

sec news digest

Issue 75-109
(SEC Docket, Vol. 7, No. 2 - June 17)

RECEIVED

June 5, 1975

JUN 6 1975

COMMISSIONER SPEAKS

LIBRARY

FINANCIAL REPORTING IN A TROUBLED INDUSTRY

In a speech today before the National Association of Real Estate Investment Trust's Annual Accounting and Tax Conference Commissioner A. A. Sommer, Jr., discussed Financial Reporting in a Troubled Industry. The Commissioner stressed that the need for prompt disclosure of all material information noting that investment decisions are being constantly made on the basis of information then available at that moment in the marketplace. The Commissioner warned that "any corporation which fails to make prompt disclosure of adverse information concerning its affairs - and for that matter, a corporation which fails to make favorable disclosures as well - may be incurring considerable risk of violating Rule 10b-5." In discussing the specific problems of REITs, Commissioner Sommer suggested that consideration be given to more imaginative ways of portraying meaningful information. He suggested that "it may be necessary to utilize more forward looking information, with perhaps two or more estimates of future consequences based upon different assumptions concerning interest rates, the shape of the economy in general. Thus, now, at a time when the future course of short term rates is uncertain, it may be well to spell out the consequences of rates at a 7% level, at a 9% level, at an 11% level and possibly a 13% level. Similarly, it may be well to express some information in terms of ranges rather than in absolute figures, thereby alerting the user of the information to the uncertainties inherent in the industry today. Generally it is more important to express economic reality than simply reiterate legal phases.

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

DECISION SUSPENDING CONTINENTAL CONSULTANTS CORP.,
HERMAN R. GANS AND HY WILSTEIN, AND BARRING
J. R. RADIN, SR. FINAL

The decision of an administrative law judge suspending the broker-dealer registration of Continental Consultants Corp., of Rego Park, New York, for a period of 45 days, barring J. R. Radin, Sr., Consultant's president and president of the former New York City broker-dealer firm of J. R. Radin & Co., Inc., and suspending Herman R. Gans, vice-president and secretary of Consultants, and Hy Wilstein, vice-president and treasurer of the firm, from any such association for a period of 45 days, has become final. The suspensions will become effective at the opening of business on June 17, 1975.

According to the decision, during the period from about January to September 1972, Consultants, aided and abetted by Gans and Wilstein, violated net capital, bookkeeping and reporting provisions of the securities laws. Radin aided and abetted net capital and bookkeeping violations by Radin, Inc., and failed to exercise reasonable supervision in connection with such violations by Consultants. (Rel. 34-11458)

TRADING SUSPENSIONS

SUSPENSION OF ZENITH DEVELOPMENT CORP.
TERMINATED

The SEC announced the temporary suspension of over-the-counter trading in the securities of Zenith Development Corporation, a Utah corporation located in Salt Lake City, Utah, will terminate at midnight (EDT) on June 5, 1975.

The Commission initiated the suspension on May 2, 1974 because of questions which had arisen regarding the market activity in the securities of Zenith.

On May 22, 1975, a federal grand jury in Los Angeles returned a 23 count criminal indictment against Alexander "Ozzie" Curtis, also known as Alexander Greenberg, a Los Angeles promoter, Dwain L. Clark, a Los Angeles attorney and former FBI agent, Nathan Debin, of Woodstock, New York, Robert C. Goodwin, a San Clemente, California stock transfer agent and Frances H. Cording of Van Nuys, California, as well as nine "alter ego" corporations, including Zenith Development Corporation. The indictment charges the defendants with conspiracy, mail fraud, fraud in the sale of securities, sale of unregistered securities and inducing interstate travel in furtherance of a scheme to defraud. These charges were made in connection with the defendants' alleged perpetration of a scheme to defraud the investing public through the acquiring of stock in shell companies including Zenith Development Corporation, Ammon Corporation, Ships Stores, Inc. and World Mint, Inc. In addition, the indictment further alleged that the defendants conspired to solicit perjury and obstruct justice by means of threats and influence. (See LR-6916 dated June 3, 1975).

The Commission filed a civil injunctive action on May, 1974, naming these individuals except Clark, and others in connection with the distribution and sale of the securities of World Mint, Inc. and Ships Stores, Inc. This action is still pending in the U.S. District Court for the Central District of California (See LR-6378 dated May 24, 1974).

Curtis was previously enjoined by the Commission from violations of the registration provisions in connection with Reitz Industries, Inc. (See LR-4546-A dated February 8, 1970). (Rel. 34-11456)

COURT ENFORCEMENT ACTIONS

ROYAL NATIONAL INVESTMENT & MORTGAGE CORPORATION ENJOINED

The Chicago Regional Office announced that on May 22 the Honorable Prentice H. Marshall, U.S. District Judge for the Northern District of Illinois, permanently enjoined defendants Royal National Investment & Mortgage Corporation, John L. Brewer, Forest P. Whitlow, Joseph P. Delfino, Truman K. Gibson, Jr. and James F. Marando from violating the registration and antifraud provisions of the securities laws in the offer and sale of common stock and promissory notes of Royal. All defendants consented to the decree without admitting or denying the allegations and to the appointment of a receiver to take charge of the corporation's assets. (SEC v. Royal National Investment & Mortgage Corp., et al., N.D. Ill., Eastern Div., Civil No. 75-C-1000). (LR-6912)

COMPLAINT NAMES CONTINENTAL CONNECTOR CORP.

The SEC announced the filing of a complaint in the U.S. District Court for the District of Columbia on May 30 seeking a court order directing Continental Connector Corporation (Continental), Woodside, N.Y., to comply with the reporting provisions of the securities laws and seeking a permanent injunction against such violations.

According to the Commission's complaint against Continental, the company failed to file with the Commission in proper form its annual report on Form 10-K for its fiscal year ended December 31, 1974, and its quarterly report on Form 10-Q for the quarter ended March 31, 1975. (SEC v. Continental Connector Corp., U.S.D.C., D.C., Civil Action No. 75-0891). (LR-6917)

HOLDING COMPANY ACT RELEASES

ARKANSAS POWER & LIGHT COMPANY

A notice has been issued giving interested persons until July 7 to request a hearing on a proposal by Arkansas Power & Light, subsidiary of Middle South Utilities, to issue and sell \$40 million of first mortgage bonds and \$20 million of preferred stock at competitive bidding. (Rel. 35-19025 - June 4)

AMERICAN NATURAL GAS COMPANY

An order has been issued authorizing American Natural Gas Company, a registered holding company, to transfer all of the outstanding stock of American Natural Gas Production Company to Michigan Wisconsin Pipe Line Company, its wholly-owned pipeline subsidiary, in exchange for additional shares of Michigan Wisconsin's common stock. Production Company will thereupon become a wholly-owned subsidiary of Michigan Wisconsin. (Rel. 35-19026 - June 4)

An order has been issued authorizing Public Service Company of Oklahoma, subsidiary of Central and South West Corporation, to issue and sell \$50 million of first mortgage bonds at competitive bidding. (Rel. 35-19027 - June 4)

SECURITIES ACT REGISTRATIONS

(S-14) WORLDWIDE COMMERCE INC.

22 Purchase St., Rye, N.Y. 10580 - 2,296,400 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common shares of Cosmic Construction Co., Inc., Ocean, N.J., at the rate of 22,964 Worldwide shares for each Cosmic share. Worldwide is engaged in the financial service business. (File 2-53702 - May 19)

(S-7) PULLMAN TRANSPORT LEASING COMPANY

200 South Michigan Ave., Chicago, Ill. 60604 - \$30 million of equipment trust certificates, Series 6, to be offered for sale through underwriters headed by The First Boston Corporation, 20 Exchange Place, New York, N.Y. 10005. Pullman Transport Leasing Company is engaged solely in the leasing of railroad freight cars to shippers and, to a lesser extent, to railroads. (File 2-53851 - June 3)

(S-6) NUVEEN TAX-EXEMPT BOND FUND, SERIES 74

209 South LaSalle St., Chicago, Ill. 60604 - \$10 million of units, to be offered for sale at net asset value. The Fund is one of a series of unit investment trusts created under a trust indenture between John Nuveen & Co. Incorporated as sponsor and United States Trust Company of New York as trustee. It consists of a portfolio of interest-bearing obligations issued by or on behalf of states, counties, municipalities and territories of the United States and authorities and political subdivisions thereof, the interest on which is, in the opinion of bond counsel, exempt from all Federal income tax under existing law. (File 2-53854 - June 2)

(S-9) IDEAL BASIC INDUSTRIES, INC.

821 Seventeenth St., Denver, Colo. 80202 - \$50 million of sinking fund debentures, to be offered for sale through underwriters headed by Blyth Eastman Dillon & Co. Incorporated, One Chase Manhattan Plaza, New York, N.Y. 10005 and Boettcher & Company, 828 Seventeenth St., Denver, Colo. 80202. The company is engaged principally in the production and sale of portland cements and the mining, concentrating and sale of potash. (File 2-53855 - June 3)

(S-14) THE COCA-COLA COMPANY

310 North Ave., N.W., Atlanta, Ga. 30313 - 196,705 shares of common stock. It is proposed to offer these shares in exchange for the outstanding common shares of Coca-Cola Bottling Company (Thomas), Inc., Chattanooga, Tennessee, at the approximate rate of .065047 shares for each share of Thomas stock. The Coca-Cola Company is engaged principally in one line of business, the manufacture and sale of beverages, including soft drink syrups and concentrates. (File 2-53758 - June 4)

(S-1) ASSOCIATED DRY GOODS CREDIT CORPORATION

417 Fifth Ave., New York, N.Y. 10016 - \$50 million of notes, due 1983. The notes will be offered for sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York, N.Y. 10004 and Lehman Brothers Incorporated, One William St., New York, N.Y. 10005. The company's business is financing customer receivables arising out of the business of Associated Dry Goods Corporation. The company is a wholly-owned subsidiary of Associated Dry Goods Corporation, 417 Fifth Ave., New York, N.Y. 10016, which operates principally a retail department store business under various trade names across the nation. (File 2-53739 - June 3)

RECENT 8K FILINGS

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

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

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
ELECTRO DENT INC	NO ITEMS	02/75
NIAGARA FRONTIER SERVICES INC	8	04/75
AIR MICHIGAN INC	13	04/75
AMERICAN EXPRESS CO	10,11,14	04/75
AQUITAINE CO OF CANADA LTD	2,14	04/75
ARISTAR INC	6	04/75
ASSOCIATED HOSTS INC	7	04/75
ATWOOD OCEANICS INC	7,14	04/75
BANKERS TRUST	3,14	03/75
CHILD WORLD INC	2,11,14	04/75
CITIZENS & SOUTHERN REALTY INVESTORS	10,14	04/75
CROWN CENTRAL PETROLEUM CORP	7	04/75
DEL MONTE CORP	13,14	04/75
DENTO MED INDUSTRIES INC	3,12,13,14	02/75
DIAMOND STATE TELEPHONE CO	3,7,14	04/75
EARLY & DANIEL CO	11,14	04/75
EL PASO ELECTRIC CO	13	05/75
ELPAC INC CALIFORNIA	7,13,14	04/75
EMPIRE GAS CORP	8,13	04/75
EQUITABLE REAL ESTATE INVESTMENT TRUST	3,14	03/75
FEDERATED CAPITAL CORP	13,14	04/75
FIDELITY REAL ESTATE INVESTMENT TRUST	3,14	03/75
GI LIQUIDATING CO	1,2,8,11,13,14	04/75
GULF SOUTH CORP	14	04/75
HIRSCHHORN DON INC	13	04/75
IMPERIAL AMERICAN RESOURCES FUND INC	14	04/75
INTERLAKE INC	3,13,14	04/75
KEWANEE OIL CO	2,14	04/75
LARWIN REALTY & MORTGAGE TRUST	3,11	04/75
LIQUIDONICS INDUSTRIES INC	8	03/75

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.

SEC NEWS DIGEST is published daily. Subscription rates: \$64.45/yr in U.S. first class mail; \$80.60 elsewhere.

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.