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COMMISSIONER SPEAKS

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SOMMER SPEAKS BEFORE NEW YORK STOCK EXCHANGE MARKETING CONFERENCE

Speaking before a New York Stock Exchange Marketing Conference of "The Securities Industry Revolution," Commissioner A. A. Sommer, Jr. discussed the "SEC in the Midst of Revolution." Commissioner Sommer stated:

"I think the Commission, whatever its shortcomings, will be here through the revolution; it is too much to expect Congress to make the changes suggested unless a far more compelling case of our inadequacy can be made than has been made. Yearning for a new regulator can only delay the pace and sureness of beneficial change. And I think that, if anything, the Commission should take an even stronger role of leadership in bringing about the conclusion of the revolution. If the movement toward the composite tape and quote system falters, it should move aggressively within its present powers and those Congress may give it to bring them into existence at the earliest possible moment. If the effort at comparable regulation of comparables slows, then the Commission must move strongly. If the commencement of negotiated rates combined with the continuation of fragmented markets threatens the auction process, then the Commission should do whatever it can to assure the continuation of the auction process until the central market system, with its emphasis upon the discipline of competition, can do the job. Nothing in my estimation can do more harm to the securities industry than unnecessary prolonging of the uncertainties that now shroud it. These uncertainties confuse planning, postpone needed financial commitments and deepen the pessimisms of people. Chairman Garrett recently quoted Chausewitz that the worst enemy of a good plan is a perfect plan. Waiting for the perfect plan or complete consensus can only hurt this industry."

"I know there are many who think this Commission role and these initiatives endanger the industry. None of the Commissioners and none of the staff expect or want the role of undertaker to this magnificent industry. We don't think we will be. But I do think that while we must press forward toward greater competition and the central market system we must also be alert for opportunities to strengthen the industry, to protect it from unfair competition, and perhaps, at least in the short term, provide some shelter perhaps not fully economically justified."

In addition, Commissioner Sommer discussed the problem of the permissibility of institutional investors paying more than rock bottom execution prices when they receive services in addition to execution, particularly research. Commissioner Sommer concluded:

"I would hope that counsel for fiduciaries and others who invest institutional funds would explore the possibilities anew that by means of contractual relationships and other devices the perils which they see might be reduced or obliterated and perhaps in the course of this re-examination they would conclude that perhaps their caution was excessive."

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

INSTITUTION OF PROCEEDINGS AGAINST AND SANCTIONS IMPOSED ON FIRST MID AMERICA INC., OTHERS

The Commission today announced the institution of public administrative proceedings against First Mid America Inc. (FMA), a broker-dealer in Lincoln, Nebraska, First Mid America Corporation (FMAC), a wholly-owned broker-dealer subsidiary of FMA, Dale C. Tinstman, former President of FMA, and Jerome A. Druliner, a Senior Vice President of FMA. The Commission simultaneously issued an order imposing remedial sanctions against respondents, based on offers of settlement in which respondents, without admitting or denying the charges against them, consented to the findings and sanctions indicated below.

Information leading to this proceeding was initially furnished to the Commission's staff by the National Association of Securities Dealers, Inc., in connection with joint efforts to correct abuses in the over-the-counter market. The Commission found that from May through July 1973, FMA was a managing underwriter of \$10 million of N-Triple-C Inc. (NCCC) debentures, and that FMA experienced difficulties in disposing of the issue. Before all of the offering was sold, FMA terminated the underwriting syndicate creating the misleading impression that the distribution of the debentures had been completed. Respondents then had quotations inserted in the NASD Automatic Quotation System at prices higher than those being quoted by other market makers. By virtue of respondents' bidding for and purchasing these securities, they were able to dominate the market and raise the price of the debentures. While doing so, respondents continued to sell the debentures remaining from the underwriting, stimulating such sales by contests and increased commissions until they completed the distribution on or about July 30, 1973. By reasons of the foregoing, respondents were found to have violated the antifraud provisions of the securities laws.

In view of the above findings, the Commission, with respondents' consent, suspended FMA and FMAC for 60 days, starting June 10, 1974, from acting as an underwriter, subject to certain exceptions set forth in the order. In addition, they have been suspended from conducting certain over-the-counter transactions for at least 21 days, and for the 39 days thereafter, can engage in such transactions if they donate their net income according to a plan approved by the Commission's staff. That same order suspended Tinstman for nine months, and Druliner for 60 days, from being associated with any broker-dealer. Tinstman, after his suspension, is barred from being so associated except as a supervised employee in a non-supervisory capacity, but after two years he may apply to the Commission for removal of the bar. Druliner, after his suspension, is further suspended from being a member of the board of directors or executive committee for an additional 120 days. (Rel. 34-10846)

FIRMS CENSURED FOR IMPROPER USE OF INSIDE INFORMATION

An order has been issued censuring the New York broker-dealer firms of Reynolds & Co., its successor Reynolds Securities Inc., Hallgarten & Co., and William D. Witter, Inc.

The sanctions were based on findings that on October 6, 1970, the firms (Reynolds Securities Inc. solely by virtue of being successor in interest to Reynolds & Co.) violated antifraud provisions of the securities laws. Reynolds & Co., Hallgarten and Witter received, directly and indirectly from the management of Faberge, Inc., material adverse non-public information about Faberge's sales and earnings for its third quarter ended September 30, 1970. Reynolds & Co. and Witter transmitted the information to certain persons who recommended and ordered the sale of and sold Faberge stock. Witter also sold the stock on behalf of a discretionary account. Hallgarten transmitted the information to certain persons, recommended the sale of Faberge stock, and thereafter sold the stock on behalf of its clients. All of these actions were taken prior to public disclosure of the information, and the information was not disclosed to purchasers.

The Commission's order was issued pursuant to offers of settlement in which the firms, without admitting or denying the charges, consented to the findings and the imposition of censure. In determining to accept the offers, the Commission considered the representations of Reynolds Securities Inc. and Witter that they will maintain effective procedures to protect against improper action being taken on the basis of material non-public corporate information. Hallgarten is no longer in business, as such. It is now part of Moseley, Hallgarten & Estabrook, Inc. (Rel. 34-10835)

COURT ENFORCEMENT ACTIONS

RECEIVER APPOINTED FOR GREEN CHEMICAL COMPANY

The Fort Worth Regional Office announced that the U. S. District Court at Houston, Texas appointed Theodore W. Pinson, of Houston, temporary receiver for Spence & Green Chemical Company, defendant in a civil injunctive action filed by the Commission. (LR-6388)

SOL LEIT AND JOEL KUBIE PLED GUILTY

The New York Regional Office announced that on May 29 Sol Leit, former president of Weis Securities, Inc., and Joel Kubie, former comptroller of Weis, each pled guilty to one count of conspiracy to violate the securities laws. Leit also pled guilty to an information charging him with substantive violations of the bookkeeping provisions.

Leit and Kubie had been indicted, along with three other top officers of Weis for their activities in the falsification of the firm's books and records and the subsequent financial collapse of Weis. Weis is currently being liquidated pursuant to the Securities Investor Protection Act of 1970. (LR-6389)

INVESTMENT COMPANY ACT RELEASES

LEISURE FUND

A notice has been issued giving interested persons until July 3 to request a hearing on an application of Leisure Fund, Incorporated, of Boston, Massachusetts, for an order declaring that it has ceased to be an investment company as that term is defined in the Act. (Rel. IC-8379)

AMERICAN LEADERS FUND

A notice has been issued giving interested persons until July 3 to request a hearing on an application of American Leaders Fund, Inc., Presidential Exchange Fund, Inc., Second Presidential Exchange Fund, Inc., and Fifth Presidential Exchange Fund, Inc., all mutual funds, for an order exempting from certain provisions of the Act the merger of Presidential, Second Presidential and Fifth Presidential into American Leaders. (Rel. IC-8381)

HOLDING COMPANY ACT RELEASES

OHIO POWER COMPANY

A supplemental order has been issued authorizing Ohio Power Company, subsidiary of American Electric Power Company, Inc., to sell up to \$30 million of short-term notes to additional banks. (Rel. 35-18444)

INDIANA & MICHIGAN ELECTRIC COMPANY

A supplemental order has been issued authorizing Indiana & Michigan Electric Company (I&M), subsidiary of American Electric Power Company, Inc., to sell \$20,137,500 of short-term notes to 32 banks. The proceeds will be used to repay short-term debts presently outstanding, to pay part of the cost of its future construction program, and for other corporate purposes. (Rel. 35-18445)

SECURITIES ACT REGISTRATIONS

(S-16) MOHASCO CORPORATION

57 Lyon St., Amsterdam, N. Y. 12010 - 85,000 shares of common stock, which may be offered for sale (or pledged) from time to time by certain share holders at prices current at the time of sale. Mohasco is an interior furnishings company. (File 2-51124 - May 17)

(S-1) HASTINGS CITY NATIONAL CO.

13th and N Sts., Lincoln, Neb. 68508 - 419,910 shares of common stock. It is proposed to offer these shares for subscription by common stockholders of record July 19 of NBC Co., an affiliated but separate corporation, at the rate of one Hastings share for two NBC shares. All unsubscribed shares will be sold by the company at public auction by sealed bid. The company is a bank holding company with one banking subsidiary. (File 2-51157 - May 23)

(S-5) SECURITY FIRST INCOME FUND, INC.

1800 Avenue of the Stars, Los Angeles, Cal. 90067 - 1,000,000 shares of common stock, to be offered for sale at net asset value plus sales charge with an initial value established at \$5 per share. The Fund is a newly registered open-end, diversified management investment company with a primary investment objective of maximizing current income with due regard for the protection of capital. Security First Investment Management Corporation will serve as the Fund's investment adviser. (File 2-51173 - May 24)

(S-1) ROBLIN INDUSTRIES, INC.

290 Main St., Buffalo, N. Y. 14202 - \$1,436,100 of 12% subordinated debentures, due 1989. The company proposed to offer these debentures in exchange for certain series of the company's preferred stock, at the rate of one \$50 debenture for each number of shares of preferred stock having an aggregate stated value of \$150. The company is a diversified manufacturer of steel, building and food handling equipment products. (File 2-51247 - June 5)

(S-1) MERCANTILE BANCORPORATION INC.

721 Locust St., St. Louis, Mo. 63101 - 240,000 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common stock of Franklin Finance Company, Clayton, Missouri at the rate of 3.2 Mercantile shares for each Franklin share. Mercantile is a bank holding company which controls fifteen banks. (File 2-51249 - June 5)

REGISTRATIONS EFFECTIVE

June 6: Mitchell Energy & Development Corp., 2-51113; United States Filter Corp., 2-50909.

June 7: Altair Corp., 2-51001; American Seating Co., 2-50923; Berven Carpets Corp., 2-50948; Frostbank Corp., 2-50857; Nuveen Tax-Exempt Bond Fund, 2-50677; Pacific Northwest Bell Telephone Co., 2-51117; Republic Corp., 2-50245; Standard Thomson Corp., 2-50986.

RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events:

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

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
STANDARD DREDGING CORP	12	04/74
UNITED FINANCIAL CORP OF CALIFORNIA	11,13	04/74
UPJOHN CO	12	04/74
AMENDMENTS TO REPORTS ON FORM 8-K		
GULF & WESTERN INDUSTRIES INC	7,14	02/74
MICHIGAN NATIONAL CORP	13	03/74
STANDARD DREDGING CORP	12,14	04/74
WHITTAKER CORP	10,14	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.

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