

# sec news digest

U.S. SECURITIES & EXCHANGE COMMISSION

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Issue 74-133

(SEC Docket, Vol. 4, No. 16 - July 23)

July 10, 1974

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## COMMISSIONER SPEAKS

COMMISSIONER SOMMER REPORTS ON ANNUAL REPORTS

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In a speech entitled "Report on Annual Reports," delivered yesterday at the ALI-ABA Post-Graduate Course in San Diego on Federal Securities Law, Commissioner A. A. Sommer, Jr. reviewed proposed amendments to Rules 14a-3 and 14c-3. In addition, Commissioner Sommer supported the suggestions of Professor Douglas Hawes of the Vanderbilt Law School who has recently suggested that information concerning change of accountants be incorporated in the proxy statement. Commissioner Sommer commented:

"There is little information which can be made available to shareholders which is more important than information concerning disputes that have developed between the independent auditor and the management. It seems to me that the threat of more widespread dissemination of this information will lead to greater management willingness to prepare financial statements in the manner which will meet auditor approval. If there has been a change of auditors in circumstances in which there was a dispute between management and the auditors, then surely the shareholders should know this when they are called upon to vote for management and for the selection of auditors, a practice which is commonplace now."

Commissioner Sommer supported increased disclosure concerning the business affiliations of officers and directors of publicly-held companies. He stated: "I would strongly endorse the idea that all occupations and directorships of directors, officers and substantial shareholders of an issuer be publicly disclosed in the annual report."

Commissioner Sommer concluded: "There must, above everything else, be a realization on the part of management that candor, forthrightness, honesty and directness with the investment community are essential to public acceptance of a corporation's securities. When suspicion exists that a corporation has not been forthright, has not been honest, has not been candid, then the price paid in the market place, not only by it, but by its shareholders as well, can be simply devastating."

## COURT ENFORCEMENT ACTIONS

RECEIVER APPOINTED FOR ALDERSGATE  
FOUNDATION, INC.

The SEC has announced that on June 29 the Chief Judge of the Middle District of Florida, issued an order appointing a Receiver for the Aldersgate Foundation, Inc. (Aldersgate) of Orlando, Florida. Aldersgate, which did not oppose the Receiver's appointment, had consented in June 1973, to an Order permanently enjoining it from further violating the antifraud provisions of the securities laws in the offer and sale of its "First Mortgage Seven Percent Sinking Fund Bonds." Aldersgate operates two "Retirement Centers" in the Orlando vicinity housing approximately 3,000 people. (LR-6423)

## INVESTMENT COMPANY ACT RELEASES

HARTWELL AND CAMPBELL FUND

A notice has been issued giving interested persons until August 2 to request a hearing on an application of Hartwell and Campbell Fund, Inc. and Hartwell and Campbell Leverage Fund, Inc., both mutual funds. The order would declare that the presumption of control of the funds' investment adviser, HFC Management Company,

Inc., that had been imputed by the Act to William Campbell by reason of his former ownership of 33% of the outstanding stock of Hartwell and Campbell Management Corporation, the owner of all of the outstanding voting securities of the investment adviser to the funds, has been rebutted by the facts stated in the application. (Rel. IC-8415)

#### THE SAGITTARIUS FUND

An order has been issued on an application of The Sagittarius Fund, Inc., a mutual fund. The order permits the Fund to suspend the right of redemption of its outstanding redeemable securities, and to suspend payment for shares already submitted for redemption for which payment has not been made, until 10 days after the Fund gives notice of its intention to resume redemptions, but in no event for more than 30 days from the date of the order unless the Commission extends such period by further order. (Rel. IC-8416)

#### AMERICAN LEADERS FUND

An order has been issued on an application of American Leaders Fund, Inc., Presidential Exchange Fund, Inc., Second Presidential Fund, Inc., and Fifth Presidential Exchange Fund, Inc., mutual funds, exempting from certain provisions of the Act the merger of applicants on the basis of their respective net asset values. (Rel. IC-8411)

#### NEW YORK HEDGE FUND

An order has been issued permitting the New York Hedge Fund, Inc. to have postponed full payment upon tender of its shares for redemption: (1) to the extent of the interest of such shares in the Fund's portfolio positions in securities in which trading had been suspended and (2) during those parts of the periods of such trading suspensions that the Fund ceased to value such positions. (Rel. IC-8412)

#### VANGUARD FUND

An order has been issued permitting the Vanguard Fund, Inc. to have postponed full payment upon tender of its shares for redemption: (1) to the extent of the interest of such shares in the fund's portfolio holdings of securities in which trading had been suspended and (2) for the period of such trading suspension. (Rel. IC-8413)

#### CAPITAL TRINITY FUND

A notice has been issued giving interested persons until August 5 to request a hearing on an application of Capital Trinity Fund, Inc. for an order declaring that it has ceased to be an investment company. (Rel. IC-8417)

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## SECURITIES ACT REGISTRATIONS

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#### (S-1) BEAUNIT CORPORATION

261 Maidson Ave., New York, N.Y. 10016 -- \$24,987,000 of 4-1/4% Series A convertible subordinated debentures, due 1990, convertible into shares of common stock of The El Paso Company. These Debentures are proposed to be offered in exchange for the outstanding 4-1/4% convertible subordinated debentures, due 1990, of Beaunit Corporation, at the rate of \$1,000 principal amount for \$1,000 principal amount. Beaunit Corporation, a wholly-owned subsidiary of The El Paso Company, is a manufacturer of textiles and fibers. The El Paso Natural Company is the parent company of El Paso Natural Gas Company, a natural gas transmission company. (File 2-51516 - July 3)

#### (S-1) MEDICAL NUCLEAR CORPORATION

10800 Lyndale Avenue South, Minneapolis, Minn. 55420 - 135,000 shares of common stock, to be offered for sale at \$5.50 per share on a best efforts all or none basis by Effress & Goldman, Inc., 7400 Metro Blvd., Minneapolis, Minn. 55435. The company markets a Xenon transfer vessel. (File 2-51517 - July 3)

(S-7) S.S. KRESGE COMPANY

3100 West Big Beaver Rd., Troy, Mich. 48084 - \$200 million of convertible subordinated debentures, due 1999, together with sufficient shares of common stock to cover conversion rights. The offering will be made through underwriters managed by Morgan Stanley & Co. Incorporated, 1251 Avenue of the Americas, New York, N.Y. Kresge is principally engaged in the retail sale of a wide range of general merchandise through the operation of a chain of discount department stores ("K mart" stores), variety stores ("Kresge" stores) and limited line small discount stores ("Jupiter" stores). (File 2-51518 - July 3)

(S-6) THE CORPORATE INCOME FUND,  
TENTH MONTHLY PAYMENT SERIES

\$20 million of units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, 125 High St., Boston, Mass. 02110. The Fund, a Unit Investment Trust, was created by a trust agreement among Merrill Lynch, as Sponsor, The Bank of New York and The National Shawmut Bank of Boston, as Trustees, and Interactive Data Services, Inc., as Evaluator. The Fund's primary objective is providing a high level of current income through investment in a fixed portfolio of long-term debt obligations, issued primarily by corporations. (File 2-51519 - July 3)

(S-1) ARIZONA NATIONAL CATTLE COMPANY

3200 North Central Ave., Phoenix, Ariz. 85012 - 1,000 units of managed cattle feeding program agency agreements, to be offered for sale by officers, directors and employees of Arizona National at a cash offering price of \$6,500 per Unit. Each unit will consist of 100 head of cattle. Arizona National is primarily engaged in management of cattle feeding programs for investors. (File 2-51520 - July 3)

(S-16) GENERAL ELECTRIC COMPANY

570 Lexington Ave., New York, N.Y. 10022 - 619,195 shares of common stock, which will be required to meet the conversion rights of the holders of General Electric Overseas Capital Corporation's 4 1/4% convertible guaranteed debentures, due 1987. General Electric Overseas Capital Corporation is a wholly-owned subsidiary of General Electric Company. (File 2-51524 - July 3)

(S-6) NUVEEN TAX-EXEMPT BOND FUND  
SERIES 60 CHECK-A-MONTH PLAN

209 South LaSalle St., Chicago Ill. 60604 - \$10 million of units, to be offered for sale at net asset value. The Fund is one of a series of unit investment trusts created under a trust indenture between John Nuveen & Co. Incorporated as sponsor and United States Trust Company of New York as trustee. It consists of a portfolio of interest-bearing obligations issued by or on behalf of states, counties, municipalities and territories of the United States and authorities and political subdivisions thereof, the interest on which is, in the opinion of bond counsel, exempt from all Federal income tax under existing law. (File 2-51529 - July 5)

(S-12) FIRST NATIONAL CITY BANK

111 Wall St., New York, N.Y. 10015 - seeks registration of 100,000 American Depositary Receipts for ordinary shares of Gold Fields Property Company Limited, a South African corporation. (File 2-51531 - July 5)

STOCKS PLANS FILED

The following have filed Form S-8 registrations statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

- Engelhard Minerals & Chemicals Corporation, New York, NY (File 2-51502 - July 1) - 363,500 shares
- Genisco Technology Corporation, Compton, Cal. (File 2-51505 - July 2) - 75,000 shares
- Recognition Equipment Incorporated, Irving, Tex. (File 2-51513 - July 3) - 100,000 shares
- Lenox, Incorporated, Trenton, NJ (File 2-51523 - July 3) - 120,000 shares

STOCK PLANS CONT.

Bomaine Corporation, Los Angeles, Cal. (File 2-51522 - July 5) - 48,000 shares  
FAB Industries, Inc., New York, NY (File 2-51526 - July 5) - 100,000 shares  
Ramada Inns, Inc., Phoenix, Arizona (File 2-51527 - July 5) - 400,000 shares  
Oakite Products, Inc., Berkeley Heights, NJ (File 2-51528 - July 5) - 49,000 shares

REGISTRATIONS EFFECTIVE

July 9: Bank of Virginia Co., 2-50391, 2-50728; Brunswick Corp., 2-51311; Grey Advertising Inc., 2-51175; Microwave Semiconductor Corp., 2-51019; Monsanto Co., 2-51189; The Municipal Bond Fund, Series 12, 2-51062; Western Gear Corp., 2-50903.

REGISTRATIONS WITHDRAWN

July 1: Generics Corporation of America, 2-47477.  
July 3: Video Product Exposure Inc., 2-48865.  
July 9: Anchor/Darling Industries, Inc., 2-47281.

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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