

sec news digest

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Issue 73-109

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June 6, 1973

RULE PROPOSALS AND ADOPTIONS

LEASE DISCLOSURE RULES PROPOSED. The Commission today proposed for comment amendments to Regulation S-X calling for substantially increased disclosure of lease commitments by lessees. Required disclosure would include the following: (1) Total lease rental expense for all years for which income statements are presented; (2) Lease rentals payable for each of the next five-years and for the next three subsequent five-year periods; (3) The capitalized present value of financing leases in the aggregate and by major category of assets; (4) The impact on net income had financing leases been capitalized. Financing leases are defined as leases which extend for 75% or more of an asset's life or which result in the recovery of the lessor's capital plus a reasonable return. The comment period on the proposed amendments terminates on August 31, 1973.

COMMISSION ANNOUNCEMENTS

NEW YORK STOCK EXCHANGE PROPOSED INTERPRETATIONS OF DEFINITION OF "AFFILIATED PERSON" AS USED IN RULE 19b-2. The SEC announced that on May 31, 1973 the New York Stock Exchange submitted to the Commission interpretations which the Exchange proposes to issue with respect to the definition of the term "affiliated person," as that term is used in Securities Exchange Act Rule 19b-2, as well as in the Exchange's Rule 318. The interpretations are intended to clarify when a control relationship exists between a customer and a money manager where investment discretion is exercised in respect of the account of the customer.

Because of the significance of the term "affiliated person" in determining the eligibility of a broker-dealer for exchange membership and in determining whether the 40 percent non-member access discount is available for a particular account, and in view of the importance of having any interpretations of its meaning applied on a uniform basis, the Commission has determined to solicit public comments with respect to the proposed interpretations prior to arriving at its own conclusions as to their consistency with the intent of Rule 19b-2. In the meantime, the Commission has indicated that it has no objection to the issuance of the proposed interpretations, so long as it is clearly understood that they are subject to revision as a result of any conclusions the Commission may reach as to their appropriateness after it has had an opportunity to study any comments which may be submitted.

The interpretations will be available for public inspection in the Commission's public reference room, and all interested persons are invited to submit written comments thereon. All comments should be directed to the Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549, on or before July 6, 1973, and should refer to File No. S7-452. (Rel. 34-10201)

BROKER-DEALER MODEL COMPLIANCE PROGRAM ADVISORY COMMITTEE ANNOUNCES MEETINGS. The Commission's Advisory Committee on a Model Compliance Program for Broker-Dealers, established October 25, 1972 (Rel. 34-9835), will hold meetings on June 26-27, 1973 at the Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. The meetings will commence at 9:00 a.m., local time.

This Advisory Committee was formed to assist the Commission in developing a model compliance program to serve as an industry guide for the broker-dealer community. Assisted by this Committee's work, the Commission plans to publish a guide to broker-dealer compliance under the securities acts in order to advise broker-dealers of the standards to which they should adhere if investor confidence in the fairness of the market place is to be warranted and sustained. The Committee's recommendations are not intended to result in the expansion of Commission rules governing broker-dealers, but to inform broker-dealers as to the existing requirements and how they may comply with them.

The Committee's scheduled meetings will be for the purpose of reviewing drafts and proposals concerning the Committee's proposed report to the Commission on these compliance guidelines for broker-dealers.

These meetings are open to the public. Any interested person may attend and appear before or file statements with the Advisory Committee -- which statements, if in written form, may be filed before or after the meeting or, if oral, at the time and in the manner and extent permitted by the Advisory Committee.

TRADING SUSPENDED IN COASTAL STATES GAS CORP. SECURITIES. The SEC has announced the suspension of exchange and over-the-counter trading in all the securities of Coastal States Gas Corporation, of Houston, Tex., for a ten-day period, commencing on June 5 and continuing through June 14, 1973. The company is in the gas gathering and transmission and petro-chemical business.

The Commission initiated the suspension because of the circulation of rumors concerning the accuracy of Coastal's stated gas reserves, the effect of disputes arising under certain contracts between Coastal and other parties, the deliverability of gas under existing contracts and the impact on Coastal's revenues and earnings of the Texas Railroad Commission's curtailment order and any order that may be issued pursuant to a pending proceeding in which Coastal has requested relief from certain contractual obligations and the setting of gas rates, and because of the impact of the rumors upon the price and market for Coastal's securities. (Rel. 34-10202)

SEC ORDER CITES MAC-VEE INVESTMENT CO., INC., OTHERS. The SEC has ordered public administrative proceedings under the Securities Exchange Act of 1934 against Mac-Vee Investment Co. of Manassas, Virginia; JIM Mortgage Brokers of Fairfax City, Virginia; Thomas W. McCreary of Warrenton, Virginia; James A. Jensen of Vienna, Virginia and IFS Investors Services Inc. (Registrant) of Chevy Chase, Maryland. Both McCreary and Jensen were employed by Registrant as registered representatives, and, in addition, McCreary served as a branch manager for Registrant. The order is based upon allegations that Mac-Vee, JIM, McCreary and Jensen, singly and in concert with others, willfully violated and willfully aided and abetted in violations of Federal securities laws involving securities registration, broker-dealer registration, and the antifraud provisions in the offer and sale of unregistered securities in the form of promissory notes, evidences of indebtedness and investment contracts, evidenced by the assignment of first mortgages and accompanying promissory notes, together with underlying service agreements and undertakings. The order alleges that on March 21, 1973 Mac-Vee, JIM, McCreary and Jensen (and others) were permanently enjoined from further violations of the securities registration provisions. The defendants consented to the entry of the injunction without admitting or denying the allegations.

Further allegations are made that Registrant failed reasonably to supervise persons under its supervision so as to prevent the alleged violations of the Securities Act and the Exchange Act.

A hearing will be scheduled by further order to take evidence on the staff's allegations and to afford the respondents an opportunity to offer any defenses thereto for the purpose of determining whether the allegations are true, and if so, whether any action of a remedial nature should be ordered by the Commission. (Rel. 34-10200)

DECISIONS IN ADMINISTRATIVE PROCEEDING

MELVIN LLOYD RICHARDS BARRED. The SEC has issued an order barring Melvin Lloyd Richards, of Las Vegas, Nevada, from association with any broker-dealer. Richards had failed to appear at a hearing on the charges and was deemed to be in default.

According to the decision, Richards, while associated with a registered broker-dealer during the period April to July, 1972, sold unregistered securities, including those of Basic Empire, Inc., Multinational Industries, and Continental Dynamics, Ltd., and, in connection with certain securities transactions, made false and misleading statements regarding the financial condition and source of income of the issuers and the nature of the markets for their securities. It was also found that he aided and abetted violations of record-keeping requirements and of provisions respecting the information required in a certain form relating to broker-dealers registration. (Rel. 34-10183)

DECISION WITH RESPECT TO WELLINGTON HUNTER, DUNHILL SECURITIES CORP., PATRICK REYNAUD AND ALFRED BLUMBERG FINAL. The SEC announced that the decision of an administrative law judge with respect to Wellington Hunter, doing business as Wellington Hunter Associates, Jersey City, New Jersey, Dunhill Securities Corporation, Patrick Reynaud and Alfred Blumberg, New York City, has become final. The administrative law judge suspended Blumberg from association with any broker-dealer for 60 days but imposed no sanctions against the other three respondents because in other proceedings Hunter's and Dunhill's broker-dealer registrations had been revoked and Reynaud, who was Dunhill's president, barred from association with any broker-dealer. The 60-day suspension of Blumberg commences on June 11.

According to the decision, Hunter, Dunhill and Blumberg violated the registration and antifraud provisions of the securities laws in connection with transactions in the stock of North American Research and Development Corporation, and Hunter, Dunhill and Reynaud failed to exercise reasonable supervision. (Rel. 34-10184)

COURT ENFORCEMENT ACTIONS

JACK L. CLARK PLEADS GUILTY. The SEC New York and Fort Worth Regional Offices announced on June 5 that Jack L. Clark, former president of Four Seasons Nursing Centers of America, Inc., pleaded guilty to one count of conspiracy to violate the antifraud provisions and false filing provisions of the securities acts and mail fraud. Clark was charged in the conspiracy count with falsifying the financial statements of Four Seasons for the years 1963 and 1969. He was further charged with obtaining in excess of six million dollars from the public through the use of a prospectus which contained false financial statements.

Previously, the Federal court in New York, severed and transferred the remaining defendants for trial in the Western District of Oklahoma. (LR-5921)

DOMBOWSKY SENTENCED. The Denver Regional Office on May 31 announced that Emil J. Dombowsky of Regina, Saskatchewan, Canada, formerly of Minot, North Dakota, was sentenced to three years imprisonment by the United States District Court at Minot, following his entry of a plea of guilty to one count of a fourteen-count indictment charging, among other things, fraud in the sale of securities of Shoppers Charge Plan, Inc. (LR-5922)

HOLDING COMPANY ACT RELEASES

ARKANSAS POWER & LIGHT COMPANY. The SEC has issued a notice giving interested persons until June 29 to request a hearing upon a proposal by Arkansas Power & Light Company, of Little Rock, Arkansas, subsidiary of Middle South Utilities, Inc., to amend its charter to increase the number of authorized shares of its common and preferred stock from 20,000,000 and 1,000,000, respectively, to 50,000,000 and 2,500,000, shares, respectively. The proposed amendment will be submitted to Arkansas' shareholders at a special meeting of shareholders to be held on September 20, 1973, and Arkansas has requested Commission authorization to solicit proxies in connection therewith. (Rel. 35-17983)

EASTERN UTILITIES ASSOCIATES. The SEC has issued a notice giving interested persons until June 28 to request a hearing on an application of Eastern Utilities Associates, and four electric utility subsidiaries regarding the proposed issue and sale of short-term notes to banks by the holding company and the subsidiary companies and proposed open account advances by the holding company to the subsidiaries. (Rel. 35-17986)

JERSEY CENTRAL POWER & LIGHT COMPANY. The SEC has issued a notice giving interested persons until June 28 to request a hearing on an application of Jersey Central Power & Light Company and New Jersey Power & Light Company, subsidiaries of General Public Utilities Corporation, regarding the sale of certain utility assets by NJP&L to JCP&L for approximately \$576,714. (Rel. 35-17985)

AMERICAN NATURAL GAS COMPANY. The SEC has issued an order authorizing transactions proposed by American Natural Gas Company, a New York holding company, and its wholly-owned non-utility subsidiary company, American Natural Gas Production Company. The Production Company expects to participate with non-associated interests in bidding for offshore Texas federal oil and gas leases scheduled for June 19, 1973, and proposes to finance this enterprise by the sale of up to \$20,000,000 of 3-year notes to banks and up to \$30,000,000 par amount of additional common stock to its parent company. American Natural proposes to finance the acquisition of Production Company's stock through an equal amount of bank borrowings on notes maturing July 1, 1974. Authorization is also requested, for the years 1972, 1973 and 1974 to allocate the consolidated federal income taxes of the American Natural System in a manner deviating in certain respects from the method prescribed under the Holding Company Act. (Rel. 35-17984)

SECURITIES ACT REGISTRATIONS FILED

VEHICULAR RESEARCH INTERNATIONAL, INC., Suite 210, Carlton House, Pittsburgh, Pa. 15219 - 250,000 shares of common stock, to be offered for sale at \$6 per share by Moore Investment Corp., 12 Federal Dr., Pittsburgh, Pa. 15235. Organized in April 1971, the company proposes to engage in the assembly and sale of small, three-wheeled commuter vehicles. Net proceeds will be used for working capital and other corporate purposes. (File 2-47965 - May 8)

CARDIAC PACEMAKERS, INC., 2982 North Cleveland Ave., St. Paul, Minn. 55113 - 50,000 shares of common stock, to be offered for sale (* at \$25 per share maximum) through underwriters headed by Craig-Hallum, Inc., 133 South Seventh St., Minneapolis, Minn. 55402. The company manufactures and distributes implantable cardiac pacemakers powered by lithium-oxide batteries. Net proceeds will be used for working capital and other corporate purposes. (File 2-47968 - May 8)

THE DREYFUS CORPORATION, 767 Fifth Ave., New York, N.Y. 10022 - 231,256 shares of common stock, which may be offered for sale from time to time by certain shareholders (* at \$10.25 per share maximum). (File 2-47970 - May 7)

EDUPLAY, INC., 3804 Klondike Lane, Louisville, Ky. 40218 - 100,000 shares of common stock, to be offered for sale at \$5 per share. No underwriting is involved. Organized in 1971, the company develops, constructs and operates child care centers. Net proceeds will be used for working capital and other corporate purposes. (File 2-47971 - May 7)

ARKANSAS POWER & LIGHT COMPANY, 9th and Louisiana Sts., Little Rock, Ark. 72203 - \$40 million of first mortgage bonds, due 2003, to be offered for sale at competitive bidding. Net proceeds will be used for the company's construction program and for payment of short-term bank loans and commercial paper indebtedness (estimated at \$34 million) incurred to finance the construction program. Construction expenditures are estimated at \$170,600,000 for 1973. (File 2-47975 - May 8)

GENERIC CORPORATION OF AMERICA, 333 Sylvan Ave., Englewood Cliffs, N.J. 07632 - 131,400 shares of common stock and 25,000 common stock purchase warrants, which may be offered for sale from time to time by certain shareholders at prices current at the time of sale (\$4 per share maximum). The company through subsidiaries manufactures and distributes pharmaceuticals..(File 2-47977 - May 8)

CONDOMINIUMS VIRGINIA, INC., wholly-owned subsidiary of Condominiums Northwest, Inc., 2111 Front St., N.E., Salem, Ore. 97303 - \$1,086,000 of condominium interests at Ocean Island Inc., Virginia Beach, Va., and 42 interests in agency arrangement of condominium owners to rent apartments as hotel units. The condominium units are to be offered for sale at prices ranging from \$15,000 to \$60,000 (File 2-47978 - May 9)

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

J. Walter Thompson Company, New York, N. Y. (File 2-47967) - 100,000 shares
 Ecodyne Corporation, Chicago, Illinois (File 2-47969) - 200,000 shares
 Raymond International Inc., Houston, Texas (File 2-47972) - 150,000 shares
 Computer Data Systems, Inc., Washington, D.C. (File 2-47973) - 60,000 shares
 Stewart-Warner Corporation, Chicago, Illinois (File 2-47974) - 522,280 shares
 General Development Corporation, Miami, Florida (File 2-47976) - 125,000 shares

RECENT FORM 8-K 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; and any newly enacted requirements effecting registrant's business.

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
REMBRANDT ENTERPRISES INC	2,14	04/73
RENDEZVOLS TRAILS OF AMERICA INC	2, 14	04/73
RIKER MAXSLN CORP	13	04/73
ROBLIN INDUSTRIES INC	11	04/73
ROYAL AMERICAN CORP	7,13	04/73
RUCKER CO	11	04/73
RUPP INDUSTRIES INC	1,3,7,8,12,14	04/73
SALEM CARPET MILLS INC	3	04/73
SANGAMC ELECTRIC CO	13	04/73
SELAS CORP CF AMERICA	3	04/73
SOCIETY CORP	11,14	04/73
STARR MALCOLM INC	3,14	04/73
SUPRADUR MANUFACTURING CORP	13	04/73
SUSQUEHANNA CORP	6	04/73
TELESCIENCES INC	7,11,13	04/73
TRANSCANADA PIPELINES LTD	7,8,11,14	04/73
UMC INDUSTRIES INC	11,13,14	04/73
UNION FINANCIAL CORP	11	04/73
UNION INVESTMENT CO	4,7,11,13,14	04/73
UNITED BANCCRP OF MAINE	8	04/73
UNITED FINANCIAL CORP OF CALIFORNIA	10	04/73
UPJOHN CO		04/73
UPSON CO	11,13	04/73
WEATHERBY NASCO INC	2,9,13,14	04/73
WEIL MCLAIN CO INC	7,11,14	04/73
WESTERN HARNESS RACING INC	8,14	04/73

The following companies have filed current reports on Form 8-K, responding to Item 12 and discussing the disagreements between such companies and their former accountants.

COMPANY	FILE NO.
Hawaii Corp., April 1973	0-1582
Talley Industries, Inc., April 1973	1-4778

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the securities of Equity Funding Corporation of America and Giant Stores Corporation and over-the-counter trading in the securities of Industries International, Inc. and Trionics Engineering Corporation for the further ten-day period June 6-15, inclusive.

SECURITIES ACT REGISTRATIONS. Effective June 5: American National Holding Company, 2-47748; Barnett Banks of Florida, Inc., 2-47859; Buildex Inc., 2-46743; Consumers Power Co., 2-47922; Duke Power Co., 2-48058; General Telephone Company of Wisconsin, 2-48015; Illinois Power Co., 2-48054; Indianahead Banks, Inc., 2-47354; Entersil, Inc., 2-47914; Murray Ohio Manufacturing Co., 2-47980; Pacific Power & Light Company, 2-48050; Potomac Electric Power Company, 2-47867; Warner & Swasey Co., 2-48008.

* As estimated for purposes of computing the registration fee.

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Copies of registration statements may be ordered from the Commission's Public Reference Section. All other referenced material is available in the issue of the SEC Docket indicated in parentheses below the News Digest Issue No. Both the News Digest (\$33.00 a year, first class mail; \$8.25 additional for foreign mailing; \$25.00 additional for air mail) and the SEC Docket (\$17.00 a year, first class mail; \$4.25 additional for foreign mailing) are for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.