



SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A Daily Summary of
S.E.C. Activities

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FOR RELEASE September 29, 1972

CASEY URGES UNIFORMITY IN REAL ESTATE FINANCING

SEC Chairman William J. Casey said Sep. 28 that the continued popularity of real estate syndications will be dependent on "untangling a morass of confusion, misunderstanding and conflicting requirements which prevail in the regulation of real estate offerings."

Speaking before the 4th National Real Estate Conference and Exposition in New York, he conceded that real estate syndication is confronted by a whole host of regulatory problems. "A great many real estate offerings are not registered," he said, "and an analysis of filings with the SEC and some of the major states indicates that in some cases more than half of the filings made with a state agency have not been registered with the Commission, presumably in reliance on the private offering exemption or the intra-state exemption. I wonder how many syndicators realize that, no matter what the SEC does, they may well be giving way a put to any buyer in a position to decide later on that he doesn't like the investment and would prefer to have his money back."

Mr. Casey said that anyone who has tried to register a real estate syndication on a national basis is aware of the conflicting regulations involved. "The conflicting and regulatory and disclosure requirements are so juxtaposed that compliance with an SEC requirement can result in a stop order in New York, Texas, California or elsewhere" he added. "For example the Midwest Assn. of Securities Administrators encourages the use of projections, provided they meet certain requirements, while the NASD prohibits forecast and projections of capital appreciation and assurances of safety or protection against loss. California would allow certain projections based on past operating statements but forbid those assuring future sale of properties."

"The need for uniformity of regulation is just one part of the demanding work load ahead of us if real estate securities are to compete effectively in our capital markets." He concluded, "there are liquidity, tax, and aftermarket problems with the real estate security which not only have to be disclosed but must be dealt with substantively to improve the investment characteristics of the real estate security in the hands of the holder."

COMMISSION ANNOUNCEMENTS

SEC ADOPTS ENFORCEMENT COMMITTEE RECOMMENDATIONS. The Commission on September 27 issued a release describing its procedures relating to the commencement of enforcement proceedings and termination of staff investigations. The Report of the Advisory Committee on Enforcement Policies and Practices, submitted to the Commission on June 1, 1972, contained several recommendations designed to afford persons under investigation by the Commission an opportunity to present their positions to the Commission prior to the authorization of an enforcement proceeding. The objective of the recommended procedures was to place before the Commission the contentions of both its staff and the adverse party before a formal enforcement proceeding is authorized. While agreeing that the objective of the recommendations is sound, the Commission concluded that it would not be in the public interest to adopt formal rules for that purpose. Under the informal procedures now generally in effect, and which will be continued, a person under investigation may contact the staff members conducting the investigation to discuss the matter. The staff, in its discretion, may advise such persons of the general nature of its investigation, including the indicated violations as they pertain to them, and the amount of time that may be available for preparing a submission.

The Commission also announced that it is taking steps to implement an Advisory Committee recommendation that a person who is the subject of an investigation, but against whom no further action is contemplated, be notified that the staff has concluded its investigation and has determined that it will not recommend the commencement of an enforcement proceeding against that person. (Rel. 33-5310)

In a separate release the Commission also amended certain of its Rules of Practice governing administrative proceedings before the agency. The amendments will have the effect of expanding the authority of hearing examiners in the conduct of administrative hearings. These officers will now have the discretion to require the submission or exchange of pre-trial memoranda setting forth the legal theories on which the parties rely, and may require the disclosure of the identity of witnesses and a list of the documents intended to be introduced at the hearing. (Rel. 33-5309)

Upon issuing these releases, Chairman Casey stated: "We are indeed grateful to the members of the Advisory Committee, John A. Wells of New York City and Manuel F. Cohen and Ralph H. Demmler, two distinguished former SEC Chairmen, for the valuable and incisive recommendations contained in their report. . . In adopting these measures we have tried to strike a proper balance between the workable and the ideal. In the weeks ahead we intend to take action in connection with other recommendations made to us by the committee."

In a related action, the Commission also announced that it had renamed its title "hearing examiner" as "administrative law judge" and changed the title of "chief hearing examiner" to "chief administrative law judge" in conformance with a Civil Service Commission determination that on a government-wide basis the position of hearing examiner should be retitled administrative law judge. (Rel. 33-5311)

OVER

POOLING-OF-INTEREST ACCOUNTING INTERPRETATIONS ENDORSED. The Commission today issued Accounting Series Release No. 130, "Pooling-of-Interests Accounting." This release endorses an interpretation that the Accounting Principles Board has authorized its staff to issue. The interpretation provides that a business combination should be accounted for as a purchase of its consummation is contingent upon the purchase by a third party of any of the common stock to be issued and sets forth guidelines that the Commission will use in applying the interpretation. The release states: "In recent months, the Commission has noted an increasing number of business combinations which appear to meet the individual requirements for pooling-of-interests accounting set forth in Accounting Principles Board Opinion No. 16 but which do not conform with the overriding thrust of that Opinion which requires that a combination represent a sharing of rights and risks among constituent stockholder groups if it is to be a pooling of interests." The release provides that if a registration statement is filed contemplating the sale of stock issued in a combination which does not include at the date of filing a set of financial statements reflecting the completed transaction (including some period of combined operations), that fact will constitute prima facie evidence that the sale was included explicitly or by intent in the arrangement of the combination and, therefore, pooling-of-interests accounting would not be appropriate. In addition, the release includes guidelines that will be used during an interim period of 75 days while the release and interpretation are being assimilated. (Rel. 33-5312)

COURT ENFORCEMENT ACTION

J. H. WEST, OTHERS ENJOINED. The SEC Fort Worth Regional Office announced that on September 19 the Federal court in Texas permanently enjoined by consent Greenwood Village Baptist Church and preliminarily enjoined by consent Cooperative Church Finance, Inc. and its president, Joe H. West from violations of the anti-fraud provisions of the Federal securities laws in the offer and sale of securities issued by Greenwood Village Baptist Church. (LR-5546)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

WADDELL & REED FIRMS AND OPPENHEIMER SANCTIONED. The SEC announced the issuance of an order revoking the broker-dealer registration of Waddell & Reed International, Ltd. ("International"), Hamilton, Bermuda, censuring its sole owner, Waddell & Reed, Inc., Kansas City, Mo., a registered broker-dealer and investment adviser, and suspending Fred M. Oppenheimer, a former official of both firms, from association with any broker-dealer for 90 days. The sanction imposed upon Waddell & Reed was limited to censure upon its commitment that it would not thereafter act as the investment adviser or underwriter of the shares of any investment company having a principal office within the United States or its territories, unless such company was registered with the Commission.

The sanctions imposed were based on findings that between December 1967 and December 1969, International and Oppenheimer, in connection with the sale of shares of United Capital Investment Fund Limited of Nassau, Bahamas ("UCIF"), an "off-shore" investment company, to persons in foreign countries who were neither citizens nor residents of the U. S., made use of prospectuses, advertisements, and other promotional materials which contained untrue statements and made inadequate disclosures, and that International and Waddell & Reed failed to exercise reasonable supervision to prevent the violations of the securities laws. According to the decision, custody of UCIF's portfolio, comprised primarily of American securities, was maintained by a U.S. bank and by registered broker-dealers, portfolio transactions were executed in the U.S., and UCIF's shares were sold on the basis of the growth potential and regulatory protection afforded investments in U.S. securities markets.

The Commission order was based on offers of settlement in which respondents, without admitting or denying the charges against them, consented to the above findings and the specified sanctions. (Rel. 34-9790)

MELVIN E. RICHARDS AND MELVIN LLOYD RICHARDS BARRED. The SEC has barred Melvin E. Richards and Melvin Lloyd Richards, both of Las Vegas, Nev., from association with any broker or dealer. After three years Melvin Lloyd Richards may apply for permission to become so associated but only upon an adequate showing of proper supervision and subject to limitations, among others, that he will not serve as a principal, manager, supervisor or trader and will handle only transactions of securities of corporations subject to the reporting requirements of the Securities Exchange Act.

According to the decision respondents, who were previously associated with Enterprise Securities Corporation, sold numerous unregistered securities including the common stocks of Barr Financial Ltd., Industrial Manufacturing Corporation, American Mining and Development Company, Western Oil and Development Corp. and Cardiodynamics, Inc., made false and misleading statements to customers, and bid for and purchased securities while engaged in their distribution. In addition, it was found that respondents aided and abetted violations in that Enterprise published quotations for securities and submitted quotations for publication in quotation mediums when it did not have in its records required information concerning the securities and issuers, maintained fictitious customer accounts, improperly extended credit, had inadequate net capital, and failed to list a controlling person in its registration application.

The Commission's order was based on offers of settlement in which the respondents, without admitting or denying the allegations in the order for proceedings, consented to the findings and sanctions. Respondents also consented, without admitting or denying the allegations of the complaint to the issuance of permanent injunctions against them in pending court proceedings (Securities & Exchange Commission v. Industrial Manufacturing Corporation) in which they are charged with violating the registration and antifraud provisions of the securities laws in connection with the offer and sale of securities of Industrial Manufacturing Corporation. (Rel. 34-9783)

SECURITIES ACT REGISTRATIONS

MSI DATA CORPORATION, 340 Fischer Ave., Costa Mesa, Calif. 92627, filed a registration statement on September 21 seeking registration of 320,000 outstanding shares of common stock acquired by Westland Capital Corporation upon exercise of warrants. Westland proposes to distribute these shares to holders of its stock, at the rate of 1.6 MSI shares for each Westland share held. MSI is engaged in the manufacture and sale of electronic source data entry systems. (File 2-45775)

IDENTICON CORPORATION, 300 Second Ave., Waltham, Mass. 02154, filed a registration statement on September 22 seeking registration of 200,000 shares of common stock, to be offered for public sale (*at \$8.50 per share maximum) through underwriters headed by W. E. Hutton & Co., 14 Wall St., New York 10005. The company develops and sells data acquisition systems and control systems which use optical scanning technology to identify automatically specially labeled moving or stationary objects. Of the net proceeds of its stock sale, \$350,000 will be used to repay an outstanding bank loan incurred for working capital purposes and the balance for working capital and other corporate purposes. (File 2-45794)

RECREATION VENTURES, 1275 Post Road, Fairfield, Conn. 06430, filed a registration statement on September 22 seeking registration of \$23,725,000 of resort condominium units and rental pool management agreements. The condominium units are to be constructed in the Gentle Winds Development on the Island of St. Croix, U. S. Virgin Islands, and are to be offered for public sale at prices ranging from \$76,000 to \$94,900. (File 2-45795)

HARTE-HANKS NEWSPAPERS, INC., 555 Travis Park West, San Antonio, Tex. 78291, filed a registration statement on September 22 seeking registration of 800,000 shares of common stock, of which 274,400 are to be offered for public sale by the company and 525,600 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$26.875 per share maximum) through underwriters headed by White, Weld & Co. Inc., 20 Broad St., New York 10005. The company is primarily engaged in publishing daily, Sunday and weekly newspapers in 21 communities. Of the net proceeds of its stock sale, \$6 million will be used to discharge the company's promissory notes issued in exchange for the outstanding capital stock of Van/De Publishing Co. and the balance for working capital purposes. (File 2-45796)

HARDING LIVESTOCK AND LAND COMPANY, Box 368, Blackfoot, Idaho 83221, filed a registration statement on September 25 seeking registration of \$2 million of cattle feeding agreements in custom cattle feeding programs, to be offered for public sale in minimum amounts of \$10,000. (File 2-45798)

CBT CORPORATION, One Constitution Plaza, Hartford, Conn. 06115, filed a registration statement on September 25 seeking registration of 33,978 shares of common stock. It is proposed to offer these shares in exchange for the capital stock of Lazere Financial Corporation, at a rate to be specified later. CBT is a diversified financial corporation which conducts its operations solely through subsidiaries. (File 2-45799)

GENERAL HOUSEWARES CORP., 299 Park Ave., New York 10017, filed a registration statement on September 25 seeking registration of 687,500 shares of common stock, of which 400,000 are to be offered for public sale by the company and 225,000 (being outstanding shares) by the holders thereof. The offering is to be made (*at \$9.375 per share maximum) through underwriters headed by E. F. Hutton & Co. Inc., One Battery Park Plaza, New York 10004. The company is engaged in the manufacture and marketing of cookware, giftware and leisure furniture. Of the net proceeds of its stock sale, \$3,500,000 will be used to reduce loans incurred in connection with acquisitions and the balance for general corporate purposes. (File 2-45800)

SEDCO, INC., Cumberland Hill, 1901 N. Akard St., Dallas, Tex. 75201, filed a registration statement on September 25 seeking registration of 500,000 shares of common stock, to be offered for public sale (*at \$55 per share maximum) through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York. The company is engaged primarily in contract drilling of oil and gas wells and construction of oil and gas pipelines. Of the net proceeds of its stock sale, \$25 million will be contributed to the capital of SEDCO Maritime, Inc., a newly-organized, wholly-owned subsidiary, and the balance for other corporate purposes. (File 2-45801)

NCNB CORPORATION, 200 S. Tryon St., Charlotte, N. C. 28202, filed a registration statement on September 25 seeking registration of 139,474 outstanding shares of common stock, issued in connection with the company's acquisition of C. Douglas Wilson & Co. These shares may be offered for sale from time to time by the holders thereof at prices current at the time of sale. (File 2-45805)

GILBERT FLEXI-VAN CORPORATION, 330 Madison Ave., New York 10017, filed a registration statement on September 25 seeking registration of \$25 million of convertible subordinated debentures, due 1997, to be offered for public sale through underwriters headed by Dean Witter & Co. Inc., 14 Wall St., New York 10005. The company is engaged in the leasing of containers, tractors and trailers, and other equipment for the intermodal transportation of freight. Net proceeds will be used to retire certain bank borrowings incurred for equipment expenses and the balance for other corporate purposes. (File 2-45806)

STOCK PLANS FILED. The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

- Logicon, Inc., Torrance, Calif. (File 2-45782) - 250,000 shares
- Farinon Electric, San Carlos, Calif. (File 2-45784) - 166,680 shares
- Diagnostic Data, Inc., Mountain View, Calif. (File 2-45797) - 380,000 shares
- Film Corporation of America, Jenkintown, Pa. (File 2-45802) - 100,000 shares
- Care Corporation, Grand Rapids, Mich. (File 2-45803) - 30,000 shares

MISCELLANEOUS

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated, responding to the item on the 8K form numbered in the parentheses. 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 several items of the form was included in the September 1 News Digest.

| <u>8K Reports for May 72</u> | | <u>Amended 8K Reports</u> | |
|--|-----------|---|----------|
| Kelly Services Inc. (11,14) | 0-1088-2 | Economy Fiance Corp #1 for May-June 71 (1) | 0-2352-2 |
| K-Tel International Inc. (3,14) | 2-41949-2 | | |
| Moore & McCormack Co Inc. (11) | 1-3273-2 | Hardee's Food Systems, Inc. #1 for May 72 (13) | 0-2399-2 |
| Major League Bowling & Recreation Inc. Apr 72 (7) | 0-1958-2 | | |
| Kearney Trecker Corporation (13) | 0-62-2 | Instrument Systems Corp (Del) #1 for May 72 (13,14) | 1-6620-2 |
| LVO Cable Inc. (13,14) | 0-6373-2 | | |
| Kin Ark Corporation (11,13) | 1-3920-2 | Greenman Brothers Inc. Aug 71 (2) | 1-6083-2 |
| General Portland Inc. (13,14) | 1-3438-2 | Gulf & Western Industries, Inc. #1 for Feb 72 (3,13) | 1-5404-2 |
| Medfax, Inc. (12,13) | 2-42344-2 | Aminex Corp #2 for May 72 (7) | 0-6664-2 |
| | | Allied Aero Industries, Inc. #1 for Dec 71 (1,7,9) | 0-360-2 |

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of over-the-counter trading in the securities of Clinton Oil Company for the further ten-day period September 29 through October 8, inclusive, in the common stock of Ecological Science Corporation for the further ten-day period September 30 through October 9, inclusive, and in the common stock of Minute Approved Credit Plan, Inc. for the further ten-day period October 1-10, inclusive.

SECURITIES ACT REGISTRATIONS. Effective September 27: Advanced Micro Devices, Inc., 2-45271 (Dec 26); Blessings Corp., 2-45391 & 2-45392; Collins Foods International, Inc., 2-44979; Continental Cattle Investments, Inc., 2-44490 (Dec 25); Diamond International Corp., 2-44668; National Meridian Services, Inc., 2-44790 (Dec 27); Old Home Foods, Inc., 2-45051 (Dec 26); Rembrandt Enterprises, Inc., 2-45171; R. P. Scherer Corp., 2-45504; Schick Inc., 2-45588 (40 days); St. Paul Securities, Inc., 2-43588 (Dec 26); Virginia Electric and Power Co., 2-45587; The West Company, Inc., 2-45534.

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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