December 13, 1973

RULE PROPOSALS AND ADOPTIONS

PROPOSED AMENDMENTS TO REGULATION S-X RELATING TO CONSOLIDATED FINANCIAL STATEMENTS. The Commission today issued for public comment a proposed revision of certain of the requirements relating to consolidated financial statements. The proposal would rescind Rule 4-07 which contains restrictions on consolidation of subsidiaries engaged in financial and nonfinancial activities and would make financial statements of such companies subject to the general provisions of Rule 4-02(a) that a registrant shall follow principles of inclusion or exclusion which will clearly exhibit financial position and results of operation. In addition, a rule is proposed to prevent consolidation of bank and other subsidiaries which must be divested in accordance with the Bank Holding Company Act. (Rel. Nos. 33-5445)


Revised proposed Rule 238 is designed to afford an exemption under Section 3(b) of the Securities Act for certain securities created through the writing or endorsement of put and call options. As revised, the proposed rule includes five requirements for determining the availability of the exemption: (1) The issuer of the underlying security must be subject to the reporting requirements of the Exchange Act and, in brief, must be current in its reporting obligations; (2) The underlying security must be registered on a national securities exchange or quoted on at least 5 market makers on an automated quotation system of a national securities association, and such security must have a current price, as specified in the proposed rule, of at least $5; (3) The gross proceeds received on specified related options must not exceed $500,000; (4) The writer of the option must not be the issuer of the underlying security nor an underwriter of such security, nor a control person of the issuer; and (5) The option must be endorsed by a broker or dealer registered under Section 15 of the Exchange Act. The revised proposed rule defines the term "option" to exclude limited price options. Hence the revised proposed rule would not be available for such options.

Revised proposed Rule 9b-2 under the Exchange Act specifies standards of suitability for customers dealing in options, requires the disclosure by brokers and dealers to customers of the nature and risk involved in options, and requires endorsers of options to report their transactions and maintain a certain minimum level of net capital. The Commission stated in the release that its staff will undertake a special study of limited price options to review their appropriateness as a trading mechanism in the securities markets and to determine whether such options should be prohibited under the Exchange Act.

Comments on the proposed rules should be addressed to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549. Such comments should be in writing, received on or before February 1, 1974. All such comments will be available for public inspection. Comments on proposed Rule 238 should refer to File No. 87-477; comments on proposed Rule 9b-2 should refer to File No. 87-478. (Rel. 33-5444; 34-10550)

COMMISSION ANNOUNCEMENTS

SEC CITI$ES PARK SECURITIES, OTHERS. Administrative proceedings under the Securities Exchange Act of 1934 have been ordered against Park Securities Inc., Gotham Securities Corp. and Harris Upham and Co., Inc., all located or headquartered in New York City. Also named were Daniel J. Claridy, Park's president; Martin Demsky, a former Park salesman; three persons closely associated with Park or Claridy, Richard Pinto, Ciro Cozzolino and N. Carroll Mallow; Peter Caplin, president of Gotham; Robert Pile, a Harris Upham salesman; and Steve Harris, a securities salesman. Park was the underwriter in the fall of 1972 of Regulation A offerings for The Bolton Group, Ltd. and EKG Service Corp.

The order alleges that Park, Claridy, Pinto, Cozzolino and Mallow withheld Bolton units, placed them in nominee accounts and manipulated the market for the units by opening it at a artificial premium, engaging in wash transactions, purchasing Bolton units away from Erk in transactions that gave a misleading appearance to the market and inducing Gotham to trade and quote the units at Park's direction under a guaranteed profit arrangement. Demsky and Pile are alleged to have recommended the purchase of Bolton units.
Despite adverse information concerning Bolton at highly inflated prices bearing no relationship to the company's business and prospects, without having a reasonable basis for the recommendation, and without having made reasonable inquiry concerning the company, Harris Upham is alleged to have failed to supervise Pile properly.

The order also alleges that Park, Claridy and Pinto improperly caused a closing of the EKG offering by turning the proceeds of sale of EKG shares over to the company when the terms and conditions of the offering, which was on a one-third or none basis, precluded such closing in that at the time of the closing one-third of the offering had not been sold in compliance with the prospectus. To order also charges violations of the registration, bookkeeping, inter-dealer-quotations and market activities provisions of the securities laws in the distributions by participants prior to the completion of their participation in the distribution.

The Commission also ordered that the Regulation A exemptions for Bolton and EKG be temporarily suspended.

A hearing will be scheduled to take evidence on the staff charges and to afford respondents an opportunity to offer any defenses. The purpose of the hearing is to determine whether the allegations are true, and if so, whether any action of a remedial nature is necessary or appropriate in the public interest. (Rel. 34-10537)

TRADING SUSPENDED IN I.S. INDUSTRIES AND PURIFICATION SYSTEMS. The SEC announced the suspension of over-the-counter trading in the securities of I.S. Industries Ltd., of New York City, and Purification Systems, Inc. of Lathrup, Mich. (not to be confused with Purification Systems, Inc., incorporated in Delaware) for a ten-day period beginning December 12 and terminating at midnight (EST) on December 21, 1973.

I.S. Industries trading was suspended because of a lack of accurate and adequate information available to the investing public regarding the company's financial condition. In addition, the Commission has been informed that the company has retained independent certified accountants to prepare financial statements as of March 31, 1973 and that questions have been raised concerning certain guarantees of obligations of another corporation allegedly made by I.S. (Rel. 34-10553)

Purification's trading was suspended because it has failed to comply with the reporting provisions of the Exchange Act with a resulting lack of current and accurate information available to the public. The last report the company filed with the Commission was an annual report on Form 10-K for the year ended August 31, 1970. On October 2, 1972, Purification filed a petition under Chapter XI of the bankruptcy laws in the U.S. District Court for Michigan, and a proposed plan of arrangement was approved by the Federal Bankruptcy Court on November 26, 1973. (Rel. 34-10554)

STANNDCO SUSPENSION TERMINATED. The SEC announced that the suspension of over-the-counter trading in the securities of Stanndco Developers, Inc. of Rochester, New York will terminate at midnight (EST) on December 12, 1973. The Commission initiated the subject suspension on November 13, 1973 because Stanndco failed to comply with the reporting provisions of the Exchange Act with a resulting lack of current and accurate information available to the public.

Stanndco recently filed an amendment to Form 10-K annual report for the fiscal year ended December 31, 1972 which, among other things, showed a net income loss of $1,267,617 or net loss per share of $2.61 per share; a returned earnings deficit of $1,063,921; and a restatement of prior years' financial statements to account for a change in accounting policies. In addition, Stanndco filed Form 10-Q quarterly reports for the periods ended March 31, 1973 and June 30, 1973 which reflect a net loss of $121,983 or $.24 per net loss per share and net income of $181,363 or $.35 per share respectively, for the three month and six month periods. Stanndco has not filed its Form 10-Q for the quarter ending Sept. 30, 1973. This information was released by the company and has not been passed upon by the Commission. (Rel. 34-10555)

COURT ENFORCEMENT ACTIONS

DAVID R. NEMELKA, ENJOINED. The SEC announced that on November 29 the Federal Court in New Jersey permanently enjoined David R. Nemelka from violating the antifraud and registration provisions of the securities laws in connection with the securities of Star-Glo Industries, Inc. formerly called Computron Corporation. Nemelka was also ordered to file with the court an accounting of his securities in Star-Glo and its predecessor not validly held by him. Nemelka consented to the court order without admitting or denying the allegations of the complaint. (L.R-6171)

COMPLAINT NAMES ABITRON CORPORATION, ENDEL PEEDO, OTHERS. The SEC Washington Regional Office announced that on December 6 a complaint was filed in the U.S. District Court in Alexandria, Va., seeking to enjoin Abitron Corporation, Learn-En-Joy, Inc., LNJ Real Estate and Development Corporation, Language Learning Systems, Inc. (all of Alexandria, Va.), Endel Peedo of Arlington, Va., Bendert H. Wellem of Falls Church, Va., Raymond S. Bye of Salt Lake City, Utah, Ray Milo Soderquist of Vienna, Va., and Harold Steele Harrison of
Arlington, Va., from violations of the registration provisions and the above defendants, and Randfair One Property Associates of Alexandria, Va., from violations of the antifraud provisions of the securities laws in the offer and sale of preferred stock of Arbitron Corporation, common stock of Lear-Emi, Inc., LHI Real Estate and Development Corporation, and Language Learning Systems, Inc. and limited partnership interests in Randfair One Property Associates. (LR-6172)

LOUIS W. PEMBERTON PLEADS GUILTY. The New York Regional Office announced that the Federal District Court in New York City accepted a plea of guilty on October 15, 1973, to a non-wilful violation by Louis W. Pemberton of New York, N.Y., to aiding and abetting in the illegal extension of credit to him for the purchase of non-exempt stock in excess of credit allowed under Regulation T of the Federal Reserve System pursuant to Section 7 of the Securities Exchange Act of 1934. A judgment fining Pemberton $2,500 was filed on November 29, 1973. (LR-6173)

SEcurities Act Registrations Filled

(S-1) THE MANFRED COMPANY, 468 Park Ave., South, New York, N.Y. - $800,000 of limited partnership interests, to be offered for sale at $10,000 per unit, by the Manfred Company, 468 Park Ave., South, N.Y., N.Y. and its General Partner, Carmine Mignano of the same address. The limited partnership is to be formed to present and exploit the rights it holds in the musical play titled "MANFRED," adapted from Lord Byron's poem of the same name. (File 2-49722 - Nov. 26)

ADRs FOR DEBEERS CONSOLIDATED MINES FILED. First National City Bank, 111 Wall St., New York, N.Y. 10015, filed a registration statement seeking registration of 100,000 American Depositary Receipts for deferred registered shares of Debeers Consolidated Mines Limited, a South African corporation. (File 2-49723 - Nov. 26)

(S-14) TRANSOHIO FINANCIAL CORPORATION, Suite 1314, 50 West Broad St., Columbus, Ohio 43215 - A maximum of 1,853,591 shares of common stock. All of these shares are to be offered in connection with the proposed merger of Union Financial Corporation, Cleveland, Ohio into TRANSOHIO at the rate of 1.03 shares for each share of common stock of Union Financial outstanding. TRANSOHIO is a savings and loan holding company which controls three savings and loan associations. (File 2-49724 - Nov. 27)

(S-14) MANUFACTURERS HANOVER CORPORATION, 350 Park Ave., New York, N.Y. 10017 - 812,965 shares of common stock and 27,600 shares of 5-1/2% cumulative Series A preferred stock to be offered in connection with a proposed merger of Ritter Financial Corp. into a wholly-owned subsidiary of Manufacturers Hanover Corp. It is proposed to exchange all of the outstanding Ritter stock for Manufacturers Hanover Corp. stock. Manufacturers Hanover Corp. is a holding company, the principal asset of which is the stock of Manufacturers Hanover Trust Company, a commercial bank. Ritter is principally engaged in making small loans. (File 2-49725 - Nov. 27)

(S-7) FLORIDA POWER & LIGHT COMPANY, 4200 Flagler St., Miami, Fla. 33134 - $150 million first mortgage bonds, Series due 2004, to be offered for sale by competitive bidding. The Company is engaged in the electric utility business. (File 2-49726 - Nov. 27)

(S-1) PHOENIX DEVELOPMENT FUND, 3637 W. Alabama, Suite 100, Houston, Tex. 77097 - $8 million of Partnership Interests, to be offered for sale ($100,000 per unit) through selected NASD Broker/ Dealers. Phoenix Energy Company and Roger E. Evans are Co-General Partners. The Partnerships will engage in exploration and development of oil and gas mineral properties. (File 2-49727 - Nov. 28)

(S-7) WINN-DIXIE STORES, INC., 5050 Edgewood Court, Jacksonville, Fla. 32207 - 412,000 shares of common stock offered under a stock purchase plan for employees and a stock option plan for key employees. Also included in this statement are 10,000 shares which may be offered, sold and/or pledged by persons who may be deemed to be "affiliates," or "underwriters." Winn-Dixie Stores, Inc. operates 938 retail food stores. (File 2-49728 - Nov. 28)

(S-14) DOMINION BANKSHARES CORPORATION, 201 South Jefferson St., Roanoke, Va. 24011 - 34,020 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common shares of The Bank of Pinnacle, Pinnacle, Va., at the rate of 63 shares for each Pinnacle share. Dominion Bankshares is a bank-holding company, which controls eight bank affiliates and four bank-related affiliates. (File 2-49729 - Nov. 26)

In a second statement, Dominion Bankshares Corporation seeks registration of 180,127 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common shares of The Peoples Bank and Trust Company of Fairfax, Fairfax County, Va., at the rate of 2.625 shares for each Peoples share. (File 2-49730 - Nov. 28)
In a third statement, Dominion seeks registration of 369,839 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common shares of Merchants and Farmers Bank, Portsmouth, Va., at the rate of 2.625 shares for each Merchants share. (File 2-49731 - Nov. 28)

(S-7) TAMPA ELECTRIC COMPANY, 111 North Dale Mabry Hwy, Tampa, Fla. 33609 - $50 million first mortgage bonds, to be offered at competitive bidding. The Company is a public utility engaged in the production and sale of electric energy. (File 2-49732 - Nov. 28)

(S-11) MIDLAND MORTGAGE INVESTORS TRUST (the Trust), 1800 Midland Center, Oklahoma City, Okla. 73102 - $20 million of convertible subordinated debentures, due 1998, to be offered for sale through underwriters headed by Smith, Barney & Co., Inc., 1345 Avenue of the Americas, New York, N.Y. The Trust is a real estate investment trust which invests primarily in short term construction and development loans. Midland Advisory Co. is the Investment adviser. (File 2-49733 - Nov. 28)

SECURITIES ACT REGISTRATIONS. Effective December 12: ADR's for Buffelsfontein Gold Mining Company Limited, 2-49652; Chrysler Financial Corp., 2-49615; Commerical State Corp., 2-49213; Illinois Bell Telephone Co., 2-49681; Marlennan Corp., 2-48523; Mesa Petroleum Co., 7-49557; Offshore Logistics, Inc., 2-49581; PBA, Inc., 2-49607; Province of New Brunswick, 2-49675; Simons Company, 2-49719; West Michigan Financial Corporation, 2-49462; Western Air Lines, Inc., 2-49498.

MISCELLANEOUS

TRADING SUSPENSIONS. The SEC has announced the suspension of exchange and over-the-counter trading in the securities of Equity Funding Corp. and Giant Stores Corp., and over-the-counter trading in the securities of Industries International and Stanndco Developers Inc., for the further ten-day period December 13-22, inclusive.