

# sec news digest

a daily summary from the securities and exchange commission

Issue 73-217

(SEC Docket, Vol. 2, No. 21 - Nov. 20)

November 9, 1973

## DISCLOSURE IN THE CONTEXT OF A CHANGING REGULATORY SYSTEM

Speaking before the Kansas Bar Associations' Securities Institute, Commissioner Hugh F. Owens focused on several specific steps the Commission has recently taken which are designed to improve the disclosure system and to expand the dissemination of the information being disclosed. The objective of the disclosure system is for any investor at a given time to have access to the most recent information about a company, Mr. Owens said.

"A major aspect of the Commission's program to improve the content of the disclosure system it administers is centered around its efforts to make the prospectuses filed under the Securities Act and the reports filed under the Exchange Act more readable, more understandable and more informative," he said. In response to the need for more effective communication in the prospectuses, the Commission has recently adopted new registration guides and amended several existing ones which will provide for more summarizing, highlighting and indexing of significant information, Mr. Owens added.

In the area of dissemination, "the Commission has increased its enforcement activity to compel timely filing of required reports, and, administratively, the staff generally will not process registration statements covering public financing if the required 1934 Act reports have not been filed. In addition, the Commission together with the major stock exchanges, has taken lead in encouraging prompt reporting of material corporate developments prior to the time periodic reports are required to be filed with the Commission," Mr. Owens pointed out.

"The SEC's efforts in the area of dissemination have also focused new attention on the annual report to shareholders..." Mr. Owens said. "Despite good intentions, it appears that reports such as the 10-K report, are not serving their disclosure purposes because, although they require information to be produced, they do not cause it to be adequately disseminated. These periodic reports cannot match the annual report in this respect. The Commission, thus, is seriously considering exploring the idea of integrating the production of the information function of the statutory reports with the dissemination function of the annual reports," Mr. Owens said.

Commissioner Owens pointed out that the Advisory Committee for Industrial Issuers appointed by Chairman Casey in 1972 recommended that the Commission overcome its traditional reluctance and require the inclusion of certain information in the annual report itself. For instance, "the Advisory Committee called for the annual report to contain, in substance, the line of business disclosure and the five-year summary of operations from Form 10-K." A task force of the staff of the Commission is now in the process of evaluating the recommendations of the Industrial Issuers Advisory Committee, Mr. Owens noted. Although the Commission has not made any decisions on the matter, Mr. Owens said there may well be some changes in the content of annual reports.

In concluding, Commissioner Owens briefly reviewed the status of several recently adopted rules and rule proposals -- the "140 Series" -- having an impact on the availability of certain exemptions from the 1933 Act.

## **COMMISSION ANNOUNCEMENTS**

PUBLIC REFERENCE ROOM TO RELOCATE. Beginning Monday, November 12, the Public Reference Room will be located in Room 6101 at 1100 L Street, N.W., Washington, D.C. The visiting hours will remain 9:00 - 4:30. Though the reference room will not be closed at all during this period, the timeliness of service may be impaired the week before and the week after relocating.

Written requests for documents should still be addressed to the Public Reference Room, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549.

TELEPROMPTER SUSPENSION TO END. The suspension of exchange and over-the-counter trading in the securities of TelePrompter Corporation of New York, New York, will terminate at midnight (EST) on November 11, 1973.

The Commission initiated the suspension on September 7, 1973 to explore fully the circumstances which gave rise to a release issued on September 4, 1973 by TelePrompter on rumors circulating about adverse corporate developments.

The Commission was informed that on November 3, 1973 TelePrompter gave the following information to shareholders by letter, none of which the Commission has passed upon for accuracy: Projected net earnings for 1973 would be approximately \$2,000,000 or 12 cents per share, subject to the resolution of possible write-downs. TelePrompter said it may be required to write-down certain cable systems as a result of the decision to postpone or limit construction which may further adversely affect net earnings. For the year 1972 net earnings were \$12,579,000 or 79¢ per share which is an adjustment from 86¢ previously reported reflecting the accounting treatment of certain contingent shares which would have been required to have been issued in connection with prior acquisitions. TelePrompter also announced that net earnings (unaudited) for the eight months ended August 31, 1973 were \$3,300,000 or 19¢ per share. In addition, TelePrompter has entered into a written agreement in principle with a consortium of banks revising an existing credit agreement and making available \$48 million of its \$150 million line of credit. The revisions were made at the banks' request and were prompted by TelePrompter's revised cash flow and capital construction projections. The amendments include revised cash flow covenants, a limitation of direct capital expenditures and a requirement that certain levels of cable subscribers be reached. Furthermore, in response to certain inquiries concerning capitalization of its plant, property and equipment accounts, TelePrompter stated that \$63,740,000 was capitalized at year ended December 31, 1972, and \$37,620,000 was capitalized at the six months ended June 30, 1973.

TelePrompter also stated in its release it is aware of rumors of fraud in its construction program and it is investigating to determine if these rumors have any substance. No fraud has been found thus far by TelePrompter.

The Commission is continuing its investigation of certain matters relating to TelePrompter. (Rel. 34-10485)

#### TRADING SUSPENDED IN TECHNICAL RESOURCES AND STANDARD SYSTEMS INTL. SECURITIES.

Over-the-counter trading in the securities of Technical Resources, Inc. (TRI) of Phoenix, Arizona, was suspended for a ten-day period commencing on November 8, 1973 and continuing through November 17, 1973.

TRI was purportedly organized for acquiring, exploring and developing mineral prospects, looking toward the actual processing of ore. A registration statement filed with the Commission for offering of 450,000 shares of common stock at \$1 per share was declared effective May 11, 1971. The offering was completed on September 26, 1973.

The Commission suspended over-the-counter trading of TRI stock for a ten day period from October 18, 1973 to October 27, 1973 because of a lack of adequate and accurate information concerning the officers, directors and management of TRI. Subsequently, it has become apparent that accurate information about the financial condition and assets of TRI is unavailable to the public. It also appears that false and misleading information may have been disseminated with respect to the method of distribution of, and the use of proceeds from, TRI's recent offering. For these reasons the Commission is initiating this further suspension of trading.

Over-the-counter trading was also suspended in the securities of STANDARD SYSTEMS INTERNATIONAL, INC., of Anaheim, California for a ten-day period beginning November 8 and terminating at midnight (EDT) on November 17, 1973.

The Commission initiated the suspension because the company failed to file Form 10-K for the year ended December 31, 1972, and 10-Q quarterly reports for 1972 and 1973. (Rel. 34-10484)

SEC ORDER CITES PROVIDENT SECURITIES, INC., OTHERS. Public administrative proceedings have been ordered against Provident Securities, Inc., New York broker-dealer; Pericles Constantinou, former president of the firm; Joseph Zeccola, former cashier; Alex Labetti, former comptroller; Dennis McNell, a registered representative formerly employed by various broker-dealers including Provident; Edward M. Gallagher, president of Fantastic Fudge, Inc., a public company traded in the over-the-counter market; Gerard J. Resch, and Anthony Regina, a registered representative employed at Provident. The proceedings are based on allegations by the Commission staff that the respondents Provident, Constantinou, Zeccola and Labetti violated and aided and abetted violations of the anti-fraud, net capital and recordkeeping requirements of the securities laws in the operations of Provident.

The order further charges Provident and Constantinou with violation of the prospectus delivery and records and reporting requirements of the securities laws and the extension of credit provisions promulgated by the Board of Governors of the Federal Reserve System. In addition, the Commission's order charges Constantinou with the manipulation of the price of the stock of Fantastic Fudge, Inc.

The respondent Regina is charged with violation of the antifraud provisions of the securities laws in that he unlawfully misappropriated the funds of a customer of the firm.

Finally Constantinou, McNell, Gallagher and Resch are charged with violation of the antifraud provisions of the securities laws in the payment by Gallagher to McNell of 6,000 shares of Fantastic Fudge stock in consideration of McNell's efforts in the retail sale of Fantastic stock.

A hearing will be scheduled by further order to take evidence on the staff charges and afford the respondents an opportunity to offer any defenses. The hearing is to determine whether the allegations are true and, if so, whether any action of a remedial nature is necessary or appropriate in the public interest. (Rel. 34-10481)

SEC ORDER CITES SMITH AND MEDFORD, OTHERS. Public proceedings under the Securities Exchange Act of 1934, the Securities Investor Protection Act of 1970, and the Investment Advisors Act of 1940 have been ordered against Smith and Medford, Inc., Atlanta, Georgia broker-dealer, David A. Medford, president, Charles H. Smith, vice president and salesman J. Carlton Rankin, Richard R. Carta and William J. Flammer.

The proceedings are based upon allegations of the Commission's staff that the securities firm, aided and abetted by Medford and Smith, violated the net capital, confirmation, bookkeeping and antifraud provisions of the Act and that the firm, Medford, Smith, Rankin, Carta and Flammer violated the registration and anti-fraud provisions of the securities laws in offer and sale of securities of Cook and Son Oil Company, Inc., Kilgore, Texas.

A hearing will be scheduled to take evidence on the staff allegations and to afford the respondents an opportunity to offer any defenses. The hearing is to determine if the allegations are true, and what, if any, action of a remedial nature is appropriate. (Rel. 34-10482)

A. J. WHITE & COMPANY, OTHERS CITED. Administrative proceedings under the Securities Exchange Act of 1934 have been ordered against A. J. White & Company, Rhode Island brokerage firm, and Allen J. White, James A. Noon and Richard J. McDermott, former officers of the firm. The order is based on allegations by the staff that White and Noon pleaded guilty to one count of an indictment charging a willful violation of the securities laws. The staff alleged that A. J. White & Company aided and abetted by White, Noon and McDermott violated the registration, record keeping, extension of credit and antifraud provisions of the securities laws in an underwriting by the White firm in behalf of Develco Inc., a Woonsocket, Rhode Island corporation.

A hearing will be scheduled to take evidence on the staff charges and afford respondents a chance to offer any defense. The purpose of the hearing is to determine whether the allegations are true, and, if so, whether any action of a remedial nature is necessary or appropriate in the public interest. (Rel. 34-10487)

OLYMPIC PETROLEUM CORPORATION OFFERING EXEMPTION SUSPENDED. An order has been issued temporarily suspending the Regulation B exemption from registration under the Securities Act of 1933 with regard to the public offering of undivided interests in oil and gas in #2 Lloyd M. Wiggins by Olympic Petroleum Corporation (Olympic) of Dallas, Texas.

Pursuant to an offering sheet filed on March 26, 1973, Olympic offered 65 fractional undivided, non-producing working interests in #2 Lloyd M. Wiggins. According to the order, the Commission has reason to believe that the exemption from registration afforded by Regulation B is unavailable because Olympic had not complied with the terms and conditions of Regulation B by, among other things: (1) offering and selling undivided interests in #2 Lloyd M. Wiggins prior to the filing of an offering sheet relating to such interests and prior to the effective date of any offering sheet relating to such property; (2) failing to disclose in its offering sheet that the sole owner and control person of Olympic is William R. Cook who was enjoined on September 25, 1970 by the U.S. District Court for Texas, Dallas Division, from violations of the registration and anti-fraud provisions of the securities laws; and (3) failing to file reports of sales of interests in #2 Lloyd M. Wiggins on Form 1-G, as required. (Rel. 33-5435)

#### COURT ENFORCEMENT ACTIONS

GULF INVESTING CORP. JAMES MIDKIFF ENJOINED. The SEC announced that on October 31, a U.S. District Court Judge for Tampa, Florida permanently enjoined James E. Midkiff and Gulf Investing Corporation, both of St. Petersburg, Florida, from violating the anti-fraud provisions of the securities laws in the offer and sale of Gulf's common stock.

The Court ordered the removal of Midkiff from the control of Gulf, and appointed a receiver to take charge of Gulf's assets. An accounting of Midkiff's personal financial status was also ordered. (LR-6140)

#### HOLDING COMPANY ACT RELEASES

OHIO EDISON COMPANY. A notice has been issued giving interested persons until December 3 to request a hearing on a proposal of Pennsylvania Power Company, subsidiary of Ohio Edison Company, to sell 340,000 shares of common stock and to increase its authorized common stock from 1,800,000 to 3,000,000 shares. Pennsylvania will use the net proceeds for the construction and acquisition of new facilities, for the betterment of existing facilities, and to reimburse its treasury for expenditures for such purposes. (Rel. 35-18157)

MISSISSIPPI POWER COMPANY. A notice has been issued giving interested persons until December 5 to request a hearing on a proposal of Mississippi Power Company, subsidiary of The Southern Company, to amend its articles of incorporation to increase the limitation on securities representing unsecured debt Mississippi may issue or assume without obtaining further consent of its preferred stockholders. Mississippi proposes to solicit, by proxy, the required approval of its common and preferred stockholders. (Rel. 35-18158)

#### SECURITIES ACT REGISTRATIONS FILED

LTV WILSON II CORPORATION (New Corporation), P. O. Box 5003, Dallas, Tex. 75222 - \$18 million of 9-1/2% sinking fund debentures, due 1984. It is proposed to issue such debentures in connection with the acquisition of Wilson & Co., Inc. Upon consummation of the merger, New Corporation will assume the name of Wilson & Co., Inc. Wilson buys and slaughters livestock and poultry and processes and markets food products. (File 2-49412 - Oct. 24)

(S-7) DALLAS POWER & LIGHT COMPANY, 1506 Commerce St., Dallas, Tex. 75201 - 300,000 shares of cumulative preferred stock, to be offered for sale at competitive bidding. (File 2-49413 - Oct. 24)

(S-1) MOSTEK CORPORATION, 1215 West Crosby Rd., Carrollton, Tex. 75006 - 375,000 shares of common stock, of which 225,000 are to be offered for sale by the company and 150,000 by certain stockholders. The offering is to be made through underwriters headed by E. F. Hutton & Co. Inc. The company manufactures and markets MOS digital logic and memory circuits. (File 2-49415 - Oct. 24)

(S-16) AMERICAN HOSPITAL SUPPLY CORPORATION, 1740 Ridge Ave., Evanston, Ill. 60204 - 304,718 shares of common stock, to be offered by certain shareholders from time to time during sixty day period at prices current at time of sale. American manufactures and distributes products and services used primarily in the health care field. (File 2-49416 - Oct. 24)

(S-1) SCOTCH WHISKY INVESTMENTS, INC., 1800 Plaza West, San Antonio, Tex. 78217 - \$2,500,000 of Scotch malt whisky in government bond in the United Kingdom (including storage contracts and insurance), to be offered for sale at \$2,500 per unit. No underwriting is involved. (File 2-49417 - Oct. 24)

(S-16) DART INDUSTRIES, INC., 8480 Beverly Blvd., Los Angeles, Cal. 90048 - 16,108 shares of common stock, which may be offered for sale by certain shareholders. (File 2-49419 - Oct. 25)

SECURITIES ACT REGISTRATIONS. Effective November 8: Avery Products Corp., 2-49355; Carolina Power & Light Co., 2-49297 and 2-49347; Growth Properties of Florida, Ltd. IV, 2-47487 (Feb 6); Minnesota Mining and Manufacturing Co., 2-49245; Nabisco, Inc., 2-49387 (90 days); NEL Income Fund, Inc., 2-48423; North American Philips Corp., 2-49349; The Toledo Edison Co., 2-49428; United Telephone Company of Florida, 2-49307.

Effective November 9: Consolidated Foods Corp., 2-49192; Incotel, Ltd., 2-47468 (90 days); Philadelphia Suburban Corp., 2-49482.

NOTE TO DEALERS: The period of time dealers are required to use the prospectus in trading transactions is shown in parentheses after the name of the issuer.

#### MISCELLANEOUS

TRADING SUSPENSIONS CONTINUED. The SEC has announced the suspension of (a) over-the-counter trading in the securities of Royal Properties, Inc. for the further ten-day period November 9-18, inclusive; and (b) over-the-counter trading in the securities of Triex International Corp. and U. S. Financial, Inc. for the further ten-day period November 10-19, inclusive.

---0000000---