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# sec news digest

U.S. SECURITIES & EXCHANGE COMMISSION

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Issue 75-175  
(SEC Docket, Vol. 7, No. 16 - September 23)

September 9, 1975

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

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### D.S.I. INVESTMENTS, INC. REVOKED; PRESIDENT SANCTIONED

The Commission has revoked the broker-dealer registration of D.S.I. Investments, Inc., of Lexington, Kentucky, suspended Jerome Dennis Warner, the firm's president, from association with any broker, dealer, or investment company for 12 months effective September 15, and barred Warner thereafter from any such association except as a supervised employee in a non-supervisory and non-proprietary capacity.

The sanctions were based on findings that, during the period from about August to November 1972, the firm and Warner, in the offer and sale of debentures of Custodian Security Brokerage Corp., made material misstatements and omissions concerning Custodian's financial condition, business operations and substantial prior operating losses, and the diversion of funds realized from the sale of its debentures. It was also found that respondents failed to comply with net capital, recordkeeping, and reporting requirements.

Without admitting or denying the charges against them, the firm and Warner consented to the above findings and the indicated sanctions. (Rel. 34-11625)

### ROBERT F. CHAPMAN BARRED

The Commission has barred Robert F. Chapman, of Novelty, Ohio, from association with any broker-dealer, investment adviser or investment company.

The sanction was based on findings that, during the period from March to December 1972, Chapman unlawfully sold unregistered notes of Correlated Equities Corporation and, in connection with the offer and sale of such notes, made material misstatements concerning the risk assumed by the investor and the suitability of an investment, Correlated's business and financial condition, the use made by the company and Chapman's personal use of investor funds, the redeemability of the notes, and the value of the property securing them.

Without admitting or denying the charges against him, Chapman consented to the above findings and the indicated sanctions. (Rel. 34-11627)

### COOK . TREADWELL & HARRY, INC. ORDERED TO AMEND ITS REPORTS

The Commission today, pursuant to Section 15(c)(4) of the Securities Exchange Act of 1934 (Exchange Act), issued an Order (the Order) requiring Cook-Treadwell & Harry, Inc. (CTH), a Tennessee corporation primarily engaged in the insurance agency-brokerage and insurance underwriting business, to amend certain of its annual reports filed with the Commission in order to disclose certain facts with respect to the financial statements of CTH and its wholly-owned subsidiary, Cotton Belt Insurance Company, Inc. (Cotton Belt), the entity through which CTH conducts its underwriting business. CTH consented to the entry of the Order, without admitting or denying the findings in the Order, and stipulated to the facts as set forth in the Order.

In the Order, the Commission finds that numerous errors in connection with the computation of earnings for Cotton Belt during its 1971-1973 fiscal years resulted in material misstatements in the financial statements of Cotton Belt and, in turn, CTH. In connection with its participation in pool reinsurance agreements, Cotton Belt failed to properly record reserves for incurred but not reported losses and unpaid losses and failed to record a liability for some unearned premiums. These errors resulted in a material overstatement of earnings for Cotton Belt and CTH.

The Commission additionally finds that Cotton Belt understated its reserves for unpaid losses and loss adjustment expenses. Also, the Commission has found that, at various times during the 1971-1973 period, Cotton Belt incorrectly computed the unearned premiums applicable to certain types of its insurance business.

The Commission further finds that, as a result of these errors, the consolidated earnings of CTH, including Cotton Belt, were overstated by \$132,369 for 1971, \$702,230 for 1972, and \$598,371 for 1973. Finally, the Commission found that CTH's 1972 and 1973 annual reports on Form 10-K, its 1972 registration statement and certain of its 1972 and 1973 quarterly reports on Form 10-Q filed with the Commission, which contained these financial statements, were materially deficient.

CTH also undertook, as part of its consent, to communicate the contents of the Order to its shareholders. (Rel. 34-11639)

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## TRADING SUSPENSIONS

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### FIRST MORTGAGE INVESTORS TRADING SUSPENDED

The SEC has announced the temporary suspension of over-the-counter trading in the securities of First Mortgage Investors (FMI), a real estate investment trust. FMI's principal executive offices are located in Miami Beach, Florida. The suspension of trading is in effect for a single ten-day period beginning on September 8 and terminating at midnight (EDT) on September 17, 1975.

The Commission initiated the trading suspension in order to permit orderly dissemination to the public of information concerning the Commission's enforcement action against FMI and others. (Rel. 34-11638)

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## INVESTMENT COMPANY ACT RELEASES

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### C. I. DIRECT PLACEMENT FUND

A notice has been issued giving interested persons until September 30 to request a hearing on an application of C. I. Direct Placement Fund, Inc. for an order declaring it has ceased to be an investment company. (Rel. IC-8925 - Sept. 5)

### CAPITAL INVESTORS GROWTH FUND

A notice has been issued giving interested persons until September 30 to request a hearing on an application of Capital Investors Growth Fund, Inc. for an order declaring it has ceased to be an investment company. (Rel. IC-8926 - Sept. 5)

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## HOLDING COMPANY ACT RELEASES

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### DELMARVA POWER & LIGHT COMPANY

A notice has been issued giving interested persons until October 1 to request a hearing on proposals of Delmarva Power & Light Company, a registered holding company and its wholly-owned subsidiary, Delmarva Power & Light Company of Maryland, regarding the proposed issuance and sale of long-term promissory notes and capital stock by the subsidiary company and the acquisition and pledge thereof by the holding company and the proposed refunding and repredging of existing long-term notes of the subsidiary company to the holding company. (Rel. 35-19158 - Sept. 5)

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## SECURITIES ACT REGISTRATIONS

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### (S-1) SUNDSTRAND CORPORATION

4751 Harrison Ave., Rockford, Ill. 61101 - 1,000,000 shares of common stock, to be offered for sale through underwriters headed by Hornblower & Weeks-Hemphill, Noyes Incorporated, 8 Hanover St., New York, N.Y. 10005. The company engages in the design, manufacture and sale of a wide variety of proprietary equipment, systems and components and power transmission systems for jet aircraft and other aircraft components and systems. (File 2-54556 - Sept. 5)

### (S-1) ADVANCED COMPUTER SUPPLIES, INC.

P.O. Box 482, Princeton, N.J. 08540 - 120,000 shares of common stock, of which 60,000 are to be offered for sale by the company, and 60,000 by certain shareholders by

Grimm & Davis, Inc., 63 Wall St., New York, N.Y. 10005, as underwriter. The company manufactures and sells data processing cards. (File 2-54458 - Sept. 5)

(S-6) CORPORATE INVESTMENT TRUST FUND,  
FOURTEENTH MONTHLY PAYMENT SERIES

\$13.2 million of units. The Trust will be created under a trust agreement under which Bache & Co. Incorporated will as as sponsor, United States Trust Company of New York as trustee, New England Merchants National Bank as co-trustee and Interactive Data Services, Inc. as evaluator. It will consist of a diversified portfolio of intermediate-term debt obligations rated "BBB" or better by Standard & Poor's Corporation or Fitch Investors Services, Inc. or "Baa" or better by Moody's Investors Service, Inc. (File 2-54559 - Sept. 5)

REGISTRATIONS EFFECTIVE

Sept. 3: Libanon Goldmining Company Ltd., 2-54166.  
Sept. 4: First Illinois Corp., 2-54315; Florida Power Corp., 2-54346; General Power Corp., 2-53047; Gray Tool Co., 2-54336; Loews Corp., 2-53243; Savin Business Machines Corp., 2-54416 & 2-54469; Nova Scotia Power Corp., 2-54406; Square D Co., 2-54052; Trust Co. of Georgia, 2-53586.

NOTE TO DEALERS: The 90-day period of time dealers are required to use the prospectus is noted above in parentheses after the name of the issuer. As to the other issuers, there may be no such requirement to use a prospectus, or the requirement may be for a period of only 40 days; see Section 4(3) of the Securities Act of 1933 and Rule 174 (17 CFR 230.174) thereunder.

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## RECENT 8K FILINGS

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Form 8K is a report which must be filed with the SEC by the 10th of the month after any of the following important events or changes: changes in control of the registrant; acquisition or disposition of assets; legal proceedings; changes in securities (i.e., collateral for registered securities); defaults upon senior securities; increase or decrease in the amount of securities outstanding; options to purchase securities; revaluation of assets; submission of matters to a vote of security holders.

The companies listed below have filed Form 8-K reports for the month indicated, responding to the item of the form specified. Photocopies may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An index of the captions of the items of the form was included in Monday's News Digest.

COMPANY	ITEM NO.	MONTH
DIVERSIFIED INDUSTRIES INC	3,13	07/75
DOWNE COMMUNICATIONS INC	3	07/75
DUPLEX PRODUCTS IAC	13	07/75
DYNASCAN CORP	7,10	07/75
EMPIRE GENERAL CORP	13,14	06/75
EQUITY EDUCATORS ASSURANCE CO	14	07/75
EQUITY ENTERPRISES INC	8	07/75
EXCEPTICON INC	13,14	07/75
FBI BANCSHARES INC	11,14	07/75
FEDERAL SIGN & SIGNAL CORP	11,14	07/75
FILM CORP OF AMERICA	13	07/75
FINANCIERA METROPOLITANA S A	14	07/75
FINGERHUT CORP	13	07/75
FIRST COMMERCE CORP	13	07/75
FLAVORLAND INDUSTRIES INC	11,14	07/75
FORD MOTOR CO	3	07/75
GENISCO TECHNOLOGY CORP	7,14	07/75
GERMAN VILLAGE PRODUCTS INC	11	06/75
GREAT BASINS PETROLEUM CO	8	07/75
HOSPITAL FINANCIAL CORP	6	07/75
HOSPITAL MORTGAGE GROUP	11,14	07/75
HOWMET CORP	3	07/75
HYDRAULIC CO	7	08/75
ILEX CORP	9,14	07/75
INTERNATIONAL AIRPORT HOTEL SYSTEM INC	3,14	07/75

RECENT 8K FILINGS CONT.

IOWA BEEF PROCESSORS INC	13	07/75
JAMESBURY CORP	3	07/75
JETRONIC INDUSTRIES INC	11,14	07/75
KANSAS POWER & LIGHT CO	7,14	07/75
KENT MOORE CORP	11	07/75
KILLEARN PROPERTIES INC	2,14	07/75
KINGS DEPARTMENT STORES INC	3	07/75
LAFAYETTE FUNDS DRILLING PROGRAM	7	07/75
LANDMARK LAND CO INC	7,14	07/75
LEASEPAC CORP	2,7,14	07/75
LMC DATA INC	7	07/75
LOCKHEED AIRCRAFT CORP	3,13,14	07/75
LQ MOTOR INNS INC	7,8,14	07/75
MACRODATA CORP	13	07/75
MAJOR OIL CORP	3,13,14	07/75
MARCO DENTAL PRODUCTS INC	11,14	07/75
MASSACHUSETTS ELECTRIC CO	3	07/75
MEMOREX CORP	7,8	07/75
MERVVNS	7	07/75
METROPOLITAN INDUSTRIES INC	3	07/75
MID CONTINENT INC	3,14	07/75
MISSISSIPPI RIVER TRANSMISSION CORP	3	07/75
MOHAWK DATA SCIENCES CORP	6,13	07/75
MOUNTAIN FUEL SUPPLY CO	3,7	07/75
NATIONAL ANN ARBOR CORP	8	07/75
NATIONAL GYPSUM CO	3,13	07/75
NATIONAL RECREATION PRODUCTS INC	11,14	07/75
NFC CORP	13	07/75
NN CORP	13	07/75
NORTHWEST ENERGY CO	3,13	07/75
NOVO CORP	10	07/75
OMNI WAVE ELECTRONICS CORP	11	07/75
OMNITEC CORP	3,12,13,14	07/75
PACESETTER INDUSTRIES INC	2,14	07/75
PENN CENTRAL CO	3	08/75
PEPCOM INDUSTRIES INC	7	07/75
PEPSI COLA BOTTLING CO OF WASHINGTON D C	13	07/75
PHARMACARE INC	7	08/75
PLANT INDUSTRIES INC	1,4,11,13,14	07/75
PORTEC INC	4,7,14	07/75
PREL CORP	3	07/75
PRESCOTECH INC	1,2,4,11,13,14	07/75
PROVIDENCE & WORCESTER CO	7,13,14	07/75
RANCO INC	13,14	08/75
REED TOOL CO	13	07/75
RESISTOFLEX CORP	2,14	07/75
ROHR INDUSTRIES INC	4,7,14	07/75
SAFEWAY STORES INC	3	07/75
SEABOARD OIL & GAS CO	3	07/75
SEACREST INDUSTRIES CORP	2,7,14	05/75
SERVO COPP OF AMERICA	3,12	07/75
SHELTER RESOURCES CORP	2,10,14	07/75
SIGNAL FINANCE CORP	7,14	07/75
SOUTHWESTERN INVESTMENT CO	3,7,13	07/75
SPERRY RAND CORP	8,11	07/75

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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 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.