

# sec news digest

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May 8, 1978

## COMMISSION ANNOUNCEMENTS

## U.S. SECURITIES AND EXCHANGE COMMISSION

### ADDITIONAL WITNESS SCHEDULED FOR FINAL DAY OF HEARINGS ON OIL AND GAS ACCOUNTING PRACTICES

The Commission announced an additional witness for the hearings scheduled on Wednesday, May 10, in connection with the rulemaking proposals relating to accounting practices for oil and gas producers which the Commission published for comment in Rel. Nos. 33-5861 and 33-5877. The witness list for May 10 was previously published in the News Digest on May 1, 1978. The additional witness, U.S. Senator John Tower, will testify at the start of the afternoon session at 1:30 p.m.

### SEATTLE REGIONAL OFFICE TO CO-SPONSOR COOPERATIVE SECURITIES CONFERENCE

The Seattle Regional Office and the Oregon Corporation Commission are sponsoring the annual Northwest State Federal Cooperative Securities Conference to be held at the Hilton Hotel, Portland, Oregon on May 23 and 24, 1978. The program will provide the latest developments in federal and state securities regulation. The session on May 23 is for regulators only, however, the luncheon is open to the public. The session on May 24 is open to regulators and all interested persons. There is a registration fee of \$35 for two days or \$20 for one day. Persons wishing to make reservations for the seminar may send their registration fee to Irene Williams, Corporation Division, Department of Commerce, 158 - 12th Street, N.E., Salem, Oregon 97310.

## COURT ENFORCEMENT ACTIONS

### JOHN M. DRIGGERS ENJOINED

The Seattle Regional Office announced that on April 11 an order of permanent injunction was entered against John M. Driggers, one of the individual defendants in SEC v. Sierra Life Insurance Company, et al., enjoining him from further violations of the antifraud, reporting and proxy provisions of the securities laws. Driggers consented to the entry of the injunction without admitting or denying the allegations contained in the Commission's complaint. (SEC v. Sierra Life Insurance Company, et al., D.C. Ida., Civil Action No. 78-1016). (LR-8401)

### YIDDY BLOOM AND JERROLD BLOOM SENTENCED; EIGHTEEN OTHERS TO BE SENTENCED IN MAY

The Washington Regional Office and the Philadelphia Branch Office announced that on April 5 Yiddy Bloom of Miami Beach, Florida, was sentenced to one year in prison, fined \$10,000 and ordered to contribute \$15,000 to charity, and his son, Jerrold Bloom, a former securities salesman of Miami Beach, was sentenced to five years probation and ordered to pay a \$5,000 fine and \$55,000 to charity. The sentences were imposed by the Honorable Clarence C. Newcomer, U.S. District Judge for the Eastern District of Pennsylvania, after Yiddy Bloom pleaded guilty to conspiracy to violate the antifraud provisions of the securities laws and the mail fraud statute and Jerrold Bloom pleaded guilty to one count of securities manipulation in connection with a manipulation of the price of the common stock of Magic Marker Corporation in 1971-1972. The sentencing of the 18 other defendants has been set for May 26.

Also, on April 5, during the eighth week of the Magic Marker trial, two other of the five remaining defendants who had not pleaded guilty prior to trial pleaded guilty to one or more offenses. Robert Street of Brooklyn, New York, a former branch manager of a broker-dealer in 1972 in Washington, D.C., pleaded guilty to one count of securities manipulation and no contest to another count of securities manipulation. Bernard Cronin of Magnolia, Massachusetts, a securities salesman in Washington, D.C., in 1972, pleaded guilty to one count of conspiracy and one count of securities manipulation in the Magic Marker indictment and no contest to one count of securities manipulation charged in a separate grand jury indictment returned against him in September 1977.

charging him and 5 others with the manipulation in 1972-1973 of the common stock of Uni-Shield International Corporation, a Bucks County, Pennsylvania, corporation now in reorganization in federal bankruptcy court. On April 7, the last remaining defendant, Albert London of Lincroft, New Jersey, was convicted by the jury on 31 counts of conspiracy, securities manipulation and mail fraud. London was, in 1971-1972, a floor broker on the National Stock Exchange.

The above defendants were among 14 persons indicted last September by a federal grand jury and 7 persons named in a separate criminal information for their roles in the alleged scheme that caused the price of Magic Marker common stock to rise to \$31 per share in July 1972 from \$5 per share in November 1971.

As part of the investigations, the Strike Force team and the SEC's Office of Data Processing jointly developed a computer program to correlate the voluminous evidentiary documents. As a result, the Strike Force trial team introduced as exhibits computer schedules showing the interrelationships of more than 15,000 documents evidencing trades, loan records, telephone calls, travel records, entertainment receipts, and stock pricing.

The criminal case resulted from a 2-1/2 year grand jury investigation by staff members of the Commission, U.S. Postal Service, and Internal Revenue Service, under the direction of the Philadelphia Strike Force. It was an outgrowth of an earlier SEC investigation that resulted in the revocation of the registration of Delphi Capital Corporation, a Philadelphia, Pennsylvania, broker-dealer on March 20, 1974. (See Rel. 34-10693, March 20, 1974 and LR-6286, March 20, 1974). (U.S. v. Bloom, et al., E.D. Pa., Criminal Action Nos. 77-383 and 77-384). (LR-8402)

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## SELF-REGULATORY ORGANIZATIONS

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### APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved proposed rule changes filed by the following stock exchanges: The American Stock Exchange, Inc. (SR-Amex-78-4) which eliminates capital requirements applicable to registered traders in equity securities. (Rel. 34-14735); (SR-Amex-78-7) which will provide investors with a simple and inexpensive procedure for the arbitration of small claims against member firms; and the New York Stock Exchange, Inc. (SR-NYSE-78-12) which will provide investors with a simple and inexpensive procedure for the arbitration of small claims against member firms. (Rel. 34-14737)

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## MISCELLANEOUS

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### THOMSON MCKINNON EMPLOYEE STOCK OWNERSHIP TRUST

An order has been issued granting the application of Thomson McKinnon Employee Stock Ownership Trust (Applicant), under Section 12(h) of the Securities Exchange Act of 1934, for an exemption from the provisions of Section 15(d) of the Act. It appeared to the Commission that the requested exemption is not inconsistent with the public interest or protection of investors since the obligations attendant to the publicly held securities of Applicant, a debt issue, are guaranteed by Thomson McKinnon Inc., the corporation for whose benefit Applicant was created and which is subject to the reporting requirements of the Securities Exchange Act of 1934. (Rel. 34-14733)

### TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS

An order has been issued granting the application of Terminal Railroad Association of St. Louis (Applicant), a Missouri corporation, under Section 12(h) of the Securities Exchange Act of 1934, for an exemption from the provisions of Section 13 of the Act. It appeared to the Commission that the requested exemption is not inconsistent with the public interest or protection of the investors since Applicant has a small number of bondholders and its obligations attendant to the debt securities are guaranteed by other reporting companies. (Rel. 34-14734)

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## SECURITIES ACT REGISTRATIONS

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The following registration statements have been filed with the SEC pursuant to the Securities Act of 1933. The information noted below has been taken from the cover page and the facing sheet of the prospectus and registration statement and will appear as follows: Form; Name, address and phone number (if available) of the issuer of the security; Title and the number or face amount of the securities being offered; Name of the managing underwriter (if applicable); Whether the offering is a rights offering; and File number and date filed.

- (S-6) GOVERNMENT SECURITIES TRUST, GNMA SERIES 1, 14 Wall St., New York, N.Y. 10005 - 14,000 units. Depositors: Loeb Rhoades, Hornblower & Co., 14 Wall St., New York, N.Y. 10005, Smith Barney, Harris Upham & Co. Inc. and Blyth Eastman Dillon Co. Inc. (File 2-61501 - May 1)
- (S-8) UNITED REFINING COMPANY, P.O. Box 780, Warren, Pa. 16365 - 135,000 shares of common stock. The company operates in the petroleum industry. (File 2-61509 - May 3)
- (S-1) RESORT CONDOMINIUMS, INC., Tennis Village, P.O. Box 3192, Sunriver, Ore. 97701 and CONDOINNS, INC., Suite 1440, 200 Market Bldg., Portland, Ore. 97201 (503) 224-5525 - 252 rental programs. (File 2-61515 - May 3)
- (S-7) H. H. ROBERTSON COMPANY, Two Gateway Center, Pittsburgh, Pa. 15222 (412) 281-3200 - \$15 million of 8-1/4% convertible subordinated debentures, due 1998. Underwriters: J. C. Bradford & Co., Moore, Leonard & Lynch, Inc. and Edward D. Jones & Co. The company, among other things, is engaged in the manufacture and erection of non-residential building products and related supplies and accessories. (File 2-61523 - May 4)
- (S-8) HOUSTON INDUSTRIES INCORPORATED, 611 Walker Ave., Houston, Tex. 77002 - \$12 million of participations and 600,000 shares of common stock. (File 2-61524 - May 4)
- (S-8) INTERNATIONAL BUSINESS MACHINES CORPORATION, Armonk, N.Y. 10504 (914) 765-1900 - 1,800,000 shares of capital stock. The company, among other things, is in the field of information-handling systems. (File 2-61525 - May 4)
- (S-11) CENTURY PROPERTIES FUND XIII, 3000 Sand Hill Rd., Menlo Park, Cal. 94025 - 28,000 limited partnership units. (File 2-61526 - May 4)
- (S-7) ARIZONA PUBLIC SERVICE COMPANY, 411 North Central Ave., Phoenix, Ariz. 85004 (602) 271-7900 - 2,500,000 shares of common stock. Underwriters: Kidder, Peabody & Co. Inc., The First Boston Corporation, Dean Witter Reynolds Inc. The company is engaged in serving electricity and natural gas. (File 2-61527 - May 4)
- (S-11) CALIFORNIA FEDERAL SAVINGS AND LOAN ASSOCIATION, 5670 Wilshire Blvd., Los Angeles, Cal. 90036 - 2,000 single certificates and \$50 million of mortgage pass-through certificates, Series A % pass-through rate. Underwriter: Morgan Stanley & Co. Inc. The business of the Association consists primarily of attracting savings deposits from the general public and making loans. (File 2-61529 - May 4)
- (S-7) WYMAN-GORDON COMPANY, 105 Madison St., Worcester, Mass. 01613 (617) 756-5111 - 300,000 shares of common stock. Underwriter: Lehman Brothers Kuhn Loeb Inc. (File 2-61530 - May 4)
- (S-7) MONSANTO COMPANY, 800 North Lindbergh Blvd., St. Louis, Mo. 63166 (314) 694-1000 - \$200 million of sinking fund debentures, due May 15, 2008. Underwriter: Goldman, Sachs & Co. The company is engaged in the manufacture and sale of a widely diversified line of products derived principally from petroleum, natural gas and phosphate ore, along with other raw materials. (File 2-61531 - May 4)
- (S-16) W. R. GRACE & CO., 1114 Avenue of the Americas, New York, N.Y. 10036 (212) 764-5555 - 551,700 shares of common stock. The company is an international chemical company with interests in natural resources and consumer operations. (File 2-61532 - May 4)
- (S-16) EMERSON ELECTRIC CO., 8100 West Florissant Ave., St. Louis, Mo. 63136 (314) 553-2000 - 85,839 shares of common stock. The company is engaged in the manufacture and sale of a broad range of electrical and electronic products and systems. (File 2-61533 - May 4)
- (S-7) COLONIAL AMERICAN BANKSHARES CORPORATION, 10 Franklin Road, S.E., Roanoke, Va. 24013 (703) 982-3245 - \$6 million of notes, due 1990. Underwriters: Investment Corporation of Virginia and Wheat, First Securities, Inc. (File 2-61534 - May 4)
- (S-8) AMERICAN NATURAL RESOURCES COMPANY, One Woodward Ave., Detroit, Mich. 48226 - 600,000 performance units and 600,000 shares of common stock. (File 2-61535 - May 4)

In a separate statement the company seeks registration of 500,000 shares of common stock. (File 2-61536 - May 4)

- (S-8) FLORIDA GAS COMPANY, 1560 Orange Ave., Winter Park, Fla. 32790 - \$1,500,000 interest of participants and 54,500 shares of common stock. (File 2-61540 - May 1)

- (S-8) HEXCEL CORPORATION, 650 California St., Suite 1400, San Francisco, Cal. 94108 - 50,000 shares of common stock. The company is principally engaged in the development, production, and sale of engineered materials. (File 2-61543 - May 5)

In a separate statement the company seeks registration of 50,000 shares of common stock. (File 2-61544 - May 5)

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 10c per page plus postage (7 days) (\$3.50 minimum); 20c per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30c per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given or request. All other reference material is available in the SEC Docket.

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