

# sec news digest

U.S. SECURITIES & EXCHANGE COMMISSION

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

MAR 27 1974

### HENRY IMHOLZ BARRED

### LIBRARY

The SEC has barred Henry Imholz, of Lausanne, Switzerland, from association with any broker-dealer, except that he may become associated with a named broker-dealer under specified conditions. After one year Imholz may apply to the Commission, upon a proper showing of proposed supervision, for permission to become associated with a broker-dealer as a supervised person. The sanction begins March 11, 1974.

According to the decision, Imholz on July 8, 1969 pleaded guilty in the U. S. District Court for New York to four counts of an indictment charging the violation of Regulation T of the Federal Reserve System pursuant to Section 7 of the Securities Exchange Act.

The Commission's order was based on an offer of settlement in which Imholz, without admitting or denying the charges, consented to the finding and sanction. (Rel. 34-10665)

### CLAUDE W. BROWN BARRED

An order has been issued barring Claude W. Brown, of Oklahoma City, who was executive vice president and a director of Don D. Anderson & Co., Inc., formerly a registered broker-dealer, from association with any registered broker-dealer. After six months, Brown may apply to the Commission for permission to become so associated in a supervised capacity.

The sanction was based on findings that, from February 1970 to February 1972, Brown violated registration and antifraud provisions of the securities laws. He unlawfully sold unregistered stock of Southwest Factories, Inc., Pioneer Nursing Centers, Inc., Four Seasons Nursing Centers of America, Inc., and Academy Computing Corporation, and failed to disclose to customers to whom he recommended and sold those stocks that insiders of the companies were selling the stocks in contemporaneous transactions with Anderson & Co. In addition, Brown aided and abetted his firm's failure to comply with net capital and reporting requirements, and failed to exercise reasonable supervision.

The Commission's order was issued under an offer of settlement in which Brown, without admitting or denying the charges against him, consented to the findings and sanction. (Rel. 34-10666)

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## COURT ENFORCEMENT ACTIONS

### LONDON SECURITIES LTD., OTHERS ENJOINED

The New York Regional Office announced that on February 13 the Federal court in New York City permanently enjoined London Securities, Ltd., a broker-dealer of New York City, and Joseph C. Caggiano, president, from violations of the registration, net capital, bookkeeping, supplemental reporting, and margin requirements of the securities laws. On January 24, 1974 a temporary receiver was appointed for London Securities, Ltd. (LR-6274)

COMPLAINT NAMES REALTY EQUITIES CORP.,  
REPUBLIC NATIONAL LIFE, OTHERS

The New York Regional Office and the Division of Enforcement announced the filing of a complaint on March 8 in the Federal court for New York seeking the appointment of receivers for Realty Equities Corporation of New York and for Republic National Life Insurance Co. of Dallas, Texas. In addition, the complaint seeks to enjoin Realty, Republic, Westheimer, Fine, Berger and Co. (WFB) Peat, Marwick, Mitchell & Co. (PMM) and 11 individuals from violations of the securities laws. WFB audited Realty's financial statements for the fiscal years ending March 31, 1971, 1972 and 1973. PMM audited Republic's financial statements for 1970, 1971 and 1972. The other defendants are: Morris Karp, Realty's president and chief executive officer; Jerome Socher, Realty's treasurer; Theodore Beasley, Republic's chief executive officer and chairman; C.J. Skelton, vice chairman of Republic's board of directors and chairman of its Executive Committee, former president of Republic; Thomas G. Nash, Jr., president of Republic, former general counsel and vice president in charge of Investment Division; Ronald Rex Beasley, executive vice president of Republic; Robert P. Brady, executive vice president and chief actuary of Republic; Samuel P. Smoot, senior vice president and treasurer of Republic; (T. Beasley, Skelton, Nash, R. Beasley, Brady and Smoot are also directors of Republic and members of its Executive Committee and its Finance and Investment Committee); Neal N. Stanley, vice president and actuary of Republic; Hilary H. Evers, of Cincinnati, Ohio, a mortgage broker and real estate broker; and Phelim F. O'Toole, Jr., of St. Louis, Missouri, a real estate appraiser.

In broad outline, the Commission's complaint alleges that as of September, 1970 Republic had a net investment in Realty and its affiliate, First National Realty & Construction Corp. (FNR) of \$18.6 million. Additionally, Republic was holding over \$30 million in mortgages on properties owned or managed by Realty. At this point, Realty's financial condition worsened dramatically. In September 1970, Realty reported a loss of \$13.2 million for the year ended March 31, 1970; at such date Realty's accumulated deficit had reached \$16.6 million. With this adverse change in Realty's financial condition, the complaint alleges, Republic's investment in Realty was in jeopardy and Republic faced a write-down of a large portion of the Realty paper it held. Then, it is alleged, Republic embarked on a scheme to: (a) invest further substantial sums in Realty in an attempt to protect and conceal the fact of Republic's failing investment in Realty; (b) conceal such further investment in Realty by converting Republic's investment in Realty initially to companies serving as conduits for channeling Republic funds to Realty and subsequently by converting such investment into excessive mortgages on properties acquired by Realty with funds obtained from Republic; (c) fraudulently report material amounts of income of Republic which was in fact generated by Republic's advancing substantial sums to Realty which were immediately returned by Realty to Republic as interest payments on debt owed to Republic by Realty and affiliates and nominees of Realty; and (d) overstate the assets of Republic in reports furnished to shareholders and to the Insurance Department of the State of Texas.

Peat, Marwick, Mitchell & Co., Republic's auditors, is also charged with having issued its audit reports, including its unqualified opinion on Republic's financial statements for 1970, 1971 and 1972, when such financial statements were materially false and misleading.

In addition to injunctive relief, the Commission requested that the court appoint receivers to conduct the affairs of Realty and Republic and to conduct a full investigation and accounting into the financial affairs of such companies. The Commission also requested that the Court direct the receivers to take appropriate action based upon the investigations and accountings including asserting claims on behalf of the companies to recover all assets wasted or misappropriated by the defendants or others. (LR-6273)

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## TRADING SUSPENSIONS

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### BRINCO, LTD. SUSPENDED

The SEC has announced the suspension of over-the-counter trading in the securities of Brinco, Ltd., of Montreal, Quebec, Canada for a ten-day period beginning on March 11 and terminating at midnight March 20, 1974.

The Commission initiated the suspension at the request of the government of Newfoundland, Canada, pending announcement of a proposed takeover bid by the Province involving shares of Brinco, Ltd. Brinco is listed on the Montreal and Toronto Stock Exchanges in Canada. (Rel. 34-10677)

### ADDITIONAL ACTION ON ONE TRADING SUSPENSION

The SEC has announced the suspension of exchange and over-the-counter trading in the securities of Granby Mining Co., Ltd. for the further ten-day period March 12 - 21, inclusive.

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## HOLDING COMPANY ACT RELEASES

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### GENERAL PUBLIC UTILITIES CORPORATION

A notice has been issued giving interested persons until April 1 to request a hearing on a declaration filed by General Public Utilities Corporation, a registered holding company, to make \$125,100,000 of capital contributions to four subsidiaries. (Rel. 35-18316)

### ARKANSAS POWER & LIGHT COMPANY

A notice has been issued giving interested persons until April 1 to request a hearing on a proposal of Arkansas Power & Light Company, subsidiary of Middle South Utilities, Inc., to extend through May 31, 1975, its authorization to issue and sell short-term unsecured notes (including commercial paper) to banks and/or a dealer in commercial paper, and to increase the maximum allowable amounts of such authorized sales from \$60 million to \$85 million. (Rel. 35-18318)

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## SECURITIES ACT REGISTRATIONS

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### (S-1) SOUTHWESTERN ELECTRIC POWER COMPANY

P. O. Box 1106, Shreveport, La. 71156 - 200,000 shares of preferred stock (\$100 par), to be offered for sale through underwriters at competitive bidding. The company is an electric utility. (File 2-50372 - Mar. 8)

### (S-7) WESTERN MASSACHUSETTS ELECTRIC COMPANY

1974 Brush Hill Ave., West Springfield, Mass. - \$30 million of first mortgage bonds, series K, due 2004, to be offered for sale at competitive bidding. Western Massachusetts is an electric utility. (File 2-50373 - Mar. 8)

### (S-7) NORTHERN INDIANA PUBLIC SERVICE COMPANY (NIPSCO)

5265 Hohman Ave., Hammond, Ind. 46320 - \$75 million of first mortgage bonds, due 2004, to be offered for sale by underwriters headed by Dean Witter & Co. Incorporated, 14 Wall St., New York, N. Y. 10005 and Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N. Y. 10006. NIPSCO is a public utility operating company which supplies electrical energy and natural gas. (File 2-50374 - Mar. 8)

(S-14) GRUMMAN CORPORATION

Bethpage, Long Island, N. Y. 11714 - 207,988 shares of \$.80 convertible preferred stock (\$1 par). These shares are to be offered in connection with the merger of Grumman Allied Industries, Inc., an 81% owned subsidiary of Grumman Corporation, into a newly created wholly-owned subsidiary of Grumman Corporation. Grumman Corporation, through various subsidiaries, designs, produces, and sells military aircraft, space vehicles, related spare parts and special support equipment. (File 2-50376 - Mar. 8)

(S-7) CHRYSLER FINANCIAL CORPORATION

19250 Northland Dr., Southfield, Mich. 48075 - \$100 million of notes, due 1981, to be offered for sale through underwriters headed by The First Boston Corporation, 20 Exchange Place, New York, N. Y. 10005, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, New York, N. Y. 10006. Chrysler Financial is in the finance business and the finance-related insurance business through subsidiaries. (File 2-50377 - Mar. 8)

(S-10) EVERETT JOHN ATHENS

813 Thurston National Bldg., Tulsa, Okla. 74103 - \$2 million of foreign off-shore oil and gas overriding royalty interests, to be offered for sale in \$1,000 units through underwriters headed by William M. McNabb Co., 235 Montgomery St., San Francisco, Cal. 94104. The interests are derived through working interests owned by Athens in off-shore oil and gas exploration and development concessions located, respectively, in the North Ionian Sea (Greece), the Central Aegean Sea (Greece) and the Sea of Marmara (Turkey). (File 2-50379 - Mar. 8)

(S-14) FOSTER WHEELER CORPORATION

666 Fifth Ave., New York, N. Y. 10022 - 381,425 shares of common stock. These shares are to be issued upon consummation of the merger of a wholly-owned subsidiary of Foster Wheeler with RayGo, Inc. The exchange ratio is anticipated to be .1173 Foster Wheeler shares for each common share of RayGo. Foster Wheeler is principally engaged in engineering, manufacturing and construction in the energy field. (File 2-50380 - Mar. 8)

REGISTRATIONS EFFECTIVE

March 11: Continental Real Estate Partners, Ltd. - 74, 2-48972; Mississippi Power Company, 2-50238; Tennessee Valley Bancorp, Inc., 2-50152 & 2-50153; The Foothill Group, Inc., 2-50283.

REGISTRATIONS WITHDRAWN

March 11: Interfunding Financial Services Corp., 2-46794; Landwide Holdings Limited, 2-46736.

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 12¢ per page plus postage for mailing within four days (\$2 minimum) and 25¢ per page plus postage for over-night mailing (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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