

sec news digest

Issue 75-160
(SEC Docket, Vol. 7, No. 13 - September 2)

RECEIVED

August 18, 1975

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RULES AND RELATED MATTERS

LIBRARY

ADOPTION OF SPECIAL INSTRUCTIONS TO REVISED FORM BD

The SEC announced on August 14 the adoption of special instructions to revised Form BD. Form BD is to be used to apply for license or membership as a broker-dealer with a number of jurisdictions and the NASD, as well as for registration with the Commission. Accordingly, for purposes of uniformity, the general instructions to the form were drafted so that they might be used by each agency, jurisdiction and organization accepting the form. Inasmuch as some of these regulatory entities may have special requirements and procedures for preparing and filing the form, it was determined that each could prepare such special instructions to Form BD as were necessary to carry out its responsibilities. Accordingly, the Commission has adopted a brief set of special instructions for applicants filing Form BD with the Commission. (Rel. 34-11595)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

HAROLD F. SMITHER BARRED

The Commission has barred Harold F. Smither of Salem, Oregon, former salesman for a broker-dealer firm, from association with any broker or dealer. The sanction was based on findings that, on March 15, 1974, Smither was convicted on his plea of guilty to charges of securities fraud. Those charges included allegations that Smither (1) forged customers' signatures on authorizations for redemptions of redeemable securities, redeemed such securities, forged customers' signatures on the checks received, and misappropriated the proceeds; (2) pledged a customer's securities as collateral for personal loans and sold a customer's securities for his own account; and (3) lulled customers into a false sense of security by stating that his delay in accounting for their funds and securities had been due to matters beyond his control, that his accounting was accurate and complete, and that customers should not worry since he and his firm were acting in their best interests.

Smither failed to answer the charges against him and was deemed in default. (Rel. 34-11570)

MARTIN WEISS BARRED

The Commission has barred Martin Weiss, of Livingston, New Jersey, former salesman for a broker-dealer firm, from association with any broker, dealer or registered investment company. After November 12, 1975, Weiss may apply to the Commission to become associated with a broker or dealer in a non-supervisory, non-proprietary capacity.

The proceedings against Weiss were based on charges that, during the period June 1970 to June 1972, he made material misstatements to customers in the offer and sale of common stock of Charter Funding, Inc., Clayco Petroleum Corp., Commonwealth Silver Industries, Ltd., Fiberstatics Corp., Vicon Products Corp. and Wells T. P. Sciences, Inc.

The Commission's action was based on an offer of settlement in which Weiss, without admitting or denying the charges against him, consented to the indicated sanction. (Rel. 34-11571)

COMMISSION ANNOUNCEMENTS

KING RESOURCES COMPANY ADVISORY REPORT FILED

The Commission has filed an advisory report with the Federal Court in Denver, Colorado, with respect to an internal plan of reorganization of King Resources Company, under Chapter X of the Bankruptcy Act. The debtor is engaged in oil and gas drilling and production.

Under the plan, common stock would be distributed to the creditors of King Resources Company. The public shareholders of King Resources Company will not participate as shareholders since the debtor estate was found to be insolvent. However, the plan proposes to compromise the class action claims on behalf of the shareholders and public debenture holders, which are based on, *inter alia*, violations of the federal and state securities laws by issuing to this class about 15% of the common stock of the new company. The Commission in its report concluded that the plan can be found to be fair and equitable and feasible if amended in certain respects. (CR 316 - Aug. 13)

COMMISSION DENIES FOIA REQUEST FOR ACCESS TO QUESTIONS AND ANSWERS OF PAST SECO BROKER-DEALER EXAMINATIONS

The Commission has denied the request of Clyde A. Kelley, Inc. for copies of the questions used in SECO broker-dealer examinations for the years 1968 - 1975 and answers thereto. The examinations are developed by the NASD for their examination program and supplied to the Commission on a confidential basis; the Commission uses the NASD examinations in the same, or substantially the same, form for SECO broker-dealer examinations. The Commission took note of Congress' recent re-examination of the examination program and of the statutory scheme which authorizes the Commission to cooperate with securities industry groups in devising and administering tests. (Rel. FOIA-23)

RESPONSE TO HOUSE QUESTIONNAIRE PLACED IN PUBLIC REFERENCE ROOM

Pursuant to numerous requests under the Freedom of Information Act, the Commission today placed in its Public Reference Room, 1100 L Street, N.W., Washington, D.C., the textual portion of its response to the questionnaire submitted by the Subcommittee on Oversight and Investigations of the House Committee on Interstate and Foreign Commerce. The Commission's textual response was made public in its entirety, with the exception of certain limited materials, the disclosure of which would constitute "a clearly unwarranted invasion of personal privacy."

Persons interested in examining either the entire textual response, which aggregates approximately 2900 pages, or answers to particular questions, or in obtaining copies thereof, should contact the Public Reference Section.

TRADING SUSPENSIONS

VALHI TRADING SUSPENDED; COMPLAINT NAMES VALHI

The SEC has announced the suspension of over-the-counter trading in the common stock of Valhi, Inc. for the ten-day period beginning on August 15 and terminating at midnight (EDT) on August 24, 1975.

The Commission also announced the filing of a complaint in U.S. District Court for the Southern District of Texas (Houston Division) seeking to enjoin D. Doyle Mize, Valhi, Inc., Southdown, Inc., Farnham Corporation, Leland McCarthy and Richard McCarthy, from further violations of the antifraud provisions and tender offer provisions of the securities laws.

The suit charges a continued concealed plan by Mize and the McCarthys to obtain personally a controlling block of voting stock of Valhi at prices substantially lower than both its per share book value and prices they would otherwise have been willing to pay in the marketplace, and that they planned to use Valhi's assets to finance such acquisitions, after causing the stock of Valhi to be spun off from Southdown. The complaint alleges that in connection with the spin-off and a subsequent tender offer by Mize and the McCarthys, false and misleading information was disseminated to the public and filed with the Commission.

The complaint also seeks the issuance of further relief as necessary to preserve the assets of Southdown and Valhi, and to protect the interests of stockholders, including but not limited to the appointment of such persons as may be necessary to assist or advise the Court as to what specific relief need be instituted. (SEC v. Mize, et al., S.D. Tex.). (Rel. 34-11598, LR-7042)

ORDERS FOR PUBLIC PROCEEDINGS

ORDER CITES BRAMWELL, CHANDLER,
JOHNSON & CO.

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against Bramwell, Chandler, Johnson & Co., a Marshalltown, Iowa, broker-dealer, and Willis K. Bramwell, Robert R. Chandler, and Kent W. Johnson, present and former officers and directors thereof. The proceedings are based on staff allegations of violations of the provisions of the securities laws relating to the firm's application for registration as a broker-dealer and of the antifraud provisions of the securities laws, as well as failure reasonably to supervise to prevent such violations. A hearing will be scheduled by further order on the charges against the respondents. (Rel. 34-11601)

HOLDING COMPANY ACT RELEASES

MASSACHUSETTS ELECTRIC COMPANY

A notice has been issued giving interested persons until September 11 to request a hearing on a proposal of Massachusetts Electric Company, subsidiary of New England Electric System, to issue and sell \$40 million of first mortgage bonds at competitive bidding. (Rel. 35-19130 - Aug. 14)

SECURITIES ACT REGISTRATIONS

(S-16) SAMUEL MOORE AND COMPANY

1199 Chillicothe Rd., Aurora, Ohio 44202 - 12,080 shares of common stock, which may be offered for sale (or pledged) from time to time by certain shareholders at prices current at the time of sale. Samuel Moore and Company designs, manufactures and sells engineered extruded tubular products for industrial applications. (File 2-54230 - July 21)

(S-5) PLIYIELD FUND, INC.

111 North Broad St., Philadelphia, Pa. 19107 - 3,000,000 shares of common stock, which will be offered at net asset value per share, determined daily for the first 120 days after effectiveness. After 120 days, shares will be offered at net asset value plus a maximum sales charge of 8-1/2% of the public offering price. Philadelphia Life Asset Planning Company, 111 North Broad St., Philadelphia, Pa. 19107, is principal underwriter. The company is an open-end diversified investment company whose objective is to provide highest possible current income without exposing capital to unnecessary risk. (File 2-54262 - July 25)

(S-1) CHARTER BANCORPORATION, INC.

400 Central Ave., Northfield, Ill. 60093 - 34,265 shares of cumulative convertible preferred stock. It is proposed to offer these shares in exchange for the outstanding common shares of Wheaton National Bank, Wheaton, Ill., at the rate of one share for each Wheaton Bank share. Charter is a bank holding company which owns 51.1% of Wheaton National Bank. (File 2-54184 - July 11)

(S-1) RIO MAR RESORT CONDOMINIUMS, INC.

1920 Coral Way, Miami, Fla. 33145 - up to 600 resort condominium units with the requirement that purchasers participate in a condominium hotel operation (rental pool) at prices current at the time of sale. Rio Mar Resort Condominiums, Inc. is the developer of rental condominium units at Rio Mar, a resort under construction in Puerto Rico. (File 2-54239 - July 23)

(S-7) WASHINGTON NATURAL GAS COMPANY

815 Mercer St., Seattle, Wash. 98111 - \$20 million of first mortgage bonds, due 1983, to be offered for sale through underwriters headed by Dean Witter & Co. Incorporated,

45 Montgomery St., San Francisco, Cal. 94106 and Kirkpatrick, Pettis, Smith, Polian Inc., 1623 Farnam St., Omaha, Neb. 68102. The company is a public utility engaged in the distribution and sale of natural gas. (File 2-54407 - Aug. 14)

(S-5) MONEY POOLERS INCOME TRUST

518 Beach 140th St., New York, N.Y. 11694 - 2,500,000 shares of beneficial interest, to be offered for sale at \$1 per share. The Trust invests exclusively in certificates of deposit and bankers' acceptances; its investment objective is to seek as high a level of current income as is consistent with the preservation of capital and liquidity. (File 2-54403 - Aug. 14)

(S-6) MUNICIPAL INVESTMENT TRUST FUND,
FORTY-THIRD MONTHLY PAYMENT SERIES

\$40 million of units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006. The Fund, a unit investment trust, is to be created by a trust agreement among Merrill Lynch, Bache & Co. Incorporated and Reynolds Securities Inc., as sponsors, The Bank of New York, as trustee, and Standard & Poor's Corporation, as evaluator. The Fund's primary objective is providing tax exempt income through investment in a fixed portfolio of interest-bearing, long-term state, municipal and public authority bonds. (File 2-54397 - Aug. 14)

(S-7) READING & BATES OFFSHORE DRILLING COMPANY

3800 First Place, Tulsa, Okla. 74103 - 1,000,000 shares of common stock, to be offered for sale through underwriters headed by Smith, Barney & Co. Incorporated, 1345 Avenue of the Americas, and Shields Model Roland Securities Incorporated, 44 Wall St., both of New York, N.Y. The company is engaged in contract drilling, pipeline and related construction and oil and gas production. (File 2-54402 - Aug. 14)

REGISTRATIONS EFFECTIVE

Aug. 13: Companion Income Fund Inc., 2-53116; First National of Nebraska Inc., 2-53372; Massachusetts Investors Growth Stock Fund Inc., 2-54264; Stauffer Chemical Co., 2-54243.
Aug. 14: Big Three Industries, Inc., 2-54106; ETI Resources Inc., 2-51798; Gamble Skogmo Inc., 2-54067 & 2-54190; General Telephone Co. of Wisconsin, 2-54209; Tennessee Valley Bancorp Inc., 2-54138.

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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SEC DOCKET is published weekly. Subscription rates: \$43.70/yr in U.S. first class mail, \$54.65 elsewhere. The News Digest and the Docket are for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.