

sec news digest

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RULES AND RELATED MATTERS

LIBRARY

ADOPTION OF RULE OF PRACTICE 201.27

The Commission announced the adoption, effective immediately, of Commission Rule of Practice 27, prescribing procedures applicable to adjudications not required to be determined on the record after notice and opportunity for hearing. The rule, which applies to all such cases of adjudication pursuant to the Securities Exchange Act of 1934, requires the Commission to give notice of any adverse action or final disposition to any person who has requested the Commission to make such adjudication and to furnish to any such person a statement of written reasons therefor. The rule has been adopted pursuant to Section 23(c) of the Exchange Act, as added by the Securities Acts Amendments of 1975, which provides that the Commission shall prescribe certain procedures for such adjudications.

In connection with the adoption of Rule of Practice 27, the Commission is also amending Rule of Practice 1, which sets forth the scope of the Rules of Practice. (Rel. 34-11632)

COMMISSION ANNOUNCEMENTS

CONFIRMATION OF TRANSACTIONS UNDER UNFIXED COMMISSIONS

The Commission today drew attention to practices recently being urged on brokers in connection with confirming transactions. It has been suggested that institutions, particularly foreign institutions, have requested that brokers (a) provide to such institutions confirmations of transactions which reflect a commission calculated according to the old minimum rate schedules of exchanges, (b) collect the commission so reflected and (c) agree to return to the institutions, at monthly intervals, some percentage of the commission collected.

The Commission noted that, during the initial transition to competitively determined commission rates since May 1, 1975, there may have been reasons, such as the need to adjust rapidly to changing methods of doing business, for using arrangements such as those described above. It was stressed, however, that where the parties are prepared to determine the commission at the time an order is placed, there would not be any reason for continuing to prepare confirmations along the lines referred to above.

CHIEF FINANCIAL ANALYST POSITION OPEN

The SEC's Division of Investment Management Regulation is seeking a Chief Financial Analyst. This position provides an opportunity to help shape the regulatory program for registered investment companies, investment advisers and investment analysts. The incumbent will design regulatory reports and transaction data collection systems, and conduct portfolio analyses and investment performance studies. Applicants must have an advanced degree, experience in securities research and portfolio management and familiarity with valuation techniques for reorganizations, mergers and acquisitions. The ability to utilize computers is a definite plus. Salary at GS-15 level is \$29,818 - \$36,000.

Resumes (confidential) should be sent to:

Director, Investment Management Regulation
Securities and Exchange Commission
500 North Capitol Street
Washington, D.C. 20549

An Equal Opportunity Employer

The Commission pointed out that under general principles of agency law in the United States, an institution which acts as an agent for an investor and receives a return of commissions paid by the investor to a broker is under a duty to turn them over to the investor. An institution's violation of that duty would, in the opinion of the Commission, constitute a fraudulent or deceptive act or practice in connection with the purchase or sale of securities. Furthermore, where acts (or culpable failures to act) within the United States, such as directing the preparation of misleading confirmations directly cause losses to foreigners outside the United States, the antifraud provisions of the securities acts are applicable.

In that connection, the Commission made clear that a broker which causes or assists an institution to violate a duty to the investor may be aiding and abetting a fraudulent or deceptive act or practice. Furthermore, a broker would have a duty of inquiry with respect to his participation in a course of conduct which, to a reasonable person, would raise a question of fraudulent or deceptive acts or practices. (Rel. 34-11629)

ORDERS FOR PUBLIC PROCEEDINGS

ORDER CITES EDMOND L. BROWN, OTHERS

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against Edmond L. Brown and Orville G. Allen, former officers and directors of Brown, Allen, Rose & Company, formerly a Dallas, Texas, broker-dealer. The proceedings are based on staff allegations of violations of the antifraud provisions of the securities laws. A hearing will be scheduled by further order on the charges against the respondents. (Rel. 34-11634)

COURT ENFORCEMENT ACTIONS

LONDON HOUSE BROKERAGE FIRM, INC., OTHERS ENJOINED

The Fort Worth Regional Office announced that on August 20 Federal District Judge Stephen S. Chandler at Oklahoma City, Oklahoma entered orders of permanent injunction by consent against London House Brokerage Firm, Inc., Oklahoma City; Midwest Commodities, Inc., Kansas City, Missouri; Lloyd E. Barnes, Lubbock Texas; North American Commodities, Inc., Kansas City, Kansas; Gloria Dobson, Oklahoma City; Donald C. Eyer, Kansas City, Missouri; Marcus P. Mears, Oklahoma City; and Harold L. Wilson, Leawood, Kansas, enjoining them from violations of the registration and antifraud provisions of the securities laws. Additionally, London House Brokerage Firm, Inc., Midwest Commodities, Inc. and North American Commodities, Inc. were enjoined from further violations of the broker-dealer registration requirements of the securities laws.

Orders of permanent injunction by consent had previously been entered by Judge Chandler against Gibson Commodity Options, Inc. (July 30, 1975), Preferred Commodity Options Corporation (July 17, 1975), and Marguerite Gibson (July 30, 1975), all of Tulsa, Oklahoma; Ronald W. Acker (August 6, 1975), Eugene E. Anderson (July 16, 1975), both of Oklahoma City; and Ralph C. Thomas (July 30, 1975), Lakewood, Colorado, enjoining them from violations of the registration and antifraud provisions of the securities laws. In addition, Gibson Commodity Options, Inc. and Preferred Commodity Corporation were enjoined from violations of the broker-dealer registration requirements of the securities laws. Additionally, on August 27 Judge Chandler entered orders of permanent injunction by default against American Commodity Exchange, Inc. and Commodity Clearing House, Inc., both of Oklahoma City, enjoining them from violations of the antifraud provisions of the securities laws, and against Opportunity Research Corporation, Oklahoma City, and London Commodity Fund, Ltd., Georgetown, Grand Cayman Islands, from violations of the registration and antifraud provisions of the securities laws.

The Court ordered the appointment of K. D. Greiner, National Foundation Center Bldg., 3545 Northwest 58th Street, Oklahoma City, as the receiver for American Commodity Exchange, Inc., Commodity Clearing House, Inc., London Commodity Fund, Ltd. and Opportunity Research Corporation, to take control of all books, records and assets. The Court appointed Robert C. Bailey, 600 Hightower Bldg., Oklahoma City, as special counsel for the receiver. (SEC v. American Commodity Exchange, Inc., et al., W.D. Okla.). (LR-7067)

L.T.P. PROPERTIES, INC., OTHERS ENJOINED

The Commission has announced that on August 12 Judge Joe Eaton of the U.S. District Court for the Southern District of Florida, at Miami, Florida, entered an order of permanent injunction prohibiting L.T.P. Properties, Inc.; S.E.I., Inc.; Frank R. Carcaise

and David R. Edstrom from violating the registration, selling and antifraud provisions of the securities laws, in connection with the offer, sale, and purchase of the securities of L.T.P. Properties, Inc., or any other security. The order was entered pursuant to the terms of a stipulation and consent whereby these defendants, without admitting or denying the allegations in the Commission's complaint, consented to the entry of the order. (SEC v. L.T.P. Properties, Inc., et al., S.D. Fla., Civil Action No. 74-1680-Civ-JE). (LR-7068)

SWISS BANK CORP. ENJOINED IN GENERAL REFRACTORIES CASE

The Commission announced that on September 4 Judge John H. Pratt of the U. S. District Court for the District of Columbia issued an order permanently enjoining Swiss Bank Corp. from violating Sections 10(b) and 13(d) of the Securities Exchange Act of 1934 and Rules 10b-5, 13d-1 and 13d-2 thereunder by, in effect, aiding customers of the bank to conceal their ownership and/or control of more than 5 percent of outstanding stock of General Refractories Company or any other so-called "13D securities" where such customers have failed to file a Schedule 13D with the Commission and by acquiring and holding additional such securities for such customers after such customers, to the knowledge of Swiss Bank or under circumstances in which Swiss Bank should have had knowledge, have acquired more than 5 percent of such securities and have failed to file a Schedule 13D. The order also enjoins Swiss Bank from disposing of, acquiring or voting General Refractories securities owned or controlled by certain European defendants so long as there is in effect a Court order enjoining such defendants from such acts. In addition, the Court ordered Swiss Bank to circulate to its personnel an explanation of the Court order and the requirements of Section 13(d) of the Exchange Act and to adopt and implement written procedures designed to preclude customers from violating Section 13(d) and Rules thereunder through the use of Swiss Bank's facilities. Swiss Bank consented to the issuance of the order without admitting or denying the allegations. (SEC v. General Refractories Company, et al., D.C.D.C. Civil Action No. 75-0809) (LR-7069)

HOLDING COMPANY ACT RELEASES

UTAH POWER & LIGHT COMPANY

An order has been issued declaring that Utah Power & Light Company has ceased to be a holding company and that its registration under the Public Utility Holding Company Act of 1935 is no longer in effect. (Rel. 35-19155 - Sept. 3)

TRADING SUSPENSIONS

ADDITIONAL ACTION ON TWO TRADING SUSPENSIONS

The SEC has announced the suspension of (a) exchange and over-the-counter trading in the securities of Canadian Javelin Ltd. for the further ten-day period September 6 - 15, inclusive; and (b) exchange and over-the-counter trading in the securities of Continental Vending Machine for the further ten-day period September 7 - 16, inclusive.

SECURITIES ACT REGISTRATIONS

(S-14's) MULTIVEST REAL ESTATE FUND, LTD., SERIES I-VII

Newco, Incorporation, a corporation to be organized under the laws of the State of Michigan, 22255 Greenfield Road, Detroit, Mich. 48075 - 1,000,000 shares of common stock and 6,037,557 shares Series A preferred stock. It is proposed to issue these shares in connection with the acquisition of all assets subject to liabilities of seven publicly-held limited partnerships, MultiVest Real Estate Fund, Ltd., Series I, Series II, Series III, Series IV, Series V, Series VI, Series VII, and in exchange for all of the outstanding stock of four subsidiaries of MultiVest, Inc. The acquisitions are subject to approval by a majority vote of the outstanding limited partnership units of each of the limited partnerships voting separately and to approval by partnerships whose minimum assets in the aggregate total in the minimum of \$104,000,000 as of December 31, 1974. Newco, when incorporated, will initially engage in the acquisition, disposition and management of income-producing real estate and related activities. (File 2-54356, 2-54390, 91, 92, 93, 94, 95 - Aug. 13)

(S-7) SULLAIR CORPORATION

3700 E. Michigan Blvd., Michigan City, Ind. 46360 - 350,000 common shares of which 300,000 are to be offered for sale by the company and 50,000 by a shareholder. The offering is to be made through underwriters headed by Smith, Barney & Co., Inc., One First National Plaza, Chicago, Ill. 60670. The company designs, manufactures, sells and rents rotary screw compressors for construction, mining and industrial use under a non-exclusive license. (File 2-54537 - Sept. 3)

(S-1) AMTEL, INC.

40 Westminster St., Providence, R. I. 02903 - \$12,500,000 of 5% convertible installment notes and 670,000 shares of common stock. It is proposed to offer the foregoing notes (a portion of the principal of which is convertible into an aggregate of 670,000 shares of Amtel common stock) in exchange for the outstanding common stock of Imodco, Inc., Los Angeles, Calif., at the rate of \$4 in cash and \$14 principal amount of notes for each share of Imodco common stock. Amtel is a diversified corporation engaged in the manufacture and sale of a variety of industrial and consumer products. (File 2-54538 - Sept. 3)

(S-4) MADISON FUND, INC.

660 Madison Ave., New York, N. Y. 10021 - shares of common stock issuable in connection with dividend payments and acquisitions and for investment of contributions under retirement plans established under the Self-Employed Individuals Tax Retirement Act of 1962. The Fund is a closed-end management investment company, which invests principally in common stock. (File 2-54541 - Sept. 3)

(S-1) UNITED FINANCIAL CORP.

First at Main, Wichita, Kan. 67202 - 400,000 shares of common stock, to be offered in exchange for the outstanding capital of Union National Bank of Wichita, at the rate of one share for each Bank share. The company is a bank holding company formed for the purpose of such exchange. (File 2-54542 - Sept. 3)

(S-16) CHICAGO PNEUMATIC TOOL COMPANY

6 East 44th St., New York, N. Y. 10017 - 51,682 shares of common stock, to be offered for sale from time to time by certain stockholders at prices current at the time of sale. The company is a manufacturer of industrial machinery. (File 2-54543 - Sept. 3)

(S-7) ROCHESTER GAS AND ELECTRIC CORPORATION

89 East Avenue, Rochester, N. Y. 14649 - 1,000,000 shares of common stock, to be offered for sale through underwriters headed by The First Boston Corp., 20 Exchange Pl., New York, N. Y. 10005. The company is a public utility supplying electric, gas and steam service within New York State. (File 2-54547 - Sept. 4)

REGISTRATIONS EFFECTIVE

Sept. 3: Apache Corp., 2-54082; The Connecticut Light and Power Co., 2-54316; Heath Tecna Corp., 2-54329; Standun Inc., 2-54287.

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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