

sec news digest

Issue 74-92
(SEC Docket, Vol. 4, No. 7 - May 21)

U.S. SECURITIES & EXCHANGE COMMISSION

RECEIVED

May 10, 1974

MAY 13 1974

CHAIRMAN SPEAKS

LIBRARY

OUR CHANGING CAPITAL MARKETS

"American industry needs capital, including enormous sums of equity capital, to meet the economic requirements of the coming decade," Chairman Ray Garrett, Jr. told the Commonwealth Club of California in San Francisco Wednesday.

After reviewing the beginnings of securities regulation in this country, Mr. Garrett noted two basic threats to our system in the foreseeable future: (1) the present state of the stock market is such as to seriously impede the ability of companies to raise capital by selling stock and (2) the SEC's ability to maintain competitive and liquid capital markets relating both to characteristics of investors and the securities industry that serves investors. On these matters, the Chairman urged the support of any measures proposed that offer improvement in the prices of common stock. In addition, Mr. Garrett noted institutional investors present a problem in liquidity. He pointed out that it may be difficult for the market to absorb their shares if they wish to sell and it tends to be uneconomic for them to purchase new offerings of smaller companies. To the extent that institutional investors have soaked up cash that otherwise might have been available for direct investment by individuals, they may have reduced the sources of equity capital for such companies. "The challenge for our capital markets," Mr. Garrett explained, "is to provide these monsters with adequate liquidity and to encourage them to greater diversification in some instances . . . Adequate liquidity for institutional investors depends in large measure on adequate capital in broker dealers," he continued, "Primarily because of fallen prices and low volume on our stock markets, profitability of securities firms has shrunk, and so has capital and their ability to raise capital."

In conclusion, Chairman Garrett said, "I think the SEC over its 40 years has seen great progress in providing full disclosure to investors about publicly-held corporations and in providing fair and equitable markets for their securities. I think this progress, which is the envy of the free world has contributed substantially to economic growth and social stability. We are still far short of perfection, and these policies should be pursued even more diligently and effectively."

RULES AND RELATED MATTERS

COMMISSION DECLARES EFFECTIVE CONSOLIDATED TAPE PLAN

The Securities and Exchange Commission announced that it has sent to the sponsors of a consolidated tape plan refiled jointly by the New York, American, Midwest, Pacific and PBW Stock Exchanges and the National Association of Securities Dealers, Inc. on April 22, 1974 a letter declaring the plan effective as of May 17, 1974. The plan, originally filed on March 2, 1973 pursuant to Securities Exchange Act Rule 17a-15, provides for reporting of prices and volume of completed transactions in securities registered on exchanges. (Rel. 34-10787)

COMMISSION PROPOSES AMENDMENT TO RULE 17a-15

The Commission has published for public comment a proposal to amend Rule 17a-15 (the Rule) under the Securities Exchange Act of 1934, which provides for reporting

of prices and volume of completed transactions with respect to securities registered on exchanges. The purpose of the amendment, which would add a new paragraph (i) to the Rule, is to establish procedures for appeal to the Commission from certain actions which may be taken pursuant to any composite tape plan declared effective by the Commission under the Rule. Comments on the proposal are due by June 14, 1974. (Rel. 34-10788)

ORDERS FOR PUBLIC PROCEEDINGS

MYRON R. HOLMGREN

Administrative proceedings under the Investment Advisers Act of 1940, the Investment Company Act of 1940 and the Securities Exchange Act of 1934, have been ordered involving Myron R. Holmgren doing business as Michael R. Scott, of Joliet, Illinois, a registered investment adviser. The proceedings are based, among other things, on allegations of the Commission's staff that Holmgren, from about February 8, 1972 to date, in violation of the antifraud provisions of the Advisers Act, gave false and misleading material information about his past stock market investment activities to a book publishing company for use by said publisher in the preparation of advertisements in a book on the stock market written by Holmgren.

It was also alleged that during the above period, Holmgren published, circulated and distributed and participated in and caused the publication, circulation and distribution of advertisements for his book which contained untrue statements of material fact and which were otherwise false and misleading.

A hearing will be scheduled by further order on the charges against Holmgren. (Rel. IA-413)

TRADING SUSPENSIONS

SUSPENSION OF COOK INDUSTRIES, INC. TERMINATED

The suspension of exchange and over-the-counter trading in the securities of Cook Industries, Inc. (Cook Industries) terminated at midnight (EDT) on May 9. The trading suspension in the securities of Cook, Treadwell & Harry, Inc. (CTH) will terminate at midnight (EDT) on May 17 as previously announced. The Commission initiated the suspension in the securities of Cook Industries and CTH, an 87% subsidiary of Cook Industries, on May 8 because questions have been raised concerning the adequacy and accuracy of the financial statements of CTH and the possible impact on the financial condition of Cook Industries.

On May 8, 1974, Cook Industries disseminated a press release indicating that net after tax earnings for its nine months period ended February 28, 1974, were approximately \$39,265,000 which included in its equity the net losses from operations of CTH. This release further indicated that on February 28, 1974 shareholder's equity of Cook Industries was approximately \$102,000,000, which included approximately \$3,600,000 attributable to Cook Industries' 87% ownership of CTH. Cook Industries also indicated that based on the available information the stockholders equity of CTH may be reduced as a result of misstatements that appeared to have been reflected in its financial statements, but that such a reduction will not reduce the stockholders equity of Cook Industries in any material amount. In addition CTH has informed the Commission that it is estimated the cumulative effect of the misstatement of results of the operations of CTH will be \$600,000 to \$800,000 on a before-tax basis. However, CTH indicated that these estimates are temporary and subject to further adjustment. This information released by Cook Industries and CTH has not been passed upon by the Commission. (Rel. 34-10789)

TRADING SUSPENDED IN APOLLO INDUSTRIES, INC.

Over-the-counter trading has been suspended in the securities of Apollo Industries, Inc., of North Miami, Florida, for a ten-day period beginning at 10:00 A.M. (EDT) On May 10 and terminating at midnight (EDT) on May 19, 1974.

The Commission initiated the suspension because of a lack of current and adequate information available to the public concerning the financial condition of the company. The company has not filed with the Commission, as required by the Exchange Act, its 10-K Annual Report for the year ended May 31, 1973 and its 10-Q Quarterly Reports for the periods ended August 31, 1973, November 30, 1973, and February 28, 1974. (The Commission suspended trading in the securities of Apollo on June 22, 1973 for a ten-day period because the company had failed to comply with the reporting provisions of the Exchange Act.) (Rel. 34-10793)

ADDITIONAL ACTION ON FOUR TRADING SUSPENSIONS

The SEC has announced the suspension of (a) over-the-counter trading in the securities of Westgate-California Corp. for the further ten-day period May 10 - 19, inclusive; and (b) exchange and over-the-counter trading in the securities of Equity Funding Corp., and over-the-counter trading in the securities of Zenith Development Corp. and Industries International, Inc. for the further ten-day period May 12 - 21, inclusive.

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES AMPCO-AMERICAN MINERAL AND PETROLEUM CORP., OTHERS

The Seattle Regional Office announced the filing of a complaint in the U. S. District Court at Seattle, Washington on April 26 seeking to enjoin AMPCO-American Mineral and Petroleum Corporation, Bernard Aptaker, Lee Cornish, The Cornish Corporation, Veronika Crawford, Arthur Jonassen, James M. Robertson and First Northwestern Financial Association, all of Seattle, from violations of the anti-fraud provisions of the securities laws. The complaint also seeks appointment of a receiver to hold the assets of the corporate defendants pending further order of the court as to restitution. The complaint alleges that defendants sold over \$800,000 of convertible debentures of AMPCO-American Mineral and Petroleum Corporation to nationals of France, Lebanon and other countries outside the U. S., by making untrue representations as to use of the proceeds and other material facts. On April 26, 1974, the court temporarily restrained the defendants from transferring, selling, pledging or otherwise disposing of assets. By agreement, a motion by the Commission for a temporary injunction has been set for hearing June 3, 1974. (LR-6356)

COMPLAINT NAMES HAY SPRINGS CORPORATION OF NEBRASKA, OTHERS

The Denver Regional Office on May 2 announced the filing of a complaint in the Federal court in Denver, Colorado seeking to enjoin Hay Springs Corporation and Cornhusker Associates, Inc. of Nebraska, Continental Colorado Corporation, Beran-Kaminski and Associates, Dove Creek Association, Andrew M. Kaminski, Ray J. Beran, Russell E. Griffith, II, Linn Murray, Sam Seay, Leonard W. Wever, and Robert D. Gower of Colorado, Continental Title Co., Inc., and Amidon East, of North Dakota. An injunction is sought against all defendants from violating the registration provisions of the securities laws in the offer and sale of common stock of Hay Springs Corporation; stock subscription agreements of Cornhusker Associates, Inc.; notes and evidences of indebtedness of Beran-Kaminski and Associates, Hay Springs Corporation, and Cornhusker Associates, Inc.; limited partnership interests in Amidon East and association memberships of Dove Creek Association. An injunction is also sought against all defendants except Hay Springs Corporation, Dove Creek Association, and Cornhusker Associates, Inc. from violating the antifraud provisions of the

securities laws in the offer and sale of the common stock of the First National Bank of Hay Springs, Nebraska; notes and evidences of indebtedness of Beran-Kaminski and Associates and limited partnership interests in Amidon East. (LR-6357)

THOMAS DRAKE, NANCY WALLACE ENJOINED

The Fort Worth Regional Office announced that on April 16 the U. S. District Court at Dallas, Texas, permanently enjoined Thomas W. Drake, Jr. and Nancy K. Wallace, also known as N. L. Knights, both of Dallas, Texas, from violations of the registration and antifraud provisions of the securities laws. The defendants consented to the entry of the orders without admitting or denying the allegations of the complaint. (LR-6358)

COMPLAINT NAMES RIDGE OIL COMPANY, OTHERS

The Chicago Regional Office announced that a complaint was filed in the U. S. District Court for Ohio, seeking to enjoin Ridge Oil Company, Inc. and James Todd (president and principal shareholder), both of Cambridge, Ohio, and Jack T. Cheviron (salesman) of North Canton, Ohio from violations of the antifraud provisions of the securities laws in the offer and sale of fractional undivided interests in oil and gas wells and leases. (LR-6359)

HOLDING COMPANY ACT RELEASES

ARKANSAS POWER & LIGHT COMPANY

An order has been issued authorizing Arkansas Power & Light Company, a subsidiary of Middle South Utilities, Inc., to sell \$20 million of common stock to Middle South. (Rel. 35-18408)

DELMARVA POWER & LIGHT COMPANY

A notice has been issued giving interested persons until June 3 to request a hearing on a proposal of Delmarva Power & Light Company, a registered holding company, to sell \$35 million of first mortgage bonds at competitive bidding. The proceeds will be used primarily to retire short-term unsecured notes. (Rel. 35-18409)

COMMISSION ANNOUNCEMENTS

STATISTICAL BULLETIN TO CHANGE FROM WEEKLY TO MONTHLY PUBLICATION

The Statistical Bulletin will change from a weekly to a monthly publication effective with the June 1974 issue. The new price will be \$2.20 per single copy, \$26.20 per year in the U. S. and \$32.75 per year elsewhere. The Statistical Bulletin is for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.

DELISTING AND UNLISTED TRADING ACTIONS

UNLISTED TRADING

An order has been issued granting the applications of the following stock exchanges for unlisted trading privileges in the common stocks of the specified companies: PBW Stock Exchange, Inc. - Atlas Consolidated Mining & Development Corporation, Drexel Bond-Debenture Trading Fund, Drexel Utility Shares, Inc. and Southland Royalty Company; Midwest Stock Exchange, Inc. - Iowa Public Service Co.; and Pacific Stock Exchange Inc. - Thiokol Corporation (Va.).

An order has also been issued granting an application of the American Stock Exchange, for a determination that the Class A convertible common stock of Imperial Oil Limited (a Canadian corporation) is substantially equivalent to its common stock, which was previously admitted to unlisted trading privileges on the American Stock Exchange. (Rel. 34-10792)

SECURITIES ACT REGISTRATIONS

(S-10) TRIADIC OIL CORPORATION

749 Cascade Circle, Homewood, Cal. 95718 - 100 units of undivided, non-producing fractional working interests in portions of oil and gas leases, to be offered for sale at a maximum offering price of \$4,750 per unit. Triadic sells and manages participating interests in oil and gas exploration development ventures. (File 2-50709 - Apr. 8)

(S-5) CURRENT INTEREST, INC.

711 Polk St., Houston, Tex. 77002 - 1,500,000 shares of common stock, to be offered for sale at \$10 per share. The company is a no-load mutual fund seeking current income consistent with the preservation of capital. Funds, Inc. will act as investment adviser. (File 2-50931 - May 1)

(S-14) SUN OIL COMPANY

240 Radnor-Chester Rd., St. Davids, Pa. 19087 - 350,000 shares of common stock. It is proposed to offer these shares in exchange for all the outstanding common stock of Calvert Exploration Company, Tulsa, Oklahoma, at the rate of one Sun share for each 6.47 Calvert shares. Sun, is a fully integrated petroleum company. (File 2-50935 - May 1)

CORRECTION RE MODICON CORP

The summary of the registration statement filed by Modicon Corporation which appeared in the April 30 News Digest was misleading. A correct summary follows:

(S-1) MODICON CORPORATION

P. O. Box 83, Shawsheen Village Station, Andover, Mass. 01810 - 300,000 shares of common stock, of which 150,000 are to be offered for sale by the company and 150,000 by certain shareholders. The offering is to be made through underwriters headed by Alex. Brown & Sons, 135 East Baltimore St., Baltimore, Md. 21202 and Tucket, Anthony & R. L. Day, 120 Broadway, New York, N. Y. The company develops, manufactures, and sells programmable controllers and associated equipment, which are used to control automatically the operations of a wide variety of industrial machinery and process equipment. (File 2-50872 - Apr. 26)

REGISTRATIONS EFFECTIVE

May 9: Criterion Insurance Company, 2-50770; Dravo Corp., 2-50879; Eastern Gas and Fuel Associates, 2-50802; Government Employees Insurance Company, 2-50769; Jonathan Logan, Inc., 2-50522; Pacific Gas and Electric Company, 2-50809; The Gibson Homans Company, 2-50874; The Oil Shale Corp., 2-50861; Western Bancorporation, 2-50688.

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
ACE INDUSTRIES INC	13,14	04/74
AERO RESOURCES INC	3,13,14	03/74
AEROFLEX LABORATORIES INC	13,14	03/74
AIR CALIFORNIA	10,14	03/74
ALISON MORTGAGE INVESTMENT TRUST	7	03/74
AMAREX DRILLING PROGRAM LTD 70 71	13	03/74
AMAREX INC	13	03/74
AMERICAN EXPORT INDUSTRIES INC	2,6,7,8,10,14	03/74
AMERICAN NUCLEONICS CORP	10,14	02/74
AMERICAN TELECOMMUNICATIONS CORP	2,14	03/74
AMERICAN WESTERN LIFE INSURANCE CO	1	07/73
ATLANTIC INDUSTRIES INC	3,13	03/74
BROCK EXPLORATION CORP	13	04/74
CALIFORNIA MICROWAVE INC	3,13	03/74
CARLSBERG INCOME PROPERTIES LTD	2,3	03/74
CERTIFIED CORP	4,7,14	02/74
COMMERCIAL SOLVENTS CORP	3,13	03/74
COMMERCIAL STATE CORP	1,2,7	03/74
CROWN CENTRAL PETROLEUM CORP	7	01/74
DYMAT INTERNATIONAL CORP	7,9,10,14	12/73
ELECTROGASDYNAMICS INC	2,14	03/74
FINANCIAL FEDERATION INC	13	04/74
FIRST STEUBEN BANCORP INC	11	04/74
FOODARAMA SUPERMARKETS INC	4,8,13,14	03/74
GATEWAY INDUSTRIES INC	7,14	03/74
GENERAL BANCSHARES CORP	11	04/74
GOLDBLATT BROTHERS INC	4,7,14	05/73
HALE NATHAN INVESTMENT CORP	12,14	03/74
HAVATAMPA CIGAR CORP	3	03/74
IDS MCCULLOCH OIL EXPLORATION PROGRAM 19	2,14	03/74
IDS MCCULLOCH OIL EXPLORATION 1970	13,14	03/74
IEC ELECTRONICS CORP	13,14	03/74
JEFFERSON NATIONAL CORP	13	03/74
KAUFMAN H W FINANCIAL GROUP INC	1,2	09/73
KIRK C F LABORATORIES INC	7	03/74
LAWTER CHEMICALS INC	7,10	03/74
MADISON DOLLY INDUSTRIES INC	13,14	04/74
MARATHON ENTERPRISES INC	2,7,14	03/74
MASTER COMMUNICATIONS INC	11,13	03/74
MEBCO INDUSTRIES INC	13,14	01/74
MERIDIAN INVESTING & DEVELOPMENT CORP	2,13	03/74
MULTIVEST REAL ESTATE FUND LTD SERIES 6	2,14	03/74
NATIONAL APPAREL CORP	13	03/74
NATIONAL KINNEY CORP	13,14	03/74
NEWBERRY J J CO	11	07/73
PALOMAR MORTGAGE INVESTORS	11,14	03/74
PENNSYLVANIA CO	8	01/74
PONY VILLAGE INVESTMENT CO	11,13,14	03/74
PRESLEY COMPANIES	1,8	03/74
REAL EIGHT CO INC	13,14	03/74
SOUTH JERSEY INDUSTRIES INC	11	04/74
SUPERMARKET INVESTMENT CO INC	11	03/74
TRANSCO REALTY TRUST	7,14	03/74

RECENT 8K FILINGS CONT.

URIS BUILDINGS CORP	13	03/74
VTR INC	2,14	12/73
VTR INC	3	01/74
WELLINGTON TECHNICAL INDUSTRIES INC	6	03/74
ADVERTISING UNLIMITED INC	8	02/74
IBI SECURITY SERVICE INC	3	09/73
NATIONAL HOMES CORP	14	03/74

AMENDMENTS TO REPORTS ON FORM 8-K

APECO CORP	10,14	01/73
CHESAPEAKE & POTOMAC TELEPHONE CO	3	03/74
COMPUTER EQUIPMENT CORP	8	01/74
GENIMAR INC	8	12/73
OAKS INC	2,14	01/74
WONETCO ENTERPRISES INC	3	03/74

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 15c per page plus postage for mailing within four days (\$2 minimum) and 30c 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.

SEC NEWS DIGEST is published daily. Subscription rates: \$35.45/yr in U.S. first class mail; \$44.35 elsewhere.

SEC DOCKET is published weekly. Subscription rates: \$21.35/yr in

U.S. first class mail, \$26.70 elsewhere. The News Digest and the Docket are for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.