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NEW RULES AND RULE PROPOSALS

RULE 146 PROPOSED. The SEC today announced proposed Rule 146 under the Securities Act of 1933 to define offerings not deemed to involve any public offering. The proposed rule is designed to specify the types of offerings deemed to come within the private placement exemption of Section 4(2) of the Securities Act; however it does not establish exclusive standards for complying with the Section 4(2) exemption. In a related step, the Commission proposed an amendment to Rule 257 under Regulation A, in order that the simplified Regulation A exemption may be utilized for employee benefit plans involving the issuance of securities not in excess of \$100,000.

In a statement, accompanying the rule proposal, SEC Chairman William J. Casey said that "from the standpoint of investor protection, money for new ventures comes not only from people who invest a few thousand dollars on the basis of prospectus cleared by the SEC, but also from sophisticated individuals and institutions having the knowledge, opportunity and ability to evaluate new ventures more effectively than can be done by reading a printed prospectus." "The thrust of the rule," he said, "is to assure that the offering is limited and that the offeree is a person who does not need the protection of registration."

To that end, Mr. Casey noted, six conditions must be met for the offering to be within the proposed rule: (1) the offer must be made only in a negotiated transaction, involving direct communication between buyer and seller; (2) during the negotiated transaction, the offeree must have access to the same kind of financial information that he would get in a 1933 Act registration statement; (3) before making an offer, the issuer must reasonably believe that each offeree or his investment representative is sufficiently experienced to use the information required by the rule, to evaluate the risks, and to make informed investment decisions; (4) no more than 35 persons in any consecutive 12-month period may purchase securities of the issuer; (5) the issuer not be aware of circumstances which would indicate that the purchaser plans a subsequent distribution; (6) a mandatory filing of an after-the-fact report of sales under the rule.

Persons desiring to comment on the proposals should submit comments in writing to Neal S. McCoy, Chief Counsel, Division of Corporation Finance, Securities and Exchange Commission, Washington, D. C. 20549. Such comments should be received not later than January 29, 1973, they should refer to File No. S7-458, and persons are advised that such comments are public. (Rel. 33-5336)

COURT ENFORCEMENT ACTION

COMPLAINT CITES VESCO, IOS, 40 OTHERS. The Commission announced on November 27 the filing of an injunctive action in the U.S. District court for New York against Robert L. Vesco, of Boonton, N. J., and 41 other corporate and individual defendants for violating the anti-fraud, filing, and proxy provisions of the Federal securities laws.

The complaint alleges, among other things in March and June of 1972, that Vesco caused International Controls Corp., an American Stock Exchange listed company, to transfer investments it held in IOS, Ltd. (the investment advisor and manager of certain non-US mutual funds), and in other foreign based companies - International Bancorp Ltd. and Value Capital Ltd. - to foreign incorporated companies controlled by the defendant Vesco and certain of the other defendants. It is further alleged that the payments for the transfers were made through the use of monies of a fund under the management of IOS. The complaint alleges that there was no substantiation of the \$7,350,000 price paid to ICC for its interests nor was there any disclosure of these activities to investors of ICC or the funds under management by IOS; that defendants Vesco International Controls Corp. and other defendants violated Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder in connection with a transaction involving the purchase in early 1971 of 6,000,000 shares of IOS from Bernard Cornfeld for approximately \$5,500,000. The alleged circumstances surrounding the transaction are detailed in the complaint. The complaint further alleges that false and misleading information was filed with the Commission with respect to this transaction; that International Controls Corp. violated Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder in connection with information it released and filings it made with the Commission concerning the earnings derived from transactions involving IOS and that International Controls Corp., aided and abetted by Vesco, Richardson, Beatty and Clay, violated Sections 13 and 14 of the Securities Exchange Act and certain of the rules thereunder by virtue of certain reports and proxy materials filed with the Commission with respect to the transactions detailed in Counts One through Three in the complaint.

The Commission's complaint seeks, among other things, (a) to enjoin the defendants from further violating the enumerated provisions of the Federal securities laws, (b) to require International Controls Corp. to correct its filings with the Commission, and appointing a receiver for the company to, among other things, carry out the order and take other necessary action to protect its shareholders, (c) to appoint a receiver to take possession of the voting stock of Fund of Funds, IIT, an International Investment Trust, Venture Fund (International), and Transglobal Growth Fund in order to, among other things, ascertain the true state of affairs of these funds and to take appropriate action to protect their shareholders, (d) to require an accounting by defendant Vesco and others of all moneys they may have misappropriated from Venture Fund, Fund of Funds, IIT, and Transglobal Growth Fund and to make restitution, and (e) to appoint a receiver to take possession of certain securities of International Bancorp and Value Capital, in order to, among other things, obtain restitution for International Controls Corp.

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The other defendants named in the complaint are Richard E. Clay, of Bernardsville, N. J., Vice President and Director of International Controls Corp. and Bahamas Commonwealth Bank; Norman LeBlanc, a Canadian resident of Nassau, Bahamas, an owner of Global Holdings Ltd., and a director of Bahamas Commonwealth Bank; Frank Beatty, the Financial Vice President of International Controls, Stanley Graze, Jamaica, N. Y. and portfolio manager for I.O.S. funds; Gilbert R. J. Straub, a U.S. citizen of Nassau, Bahamas and a director of Bahamas Commonwealth Bank; Frederick J. Weymar, a U. S. citizen of Nassau, Bahamas, president of Bahamas Commonwealth Bank and International Bancorp. Ltd. and formerly a managing director of Butler's Bank; Milton F. Meissner, a U. S. citizens of New York and Nassau, Bahamas; James Roosevelt, of Beverly Hills, Calif. and until recently a director of IOS and certain IOS funds; C. Henry Buhl III, a U.S. citizen of Geneva, Switzerland and until recently a director of certain IOS funds; Laurence Richardson, of Livingston, N. J., a U.S. citizen and the president of International Controls; Allan F. Conwill, Raymond Merritt, John D'Alimonte, and Howard F. Cerny, U. S. citizens and Attorneys in New York City; John Schuyler and Edward Stoltenberg, U. S. citizens, directors and officers of certain IOS funds; International Controls Corp., Fairfield, N. J.; I.O.S. Ltd., a non-resident Canadian corporation with officers in Geneva, Switzerland and London, principally the holding company of mutual fund management companies; International Bancorp Ltd., a Bahamian bank holding company which holds banks formerly owned by IOS; Bahamas Commonwealth Bank, a Bahamian bank formed in Sept. 1971 by Frederick Weymar; Overseas Development Bank (Luxembourg), a subsidiary of International Bancorp and the cash custodian for certain IOS funds; Kilmorey Investments Ltd., a Bahamian corporation the nominal purchaser of ICC's interest in IOS. Its principals were Graze, Meissner, Le Blanc and Strickler; Global Holdings Ltd., a Bahamian corporation formed in 1972. Its nominal principal was Norman LeBlanc. It wholly owns Global Financial Ltd; Global Financial Ltd., a Bahamian corporation formed in 1972 and the nominal purchaser from ICC in June 1972 of ICC's interest in Value Capital Ltd., and International Bancorp Ltd.; Allan C. Butler a U. S. citizen of Nassau, Bahamas and the principal of Butlers Bank; Wilbert J. Snipes, a banker and director of International Controls and Bahamas Commonwealth Bank; the IOS Dollar Funds and their management companies; Fund of Funds, IIT, an International Investment Trust, Venture Fund, (International), N.V., and Transglobal Growth Fund, Ltd., Fund of Funds Management Co., IIT Management Company SA, Venture Management Co., and Transglobal Growth Fund Management Co., Ltd.; Value Capital Ltd., a Bahamian corporation formed in 1971 which holds certain real estate and insurance assets of IOS; Butlers Bank Ltd., a Bahamian bank whose principal is Allan Butler; Bank Cantrade, a Zurich bank; Consulentia Verwaltungs, A.G., a Swiss management company in Zurich. (LR-5643)

In a related action the Commission on November 27 suspended trading in the securities of International Controls Corp., a New Jersey company listed on the American Stock Exchange and the Pacific Coast Stock Exchange for a three-day period beginning November 27 to terminate at the beginning of trading on November 30.

CASEY EMPHASIZES OBJECTIVITY IN DISCLOSURE

SEC Chairman William J. Casey told the Practising Law Institute in New York yesterday that "the Commission has undertaken to put back some measure of objectivity to replace time-honored theology in the treatment of special securities transactions through the 1940 Series of rules." In the speech delivered by Executive Assistant Charles S. Whitman III, Casey said, "We've had good experience to date with Rule 144," adding that, "Rule 145 will go into effect on January 1, so we have had no practice under it yet." He also cited proposed Rule 146, to deal with and define securities transactions which are private placements, as well as a Rule 147, "to define the lore on the 'intrastate' exemption."

In addition, Casey noted that one aspect of the Commission's program to produce meaningful, easily understandable disclosure is based on the "hot issue" investigations. He stated that on December 11 in New York the Commission would look into three issues with particular attention to the use of specialized sales literature, the lack of prospectus delivery to customers, oral representations made to customers, and allocation practices made by broker dealers.

COMMISSION ANNOUNCEMENTS

BOSTON CONDUCTS SECURITIES SEMINAR. The SEC Boston Regional Office announced the completion of a three day seminar for members of the National Association of Securities Dealers, New York and Boston Stock Exchanges, and local securities authorities. The first in the nation pilot program concerned itself with contemporary problems facing the securities industry and cooperative enforcement efforts between federal, state, and self-regulatory bodies in this area. The program, under the director of Floyd Gilbert, emphasized the application of federal and state law with respect to public protection in the securities field, and the contribution of the various regulatory bodies toward fulfillment of this objective.

The seminar featured addresses by the SEC Boston regional Chief Counsel, Willis H. Riccio and its Senior Securities Investigator, Joseph Shwartz. A workshop demonstrating current enforcement techniques was presented by Raymond Vaillancourt of the Securities and Exchange Commission. Other participants included William Clendenin of the NASD in New England and Lee Pickard of the SEC Washington office.

The program, in addition to being an instructional effort, was designed to facilitate an exchange of ideas with regard to enforcement objectives by the various regulatory bodies in the securities field in New England and throughout the nation.

POLICY RE CONSENT ORDERS ANNOUNCED. The SEC today announced its policy not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings. The Commission believes that a refusal to admit the allegations is equivalent to a denial unless the defendant or respondent states that he neither admits nor denies the allegations. (Rel. 33-5337)

INVESTMENT COMPANY ACT RELEASES

AMERICAN EUROPEAN SECURITIES. The SEC has issued a notice giving interested persons until December 22 to request a hearing on an application filed by American European Securities Company for an order declaring that it has ceased to be an investment company. (Rel. IC-7524)

HOLDING COMPANY ACT RELEASES

GENERAL PUBLIC UTILITIES. The SEC has issued an order authorizing General Public Utilities Corporation, to issue and sell 1,500,000 shares of its common stock of \$2.50 per share. The company proposes to use the proceeds from the sale of its stock to invest in its subsidiaries for construction purposes and to pay a portion of its outstanding short-term debt. (Rel. 35-17776)

NEW JERSEY POWER. The SEC has issued an order authorizing New Jersey Power & Light Company, Morristown subsidiary of General Public Utilities Corporation to issue short-term notes to a group of banks. (Rel. 35-17777)

SYSTEM FUELS, INC. The SEC has issued a notice giving interested persons until December 18 to request a hearing upon a proposal of four public utility subsidiary companies of Middle South Utilities, Inc. and System Fuels, Inc. (SFI), a joint non-utility subsidiary of those subsidiaries, to enable SFI to finance acquisition of fuel storage facilities with a capacity of 725,000 barrels from associate companies. SFI proposes to issue and sell a promissory note in the principal amount of \$3,600,000 to a bank. (Rel. 35-17778)

MIDDLE SOUTH UTILITIES. The SEC has issued an order authorizing Arkansas Power & Light Company, Little Rock subsidiary of Middle South Utilities, Inc., to issue and sell, pursuant to competitive bidding, \$15,000,000 of first mortgage bonds, due 2002, and 200,000 shares of a new series of its cumulative preferred stock (\$100 par). Net proceeds will be used to retire bank loans and commercial paper incurred to pay part of cost of Arkansas' construction program. Arkansas further proposes to issue and sell 800,000 shares of common stock to Middle South, which transaction is to occur concurrently with the payment of a cash dividend by Arkansas to Middle South equal to the purchase price of the Arkansas common stock. (Rel. 35-17779)

SOUTHERN SERVICES, INC. The SEC has issued an order authorizing Southern Services, Inc., Atlanta subsidiary of The Southern Company, to issue and sell up to \$12,200,000 of unsecured promissory notes, maturing 1980, to a bank. Net proceeds will be used in connection with the construction of a new office building in Birmingham. (Rel. 35-17780)

VERMONT YANKEE NUCLEAR POWER. The SEC has issued a notice giving interested persons until December 14 to request a hearing on a proposal of Vermont Yankee Nuclear Power Corporation, Rutland, Vt. subsidiary of both Northeast Utilities and New England Electric System to increase to \$40 million the amount of short-term notes it proposes to issue to banks and to extend the maturity date to February 28, 1973. (Rel. 35-17782)

SECURITIES ACT REGISTRATIONS FILED

RICCA DATA SYSTEMS, INC., 1732 Reynolds Ave., Santa Ana, Calif. 92705 - 250,000 shares of common stock, to be offered for sale at \$5 per share through underwriters headed by Meis & Co. Inc., 23 East Pikes Ave., Suite 221 Burns Bldg., Colorado Springs, Colo. 80902. The company manufactures and markets point-of-sale inventory control and credit authorization systems for the retail store industry, nurse monitoring systems for hospitals and monetary and statistical control systems for the gambling casino industry. Of the net proceeds of its stock sale, \$310,000 will be used to retire short-term loans and the balance for working capital and other corporate purposes. (File 2-46321 - Nov 16)

WYOMING BANCORPORATION, Cheyenne National Bank Tower Bldg., 18th St. and Carey Ave., Cheyenne, Wyo. 82001 - 483,000 shares of common stock, of which 350,000 are to be offered for sale by the company and 133,000 by certain shareholders. The offering is to be made (* at \$17.50 per share maximum) through underwriters headed by Loeb, Rhoades & Co., 42 Wall St. and Evans & Co. Inc., 300 Park Ave., both of New York. Bancorporation is a bank holding company, which owns substantially all the capital stock of ten banks. (File 2-46326 - Nov 16)

FIRST VIRGINIA BANKSHARES CORPORATION, One First Virginia Plaza, 6400 Arlington Blvd., Falls Church, Va. 22042 - \$25 million of notes, due 1982, to be offered for sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York, and Johnston, Lemon & Co., The Southern Bldg., Washington, D. C. 20005. Bankshares is a bank holding company, which owns substantially all the outstanding stock of 20 commercial banks. Of the net proceeds, \$7.4 million will be used to reduce short-term borrowings and the balance for other corporate purposes. (File 2-46327 - Nov 16)

LQ MOTOR INNS, INC., 84 Northeast Loop 410, San Antonio, Tex. 78216 - 280,000 shares of common stock, of which 50,000 are to be offered for sale by the company and 230,000 by certain shareholders. The offering is to be made (* at \$16.50 per share maximum) through underwriters headed by E. F. Hutton & Co. Inc., One Battery Park Plaza, New York 10004. Company operates La Quinta Motor Inns, Rodeway Inns and one Ramada Inn. Net proceeds will be used for the acquisition of motor inn sites. (File 2-46328 - Nov 16)

ADRS FILED. First National City Bank, 111 Wall St., New York, N. Y. 10015 - 100,000 American Depositary Receipts each for ordinary shares of:
 Buffelsfontein Gold Mining Company Limited, Western Holdings Limited and
 President Steyn Gold Mining Company Limited, Welkom Gold Mining Company Limited, all South
 Vaal Reefs Exploration and Mining Company Ltd., African companies.
 (File 2- 46329, 46330, 46331, 46332, and 46333, respectively - all Nov 16)

E. F. HUTTON TAX-EXEMPT FUND, CALIFORNIA SERIES 5, One Battery Park Plaza, New York, N. Y. 10004 - \$8,250,000 of units. The Fund is one of a series of similar but separate trusts created by a trust indenture between E. F. Hutton & Company Inc., as sponsor, and United States Trust Company of New York, as trustee. It consists of a diversified portfolio of interest-bearing municipal bonds, the interest on which is, in the opinion of recognized bond counsel, exempt from all Federal and California income tax. (File 2-46336 - Nov 17)

ADRS FILED. First National City Bank, 111 Wall St., New York, N. Y. 10015 - 100,000 American Depositary Receipts each for ordinary shares of: President Brand Gold Mining Company, Limited and Stilfontein Gold Mining Company Limited, both South African corporations. (File 2-46337 and 2-46338- both Nov 17)

CALSPAN CORPORATION, 4455 Genessee St., Buffalo, N. Y. 14221 - 375,000 shares of common stock, to be offered for sale by Cornell University, the selling shareholder (* at \$15 per share maximum) through underwriters headed by The First Boston Corporation, 20 Exchange Place, New York 10005. Company primarily engages in independent research and development for Government agencies and for commercial and other customers. (File 2-46341 - Nov 17)

GULF OIL CORPORATION, Gulf Bldg., Pittsburgh, Pa. 15230 - 9,225,000 shares of capital stock, to be offered for sale by certain shareholders (* at \$24-5/8 per share maximum) through underwriters headed by The First Boston Corporation, 20 Exchange Place, New York 10005. Gulf is an integrated oil company. (File 2-46344 - Nov 17)

MISCELLANEOUS

UNLISTED TRADING. The SEC has issued orders granting applications of the following exchanges for unlisted trading privileges in the common stocks of the named companies: Cincinnati Stock Exchange: Airco, Inc., American General Insurance Co., American Metal Climax, Inc., AMF Inc., Bunker Ramo Corp., Coastal States Gas Producing Co., Duke Power Co., Commonwealth Oil Refining Co., Inc., Freeport Minerals Co., General Instrument Corp., Lone Star Gas Co., McDonnell Douglas Corp., Northern Natural Gas Co., Pacific Gas and Electric Co., Revlon, Inc., Southern Natural Gas Co., Texas Gas Transmission Corp., Weyerhaeuser Co. Pacific Coast Stock Exchange: University Computing Co.

The SEC has also issued a notice giving interested persons until December 8 to request a hearing upon an application of the Detroit Stock Exchange for unlisted trading privileges in the common stocks or specified securities of the following companies: Ashland Oil, Inc., Braniff Airways, Inc., Consolidated Foods Corp., Great Western Financial Corp., Louisiana Land & Exploration Co., U. S. Fidelity & Guaranty Co., International Telephone & Telegraph Corp. (preferred stock), Matsushita Electric Industrial Co., Ltd. (ADRs), Sony Corp. (ADRs), First Charter Financial Corp. (Rel. 34-9884)

SECURITIES ACT REGISTRATIONS. Effective November 27: American Seating Co., 2-46207; Arkansas Power & Light Co., 2-46152; Duquesne Light Co., 2-46252; Filter Dynamics International, Inc., 2-45265; Group Operations, Inc., 2-44434 (90 days); E. F. Hutton & Co., Inc., 2-45618; Kentucky Utilities Co., 2-46161; LCA Corp., 2-45682; Loren Industries, Inc., 2-45598 (90 days); Meredith Corp., 2-46068; The Scott & Fetzer Co., 2-46262; ADRs of Welkom Gold Mining Co. Ltd., 2-46333; ADRs of Western Deep Levels Ltd., 2-46348.

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.

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