

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

Brief summary of financial proposals filed with and actions by the S.E.C.



Washington, D.C. 20549

(In ordering full text of Releases from SEC Publications Unit cite number)

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FOR RELEASE July 3, 1969

**OTC MARKET-MAKER CREDIT RULES ADOPTED.** The SEC today announced the adoption of Rule 17a-12 under the Securities Exchange Act and related report forms (Release 34-8637), to implement rules of the Federal Reserve Board providing for exemptions from specified margin requirements of loans by banks to broker-dealers who are market makers in securities placed by the Board pursuant to its Regulation U on its list of OTC Margin Stocks. In its Regulation U, the Board deemed it desirable in the interest of fair and orderly markets to provide for an OTC Market Maker's exemption under which a bank may make loans to a market maker in a security on the OTC Margin Stock list in amounts determined by the bank in good faith, instead of within the general limitations prescribed for the extension of credit on such a security. The Board set forth criteria for an OTC Market Maker entitled to the special credit provisions. To qualify, a broker-dealer (among other things) must file a Form X-17A-12(1) notice with the Commission, he must be in compliance with the SEC net capital rule, and he must have and maintain a minimum net capital in accordance therewith of \$25,000 plus \$5,000 for each OTC Margin Security in which he makes a market, subject to a maximum net capital requirement of \$250,000. The Commission also prescribed Form X-17A-12(2) as the quarterly report form which must be filed by a broker-dealer who has been an OTC Market Maker during the quarter.

**TRADING IN R. HOE SUSPENDED.** The SEC announced on July 2 (Release 34-8646) that it had ordered the temporary suspension of exchange and over-the-counter trading in securities of R. Hoe & Co., Inc., for the ten-day period July 2 (commencing at 2 PM) through July 11, 1969.

**HAROLD SLOTE SENTENCED.** The SEC New York Regional Office announced June 23 (LR-4360) that Harold Slose of Scarsdale, N. Y. was sentenced to imprisonment for five years by the Federal court in New Jersey, following his "nolo" plea to charges of violating the Securities Act anti-fraud provisions in sale of stock of Manufacturers Credit Corp. The court placed Slose on probation for five years and fined him \$5,000.

**CONVICTIONS IN DONBAR CASE.** The SEC New York Regional Office announced June 24 (LR-4361) that Paul M. Kaufman, Steven C. Burns, Alan Florea and Irving Garber were convicted by a Federal court jury in New York of conspiracy and fraud in the sale of Donbar Development Corp. stock. A fifth defendant, Alan Seigenfeld, was acquitted. Three other defendants, Martin Clare, Robert Summers and Melvin Winslow, previously entered pleas of guilty; two other defendants are awaiting trial.

**COURT ENJOINS PHOTO MARK COMPUTER.** The SEC New York Regional Office announced June 30 (LR-4362) that the U. S. District Court in New York signed orders of permanent injunction against Photo Mark Computer Corp., World Land and Realty Corp., Samuel Stone and Carlos Nadal, all of New York City, enjoining violations of the Securities Act registration and anti-fraud provisions in the sale of Photo Mark Computer stock. Nadal and Lansing, Inc., were also enjoined from violations of the Securities Act in the sale of such stock.

**IRA LIPSHUTZ SENTENCED.** The SEC Chicago Regional Office announced June 30 (LR-4363) that the Federal Court in Chicago sentenced Ira Lipshutz to 60 days' imprisonment on one count of indictment charging violations of the Securities Act anti-fraud provisions in the sale of stock of Commerce Insurance Company. Three-year sentences on other counts were imposed, but suspended; and defendant was placed on probation for 3 years following termination of his 60-day imprisonment.

**UTAH POWER & LIGHT SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16420) giving interested persons until July 31 to request a hearing upon a proposal of Utah Power & Light Company, Salt Lake City, and its wholly-owned subsidiary, The Western Colorado Power Company, Montrose, Colo. Utah Power proposes (subject to bondholder approval at a meeting to be held on or about November 7) to amend its mortgage and deed of trust to remove the ceiling of \$250,000,000 as the aggregate principal amount of permissible bond indebtedness which may be outstanding at any one time. Western Colorado also proposes to remove the debt ceiling limitation of its indenture limiting to \$250,000,000 the amount of obligations for which its indenture can be collateral. Utah Power now has outstanding under its mortgage an aggregate of \$186,000,000 of bonds and believes that within a period of three years its construction expenditures will be such as to require bond financing which will approach, if not exceed the mortgage limitation. Western's common stock and a note held by Utah Power are pledged by the parent as collateral under its mortgage.

**TRADING SUSPENSIONS CONTINUED.** The SEC has ordered the further suspension of exchange and/or over-the-counter trading in the securities of BSF Company, Capitol Holding Corporation and Telstar, Inc., for the period July 4-13, 1969, inclusive, in the securities of United Australian Oil, Inc., for the period July 5-14, 1969, inclusive, and in the securities of Intercontinental Industries, Inc., and Rajac Industries, Inc., for the period July 6-15, 1969, inclusive.

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**PACIFIC STANDARD LIFE PROPOSES OFFERING.** Pacific Standard Life Insurance Company of Texas, Vaughn Building, Austin, Texas, filed a registration statement (File 2-33705) with the SEC on June 27 seeking registration of 800,000 shares of common stock to be offered at \$5 per share. The offering is to be made by certain officers and directors of the company, and by employees who are licensed salesmen; no commissions are payable. The offering will be made principally to prospective agents of the company, and to persons doing business with the company.

Organized under Texas law in November 1968, the company is engaged in writing credit life and credit disability insurance. Pacific Standard Life Insurance Company, an Arizona corporation, owns all of its outstanding stock; the Arizona company is or will become a 100%-controlled subsidiary of Pacific Standard Life Company, also an Arizona corporation. Net proceeds of the company's stock sale will be invested in assets constituting legal investments for insurance companies under Texas law; the resulting increase in capital and surplus will permit the company to write an increased volume of insurance and to retain a larger portion of the business written. Clifford N. Gamble is president and board chairman.

**WINDE GROUP FILES OFFERING PROPOSAL.** The Winde Group, Inc., 293 Genesee St., Utica, N.Y. filed a registration statement (File 2-33706) with the SEC on June 27 seeking registration of 300,000 shares of common stock, to be offered for public sale through underwriters headed by H.L. Federman & Co., Inc. 50 Broadway, New York, N.Y. The offering price (\$5 per share maximum\*) and underwriting terms are to be supplied by amendment. The Federman firm will receive \$15,000 for expenses; and it will be entitled to purchase for \$300, five-year warrants to purchase 30,000 shares at \$6 per share.

Organized in April, the company is successor to the business conducted by Winde Associates, Inc.; it will engage in the sale of continuity promotion programs (principally through mounted reproductions of famous paintings) designed for use by retail stores to increase traffic in and to encourage continuity of purchases in such stores. Of the net proceeds of its stock sale, about \$1,000,000 will be used to repay bank loans incurred to meet working capital needs during the initial stages of the company's continuity promotion business; the balance will be added to the general corporate funds. The company now has outstanding 2,700,000 common shares, of which Maurice S. Levinson, president and board chairman, owns (with his wife) 76%.

**KING RESOURCES SHARES IN REGISTRATION.** King Resources Company, Security Life Bldg., Denver, Colo. 80202 filed a registration statement (File 2-33707) with the SEC on June 27 seeking registration of 192,308 shares of common stock. These shares are deliverable upon conversion of 5-3/4% guaranteed (subordinated) convertible debentures due 1988 of King Resources Capital Corp., N.V., a wholly-owned subsidiary of the company. The company has outstanding 5,849,309 common shares.

**LOCTITE FILES STOCK PLAN.** Loctite Corporation, 702 North Mountain Road, Newington, Conn. 06111, filed a registration statement (File 2-33708) with the SEC on June 27 seeking registration of 41,000 shares of common stock. These shares were issued or are issuable upon the exercise of stock options previously granted and upon the exercise of stock options which may be granted under the company's stock option plans.

**SOUTHWESTERN LIFE RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5732) exempting Southwestern Life Insurance Company, Dallas, and ISI Trust Fund, San Francisco, from certain provisions of the Act with respect to Southwestern's proposed acquisition from Trust Fund of 440,000 Southwestern capital shares in exchange for \$13,634,725 of investment securities and \$5,275 cash.

**A.V.C. CORP., OTHERS SEEK ORDER.** The SEC has scheduled <sup>a hearing</sup> for September 25 upon an application for an exemption order under the Investment Company Act (Release IC-5733) filed by A.V.C. Corporation ("AVC"), Wilmington, Del., closed-end investment company, U. S. Communications Corporation ("USCC"), 70% owned by AVC, Butcher & Sherrerd ("B&S"), Philadelphia broker-dealer firm, and Joseph L. Castle, a partner of B&S. The application relates to certain payments to B&S for its services in connection with the establishment of USCC and with respect to the issuance of 2,000 shares of USCC stock and \$8,000 of its debentures to Castle in connection with the merger of USCC and Philadelphia Television Broadcasting Company, in which company Castle had owned stock.

**AMOSKEAG RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5734) exempting Amoskeag Company, a Boston closed-end, non-diversified management investment company, from certain provisions of the Act with respect to its proposed invitation to holders of its common stock of record June 13 (other than the "Dumaines Group") to tender their shares in exchange for a package of securities now in the portfolio of the company plus cash, if required, to produce an aggregate market value of securities delivered in exchange amounting, with any such cash, to approximately 95% of the net asset value of shares tendered. The package of securities proposed to be distributed consists of shares of: common stock of Baystate Corporation, Series A \$1.70 cumulative convertible stock of International Industries, Inc., common stock of Louisiana Land & Exploration Company and common stock of Standard Oil Company of California. Tenders must be in lots of ten shares each except that holders of fewer than 100 shares may tender their entire holdings. Amoskeag has outstanding 1,016,176 shares, of which 456,594 are held by certain affiliated persons of applicant and associates of such persons (the "Dumaines Group"), who have advised Amoskeag that they will not tender.

**UNLISTED TRADING SOUGHT.** The SEC has issued orders giving interested persons until July 16 to request a hearing upon applications of the following exchanges for unlisted trading privileges in common stocks of the listed companies: Boston Stock Exchange - Deltec International Limited  
Philadelphia-Baltimore-Washington Stock Exchange - J. P. Morgan & Co., Incorporated,  
Levin-Townsend Computer Corporation and Rapid American Corporation (Release 34-8645)

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## DECISION IN ADMINISTRATIVE PROCEEDING

SEC CLEARS U. S. COMMUNICATIONS ACQUISITION. The SEC today announced a decision and order under the Investment Company Act (Release IC-5122) involving the acquisition by U. S. Communications Corporation ("USC"), a majority-owned subsidiary of A.V.C. Corporation, both of Wilmington, Del., of certain television properties and the merger of a television broadcasting company with USC. The order provides an exemption from Section 17(e) of the Act with respect to the acceptance by Butcher & Sherrerd, of Philadelphia, of compensation for services performed by Joseph L. Castle, a partner of B & S, between January 1967 and April 1968 in connection with such acquisition, as well as an exemption from Section 17(a) of the proposed exchange by Castle of his stock in the television broadcasting company for securities of USC in connection with the merger. Under the proposal, USC would pay \$140,000 (including \$40,000 already paid) for Castle's services in connection with USC's acquisition of stock in certain television broadcasting companies from one Daniel H. Overmyer and others; and the Commission concluded that the compensation was fair and reasonable and that there was no "overreaching" in arriving at the amount to be paid. Castle also participated in negotiations for the merger of Philadelphia Television Broadcasting Company ("WPHL") into USC, a new company in which A.V.C. would after the merger own 70% of the stock and to which A.V.C. assigned its television rights. Under the merger, Castle received 2,000 shares of USC's common stock and \$8,000 of its debentures in exchange for his preferred and common stock holdings in WPHL; and the Commission concluded that the terms of the exchanges were reasonable and fair and did not receive any overreaching.

## HOLDING COMPANY ACT RELEASES

WASHINGTON GAS-SHENANDOAH GAS PROPOSAL FILED. Washington Gas Light Company, Washington, D. C., has filed a proposal with the SEC under the Holding Company Act for its acquisition of the outstanding minority interest in Shenandoah Gas Company. A hearing thereon will be scheduled by future order. Interested persons are asked to notify the Commission not later than August 6 if they wish to participate in the hearing (Release 35-16784).

According to its application, Washington Gas Light owns 336,961 of the 339,325 outstanding shares of Shenandoah Gas stock. It proposes to acquire the 2,364 shares of minority stock by the cash payment of \$6.50 per share to the holders thereof. Shenandoah Gas is engaged in the purchase, distribution, and sale of natural gas at retail in Winchester, Middletown, Strasburg, Stephens City, and New Market, Va., and at wholesale to Martinsburg. It also serves certain industrial and retail customers from its transmission pipelines in Virginia and West Virginia. As of December 31, 1969, Shenandoah's net plant was \$4,459,000, and its operating revenues (after intercompany eliminations) for the twelve months then ended were \$2,167,000.

MIDDLE SOUTH SERVICES SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16788) giving interested persons until August 20 to request a hearing upon an application of Middle South Services, Inc. ("Services"), New Orleans subsidiary of Middle South Utilities, Inc., to sell part of a tract of land in Gretna, Louisiana, to Louisiana Power & Light Company, also a New Orleans subsidiary of Middle South, at cost (\$129,579).

NEW JERSEY POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16789) authorizing New Jersey Power & Light Company, Morristown subsidiary of General Public Utilities ("GPU"), to sell certain utility assets (including primarily power transformers and related equipment and high voltage cable and line termination equipment) to Jersey Central Power & Light Company ("JCP&L"), another subsidiary. Had the sale been consummated on December 31, 1969, the aggregate price would have been some \$132,980.

## COURT ENFORCEMENT ACTIONS

SEC COMPLAINT NAMES ARCO INDUSTRIES, OTHERS. The SEC New York Regional Office announced July 1 (LR-4683) the filing of a complaint in Federal court in New York City, seeking to enjoin the offer and sale of stock of Arco Industries, Inc., of Kettle Falls, Wash., in violation of the Securities Act registration requirements. The following were named as defendants in addition to the issuer: William Clay, Merce Island, Wash.; Franklyn Phillips, Spokane, Wash.; Milfred I. Rockne, Spokane, Wash.; Leonard Porath, Spokane, Wash.; Samuel Gallant, Mount Vernon, N. Y.; Andrew L. Wormser, New York, N. Y.; IFD, Inc., New York, N. Y.; Manuel Pooy, Brooklyn, N. Y.; Thomas J. Feely, Fort Lee, N. J.; and Howard Herman, Spokane, Wash.

T. J. RICHMOND RECEIVES SUSPENDED SENTENCE; FINED. The SEC New York Regional Office announced July 15 (LR-4684) that the Federal court in New Jersey sentenced Theodore J. Richmond, Passaic, N. J., to three years' imprisonment and fined him \$2,000 on his plea of guilty to the sale of securities in violation of the Securities Act registration requirements. The prison sentence was suspended and Richmond was placed on three years' probation.

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