Chairman, Episcopal Church Committee on Responsibility
in Investments

William Stemper, Coordinator for New York Forum for Investment
Responsibility

Annette Burford, Chairperson, Committee for Mission Responsibility
Through Investment, Central Presbyterian Church

PM: David Brower, President, Friends of the Earth

Hearings are also presently scheduled for April 28, 30, May 1, and 2. Witnesses tentatively scheduled to appear during that week include: James Christison, Elliott J. Weiss, Richard D. Godown, Alice Tepper Marlin, Lynne D'Arcy, Roger Kennedy, Ralph Nader, and Michael A. Glass. Additional hearing dates will be scheduled, as required, through May 14, 1975

RICHARD GREENBERG AND JOSEPH ELKIND BARRED

Administrative Law Judge Ralph Hunter Tracy has filed an initial decision ordering that Joseph Elkind, former president of Hale Securities Corp., be barred from association with any broker-dealer with the provision that after one year Elkind may apply to the Commission for permission to become associated with a broker-dealer in a non-supervisory capacity. The order bars Greenberg, former office manager and trader of Hale, from association with any broker-dealer, investment company or investment adviser. The decision is subject to appeal to the Commission.

The Administrative Law Judge found, among other things, that Elkind and Greenberg had wilfully violated and/or wilfully aided and abetted violations of the antifraud provisions of the securities laws in the offer and sale of the common stock of Proof Lock International, Inc., by employing devices, schemes and artifices to defraud and by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

INITIAL DECISION SUSPENDS INTERNATIONAL SHAREHOLDERS SERVICES CORPORATION AND HOWARD M. JENKINS

Administrative Law Judge Irving Sommer has filed an initial decision suspending the broker-dealer registration of International Shareholders Services Corporation, a Florida corporation, with an office in Jacksonville, Florida for a period of six months, and suspending its president, Howard M. Jenkins from being associated with any broker or dealer for a period of six months. The decision is subject to Commission review on petition of a party or on the Commission's own initiative.

The decision is based on findings that International Shareholders Services Corporation and Howard M. Jenkins, singly and in concert wilfully violated and wilfully aided and abetted in violations of Sections 5(a) and 5(c) of the Securities Act. In addition, International Shareholders Services Corporation wilfully violated and Howard M. Jenkins, through whom the corporation acted, wilfully aided and abetted violations of Section 17(a) of the Exchange Act and Rule 17a-5 thereunder.

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES NJB PRIME INVESTORS

The SEC announced the filing of a complaint in the U.S. District Court for the District of Columbia on April 14 seeking a court order directing NJB Prime Investors (NJB), a Massachusetts real estate investment trust, with principal offices in Clifton, New Jersey, to comply with the reporting provisions of the Securities Exchange Act of 1934 and seeking a permanent injunction against further such violations. According to the Commission's complaint against NJB, that company failed to file its annual report on Form 10-K for the fiscal year ended November 30, 1974 with the Commission. (SEC v. NJB Prime Investors, U.S.D.C. D.C., Civ. Action No. 75-0541). (LR-6832)

CRIMINAL INFORMATION CITES NORMAN PIERSON

The Fort Worth Regional Office announced the filing of a criminal information in Federal District Court at Dallas, Texas, on April 9 charging Norman Pierson of Norman, Oklahoma, with criminal contempt of an order entered on April 24, 1970, permanently enjoining Pierson and others from violations of the registration provisions of the securities laws. The information alleged that Pierson violated the Court's order in the offer and sale of the common stock of Naturizer, Inc. (U.S. v. Norman Pierson, N.D. Tex.). (LR-6833)

STEED INDUSTRIES, INC., OTHERS ENJOINED

The Chicago Regional Office announced that on February 28 the Honorable Frank J. McGarr, U.S. District Judge for the Northern District of Illinois, permanently enjoined Steed Industries, Inc., Robert Giannini, James C. Capshaw, Joseph LaRose, Allen Mark Perres, Leland Fay, Earl Miller, Steve Barak, Jr., Edward Sell, Paul Paymaster, and Edward Niziol, all of Chicago, Illinois, from violations of the registration and antifraud provisions of the securities laws in the offer and sale of managership and directorship interests in the multilevel pyramid promotion scheme, of Steed Industries, Inc., which the court found to constitute investment contracts and securities. (LR-6835)

RECEIVER APPOINTED FOR ALL AMERICAN FUND, INC.

The Los Angeles Regional Office announced that on April 8 Lawrence T. Lydick, U.S. District Judge in Los Angeles, California, appointed Murray L. Simpson, Esq., 9701 Wilshire Blvd., Suite 900, Beverly Hills, California, as receiver of the All American Fund, Inc., a registered investment company located in Los Angeles. As receiver, Mr. Simpson will take charge of the assets of the Fund, make a full investigation into possible claims on behalf of the Fund, obtain an interim investment adviser for the Fund and make a determination as to the final disposition of the Fund. Zenith American Management Services, Ltd., the All American Fund's management company and its officers and directors, Messrs. Stanely Rowen, Nelson Sanesi, and Maxwell Rubin consented to the appointment of the receiver for the Fund. (SEC v. All American Fund, Inc., et al., D.C. CA., Civ Action No. 74-3683 LTL). (LR-6836)

MARK B. RUBEN ENJOINED

The Commission announced that on January 22 the Honorable William P. Copple, U.S. District Judge for the District of Arizona, Phoenix Division, entered an order of permanent injunction against Mark B. Ruben, enjoining him from further violation of the antifraud provisions of the securities laws in the purchase and sale of the common stock of Altec Corporation, or any other securities. The defendant consented to the

order of permanent injunction without admitting or denying the allegations of the Commission's complaint. The complaint was filed on June 18, 1974. (SEC v. Mark B. Ruben, D. AZ., Phx. Div., C.D. 74-421-WPC-PHX). (LR-6837)

CRIMINAL INFORMATION CITES TOM R. ROGERS

The Fort Worth Regional Office announced the filing of a criminal information in Federal District Court at Dallas, Texas, April 9 charging Tom R. Rogers of Dallas, with criminal contempt of an order entered on June 26, 1972, permanently enjoining Rogers and others from further violations of the registration and antifraud provisions of the securities laws.

The information alleged that Rogers violated the Court's order in the offer and sale of fractional undivided working interests in oil and gas leases and common stock of Republic Energy Corporation. The information further alleged that Rogers violated the broker-dealer registration provisions in the offer and sale of fractional undivided working interests in oil and gas leases issued by McQueen Oil & Gas, Inc. (U.S. v. Tom R. Rogers, N.D. Tex.). (LR-6838)

HOLDING COMPANY ACT RELEASES

THE COLUMBIA GAS SYSTEM

A notice has been issued giving interested persons until May 9 to request a hearing on a proposal by The Columbia Gas System, Inc, a registered holding company, to issue and sell, at competitive bidding, 1 million shares of cumulative preferred stock, par value \$50 per share. (Rel. 35-18935 - Apr. 14)

MIDDLE SOUTH UTILITIES

An order has been issued approving a proposal of Middle South Utilities, Inc., and Middle South Energy, Inc., a subsidiary, whereby MSEI will issue and sell and MSU purchase, 20,000 additional shares of MSEI's common stock. The proceeds, \$20 million will be used for MSEI's construction program. (Rel. 35-18936 - Apr. 15)

OHIO EDISON COMPANY

An order has been issued authorizing a proposal by Ohio Edison Company, a registered holding company and an electric utility company, and Pennsylvania Power Company, subsidiary, that Ohio Edison issue and sell 4,000,000 shares of its common stock by negotiation, that Pennsylvania sell 400,000 shares of its common stock to Ohio Edison and that Pennsylvania amend its charter to increase the amount of its authorized common stock from 3,000,000 to 4,000,000 shares. (Rel. 35-18937 - Apr. 15)

TRUST INDENTURE ACT RELEASES

AMERICAN AIRLINES, INC.

A notice has been issued giving interested persons until May 6 to request a hearing on an application by American Airlines, Inc., under Section 310(b)(1)(ii) of the Trust Indenture Act of 1939 declaring that the trusteeship of Bankers Trust Company under four existing indentures and under a proposed indenture is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify Bankers Trust Company from acting as trustee under one of these indentures. (Rel. 39-391)

RECENT 8K 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.

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
PRIME MOTOR INNS INC	1	03/75
QUALITY CORP	12,13,14	02/75
RANSBURG CORP	3	03/75
REIS ROBERT & CO	6	03/75
ROCKY MOUNT UNDERGARMENT CO INC	11,13	03/75
ROLAND INTERNATIONAL CORP	11	03/75
ROYAL ATLAS CORP	3,13	03/75
ROYSTER CO	13,14	03/75
RUSS TOGS INC	10,14	03/75
SACOM	13,14	03/75
SAFeway STORES INC	3	03/75
SENTINEL RESOURCES CORP	9	03/75
SMITHFIELD FOODS INC	13,14	03/75
SOUTHWESTERN ELECTRIC SERVICE CO	7,8,14	03/75
SPECTRA PHYSICS INC	7,9,14	03/75
STATE EXPLORATION CO	11,14	03/75
STEIGER TRACTOR INC	3,7,14	03/75
STRAMBRIDGE & CLOTHIER	14	02/75
TALCOTT NATIONAL CORP	13	03/75
TEXAS COMMERCE BANCSHARES INC	7	03/75
TEXSTAR CORP	7	03/75
THIRD NATIONAL CORP	3,14	03/75
TIME HOLDINGS INC	13,14	03/75
TOWLE MANUFACTURING CO	13	03/75
UNION TANK CAR CO	7	03/75
UNITED DOLLAR STORES INC	13,14	03/75
UNITED STATES GYPSUM CO	3	03/75
UNITED STATES SUGAR CORP	14	03/75
UNITED TELECOMMUNICATIONS INC	13,14	03/75
UTAH POWER & LIGHT CO	13	03/75
VICTORY MARKETS INC	3,13,14	03/75
VIKING GENERAL CORP	7	03/75
WEST POINT PEPPERELL INC	3	03/75
WEYERHAEUSER CO	3	03/75
ACF INDUSTRIES INC	7,14	03/75
AMERICAN WESTERN LIFE INSURANCE CO	11	04/74
ARGONAUT ENERGY CORP	2	03/75
ASSOCIATED BANK CORP	2,7	03/75
AUTOMATION SCIENCES INC	13	03/75
BARTON BRANDS LTD	3	03/75
BEATRICE FOODS CO	13,14	03/75
BLOUNT INC	7,8,14	03/75
BUCYRUS ERIE CO	4,13,14	03/75
BUEHLER CORP	7,11,13,14	03/75
CHC CORP	7	03/75
CHEMETRON CORP	3	03/75
COGAR CORP	13,14	03/75
CREST ULTRASONICS CORP	13	03/75
FIRST MELVILLE BANCORP INC	2,7,8,14	05/74
GENERAL CRUDE OIL CO	11	03/75
GREEN GIANT CO	7,8,14	03/75
HARTZ MOUNTAIN CORP	3	03/75
JOHNSON PRODUCTS CO INC	7	01/75
M&T MORTGAGE INVESTORS	9	03/75

RECENT 8-K FILINGS CONT.

MARLENE INDUSTRIES CORP	13	03/75
MEDICAL COMPUTER SYSTEMS INC	13	03/75
NATHANS FAMOUS INC	3,13,14	03/75
NATIONAL PROPERTIES INC	3	03/75
NIAGARA FRONTIER SERVICES INC	8,13	03/75
ORANGE CO INC	13	04/75
PALL CORP	4,14	03/75
PAMEX FOODS INC	1,11	03/75
PAN ALASKA FISHERIES INC	13	03/75
ROLLINS INC	13	03/75
SOUTHEASTERN PUBLIC SERVICE CO	7	01/75
STALEY A E MANUFACTURING CO	1	03/75
TAMPA ELECTRIC CO	7,14	03/75
TEXFI INDUSTRIES INC	11	03/75
UNITED NUCLEAR CORP	7,8,13,14	03/75
VAGABOND INVESTMENT PROPERTIES	11	03/75
VISTA INTERNATIONAL CORP	13,14	03/75

AMENDMENTS TO REPORTS ON FORM 8-K

COMP U CHECK INC	12	01/75
WAGNER ELECTRIC CORP	4,14	11/74
KAPPA SYSTEMS INC	14	02/75
RIVERSIDE REAL ESTATE INVESTMENT TRUST	12,14	12/74
TORO CO	14	02/75
KEYSTONE CUSTODIAN FUNDS INC	10	09/74
UNITY BUYING SERVICE CO INC	14	02/75
AMERICAN MAIZE PRODUCTS CO	13	02/75
AMFAC INC	10	01/75
CHARTER CO	8	06/74
CHEMICAL FINANCIAL CORP	7	01/75
CROWN ZELLERBACH CORP	2,14	02/75
ENVIRONMENTAL RESEARCH CORP	14	02/75
FIRST NATIONAL CORP NEVADA	NO ITEMS	08/73
GUARDIAN DEVELOPMENT CORP	7,13,14	01/75
LANCHART INDUSTRIES INC	8	01/75
PACESETTER INDUSTRIES INC	3,14	10/74
PATO CONSOLIDATED GOLD DREDGING LTD	2,10,14	07/74
PERFECT LINE MANUFACTURING CORP	13	02/75
WESTERN CO OF NORTH AMERICA	10	02/75
WESTERN ORBIS CO	6,14	03/75
AMERICAN NUCLEAR CORP	13,14	01/75
BASIC AMERICAN CORP	13	12/74
CADENCE INDUSTRIES CORP	3,10,14	12/74
OUTLET CO	13	01/75
PATHFINDER MOBILEHOME INC	4,14	01/75
POLLUTION CONTROL INDUSTRIES INC	13	02/75
SYBRON CORP	4	02/75

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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