

# sec news digest

a daily summary from the securities and exchange commission

Issue 73-143

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July 25, 1973

## RULE PROPOSALS AND ADOPTIONS

RULE S6d-1 UNDER SIPC ACT AND FORMS THEREUNDER ADOPTED. *Mullins* The SEC today announced that it has adopted Rule S6d-1 and the forms thereunder effective immediately. The rule was first proposed in Securities Investor Protection Act Release No. 2 on December 21, 1972.

Section 6(d)(1) of the Securities Investor Protection Act (SIPC Act) provides for the completion by a SIPC Act trustee of those "open contractual commitments" of the debtor in which a customer had an interest. Rule S6d-1 places certain limitations on what open contractual commitments of a SIPC Act debtor shall be eligible for completion.

In the overview, the purpose of the rule is to complete only those fails to receive and fails to deliver described in the rule which: (1) arose from a current transaction in which a broker was acting as agent for a customer or a dealer was acting for a customer in certain narrowly defined principal transactions; (2) are not stale as of the filing date; (3) are promptly disposed of in accordance with the provisions of the rule--normally by buying-in or selling-out; and (4) are promptly reported to the trustee and supported by appropriate documentation.

Broker-dealers should take particular note of the fact that failure to dispose of open contractual commitments and to file the appropriate forms within the specific time limits provided in the rule will disqualify the commitments from possible completion.

The rule places a limitation of \$20,000 on the net money difference payable to a broker-dealer in regard to open contractual commitments for any separate customer account. This net money difference is computed only after all commitments for a particular customer account have been disposed of.

The rule provides specific procedures for determining whether a customer had an interest in a particular commitment, based upon a broker-dealer's normal accounting procedures applied in a consistent manner.

The rule does not affect the rights or obligations of the trustee or broker-dealer in regard to open contractual commitments of a debtor other than those described in the rule.

The Commission noted that the difference experienced in SIPC Act liquidations evidenced an urgent need for guidance in completing open contractual commitments and for standard forms for reporting such commitments to the trustee. Consequently, the Commission made the rule and the forms thereunder effective immediately. (Rel. SIPA-5)

## COMMISSION ANNOUNCEMENTS

INQUIRY INTO DISCLOSURE OF LITIGATION IN FILINGS ANNOUNCED. *J. Rowe* The Commission today announced an inquiry to obtain information and ascertain views of interested persons concerning the materiality of disclosure in filings with the Commission of civil and criminal litigation and administrative disciplinary proceedings affecting professionals practicing before the Commission in view of the significant increase in the amount of such litigation in recent months. The Commission indicated that, although the disclosure rules and forms adopted by the Commission under the Securities Act of 1933 and the Securities Exchange Act of 1934 do not contain provisions expressly requiring disclosure relating to such litigation, several judicial proceedings have been instituted recently which include allegations that the failure of issuers to disclose litigation involving accounting firms in proxy statements subject to the Commission's Proxy Rules resulted in omissions of material facts. The Commission believes that these cases also raise questions with respect to disclosure of litigation affecting other types of professionals who practice before the Commission, such as attorneys, engineers and appraisers. Accordingly, the Commission has authorized an inquiry and solicits information and comments from other interested persons as well. Those submitting comments should consider and address themselves particularly to the following:

(1) What standard of materiality, if any, should be applied? (2) Are the type of professional involved in the litigation including the nature of his connection with the filing

and whether an individual professional or a firm are involved in the litigation relevant considerations? (3) Is the identity of other parties to the litigation, e.g., the issuer, a relevant consideration? (4) Should any requirement for disclosure vary depending on the nature (criminal, civil, injunctive action, administrative proceeding) and status of the litigation (whether the litigation is pending or final order or judgment entered)? (5) Should litigation other than that arising under the federal securities laws be considered? (6) Is the nature of the filing in which such disclosure, if any, might be required (e.g., 1933 Act registration statement or 1934 Act registration statement, proxy statement or report) a relevant consideration? (7) What would be the appropriate form of disclosure, if any? (8) What would be the appropriate period of time during which such disclosure, if any, should be required?

The Commission emphasized that it has reached no determination with respect to these matters. Until this inquiry is completed the Commission indicated that its staff will not suggest such disclosure except under unusual circumstances, and that in the interim, it is the responsibility of issuers filing with the Commission to determine whether disclosure of such litigation is required under the securities laws.

Persons desiring to comment on this subject should submit their comments in writing to Ronald F. Hunt, Secretary, Securities and Exchange Commission, Washington, D.C. 20549 prior to September 15, 1973. All such communications will be placed in the public files of the Commission and should refer to File S7-488. (Rel. 34-10296)

TRADING SUSPENDED IN SECURITIES OF TWO COMPANIES. The SEC has announced the temporary suspension of over-the-counter trading in the securities of Ridge Bio-Laboratories, Inc., of Basking Ridge, New Jersey, and Test Corp., of Fort Lauderdale, Florida, for a ten-day period commencing on July 24 and terminating at midnight (EDT) on August 2, 1973.

The Commission initiated the suspensions because the companies failed to comply with the reporting provisions of the Exchange Act resulting in the lack of current and accurate information available to the public. (Rel. 34-10293)

#### COURT ENFORCEMENT ACTIONS

STRUB, D'ONOFRIO, VAN AKEN, HERBERT AND ROSENTHAL INDICTED ON SECURITIES MANIPULATION AND BRIBE CASE. The SEC has announced that on July 19, 1973, an eight count bribery and securities fraud indictment filed in a Federal court in New York City charged William I. Strub, Ramon N. D'Onofrio, George C. Van Aken, Alfred Herbert and Peter Rosenthal with violations in connection with the purchase, sale and manipulation of the common stock of Health Evaluation Systems, Inc. (LR-5991)

AKIYOSHI YAMADA SENTENCED BY FEDERAL COURT IN NEW YORK. The SEC has announced that on June 26, 1973, Akiyoshi Yamada was sentenced by Federal District Court Judge Irving Ben Cooper to be confined in prison for a period of two years and fined \$30,000 following his guilty pleas to various charges of three criminal matters which alleged that he had conspired to violate and engaged in violations of the Federal securities laws. Subsequent to his confinement, Yamada will be on probation for five years and will be restricted from dealing in any securities related activities without the prior consent of the court. (LR-5992)

#### INVESTMENT COMPANY ACT RELEASES

IDS NEW DIMENSIONS FUND, INC. The SEC has issued an order on an application filed by IDS New Dimensions Fund, Inc., a registered open-end, diversified, management investment company, permitting shares of the Fund to be offered in Japan at prices which may be based on previously determined net asset values plus sales charges that are different from those described in the prospectus of the Fund that is used in the United States. (Rel. IC-7904)

## SECURITIES ACT REGISTRATIONS FILED

(Note: "Per share maximum" prices referred to in the following summaries of registration statements are prices estimated for the purpose of computing the registration fee and are not necessarily prices at which the security will be sold.)

ADR's FOR ANGLO AMERICAN GOLD INVESTMENT COMPANY LIMITED, First National City Bank, 111 Wall St., New York, N. Y. 10015 - filed a registration of 100,000 American Depository Receipts for Ordinary Shares of Anglo American Gold Investment Company Limited a Republic of South Africa corporation. (File 2-48310 - June 12)

ADR's FOR BISHOPSGATE PLATINUM LIMITED, First National City Bank, 111 Wall St., New York, N.Y. 10015 - filed a registration of 100,000 American Depository Receipts for Ordinary Shares of Bishopsgate Platinum Limited, a Republic of South Africa Corporation. (File 2-48311 - June 12)

ADR's FOR POTGIETERSRUST PLATINUMS LIMITED, First National City Bank, 111 Wall St., New York, N.Y. 10015 - filed a registration of 100,000 American Depository Receipts For Ordinary Shares of Potgietersrust Platinums Limited, a South African corporation. (File 2-48312 - June 13)

ADR's FOR WESTERN AREAS GOLD MINING COMPANY LIMITED, First National City Bank, 111 Wall St., New York, N.Y. 10015 - filed a registration of 100,000 American Depository Receipts for Ordinary Stock Units of Western Areas Gold Mining Company Limited, a Republic of South Africa corporation. (File 2-48313 - June 13)

ADR's FOR THE BOOTS COMPANY LIMITED, First National City Bank, 111 Wall St., New York, N.Y. 10015 - filed a registration of 100,000 American Depository Receipts for Ordinary shares of The Boots Company Limited, a United Kingdom corporation (File 2-48314 - June 13)

ADR's FOR ELSBURG GOLD MINING COMPANY LIMITED, First National City Bank, 111 Wall St., New York, N.Y. 10015 - filed a registration of 100,000 American Depository Receipts for ordinary Stock Units of Elsburg Gold Mining Company Limited, a Republic of South Africa corporation. (File 2-48315 - June 13)

THE DOW CHEMICAL COMPANY, 2030 Dow Center, Midland, Michigan 48640 - \$100 million of debentures, due July 15, 2003, to be offered for sale through underwriters headed by Smith, Barney & Co., Inc., 1345 Avenue of the Americas, New York, N.Y. 10005. Dow Chemical manufactures and sells chemicals, metals, plastic materials and products, and pharmaceutical, agricultural and consumer products. Net proceeds will be used for working capital and other corporate purposes. (File 2-48318 - June 15)

FIRST BANCSHARES OF FLORIDA, INC., 150 East Palmetto Park Rd., Boca Raton, Fla. - 993,222 shares of common stock. It is proposed to offer these shares in exchange for all the issued and outstanding shares of common stock of American National Bank and Trust Company (American), Sunrise American National Bank of Fort Lauderdale (Sunrise), and Southport American National Bank of Fort Lauderdale (Southport), at the rate of 1.95 Bancshares share for each of the 361,460 American shares; 2.625 Bancshares share for each of the 55,000 Sunrise shares; and 1.8 Bancshares share for each of the 80,000 Southport shares. Bancshares is a registered bank holding company which presently controls six banks engaged in the general commercial banking business in the State of Florida. (File 2-48320 - June 15)

## MISCELLANEOUS

UNLISTED TRADING. The SEC has issued orders under the Securities Exchange Act of 1934 granting requests of the Midwest Stock Exchange, Inc. for unlisted trading privileges in the common stock of the following named companies: Hughes Tool Co.; Kellogg Company; and The Clorox Company. (Rel. 34-10295)

## 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.

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
SPRINGS MILLS INC	3,14	06/73
STANDARD OIL CU OHIO	10	06/73
STARRETT HOUSING CORP	7	06/73
STEELMET INC	7,14	06/73
SUPERIOR MANUFACTURING & INSTRUMENT CORP	13	06/73
TALLEY INDUSTRIES INC	7,10,14	06/73
TANDY CORP	13,14	06/73
TAPPAN CO	10	06/73
TDA INDUSTRIES INC	7,13,14	06/73
TENNANT CO	13,14	06/73
TENNESSEE VALLEY BANCORP INC	2,7,13,14	06/73
TEXACO INC	3,7,14	06/73
TEXAS POWER & LIGHT CU	3,7	06/73
TRANS DELTA CORP	2	06/73
TRANS WORLD AIRLINES INC	8	06/73
TRIANGLE CORP	2,14	06/73
TRIDAIK INDUSTRIES	10,14	06/73
TWIN CITY BARGE & TOWING CU	2,14	06/73
UNA CORP	13	06/73
UNIFLEX INC	11,14	06/73
UNION CARBIDE CORP	3,7,8,14	06/73
UNITED STATES STEEL CORP	7,14	06/73
UNIVERSAL FOODS CORP	13	06/73
URS SYSTEMS CORP	13	06/73
VARIAN ASSOCIATES	13	06/73
VARO INC	7,14	06/73
VERIT INDUSTRIES	7,8,13,14	06/73
WARNER LAMBERT CU	3,7,14	06/73
WASHINGTON GAS LIGHT CO	13	06/73
WASHINGTON NATURAL GAS CU	13	06/73
WEIGHT WATCHERS INTERNATIONAL INC	13	06/73
WESTCALIND CORP	13,14	06/73
WESTERN ELECTRIC CO INC	7,14	06/73
WESTERN MARYLAND RAILWAY CU	1	06/73

**TRADING SUSPENSIONS CONTINUED.** The SEC has ordered the suspension of exchange and over-the-counter trading in the securities of Coastal States Gas Corp., and over-the-counter trading in the securities of First Leisure Corp. and Pelorex Corp. for the further ten-day period July 25 through August 3, inclusive.

**SECURITIES ACT REGISTRATIONS.** Effective July 24: Consumers Power Co., 2 48458; Dade Engineering Corp., 2-47357; Distribuco, Inc., 2-48589; E. I. Dupont DeNemours Co., 2-48349; Municipal Investment Trust Fund, Fifteenth Monthly Payment Series, 2-48330; Kaweckii Berylco Industries, Inc., 2-48644; NUS Corp., 2-48326; Northern Indiana Public Service Co., 2-48531; J. C. Penny Company, Inc., 2-48582; Western Union Corp., 2-48390.