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# sec news digest

U.S. SECURITIES & EXCHANGE COMMISSION

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February 25, 1975

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

### LEROY J. MORITZ SUSPENDED

### LIBRARY

The Commission has suspended Leroy J. Moritz, of Minneapolis, who was associated with the broker-dealer firm of M. L. Fallick & Co., Inc., from association with any broker-dealer for 6 months effective February 24. Moritz was also suspended for an additional 6 months from any such association as a principal or supervisor.

The proceedings against Moritz were based on charges that, during the period from about May 1 to August 7, 1973, he violated antifraud provisions in that, without authority, he transferred securities in and out of customers' accounts, effected transactions in such accounts, and hypothecated and converted to his own use customers fully paid securities and free credit balances. It was also alleged that Moritz aided and abetted his firm's violations of net capital, recordkeeping, reporting and credit extension provisions, and provisions designed to protect customers' funds and securities.

The Commission's action was based on an offer of settlement in which Moritz, without admitting or denying the charges against him, consented to findings based on the charges and to the indicated sanction. (Rel. 34-11246)

### BOB E. BARTELS BARRED

The Commission has barred Bob E. Bartels, of Wilton Manors, Florida, who had been president of a broker-dealer, from association with any broker or dealer. The sanction is based on findings that Bartels aided and abetted violations of the securities laws because (1) transactions were effected in Campco Corporation securities without furnishing customers at or before the completion of each transaction written notification disclosing the capacity in which his firm was acting, and its participation or financial interest in the distribution of Campco securities; (2) a quotation was unlawfully published for that stock in a quotation medium; and (3) records were not made accurately and kept current.

Bartels failed to appear at a hearing and was deemed in default. (Rel. 34-11247)

### M. L. FALLICK & CO. REVOKED; OFFICERS AND SALESMAN SANCTIONED

The Commission has revoked the broker-dealer registration of M. L. Fallick & Co., Inc., of Salt Lake City, and barred Martin L. Fallick, its president, and Judith R. Fallick, secretary-treasurer, from association with any broker-dealer. After two years, Judith Fallick may apply to the Commission to become so associated in a supervised capacity. In addition, the Commission suspended Stanley M. Giffis, a former salesman for the firm, from association with any broker-dealer for one year, effective February 24.

The sanctions against the firm and the Fallicks were based on findings that they violated antifraud, registration and other provisions of the securities laws. In connection with an offering of stock of Word Making Productions, Inc. (WMP, now Molecular Technology, Inc.), they made material misstatements concerning the method of distribution of the offering and the disposition of its proceeds. In addition, without authority, they transferred securities in and out of customers' accounts, effected transactions in such accounts, and hypothecated and converted to their own use customers' fully paid securities and free credit balances. Those respondents also unlawfully sold unregistered securities of WMP, Techniculture, Inc., and Continental Dynamics, Inc., and failed to comply with net capital, recordkeeping, reporting and credit extension requirements and provisions designed to protect customers' funds and securities. Giffis was found to have violated registration provisions in connection with the offer and sale of Techniculture stock.

The Commission's action was based on offers of settlement in which respondents, without admitting or denying the charges against them, consented to the above findings and the indicated sanctions. (Rel. 34-11248)

**MOTIONS BY MILTON J. WALLACE AND JOSHUA L. BECKER FOR  
DISMISSAL OF A BROKER-DEALER PROCEEDING WITH RESPECT  
TO THEM DENIED**

The Commission has denied requests by Milton J. Wallace and Joshua L. Becker, both of Miami, Florida, for the dismissal of a remedial broker-dealer proceeding with respect to them under the Securities Exchange Act. Wallace's request was based on the contention that he was not in the securities business, had never been in it, and did not intend to go into it. Pointing out that Section 15(b)(7) of the Exchange Act expressly authorizes proceedings with respect to "any person," the Commission reaffirmed its prior holdings that "the section was intended to mean just what it says." Becker's request for dismissal was founded on a claim of hardship stemming from undue delay. The Commission noted that the hardship question was raised for the first time when a hearing was already imminent. It also affirmed the administrative law judge's findings "that many pre-trial conferences had been held, that Becker's frequent charges of counsel had delayed the progress of the cause, that five adjournments had been granted because of pending settlement negotiations, and that Becker's counsel had concurred in each such request."

Noting that an evidentiary record is yet to be made, the Commission's opinion dealt only with the respondents' legal contentions. The Commission has not passed on any factual issues. Nor has it discussed such questions of law as may be presented under the federal securities statutes. No findings of wrongdoing have been made. The Commission's order merely directs that the hearing before the administrative law judge go forward. (Rel. 34-11252)

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## **INVESTMENT COMPANY ACT RELEASES**

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### **EMPIRE FUND, INC.**

A notice has been issued giving interested persons until March 18 to request a hearing on an application of Empire Fund, Inc. and Pacific Standard Fund, Inc., both mutual funds, for an order permitting the sale of substantially all of the assets of Pacific Standard to Empire in exchange for shares of capital stock of Empire. (Rel. IC-8683 - Feb. 21)

### **NEUWIRTH FUND**

A notice has been issued giving interested persons until March 18 to request a hearing on an application of Neuwirth Fund, Inc., Neuwirth Century Fund, Inc. (the Funds), mutual funds, and Wood, Struthers & Winthrop Management Corp. (Wood, Struthers), an investment adviser, for an order exempting the Funds and Wood, Struthers from certain provisions of the Act to the extent necessary to permit (1) Wood, Struthers to provide portfolio management and administrative services to the Funds on a lower of cost or fee basis from August 15, 1974, to the date of the Funds' respective meetings of stockholders at which the stockholders will approve or disapprove investment advisory contracts with Wood, Struthers and (2) proposed retroactive payments by the Funds to Wood, Struthers of advisory fees, less previously reimbursed costs and expenses, for the period from when such advisory services commenced to the date of approval by stockholders of such payments. (Rel. IC-8684 - Feb. 21)

A notice has also been issued giving interested persons until March 18 to request a hearing on an application by the Funds for an order of the Commission exempting the proposed merger of the Funds from certain provisions of the Act. (Rel. IC-8685 - Feb. 21)

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## **HOLDING COMPANY ACT RELEASES**

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### **NORTHEAST UTILITIES**

A notice has been issued giving interested persons until March 17 to request a hearing on proposals by Northeast Utilities (NU), and its subsidiary companies, The Connecticut Light and Power Company (CL&P), The Hartford Electric Light Company (HELCO), and Western Massachusetts Electric Company (WMECO), to issue short-term notes to banks and commercial paper to dealers in commercial paper from time to time until March 31, 1976, and for NU to make certain capital contributions to its subsidiary companies. The aggregate amount of all such short-term indebtedness will not exceed, for NU, CL&P, HELCO, and WMECO respectively, \$175 million, \$168 million, \$106 million and \$63 million. The proceeds so derived will be used by NU to provide funds for its subsidiaries, and by CL&P, HELCO, and WMECO for construction expenditures. (Rel. 35-18825 - Feb. 21)

OHIO POWER COMPANY

A notice has been issued giving interested persons until March 14 to request a hearing on a proposal of Ohio Power Company, subsidiary of American Electric Power Company, Inc., to sell utility assets located in Coshocton, Ohio, to Stone Container Corporation. (Rel. 35-18826 - Feb. 21)

T. W. PHILLIPS GAS AND OIL COMPANY

An order has been issued exempting T. W. Phillips Gas and Oil Company as a holding company under the Act. Phillips claims its exemption under Section 3(a)(1) of the Act because both it and its wholly-owned subsidiary public utility company will be organized under Pennsylvania law and the public utility assets owned by and operations carried on by Phillips' subsidiary will be confined to Pennsylvania. (Rel. 35-18827 - Feb. 24)

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**SECURITIES ACT REGISTRATIONS**

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(S-7) PENNSYLVANIA ELECTRIC COMPANY

1001 Broad St., Johnstown, Pa. 15907 - 350,000 shares of cumulative preferred stock, Series J, (\$100 par), to be offered for sale at competitive bidding. The company is a public utility supplying electric service. (File 2-52870 - Feb. 20)

(S-1) SAXON FUNDS-1975 PROGRAM

280 Canton Avenue West, Winter Park, Fla. 32789 - 2,000 units of participation as limited partners in a maximum of two limited partnerships to be formed for the purpose of engaging in the acquisition, exploration and development of oil and gas properties, to be offered for sale at a subscription price of \$5,000 per unit (minimum subscription per participant - \$10,000), on a "best efforts" basis. Saxon Oil Company will serve as general partner in each of the limited partnerships which is formed in the Program. (File 2-52872 - Feb. 21)

(S-1) THE SEVEN-UP COMPANY

121 South Meramec Ave., St. Louis, Mo. 63105 - 400,000 shares of common stock, to be offered for sale through underwriters headed by The First Boston Corporation, 20 Exchange Place, New York, N.Y. 10005, by the Estate of Howard E. Ridgway, deceased. The company manufactures and sells soft drink extracts and canned and bottled soft drinks, principally 7UP. The company's subsidiaries are engaged in the manufacture and sale of food flavors and colors, as well as lemon processing and the manufacture and sale of lemon products. (File 2-52873 - Feb. 21)

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**RECENT 8K FILINGS**

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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
GOLDFIELD CORP	2,7,13	01/75
GRAPHIC CONTROLS CORP	7,8,14	01/75
GRAY COMMUNICATIONS SYSTEMS INC	13,14	01/75
GUARDIAN DEVELOPMENT CORP	7,13,14	01/75
HALLIBURTON CO	3	01/75
HANOVER PETROLEUM CORP	13,14	12/74
HARMAN INTERNATIONAL INDUSTRIES INC	4,13,14	01/75
HARRIS CORP OHIO	2,7,10,14	01/75

RECENT 8K FILINGS CONT.

HASBRO INDUSTRIES INC	13	01/75
HELMET PETROLEUM CORP	7	01/75
HENRY ENGINEERING CO	2,6,14	12/74
MERCULES INC	7	01/75
HIGHLAND INNS CORP	12,14	01/75
HMO INTERNATIONAL	1,3	01/75
HOME INVESTORS TRUST	13,14	01/75
HOST INTERNATIONAL INC	3	01/75
HOUSE OF KNITTING INC	3	01/75
HYNES & HOWES REAL ESTATE INC	2,3	01/75
HYTEK INTERNATIONAL CORP	2,14	01/75
INDIANA MORTGAGE & REALTY INVESTORS	10,14	01/75
INDIANAPOLIS POWER & LIGHT CO	14	01/75
INLAND WESTERN CORP	6,13	01/75
INTERNATIONAL BASIC ECONOMY CORP	4,13	01/75
INTERNATIONAL DAIRY QUEEN INC	3,7,14	01/75
INTERNATIONAL RESEARCH & DEVELOPMENT COR	9	01/75
IOWA SOUTHERN UTILITIES CO	13,14	01/75
ITT CONSUMER SERVICES CORP	8	01/75
JACO ELECTRONICS INC	13	01/75
JERRIGO INC	7	01/75
KAISER CEMENT & GYPSUM CORP	3,7	01/75
KAMPGROUNDS OF AMERICA INC	2,10,14	01/75
KANE MILLER CORP	4,7,8,14	01/75
KANSAS STATE NETWORK INC	11,13	01/75
KEY PHARMACEUTICALS INC	2,8,10,14	01/75
KIRK CORP	14	01/75
LEEDS & NORTHRUP CO	4,7,14	01/75
LITCO CORP OF NEW YORK	3,13	01/75
LQ MOTOR INNS INC	7,8,14	01/75
LSB INDUSTRIES INC	7,10,14	01/75
MARION CORP	13,14	01/75
MARK SYSTEMS INC	NO ITEMS	01/75
MARRIOTT CORP	7,8,13,14	01/75
MEAD CORP	7,8,14	01/75
MERRITT CHAPMAN & SCOTT COPP	3	01/75
METRO GOLDWYN MAYER INC	13,14	01/75
MICHIGAN GENERAL CORP	7,8,14	01/75
MICRODATA CORP	10,11,14	01/75
MID AMERICA INDUSTRIES INC	1,14	01/75
MILLER OIL CO	11	01/75
MONFORT OF COLORADO INC	2,4,14	01/75
MONTANA POWER CO	3,13	01/75
MONTEREY LIFE SYSTEMS INC	3,7,14	01/75
MOONEY BROADCASTING CORP	2	01/75
MORTGAGE INVESTORS OF WASHINGTON	4,14	01/75
MUNFORD INC	13	01/75
NATIONAL GYPSUM CO	13	01/75
NCR CORP	3,7,14	01/75
NEW ENGLAND POWER CO	11	01/75
NORTHWEST INDUSTRIES INC	3,14	01/75
NORTHWEST NATURAL GAS CO	4,7,14	01/75

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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