



# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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## COMMISSION ANNOUNCEMENTS

BURTON NAMED SEC CHIEF ACCOUNTANT. SEC Chairman William J. Casey today announced the appointment of John C. Burton as Chief Accountant of the Commission; Mr. Burton is presently Professor of Accounting and Finance at the Graduate School of Business, Columbia University.

A native of New York, Mr. Burton received his undergraduate degree from Haverford College and his M.B.A. and Ph. D. from the Graduate School of Business at Columbia. From 1955 to 1960, he was a public accountant with Arthur Young & Company and also served as Assistant in Finance in the Graduate School of Business. He was appointed Associate Professor of Accounting in 1960 and became full Professor in 1970.

At Columbia, Mr. Burton serves as a member of the Columbia University Committee on Educational Technology and the Graduate School of Business Admissions Committee. He is the author of Accounting for Business Combinations: A Practical and Empirical Comment, and Auditing: A Conceptual Approach, in addition to other books and numerous technical articles.

Mr. Burton is a member of the American Institute of CPA's and the New York State Society of CPA's, Member of the Planning Committee of the American Institute of CPA's, and the American Economic Association, as well as the American Finance Association. He is active in civic affairs, and serves as a Trustee of Millbrook School for Boys and Mills College of Education, both of New York.

SEC ORDER CITES CHANDLER MANAGEMENT, ET AL. The SEC has issued an order for proceedings under the Investment Company Act of 1940 and Securities Exchange Act of 1934 with respect to the activities of certain affiliated persons of Chandler Fund, Inc. ("Fund"), of Los Angeles, Calif., a registered investment company. The respondents in these proceedings are Chandler Management Corp. ("Management"), the Fund's investment adviser and a registered broker-dealer, Chandler and Company ("Broker"), a registered broker-dealer which acts as the Fund's principal broker, and Edward O. Chandler and James T. Bakos, who are variously directors and principal officers of the above companies. The Fund is not a respondent in these proceedings.

The order is based on allegations by the Commission's staff that during the period from May 15, 1970 to at least August 23, 1971, the respondents wilfully violated and wilfully aided and abetted violations of various provisions of the Investment Company Act and the anti-fraud provisions of the federal securities laws. The order alleges, among other things, that respondents caused the Fund to purchase shares of Parker Resources, Inc. ("Parker") at higher prices while the respondents were purchasing the same securities for their own account at lower prices; purchased directly and indirectly from the Fund for their own account shares of Parker and other securities; sold for their own account shares of Parker at prices not reasonably related to the prevailing market and which included unreasonable commissions and excessive mark-ups; and caused the Fund to sell and redeem its shares at inflated asset values.

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 thereto, for the purpose of determining whether the allegations are true and, if so, whether any action of a remedial nature is necessary or appropriate in the public interest.

FACTORS TO BE CONSIDERED IN CONNECTION WITH INVESTMENT ADVISORY CONTRACTS CONTAINING INCENTIVE FEE ARRANGEMENTS. The SEC today called the attention of all registered investment companies, their officers and directors and their investment advisers to certain factors which must be considered in connection with investment company incentive fee arrangements in view of the provisions of the Investment Company Amendments Act of 1970. The release is based upon a survey of investment companies with incentive fee arrangements which indicated that although many of the unfair features of previous performance fee arrangements have been eliminated, some incentive fee arrangements still contain features which create bias against investment companies and do not conform to the provisions of Section 205 of the Investment Advisers Act of 1940 or the fiduciary standards of the Investment Company Act. These features include selection of an inappropriate index, computation of investment company average net assets and performance over different intervals, failure to reflect the reinvestment of dividends paid from investment income in computing investment company investment performance and of all cash distributions in computing the investment record of the index and making significant incentive fee payments based upon random or insignificant performance differences. (Rel. IC-7113)

## DECISION IN ADMINISTRATIVE PROCEEDINGS

SUSPENSION OF ADVERTISING AND INFORMATION DISTRIBUTION SYSTEMS EXEMPTION MADE PERMANENT. The Commission has made permanent a prior order temporarily suspending a Regulation A exemption from registration with respect to a public offering of 300,000 shares of common stock of Advertising and Information Distribution Systems, Inc., of Beltsville, Md., at \$1.00 per share. The temporary suspension order had alleged that the company's offering circular contained material misstatements and omitted material facts concerning the firm's business operations, the sublease of its premises, the intended use of the proceeds of the offering, the company's liability on a consulting contract, and the amount of its liabilities. Without admitting or denying those allegations, the firm, following hearings, consented to a permanent suspension of the exemption. (Rel. 33-5238)

OVER

NEW RULES AND RULE PROPOSALS

PROPOSED RULE 205-1. The Commission has published notice that it is considering the adoption of Rule 205-1 under the Investment Advisers Act of 1940 to clarify the requirement of Section 205 of the Advisers Act as applied to incentive fee advisory contracts of investment companies. The rule proposal defines investment company "investment performance" and "investment record" of an appropriate index of securities prices to include all investment increments in order that they may be comparable for purposes of computing relative investment results.

Written statements of views and comments with respect to the proposed rule should be submitted to the Securities and Exchange Commission, 500 N. Capitol St., Washington, D. C. 20549, on or before May 15, 1972. All such communications should refer to File No. S7-437. (Rel. IA-316)

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES UNIVERSAL OIL, OTHERS. The SEC Fort Worth Regional Office announced March 28 the filing of a complaint in the Federal court in Shreveport, La., seeking to enjoin Universal Oil Corporation, Shreveport, La. and William P. Maroski and Howard L. Carpenter, both of El Paso, Tex., from violations of the registration and antifraud provisions of the Federal securities laws in the offer and sale of fractional undivided working interests in oil and gas leases located in Caddo Parish, La. A hearing is set for May 22 on the Commission's motion. (LR-5364)

COMPLAINT CITES RELIANCE CAPITAL CORP., OTHERS. The SEC San Francisco Regional Office and Los Angeles Branch Office announced March 30 the filing of a complaint in the Federal court in Los Angeles seeking to enjoin Reliance Capital Corporation (RCC), Los Angeles real estate syndicator, Reliance Group, Inc., a subsidiary of RCC, Reliance Industries, Inc., Hawaiian parent of RCC, Salvatore P. Osio, Earl Lachman, John E. Kennedy, Ronald R. Safer and John B. Spear from violations of the registration and antifraud provisions of the Federal securities laws in the offer and sale of limited partnership interests in a series of real estate syndications. RCC was charged with violating the broker-dealer registration requirements. The Commission also seeks appointment of a receiver of RCC. The court granted the defendants' request for a continuance of a hearing, re-scheduling the preliminary hearing for May 1. (LR-5365)

WALTER H. JOHNSON FOUND GUILTY. The SEC Fort Worth Regional Office announced March 30 that the Federal court in Louisiana returned a verdict of guilty on all counts of a six-count indictment against Walter H. Johnson of Springfield, Mo. and acquitted William M. Campbell of New Orleans, La., on all counts on charges of violating the securities fraud and mail fraud statutes and conspiracy to violate those statutes in connection with the sale of Professional Service Corporation Special Charter Member Contracts. (LR-5366)

FIRST FIDELITY SUSPENSION CONTINUED

The SEC has ordered renewal of the temporary suspension of over-the-counter trading in the common stock of First Fidelity Company for the further ten-day period April 6-15, inclusive, in view of continuing negotiations, disclosed by the company on March 27, the results of which have not yet been made public.

SECURITIES ACT REGISTRATIONS

TILLAMOOK HOUSE JOINT VENTURE, 505 Madison St., Seattle, Wash. 98104, filed a registration statement on March 30 seeking registration of \$2,935,500 condominium units and related rental agency agreements. The Joint Venture consists of North Coast and W-P Development Inc. The condominium is located at Gearhart, Oregon, and the units range in price from \$19,250 to \$70,000 plus furnishings. (File 2-43647)

CITIZENS AND SOUTHERN HOLDING COMPANY (C & S), 35 Broad St., N. W., Atlanta, Ga. 30303, filed a registration statement on March 30 seeking registration of \$1,000,000 of commercial paper, to be offered for public sale through The Citizens and Southern National Bank, parent of C & S. C&S's principal assets include majority interests in eight commercial banks in Georgia, minority interests in 29 other commercial banks in Georgia and minority interests in 19 banks or bank holding companies in other states. Net proceeds of its financing will be made available from time to time to subsidiaries owned or to be organized to finance their activities in the various areas of the financing business. (File 2-43651)

ALGOREX DATA CORPORATION, 313 W. Old Country Road, Hicksville, N. Y. 11801, filed a registration statement on March 30 seeking registration of 20,000 shares of common stock issuable upon exercise of outstanding common stock purchase warrants. The company performs computerized engineering and design services primarily for manufacturers of electronic equipment and systems. (File 2-43653)

PRINCETON ASSOCIATES FOR HUMAN RESOURCES, INC., 575 Ewing St., Princeton, N. J. 08540, filed a registration statement on March 30 seeking registration of 60,000 shares of 8% convertible preferred stock (\$10 par), to be offered for public sale in units of 100 shares, and at \$1,000 per unit. No underwriting is involved. The company offers services of behavioral scientists, psychologists, management consultants and organizational specialists to various clients. Net proceeds of its stock sale will be used, in part, to pay short-term bank indebtedness, and for other corporate purposes. (File 2-43657)

CONTINUED

**FUQUA INDUSTRIES, INC.**, 3800 First National Bank Tower, Atlanta, Ga. 30303, filed a registration statement on March 30 seeking registration of 697,818 shares of common stock, 50,000 outstanding \$2.50 convertible preference stock, and outstanding warrants to purchase 10,000 common shares. Of the common shares, 562,759 are outstanding shares, 24,500 are issuable pursuant to the company's Restricted Stock Plan and 110,559 are issuable in connection with future acquisitions. The holders or recipients of such securities may offer them for sale from time to time at prices current at the time of sale (\$24.125 per common and \$26,537 per preferred share maximum). The company is engaged in operations in the areas of leisure time, transportation, shelter and agribusiness. (File 2-43658)

**SERVITECH, INC.**, 13405 York Road, North Royalton, Ohio 44133, filed a registration statement on March 30 seeking registration of 231,667 shares of common stock owned by Computer Utilities Corp. and representing 50.5% of the company's outstanding common stock. Pursuant to a voluntary plan of liquidation of Computer Utilities approved by its stockholders July 15, 1971, these shares of Servitech are being distributed to Computer Utilities shareholders as part of a liquidating distribution. Servitech is engaged in providing services of technically skilled personnel to industry and government on a temporary basis. (File 2-43661)

**AFFILIATED MEDICAL RESEARCH, INC.**, Princeton Pike, Princeton, N. J. 08540, filed a registration statement on March 30 seeking registration of 100,000 shares of common stock, to be offered for public sale (\*at \$14 per share maximum) through underwriters headed by Collins Securities Corp., 26 Beaver St., New York 10004. The company designs, conducts and evaluates pre-clinical and clinical tests primarily of newly developed pharmaceutical products, cosmetics, chemicals, fermentation products and foods. Of the net proceeds of its stock sale, \$550,000 will be used for research and development of proprietary drug products and the balance for working capital and other corporate purposes. (File 2-43662)

**I.M.S. INTERNATIONAL, INC.**, York House, 37 Queen Sq., London W.C. 1, England, filed a registration statement on March 30 seeking registration of 610,000 shares of common stock, of which 400,000 are to be offered for public sale by the company and 210,000 (being outstanding shares) by the holders thereof. The offering is to be made (\*at \$25 per share maximum) through underwriters headed by White, Weld & Co. Inc., 20 Broad St., New York 10005. The company gathers and processes statistical information, primarily regarding sales of health and personal care products, and sells it in syndicated reports to pharmaceutical companies. Of the net proceeds of its stock sale, \$6 million will be used to repay a 12-1/2% note to James Talcott, Inc. and the balance for working capital and other corporate purposes. (File 2-43663)

**OCEAN HARVESTERS INTERNATIONAL, INC.**, 19 Broad St., Charleston, S. C., filed a registration statement on March 30 seeking registration of 120,000 shares of common stock, to be offered for public sale at \$5 per share by Henderson, Woll & Co., Inc., 110 Colonial Bldg., 150 Broad Mollow Rd., Melville, N. Y. 11746. The company is engaged in the shrimp fishing business. Net proceeds of its stock sale will be used for working capital and other corporate purposes. (File 2-43664)

**DISPOS-AMATIC CAMERA CORPORATION**, 757 Third Ave., New York 10017, filed a registration statement on March 30 seeking registration of 270,000 shares of common stock, to be offered for public sale at \$6 per share. No underwriting is involved. The company proposes to engage in developing, manufacturing and distributing a patented disposable camera. Of the net proceeds of its stock sale, up to \$500,000 will be used to manufacture units of the disposable camera and the balance for working capital and other corporate purposes. (File 2-43665)

**FLAG II**, 1500 National Bank of Commerce Bldg., New Orleans, La. 70112,

**FLAG III**, Ltd., 33 South Perry St., Montgomery Ala. 36104, and

**FLAG IV**, 174 W. Wieuca Rd., N.E., Suite 106, Atlanta, Ga. 30342, each filed a registration on March 30 (File 2-43666, 2-43667 & 2-43668, respectively) each seeking registration of \$749,500 of partnership participations and \$100,000 of consulting general agency contracts, in each case to be offered for public sale at \$500 per partnership interest and \$500 per agency contract. The offerings are to be made on best efforts basis by MPF Securities Corp., 122 Wallace Ave., Downingtown, Pa., a wholly-owned subsidiary of Zemarc, Ltd. and an affiliate of ECO III Development Corp. (also a Zemarc subsidiary), the general partner. Flag II, Flag III and Flag IV (all partnerships) were organized for the purpose of selling, as agent, life insurance, annuity contracts and other life insurance options for life insurance companies that have authority to write insurance in Louisiana, Alabama and Georgia, respectively. Each company proposes to write insurance at the outset for North Atlantic Investors Life Insurance Company, a wholly-owned subsidiary of Zemarc. (File 2-43666, 2-43667 & 2-43668)

**GENERIC CORPORATION OF AMERICA**, 3 Caesar Pl., Moonachie, N. J. 07074, filed a registration statement on March 30 seeking registration of 300,000 shares of common stock, to be offered for public sale (\*at \$8.75 per share maximum) through underwriters headed by Devon Securities, 60 E. 56th St., New York 10022. The company is principally engaged in the manufacture and national distribution of pharmaceutical drug products. Net proceeds will be used for pre-payment of the company's outstanding long-term bank loan, proceeds of which were used in connection with acquisition of a controlling interest in Wolins Pharmacal Corp., and for working capital and other corporate purposes. (File 2-43669)

