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DECISIONS IN ADMINISTRATIVE PROCEEDINGS

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RALPH T. LACHMAN ENJOINED AND ADMINISTRATIVELY SANCTIONED

The Commission announced that the Federal District Court for the Northern District of California has permanently enjoined Ralph T. Lachman, of Orinda, California, from violations of the antifraud and other provisions of the securities laws. Lachman was vice-president of Diamond Growth Fund, Inc. (Fund), which was a registered investment company, and president of Diamond Management, Inc. (DMI), which was a San Francisco broker-dealer which acted as principal underwriter and investment adviser of Fund. Lachman consented to the injunction as part of a settlement offer submitted to the Commission, without admitting or denying the allegations of the Commission's complaint.

In a related action also based on the settlement offer, the Commission instituted administrative proceedings against Lachman under the Securities Exchange and Investment Company Acts and imposed sanctions against him. It suspended him from association with any broker, dealer or investment adviser for 90 days, and thereafter suspended him from such association for nine months except as a non-supervisory employee under supervision (Lachman undertook to make a proper showing of the adequacy of his supervision). It also prohibited Lachman (with specified exceptions) from serving in various capacities with respect to a registered investment company. The 90-day suspension was made effective as of May 16, 1975 because Lachman had begun to serve it on that date due to a misunderstanding.

According to the decision in the administrative proceedings, during stated periods from January 1970 to June 1971, Lachman, in connection with the offer, sale, repurchase and redemption of Fund shares, made material misrepresentations to the effect that Fund was well managed, that DMI was fully and faithfully discharging its fiduciary obligations to Fund, that Fund placed a fair value on certain portfolio securities, and that Fund would not deviate from the investment restrictions set forth in its prospectus without majority shareholder approval. In addition, Lachman concealed from investors that fact that Fund's net asset value was overstated. And he participated in the following transactions: (a) In October 1970 and February 1971, Fund purchased from DMI a total of 45,000 shares of restricted stock of Dayton Universal, Inc. at a price of \$31,875, which amount was applied against DMI's indebtedness to Fund. The Dayton stock sold to Fund was in fact worth no more than 20% of the market price at the mean for unrestricted Dayton stock, or \$6,375; (b) During April and May 1971, Fund repaid DMI \$19,468 for expenses which were reimbursable to Fund under the terms of DMI's advisory contract. At that time DMI was insolvent and without foreseeable income to reimburse Fund, and the taking of the money in question constituted a borrowing from Fund; (c) DMI accepted \$2,000 in compensation from an issuer from which Fund purchased a \$25,000 debenture on December 21, 1970. At the time Fund purchased the debenture, the issuer was insolvent.

It was further found that Lachman aided and abetted violations of the net capital, recordkeeping and reporting provisions. Lachman consented to the above findings, which were based on the allegations in the injunctive action, agreeing that such allegations may be deemed true solely for the purpose of the administrative proceedings. (Rel. 34-11569)

SIX FIRMS AND FOUR INDIVIDUALS SANCTIONED

The Commission has barred the former broker-dealer firm of Laidlaw & Co., Inc. (now known as LAC, Inc.) of New York City, from acting as or being associated with any broker-dealer or investment adviser, barred Rollin F. Perry, who was president of Laidlaw's corporate finance department, from association with any broker or dealer, and suspended the former Dallas, Texas, broker-dealer firm of Brown, Allen & Co., Inc. and two of its former salesmen, Frank Harrison and Douglas H. Watson, from association with any broker or dealer for respective periods of 30, 30 and 14 days, effective August 11. In addition, Watson has undertaken not to become associated with any broker or dealer without the Commission's prior written consent. After two years, Perry may apply to the Commission to become so associated.

The Commission has also suspended NDF Securities Corp., a Van Nuys, California broker-dealer firm, from engaging in any transaction in the over-the-counter markets or in any principal transaction for 60 days, and has suspended Bernard Gordon Bizar, an officer of NDF, from association with any broker or dealer for 30 days. Both suspensions are effective August 11. Finally, the Commission censured three broker-dealer firms, Pitfield, Mackay & Co., Inc., of New York City, Henry F. Swift & Co., of San Francisco, and Torpie & Saltzman, Inc., of New York City.

The sanctions were based on findings that, during the period February 1972 to May 1973, all of the respondents violated antifraud provisions of the securities laws in connection with their activities involving the common stock of SaCom.

Laidlaw was managing underwriter of an offering of 200,000 shares of SaCom stock at \$6 per share pursuant to a registration statement effective October 31, 1972. During the period in question, the firm and Perry engaged in a wide variety of manipulative activities in order to facilitate the distribution of the offering, create the false appearance that the offering had been successfully completed, conceal the losses that Laidlaw had suffered and facilitate the distribution of unsold SaCom shares which had been acquired by Laidlaw.

On or about October 31, 1972, Pitfield, Swift, and certain other members of the SaCom underwriting group, falsely represented verbally and by wire that they had distributed the shares assigned to them for public sale. Laidlaw then notified members of the underwriting syndicate that the syndicate was terminated and issued a false press release which stated that the offered stock had been sold and oversubscribed. After the underwriting syndicate was terminated, Pitfield and Swift sold their undistributed shares into the market to other broker-dealers.

Laidlaw and Perry, and NDF with whom Perry became associated after leaving Laidlaw, entered into arrangements with Torpie pursuant to which Torpie quoted SaCom at pre-determined prices and purchased and sold the stock pursuant to guaranteed profit agreements, thereby artificially maintaining SaCom's market price and creating a false and misleading appearance of the market.

From about the summer of 1972 to April 1, 1973, Laidlaw, Perry Torpie, NDF and Bizar purchased and sold SaCom stock while in possession of material, non-public information concerning SaCom's sales and earnings, merger and acquisition negotiations and the unsuccessful SaCom offering, without disclosing such information to persons on the other side of those transactions. And from about October 1 to December 1, 1972, Brown Allen, Harrison and Watson bought and sold SaCom securities for their customers' accounts without such customers' knowledge or authorization.

In addition, the Commission found that Perry committed additional antifraud violations by engaging in manipulations of the stocks of Manchester Life & Casualty Management Corporation and Dynalectron Corporation.

The Commission's action was taken pursuant to offers of settlement in which respondents, without admitting or denying the charges against them, consented to the above findings and the indicated sanctions. (Rel. 34-11564)

ORDERS FOR PUBLIC PROCEEDINGS

ORDER CITES JOHN W. KELSEY, OTHERS

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against John W. Kelsey, John C. Barksdale, and Albert F. Jackson, III, all of Houston, Texas, based on staff allegations of violations of the antifraud provisions of the securities laws. A hearing will be scheduled by further order on the charges against the respondents. (Rel. 34-11584)

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES VIP CLUB, OTHERS

The Washington Regional Office announced that on August 8 a complaint was filed in the U.S. District Court in Alexandria, Virginia seeking to enjoin VIP Club, Intermediary Associates, and Harold F. Kenny, all of Arlington, Virginia from violations of the registration and antifraud provisions of the securities laws and VIP Club from violations of the registration provisions of the Investment Company Act of 1940.

The Commission alleged in its complaint that the defendants violated the registration provisions of the securities laws in that defendants have been offering for sale and

selling securities, namely investment contracts, certificates of interest or participation in profit-sharing agreements and instruments commonly known as securities in the form of participations in certificates of deposit when no registration statement has been filed or is in effect with the Commission with respect to such securities. (SEC v. VIP Club, et al., U.S.D.C., E.D. Va., Alex. Div., Civil Action No. 75-752A). (LR-7036)

IRVING ORENSTEIN ENJOINED

The New York Regional Office announced that on July 15 a permanent injunction by consent was entered against Irving Orenstein in the U.S. District Court for the Southern District of New York. The injunction enjoined Orenstein from violations of the net capital and bookkeeping rules. For further information see LR-5598 and 5635. (SEC v. C.I. Oren & Co., Inc., et al.). (LR-7037)

HOLDING COMPANY ACT RELEASES

THE POTOMAC EDISON COMPANY

A notice has been issued giving interested persons until September 10 to request a hearing on a proposal by The Potomac Edison Company, subsidiary of Allegheny Power System, Inc., that it issue and sell up to \$30 million of first mortgage bonds at competitive bidding. (Rel. 35-19119 - Aug. 7)

DELMARVA POWER & LIGHT COMPANY

A notice has been issued giving interested persons until September 2 to request a hearing on a proposal of Delmarva Power & Light Co., a registered holding company, to lease seventy-seven coal hopper cars pursuant to a leveraged lease agreement. (Rel. 35-19120 - Aug. 7)

TRUST INDENTURE ACT RELEASES

THE CHASE MANHATTAN BANK

An order has been issued under the Trust Indenture Act of 1939 on an application of Owens-Illinois, Inc., (the Company) that the trusteeship of The Chase Manhattan Bank (National Association) (Chase) under two indentures of the Company is not so likely to involve a material conflict of interest as to make it necessary to disqualify Chase from acting as trustee. (Rel. TI-404)

SECURITIES ACT REGISTRATIONS

(S-1) BALDOR ELECTRIC COMPANY

5711 South 7th St., Fort Smith, Ark. 72901 - 329,976 shares of common stock, to be offered for sale by the company and 70,024 shares by certain shareholders through underwriters headed by A. G. Edwards & Sons, Inc., One North Jefferson Ave., St. Louis, Mo. 63103. The company designs, manufactures and sells electric motors for industrial use. (File 2-54197 - July 15)

(S-1) TEXAS INTERNATIONAL COMPANY

Suite 700, National Foundation Center, 3545 N.W. 58th St., Oklahoma City, Okla. 73112 - 200,000 shares of common stock, to be offered in exchange for \$1,556,047 outstanding promissory notes. The company engages in oil and gas exploration and production, and other operations. (File 2-54201 - July 16)

(S-1) THE KANSAI ELECTRIC POWER COMPANY, INC.

5 Nakanoshima 3-chome, Kita-ku, Osaka, Japan - 1,000,000 shares of common stock. It is proposed to offer these shares to American holders of the common stock (and holders of American Depositary Receipts representing such stock) at the rate of one share for each four shares held of record on July 31, 1975 (July 30, 1975 for ADR holders), at a price of 400 Japanese Yen per share. The company is an electric utility. (File 2-54210 - July 18)

(S-1) SAMBO'S RESTAURANTS, INC.

3760 State St., Santa Barbara, Cal. 93105 - \$633,900 of investment units in Sambo's Real Estate Syndicate No. Three, to be offered for sale at \$2,113 per unit. Sambo's
NEWS DIGEST, August 11, 1975

Restaurants is primarily engaged in developing, operating, and managing a chain of coffee shop type restaurants. (File 2-54347 - Aug. 6)

(S-1) CONNECTICUT WATER SERVICE, INC.

West Main St., Clinton, Conn. 06413 - 100,000 shares of common stock, to be offered for sale through underwriters headed by Advest Co., Six Central Row, Hartford, Conn. 0610. The company, through subsidiaries, supplies water. (File 2-54353 - Aug. 8)

REGISTRATIONS EFFECTIVE

Aug. 6: Combined Communications Corp., 2-53904; Oakmont Corp., 2-53369; W. R. Grace Co., 2-54036.

Aug. 7: CleveTrust Corp., 2-54226; Frederick's of Hollywood, Inc., 2-54089; Hoover Ball and Bearing Co., 2-54223; Kansas City Power & Light Co., 2-54149; Public Service Co. of Indiana, Inc., 2-54213; Rimar Manufacturing Inc., 2-53055.

RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events:

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| <i>Item 1. Changes in Control of Registrant</i> | <i>Item 9. Options to Purchase Securities</i> |
| <i>Item 2. Acquisition or Disposition of Assets</i> | <i>Item 10. Revaluation of Assets or Restatement of Capital Share Account</i> |
| <i>Item 3. Legal Proceedings</i> | <i>Item 11. Submission of Matters to a Vote of Security Holders</i> |
| <i>Item 4. Changes in Securities</i> | <i>Item 12. Changes in Registrant's Certifying Accountant</i> |
| <i>Item 5. Changes in Security for Registered Securities</i> | <i>Item 13. Other Materially Important Events</i> |
| <i>Item 6. Defaults upon Senior Securities</i> | <i>Item 14. Financial Statements and Exhibits</i> |
| <i>Item 7. Increase in Amount of Securities Outstanding</i> | |
| <i>Item 8. Decrease in Amount of Securities Outstanding</i> | |

The companies listed below have filed 8-K reports for the month indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An invoice will be included with the requested material when mailed.

COMPANY	ITEM NO.	MONTH
DETRIX CHEMICAL INDUSTRIES INC	14	05/75
ENERGY CONVERSION DEVICES INC	4,10,14	06/75
HOSPITALITY INTERNATIONAL INC	14	03/75
PSP INC	2,10,14	04/75
ALASKA INTERSTATE CO	7,8,14	06/75
AMERICAN COMMONWEALTH FINANCIAL CORP	2	05/75
AMERICAN COMMONWEALTH FINANCIAL CORP	2	06/75
CRUTCHER RESOURCES CORP	10	03/75
LIBERTY LOAN CORP	13,14	06/75
MOXON INC	1	06/75
PHILIPSBORN INC	1	07/75
SECURITY PLASTICS INC	14	05/75
SONIC DEVELOPMENT CORP	14	01/75
TROPICANA POOLS INC	13	06/75
WINCORP	8	02/75
WINCORP	8	03/75
WINCORP	8	04/75

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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