

sec news digest

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U.S. SECURITIES & EXCHANGE COMMISSION

RECEIVED October 11, 1974

RULES AND RELATED MATTERS

OCT 15 1974

COMMISSION PROPOSES INCREASED DISCLOSURE OF RELATIONSHIPS BETWEEN REGISTRANTS AND INDEPENDENT ACCOUNTANTS

LIBRARY

The Commission today issued for comment a series of proposals which would increase disclosure of relationships between registrants and their independent public accountants, particularly in cases when changes in accountant take place.

Specifically, the following proposals were made:

1. Amendment of item 12 of Form 8-K which requires disclosure of changes in accountant to: (a) include resignation and dismissal of accountants as reportable events as well as engagement of a new accountant; (b) include accountants for a major segment of the business as well as principal accountants in the requirement; (c) extend the period for reportable disagreements from eighteen months to two years.
2. Amendment of Regulation S-X to require footnote disclosure of reported disagreements and to require disclosure of any events and transactions, similar to those which caused a disagreement, subsequent to the change in accountants if the accounting followed was different from that preferred by the predecessor accountant.
3. Amendment of item 8 of Schedule 14A of the proxy rules to require: (a) disclosure of the independent accountant of record whether or not his name is being presented to shareholders for action; (b) disclosure of any disagreements with accountants reported in connection with an auditor change during the year, and a description of the change by the accountant if he believes the description prepared by management is incorrect or incomplete; (c) disclosure of whether the principal accountants for the current year and the most recently completed fiscal year are expected to be present at the stockholder's meetings with the opportunity to make a statement and to respond to questions; (d) disclosure of the existence or lack of an audit committee of the board and the membership thereof if such a committee exists.

All interested persons are invited to submit written comments to be received no later than November 30 to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549. Such submissions should refer to File No. S-535. (Rel. 33-5534)

ORDERS FOR PUBLIC PROCEEDINGS

P & H ASSOCIATES, OTHERS

Public administrative proceedings have been ordered pursuant to the Securities Exchange Act of 1934 (Exchange Act) and the Securities Investor Protection Act of 1970 against P & H Associates, (P&H), a broker-dealer formerly located at 5 Hanover Square, New York, New York; Thomas E. Herman of Bronx, New York, a general partner of P&H; Ronald C. Pilatsky of East Patchogue, New York, a general partner of P&H; Leonard Silverman of Garnerville, New York, formerly manager of back office operations for P&H; Samuel Barr of Fairlawn, New Jersey, formerly a registered representative at P&H; Samuel Eisikovits of Brooklyn, New York, a limited partner and formerly a registered representative at

SEC
40th
ANNIVERSARY

REMEMBER SEC 40TH ANNIVERSARY/RESERVE NOW, PAY LATER

The SEC 40th Anniversary Celebration will be held on October 24, 1974, at the Statler Hilton, 16th and K Sts., N.W., Washington, D.C. For additional information and registration form see page 7 of the Digest.

P&H; Alfred P. Avasso of Howard Beach, New York, formerly manager of the institutional and syndicate department and a registered representative at P&H; Joseph Winter of Brooklyn, New York, formerly a registered representative at P&H and David Kimmel of San Francisco, California, formerly employed as a registered representative at P&H. Information leading to the institution of these proceedings was developed by the joint SEC-NASD Task Force inquiring into abuses in the over the counter market.

The proceedings are based on allegations by the Commission's staff that P&H, Herman, Pilatsky and Silverman violated or aided and abetted violations of the net capital provisions of Exchange Act. The staff also alleges that P&H, Herman, Pilatsky and Silverman violated or aided and abetted violations of the customer segregation provisions and the supplemental reporting provisions of the Exchange Act. The order further charges that P&H, Herman, Pilatsky, Silverman, Barr, Winter and Eisikovits violated or aided and abetted violations of the bookkeeping provisions of the securities laws.

It is also alleged that P&H, Herman, Pilatsky, Barr, Winter and Avasso violated or aided and abetted violations of the antifraud provisions of the securities laws in transaction in the securities of Indecon, Inc., Florida Glass Industries, Inc. and CWC Industries, Inc., among others.

Also in connection with the public distribution of the securities of Indecon, Inc. the order alleged that P&H, Herman and Pilatsky violated or aided and abetted violations of Section 10(b) of the Exchange Act and Rules 10b-6 and 10b-9 thereunder. The order also alleged that in transactions in Indecon, Inc. P&H, Herman, Pilatsky and Kimmel violated or aided and abetted violations of Section 11(d) of the Exchange Act and that P&H, Herman and Pilatsky violated or aided and abetted violations of Section 15(c) (5) of the Exchange act. It is further alleged that in the distribution of the common stock of Indecon, Inc. and Metroflight, Inc., P&H, Herman and Pilatsky violated or aided and abetted violations of Section 15(c) of the Exchange Act and Rule 15c2-4 thereunder.

The order also charges that P&H, Herman, Pilatsky, Silverman, Kimmel and Eisikovits violated or aided and abetted violations of Regulation T. Finally, the order alleges that P&H, Herman and Pilatsky failed reasonably to supervise persons subject to their supervision who committed or aided and abetted violations of securities laws; that P&H, Herman and Pilatsky were permanently enjoined from further violations of the securities laws; and that a SIPC trustee was appointed for the firm.

A hearing will be scheduled by further order to take evidence on the charges against the respondents. (Rel. 34-11046)

COMMISSION ANNOUNCEMENTS

ADVISORY COMMITTEE ON THE IMPLEMENTATION OF A CENTRAL MARKET SYSTEM MEETINGS ANNOUNCED

The SEC Advisory Committee on the Implementation of a Central Market System will conduct open meetings October 31, 1974 beginning at 1:00 P.M. and November 1, 1974, beginning at 8:30 A.M., at 500 North Capitol St., Washington, D.C. 20549, in Room 776.

The summarized agenda for the meeting is as follows:

I.) Final review of document on "Basic Characteristics and Principles of the Central Market System".
II.) Discussion of possible rules applicable to specialists and market-makers in the Central Market System.

- A. Capital requirements
- B. Obligations to provide market continuity
- C. Preference for public orders
- D. Dealing with "Institutional Customers"
(NYSE Rule 113, Amex Rule 190).
- E. Treatment of limit orders.
- F. Affirmative obligations

REGULATION A EXEMPTION OF ROYAL AIRLINE, INC. PERMANENTLY SUSPENDED

The SEC's order of March 7, 1974 temporarily suspending the Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of securities by Royal Airline, Inc. (Royal) of Nevada has become permanent. McCoig Securities, Inc. of Las Vegas, Nevada, was named as the underwriter of the offering.

Under a notification filed on April 19, 1971, Royal offered 500,000 shares of common stock at \$1.00 per share. According to the order, the Commission had reason to believe that: (a) the terms and conditions of Regulation A had not been complied with, in that the offering circular and Form 2-A failed to identify John Worthen, Curt Wilken, Gerard F. Lewis and Contemporary Securities Corporation as underwriters of the offering, and the Form 2-A falsely stated the aggregate proceeds that had been received by Royal from the public offering pursuant to Regulation A; (b) the offering circular filed by Royal contained untrue statements of material facts and omitted to state material facts necessary in order to make the statements made not misleading, particularly with respect to the plan of distribution and the offering price of the securities; and (c) the offering was made in violation of the antifraud provisions of the securities laws. (Rel. 33-5533)

TRADING SUSPENSIONS

TRADING SUSPENDED IN BIO-MEDICAL SCIENCES, INC.

Over-the-counter trading has been suspended in the securities of Bio-Medical Sciences, Inc., a New York corporation located in New York City, for the ten-day period beginning at 10:00 a.m. (EDT) on October 11 and terminating at midnight (EDT) on October 20, 1974.

The Commission initiated the suspension because counsel for certain board members and noteholders of Bio-Medical Sciences, Inc. have furnished information to the staff which raises substantial questions regarding Bio-Medical's current financial condition. (Rel. 34-11047)

ADDITIONAL ACTION TAKEN ON FIVE TRADING SUSPENSIONS

The SEC has announced the suspension of (a) exchange and over-the-counter trading in the securities of Avis, Inc. for the further ten-day period October 11 - 20, inclusive; (b) over-the-counter trading in the securities of Franklin National Bank, Franklin New York Corp. and Continental Vending Machines, Inc. for the further ten-day period October 12 - 21, inclusive; and (c) exchange and over-the-counter trading in the securities of Savoy Industries, Inc. for the further ten-day period October 13 - 22, inclusive

COURT ENFORCEMENT ACTIONS

J & B INDUSTRIES, INC., OTHERS, ENJOINED

The Boston Regional Office announced that the Honorable Frank J. Murray, U.S. District Judge for the District of Massachusetts, signed a decree preliminarily enjoining J&B Industries, Inc., of Boston, Massachusetts, James M. Barrett, its President, Hollie R. Greene and Kevin P. Mahoney, salesmen for J&B, American Industrial Research Corporation (AIRCO) of Montreal, Canada, Michael J. Hart, President of AIRCO of Montreal and London, England, Didace Girard, an officer of AIRCO, and H&R Industries, Inc., of Cranston, Rhode Island, from violations of the registration and antifraud provisions of the securities laws in the offer and sale of certain Canadian land interests of AIRCO by the named defendants to residents of the United States.

The Commission argued that these land interests were securities in the form of investment contracts. The decree also enjoins J&B and H&R from conducting a business as brokers and dealers in securities in interstate commerce without proper registration as such under the Securities Exchange Act of 1934.

Judge Murray appointed a temporary receiver for all funds, assets, and property owned by AIRCO, J&B, and a Liechtenstein corporation called Ferroplan AKT., on deposit in an escrow account at the City Bank and Trust Company of Boston. The temporary receiver is authorized to collect the books and records of AIRCO, J&B, and AIM which relate to investors in the investment contracts of AIRCO. The Court retained jurisdiction in order to implement the terms of its orders and decrees, and to entertain any further application by the SEC for additional relief. The Court named Daniel B. Bickford, Esq. of Boston, Massachusetts, as temporary receiver. (SEC v. J&B Industries, Inc., et al., U.S.D.C. Mass). (LR-6543)

INVESTMENT COMPANY ACT RELEASES

INVESTMENT MANAGEMENT SERVICES

An order has been issued declaring that Investment Management Services, Inc., a Delaware corporation, has ceased to be an investment company. (Rel. IC-8538 - Oct. 9)

INVESTORS DIVERSIFIED SERVICES

A notice has been issued giving interested persons until October 31 to request a hearing on an application by Investors Diversified Services, Inc. (IDS), a diversified financial services company, and its wholly-owned subsidiaries, Investors Syndicate of America, Inc., (Syndicate), a face-amount certificate company registered under the Investment Company Act of 1940, and IDS Mortgage Corporation, a mortgage broker, for an order of the Commission to permit the Mortgage Corporation to sell Government National Mortgage Association mortgage backed securities to Syndicate. (Rel. IC-8539 - Oct. 9)

INVESTORS SYNDICATE OF AMERICA

An order has been issued on an application of Investors Syndicate of America, Inc., (ISA), a face-amount certificate company registered under the Investment Company Act of 1940, and IDS Life Insurance Company (IDS Life), an insurance company incorporated in Minnesota. The order permits ISA and IDS Life to (a) consent to the merger of Unimet Corporation (Unimet) into Azcon Corporation (Azcon); (b) to enter into exchange agreements with Azcon and Consolidated Gold Fields Limited (Gold Fields), the parent of Azcon, providing for the exchange of Unimet notes held by ISA and IDS Life for similar notes of Azcon and a guaranty of such Azcon notes by Gold Fields; and (c) to carry out the transactions contemplated by such exchange agreements. (Rel. IC-8540 - Oct. 9)

HOLDING COMPANY ACT RELEASES

UTAH POWER & LIGHT COMPANY

A notice and order has been issued for hearing on a proposal by Utah Power & Light Company, to divest all the electric utility properties of its sole subsidiary, The Western Colorado Power Company. All interested persons have until October 24, 1974, to request to be heard in the proceeding or propose to intervene therein. (Rel. 35-18599 - Oct. 9)

WEST PENN POWER COMPANY

A notice has been issued giving interested persons until November 5 to request a hearing on a proposal by West Penn Power Company, subsidiary of Allegheny Power System, Inc., that West Penn sell up to \$40 million of first mortgage bonds at competitive bidding. (Rel. 35-18600 - Oct. 10)

DELISTING AND UNLISTED TRADING ACTIONS

UNLISTED TRADING SOUGHT

A notice has been issued on an application of the PBW Stock Exchange Inc. for unlisted trading privileges in the common stock of Olin Corporation and The El Paso Company. (Rel. 34-11049)

MISCELLANEOUS

ALLIED PRODUCTS CORPORATION

A notice has been issued giving interested persons until November 8 to request a hearing on an application by Allied Products Corporation, (the Company), a Delaware corporation, under certain sections of the Trust Indenture Act of 1939 declaring that the trusteeship of Continental Illinois National Bank and Trust Company of Chicago under an indenture of the company and an indenture of the City of Fort Dodge, Iowa, is not so likely to involve a material conflict of interest as to make it necessary to disqualify Continental National Bank and Trust Company of Chicago from acting as trustee. (Rel. TI-368)

PACIFIC GAS AND ELECTRIC COMPANY

An order has been issued under the Trust Indenture Act on an application of Pacific Gas and Electric Company, exempting its first and refunding mortgage bonds, Series 74B, due December 1, 2006 from certain provisions of the Act. (Rel. TI-369)

SECURITIES ACT REGISTRATIONS

(S-1) Eastern Bancorporation

1700 Market St., Philadelphia, Pa. 19103 - \$2 million of floating rate notes, to be offered for sale in denominations of \$1,000 through Babbitt, Meyers & Waddell, Union Trust Bldg., Pittsburgh, Pa. 15219 and E. W. Smith Co., 106 South 16th St., Philadelphia, Pa. 19102 as underwriters. The company is a bank holding corporation. (File 2-52065 - Sept. 30)

(S-1) PETRO-SEARCH EXPLORATION
CORPORATION (GENERAL PARTNER)

825 Petroleum Club Bldg., Denver, Colo. 80202 - Petro-Search 1975 Exploration and Development Program, offers \$8 million of limited partner interests (\$6,000 minimum initial investment) in a series of four limited partnerships to be formed for the purpose of engaging in exploratory and development drilling activities. There is no underwriting involved. (File 2-52092 - Oct. 3)

(S-7) TEXAS UTILITIES COMPANY

1506 Commerce St., Dallas, Tex. 75201 - 4,000,000 shares of common stock, to be offered for sale through underwriters headed by Morgan Stanley & Co. Incorporated, 1251 Avenue of the Americas, New York, N.Y. 10020. The company is a public utility holding company, the three principal subsidiaries of which are engaged in the electric utility business. (File 2-52121 - Oct. 8)

(S-16) RYDER SYSTEM, INC.

3600 N.W. 82nd Ave., Miami, Fla. 33166 - 6,000 shares of common stock, which may be offered for sale from time to time by certain shareholders at prices current at the time of sale. Ryder is principally engaged in full service leasing and rental of trucks. (File 2-52122 - Oct. 7)

(S-7) DUKE POWER COMPANY

422 South Church St., Charlotte, N.C. 28242 - 2,000,000 shares of preferred stock A, 1974 Series (\$25 par), to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, and The First Boston Corporation. The company produces, transmits and sells electric energy. (File 2-52123 - Oct. 8)

(S-7) DELMARVA POWER & LIGHT COMPANY

800 King St., Wilmington, Del. 19899 - 200,000 shares of common stock, to be offered for sale through a Dividend Reinvestment and Common Share Purchase Plan to holders of record of its common stock. The company is an electric and gas utility. (File 2-52124 - Oct. 8)

(S-14) THE FOXBORO COMPANY

38 Neponset Ave., Foxboro, Mass. 02035 - 211,790 shares of common stock, of which 105,895 shares are expected to be issued in the transaction described. It is proposed that these shares, the exact number to be determined in accordance with a formula, will be issued to stockholders of Trans-Sonics, Inc. upon (i) consummation of the proposed acquisition by Foxboro of substantially all of the properties and assets of Trans-Sonics, Inc. subject to certain liabilities and (ii) the liquidation of Trans-Sonics, Inc. Foxboro is a multi-national manufacturer and distributor of instrumentation and systems for process management and control. (File 2-52125 - Oct. 9)

REGISTRATIONS EFFECTIVE

Oct. 10: Albany International Corp., 2-47408; Graybar Electric Company, Inc., 2-51832; Peoples Banking Corp., 2-51647; TCG Corp., 2-51356.

REGISTRATION WITHDRAWN

Oct. 9: Empire Ventures, Inc., 2-48159.

Oct. 10: Education Book Publishers, Inc., 2-49177.

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
ADAMS DRUG CO INC	7,14	09/74
AETNA PROPERTIES INC	2,7	09/74
AGRICULTURAL & INDUSTRIAL DEVELOPMENT I	1	09/74
ALABAMA GAS CORP	3	09/74
ALBERTSONS INC	7	09/74
AMERICAN NATIONAL ENTERPRISES INC	7	08/74
AMERICAN WESTERN CORP	9,11,14	08/74
ANCHORAGE CAROLINA CORP	12,14	09/74
APPLEBAUMS FOOD MARKETS INC	11,13	09/74
APPLIED FLUIDICS INC	1,12	08/74
ARTS WAY MANUFACTURING CO INC	13	09/74
BECKMAN INSTRUMENTS INC	13	09/74
BLACK INDUSTRIES INC	2,14	09/74
BOSTON GAS CO	11	09/74
CAMBRIDGE CORP	3	09/74
CANADIAN JAVELIN LTD	2,7,8,13,14	08/74
CARDIODYNAMICS INC	13	09/74
CCNB CORP	7	09/74
CHICAGO ROCK ISLAND & PACIFIC RAILROAD C	11	09/74
CLARK J L MANUFACTURING CO	8	09/74
CLEAR CREEK CORP	6	09/74
COMMUNICATIONS INDUSTRIES INC	7,8,14	09/74
CONSOLIDATED NATURAL GAS CO	4,11,14	09/74
CONTINENTAL HERITAGE CORP	2,14	06/74
DOW CHEMICAL CO	13,14	09/74
ELECTRONIC DATA SYSTEMS CORP	11	09/74
FISCHER & PORTER CO	11,14	09/74
GARMENT CAPITOL ASSOCIATES	12,14	09/74
GEON INDUSTRIES INC	12	09/74
GOLDFIELD CORP	2,3,7,8,10	09/74
GRAMM J D INC	11	11/73
GULF SOUTH MORTGAGE INVESTORS	13,14	09/74
HANOVER PLANNING CO INC	13,14	06/74
HANOVER PLANNING CO INC	13	06/74
HODGSON HOUSES INC	7	09/74
HORIZON BANCORP	13	09/74
HORIZON CORP	13,14	09/74
HOWARD CORP OF OREGON	2	09/74
HUGHES & HATCHER INC	8	09/74
IMPERIAL CORP OF AMERICA	8	09/74
METROMEDIA INC	4,13	09/74
MISTER STEAK INC	2,12	09/74
MOVIE STAR INC	11	09/74
NALCO CHEMICAL CO	13,14	09/74
NATIONAL PARAGON CORP	13	08/74

SEC 40TH ANNIVERSARY CELEBRATION

The SEC wishes to invite all past employees to attend its 40th Anniversary Celebration to be held on October 24, 1974, at the Statler Hilton in Washington. The price will be \$25 per person for all former employees. The dress is optional.

RESERVE NOW, PAY LATER -- To facilitate planning of the dinner, the Committee will accept indications of interest for the reservation of complete tables, even if they are at this moment incomplete, without payment of the entire cost of the table. Thus, if you are reasonably sure that you will be reserving a table -- even if you have not obtained confirmations from all of your party -- please notify Ms. Betty Lear at (202) 755-1114 and send in your reservation form. In the event that you are unable to fill your table, you will not be responsible for unused seats.

DINNER RESERVATION & REGISTRATION FORM

To The SEC Anniversary Committee:

Herewith is my check or money order in the amount of \$_____ for which please issue _____ tickets to the SEC 40th Anniversary Celebration for the following persons (please PRINT names as they should appear in the Anniversary Program, listing married couples as "Mr. and Mrs."):

Please send the tickets to:

(Name)

(Address)

Please seat the persons listed above with the following additional persons (please PRINT names):

Make checks or money orders payable to "SEC Anniversary Committee," and mail to

SEC Anniversary Committee, Room 856
Securities and Exchange Commission
Washington, D. C. 20549

Present staff members and employees may make payment to Lawrence A. Friend, Treasurer, in Room 502.

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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