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FOR RELEASE January 14, 1972

COMMISSION ANNOUNCEMENTS

SEC CAUTIONS BROKER-DEALERS ON SALES OF U. S. GOV'T. SECURITIES. Information coming to the attention of the Commission indicates that a limited number of broker-dealers have, as a matter of practice, not effected purchase orders of their customers for securities issued by the United States Government. These firms, who were not authorized dealers in Government securities, accepted purchase orders for such securities from their customers but did not fill them. Instead, the securities were "sold short" by the firms to their customers. No effort was made to effect covering purchases in the market or to borrow the securities for delivery to the customers or for segregation at the firms. Although confirmation slips indicated that the firms were acting as principal, they did not reveal that sales were "short" sales and that no security was (or was to be) purchased in actual fact.

Evidence developed by the Commission's Division of Trading and Markets indicates that seven firms were involved from time to time between August 1968 and February 1971, of which six were members of the New York Stock Exchange. The firms defended their actions on the grounds that no customer had suffered financial loss and that they were thereby able to pay certain customers interest on free credit balances while avoiding the expense and operational problems associated with the actual execution of transactions and the custody of negotiable securities. All of such firms have ceased to effect transactions in U. S. Government securities in the above described manner.

Upon learning of the above described practice, the New York Stock Exchange issued Member Firm Educational Circular No. 318, pointing out that the practice violates Exchange Rule 402, requiring the segregation of fully-paid securities and may also violate Rule 436, dealing with the payment of interest to customers, and Rule 440 and Article XIV, Section 3 of the Exchange's Constitution, with respect to fictitious transactions.

In addition to violating Exchange rules, the transactions involved the fraud of "bucketing" and thus violated Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Customers' purchase money was utilized without their knowledge or consent as working capital by the firms, and the account statements sent to customers gave them the false impression that the firm had purchased and was holding in safekeeping their securities. Investors who placed orders for U. S. Government securities obviously were attracted by the safety of an investment in such securities, whereas, as the result of the broker-dealers' practice of short selling such securities, they were in reality making unsecured loans to their firms. Further, this procedure and course of conduct raises questions under Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-3 thereunder in that the transactions as recorded on the books of account did not reflect the true nature of the transactions. As these were "fictitious" transactions, the firms made false entries in the books and records required to be maintained by this rule and failed to keep same current and accurate.

By Exchange Act Release No. 6778 dated April 16, 1962, the Commission warned broker-dealers that:

"The courts and the Commission have consistently held that a dealer impliedly represents that he will deal fairly with the public, and that this implied representation of firm dealing includes an implied representation that the transaction will be consummated promptly unless there is a clear understanding to the contrary.

* * * * *

Dealers who sell securities to customers should exercise diligence to deliver the securities promptly, and if they have any reason to believe they will be unable to deliver promptly, they should disclose to the customer all material facts with respect thereto before the transaction is entered into."

This release is being published specifically to caution broker-dealers against the practice of selling U.S. Government securities or any other securities short to their customers, unless: (a) such sales are promptly covered or the appropriate securities are promptly borrowed for segregation or delivery to customers; (b) there is proper recordation of the transactions on the broker's books; and (c) customers are fully and fairly advised of the nature of the transactions.

SEC CITES BENJAMIN LEWIS & CO. The Commission has issued an order for proceedings under the Securities Exchange Act of 1934 involving Benjamin Lewis and Company, Chicago, Ill., registered broker-dealer and Delbert M. Rutherford, its president, and Stuart M. Sperling who managed the registrant's principal office in Chicago.

According to the order, the Commission's staff alleges that registrant and Sperling filed with the Commission a report of financial condition on Form X-17A-5 as of December 31, 1970 which was false and misleading with respect to certain material items, that during the period from October 1970 to May 1971, registrant and Sperling effected transactions in securities of United American Industries Corporation and Electro Vision Corporation without giving or sending to every customer a written confirmation correctly disclosing the capacity in which registrant acted, and with respect to transactions effected as agent, the actual amount of commission or other remuneration received or to be received in connection with the transaction. In addition, respondents effected transactions in securities when registrant's aggregate indebtedness exceeded the commission's net capital requirements.

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The staff also alleged, among other things, that during the period from about December 1970 to May 1971 registrant and Sperling made false and misleading statements incident to the offer and sale of securities concerning, among other things, the fair and reasonable market price and prospective rise in the price of United American Industries stock, and purchases of such stock by registrant and Sperling.

A hearing will be scheduled by further order to take evidence on the staff 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.

ROBERT MFG. CORP. OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed public stock offering by Robert Manufacturing Corporation, of Newton, Mass. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

In a notification filed on April 2, 1971, Robert Manufacturing proposed the public offering of 100,000 common shares at \$3 per share. In its suspension order, the Commission states that it has reasonable cause to believe that the company failed to disclose an \$1,800 brokerage commission paid to Donald S. Harry, principal stockholder and officer of the underwriter and a director of the company, for the company's lease negotiations and a foreclosure sale of the company's equipment, subsequent to the filing date, instituted by its creditors.

BUSINESS EXPECTS CAPITAL OUTLAYS TO ADVANCE IN 1972. Businessmen are projecting a 9 percent gain in expenditures for new plant and equipment in 1972, according to the annual projection survey conducted in late November and December by the Commerce Department's Bureau of Economic Analysis and the SEC. Outlays for the full year 1972 are expected to rise to \$88.9 billion, compared with the \$81.5 billion now estimated for 1971. Capital spending rose about 2 percent last year. Increasing capital expenditures were reported for the first half of 1972 in the quarterly survey conducted in late October and November, and the survey released now points to rising capital spending throughout the year. (For further details, see Stat. Release No. 2569)

DECISION IN ADMINISTRATIVE PROCEEDING

ANNE LAMONT SUSPENDED. The SEC has issued an order suspending Anne Lamont, of New York City, from association with any broker, dealer, or investment adviser for 15 days, effective January 17, 1972. According to the decision, Lamont, while associated with a registered broker-dealer, violated registration and antifraud provisions of the securities laws in connection with transactions in unregistered securities of Omega Equities Corporation. Among other things, she bid for and purchased Omega securities while engaged in their distribution, recommended and sold those securities, which were speculative and unseasoned, without having made a reasonable and diligent inquiry concerning Omega, failed to disclose to customers that the retail price of Omega shares had not been determined in a free and open market, induced the purchase of Omega stock at increasingly higher prices, and made various misleading and deceptive representations concerning Omega and its securities.

The order was issued pursuant to an offer of settlement in which the respondent, without admitting the allegations in the order for proceedings, stipulated that such allegations could be deemed to be true. (Rel. 34-9446)

COURT ENFORCEMENT ACTION

SPECTRUM, LTD. RECEIVES SUMMARY JUDGMENT. The SEC New York Regional Office today announced that the Federal court in New York had granted the Commission's motion for summary judgment against Spectrum, Ltd. for violation of the registration and antifraud provisions of the Federal securities laws. Spectrum filed no response to the Commission's motion for a preliminary injunction or to its motion for summary judgment. (LR-5281)

SECURITIES ACT REGISTRATIONS

THE PIPPIN COMPANY, P. O. Box 188, Pound Ridge, N. Y., filed a registration statement on January 6 seeking registration of \$700,000 of limited partnership interests, to be offered for sale at \$14,000 per unit for the purpose of producing a dramatico-musical play presently entitled "Pippin". Stuart Ostrow is the general partner. (File 2-42807)

TREASURE MOUNTAIN CORPORATION, P.O. Box 39, Park City, Utah, 84060, filed a registration statement on January 6 seeking registration of 111 furnished condominium apartments to be constructed in Park City, Utah for sale at initial sale prices ranging from \$47,000 to \$64,250 for one design, to \$50,500 to \$65,500 for a second design. Greater Park City Company of Park City, Utah may be deemed a promoter of the company. (File 2-42810)

NORTH AMERICAN ROCKWELL CORPORATION, 1700 E. Imperial Highway, El Segundo, Calif. 90245, filed a registration statement on January 11 seeking registration of 48,963 outstanding shares of \$4.75 convertible preferred stock, Series A (and the underlying 121,166 shares of common stock), which may be offered for sale from time to time by the holders thereof at prices current at the time of sale (*\$87 per preferred share maximum). (File 2-42825)

MISCELLANEOUS

TRADING BAN CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the securities of Ecological Science Corporation for the further ten-day period January 14-23, 1972, inclusive.

CONTINUED

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the January 7 News Digest.

8K Reports for Nov 1971

Centronics Data Computer Corp (8,11,13)	2-32982-2	Fla Power & Light Co (12,13)	1-3545-2
Integrated Resources Inc (13,14)	0-4427-2	Lawrence Kotkin Associates Inc (2,11,13)	2-30541-2
Metalcrafters Specialties Inc (12)	0-5645-2	Optivision Inc (3)	2-32332-2
Ford Motor Credit Co (7,8,14)	1-6368-2	Orchard Machinery Corp (12)	0-5020-2
L'Aiglon Apparel Inc (12)	1-3497-2	Docktor Pet Centers Inc (2)	0-3396-2
Photo Motion Corp (7)	0-4802-2	Lehigh Coal & Navigation Co (6,8,13)	0-1760-2
First Natl Leasing Corp (11,13)	0-4761-2	Basic Sciences Inc (11)	2-33154-2
General Develmnt Corp (3,12)	1-4080-2	Sea World Inc (2,12,13)	0-3702-2
Marmon Group Inc (1,4,8)	1-6592-2	Silo Inc (11,13)	0-2300-2
Facesetter Inds Inc (12)	2-39837-2	Cenco Instruments Corp (4,7,8,13)	1-3730-2
Sports Arenas Inc		American All-Servus Corp (12)	2-39201-2
Feb 71 (2,13)	0-2390-2	Financiera Metropolitana S A (7)	2-29641-2
Mar 71 (2,13)	0-2380-2	Great Western Assurance Co (11)	2-27250-2
Apr 71 (2,13)	0-2380-2	North American Planning Corp Oct 71 (1,8,12,13)	0-3859-2
May 71 (1)	0-2380-2	Paramount Leasing Corp Oct 71 (2,14)	2-31093-2
Diversitron Inc (13)	0-5133-2	Invst Property Builders Inc (12,13)	0-4260-2
Tipperary Land & Exploration Corp (12,13)	0-2960-2	Petrodynamics Inc (12,13)	0-4390-2
Atlas Hotels Inc (3,12,13)	0-4327-2	Revco D S Inc (12,13)	1-5025-2
Cook Inds Inc Dec 71 (8)	1-5936-2	Systron-Donner Corp (11,13)	1-4819-2
Providence & Worcester Co (3,12,13)	0-3960-2	Diversified Realty Inc (7)	0-2864-2
Pharmacare Inc (7,8,13)	1-6423-2	American Regitel Corp (12)	0-5078-2
Com-Share Inc (3,13)	0-4096-2	The Circle K Corp (3)	1-5895-2
Data Architects Inc (11)	0-4901-2	Consolidated Analysis Centers Inc (11,14)	0-4056-2
Great Eastern Mgt Corp (12,13)	1-6387-2	Vance Sanders & Co Inc Oct 71 (3,11,12,13)	0-229-2
Philip Morris Inc (7,13)	1-194-2	Visual Electronics Corp (3)	1-5460-2
Bally Mfg Corp (1,7,8,13)	0-4592-2	Wheelabrator Frye Inc Oct 71 (3,8,13)	1-2278-2
Ramco Enterprises Inc (11,13)	0-4115-2	Helme Products Inc Oct 71 (4,7,13)	1-5390-2
Books For Libraries Inc (2,8,10,13)	0-4834-2	Scott & Fetzer Co (7)	1-5629-2
Consumers Power Co (3,7,13)	1-5611-2	Stokely-Van Camp Inc (12)	1-2944-2
Falcon Seaboard Inc (2,6,10,13)	1-4359-2	Telecom Corp Oct 71 (3,13,14)	0-4202-2
Old Town Corp May 71 (2,14)	1-3601-2	United Air Lines Inc (4,13)	1-2637-2
American Financial Corp (13)	0-839-2	Great Basins Petroleum Co Aug 71 (4,7,13)	1-4541-2
First Paramount Equity Corp (1,13)	0-4763-2	Seneca Foods Corp (11)	0-1989-2
Rowan Inds Inc (12)	0-2642-2	Southeastern Tel Co (7)	0-756-2
		Glen Alden Corp Oct 71 (3,4,7,8,12,13)	1-5448-2
		Image Systems Inc Oct 71 (6)	0-4331-2
		Interdyne Co Oct 71 (13)	0-4454-2
		Leisure Group Inc Oct 71 (12,13)	0-3447-2

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SK Reports for Nov 1971

Patrick Inds Inc (7)	0-3922-2	Lifesurance Corp	
Schenley Inds Inc (3)	1-2377-2	Oct 71 (7)	0-4366-2
American Equity Invst Trust		Trans-Canada Pipe Lines Ltd	
(7)	0-4869-2	(7,8)	2-12927-2
Graphidyne Corp		American Brands Inc (13)	1-92-2
Oct 71 (2,7,13)	2-38421-2	First S & L Shares Inc (7)	0-5281-2
Imperial Paper Co		Life Ins Securities Corp	
Oct 71 (1,2,11,13)	0-3854-2	(13,14)	0-3727-2
Pacific Intermountain Express		Trans Services Corp (1)	0-5599-2
Co (13)	1-4727-2	Realty Income Trust (7,13)	1-6210-2
Southern Pacific Transportation Co		The Riley Co Oct 71 (11,13)	1-6280-2
(7)	1-6146-2	Chemtech Inds Inc	
20th Century Fox Film Corp		Oct 71 (1,3,12,14)	2-29415-2
Oct 71 (13)	1-3695-2	R J Harvey Instrument Corp	
USF Real Estate Invst Trust		(11)	2-36726-2
(2,7,13)	2-37029-2	Lackey Inds Inc (7)	0-5119-2
B B Walker Shoe Co (4,13)	0-934-2	Nelly Don Inc (2,14)	1-4331-2
Bell Inds (11,13)	1-4660-2	Union Pacific Corp (13)	1-6075-2
Excel Invst Co (7)	0-1933-2	Universal Container Corp	
Gamble Skogmo Inc (7,8)	1-3478-2	Oct 71 (3,13)	1-4277-2
Genge Inds Inc Oct 71 (2)	1-6082-2	American Beverage Corp (12)	0-2817-2
Informatics Inc (3)	0-3924-2	Calif Medical Centers	
Mohawk Data Sciences Corp		Oct 71 (3,13)	0-3661-2
(7,12,13)	1-5474-2	Communications Properties Inc	
Western Fidelity Corp (12,13)	0-1372-2	(7)	0-4412-2
Allergan Pharmaceuticals		The ICB Corp (12)	0-5605-2
(7)	0-5503-2	Masonite Corp (7,8,11)	1-2263-2
Brentwood Inds Inc		Metropolitan Edison Co	
Oct 71 (2,14)	0-5652-2	(7,13)	1-446-2
Cavitron Corp		Bio-Medical Sciences Inc (9)	0-5613-2
Oct 71 (12,14)	1-5575-2	Kin Ark Corp Oct 71 (7,14)	1-3920-2
Meredith Corp (12)	1-5128-2	Nortek Inc Aug 71 (2,13)	1-6112-2
On-Line Systems Inc (7,13)	1-6508-2		
Bozzuto's Inc			
Oct 71 (2,7,13)	2-37460-2		
Butler Aviation Int'l Inc			
(3)	1-5658-2		
Castleton Inds Inc			
Aug 71 (13,14)	1-5464-2		
Conagra Inc (4,13)	0-1826-2		
Great Southwest Corp			
(3,6,7,14)	0-100-2		
Gulf & Western Inds Inc			
Oct 71 (3,13)	1-5404-2		
Marine Resources Inc (12)	0-4296-2		
Nytronics Inc			
Oct 71 (12,13)	1-5617-2		

Amended SK Reports

Int'l Shelters Inc	
#2 for Apr 71 (3)	0-4144-2
Data Automation Co Inc	
#1 for Mar 71 (13)	0-3152-2
Diodes Inc	
#1 for Sept 71 (3,12)	1-5740-2
The Dyna-Jet Corp	
#1 for Nov 71	2-34077-2

SECURITIES ACT REGISTRATIONS. Effective January 12: Fisco, Inc., 2-42606; Kiddie Products, Inc., 2-42149; Loctite Corp., 2-42492; McCulloch Oil Corp., 2-42435; Petrolite Corp., 2-42634; Rich's Inc., 2-42538; Sanitas Services Corp., 2-42306; Speisman Industries, Inc., 2-41710 (90 days); Taisho Marine and Fire Insurance Co., Ltd., 2-42787; Transcon Builders, Inc., 2-42078 (90 days); U. S. Plywood Champion Paper Inc., 2-42568.

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

*As estimated for purposes of computing the registration fee.

GPO 912-604

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