

sec news digest

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Issue 78-142

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ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES AND EXCHANGE COMMISSION

PAUL KENDRICK & CO., INC., OTHERS CITED

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against Paul Kendrick & Co., Inc. (Registrant), a registered broker-dealer with its principal place of business in San Francisco, California, Paul F. Kendrick, Registrant's president, and Vincent B. Doughty, who was responsible for Registrant's back office and clearance. The proceedings are based upon allegations that during the period September, 1976 to April, 1978, Registrant and Kendrick wilfully violated the antifraud provisions of the securities laws by wrongfully converting at least \$188,000 of customer funds and securities to their own use and benefit. The order for proceedings also alleges that Registrant, aided and abetted by Kendrick and Doughty, violated the net capital, customer protection, and recordkeeping rules and the credit and supplemental reporting provisions of the Exchange Act.

At the same time the Commission ordered these public administrative proceedings, it accepted the offer of settlement by Doughty. Pursuant to said offer, Doughty consented, without admitting or denying the allegations in the order for proceedings, to a Commission order, and the Commission found, that Doughty had wilfully aided and abetted violations of the net capital, customer protection, bookkeeping, supplemental reporting and credit provisions of the Exchange Act. The Commission entered an order barring Doughty from association with any broker or dealer, investment adviser, or investment company, provided that after a period of six months from the date of the order Doughty may apply to become associated with a broker or dealer, investment adviser or investment company as a supervised employee in a non-supervisory and non-proprietary capacity upon demonstrating proper supervision to the Commission. (Rel. 34-14962)

COURT ENFORCEMENT ACTIONS

TEMPORARY RESTRAINING ORDER ENTERED AGAINST
TERRENCE C. MADDEN

The Washington Regional Office and the Philadelphia Branch Office announced that on July 10 Judge Vincent P. Bionno of the U.S. District Court for the District of New Jersey entered an order temporarily restraining Terrence C. Madden of Murray Hill, New Jersey, an officer, director and shareholder of Investors Economic Systems, Inc., from further violating and aiding and abetting violations of the registration, anti-fraud, customer protection and financial responsibility provisions of the securities laws in the offer and sale of interests in limited partnerships or any other securities until the Commission's motions for preliminary injunction and summary judgment are considered by the Court on September 25. Madden consented to the entry of the order without admitting or denying the allegations of the Commission's complaint which was filed on March 13. (SEC v. Peter J. Bonastia, et al., D.N.J. 1978, Civil Action No. 78-496). (LR-8468)

LEE SHOAF ENJOINED

The Chicago Regional Office announced that on March 23 Federal District Judge Nicholas J. Bua entered an order of permanent injunction by summary judgment against Lee Shoaf enjoining him from further violations of the antifraud provisions of the securities laws. Shoaf had previously been enjoined by summary judgment from further violations of the registration provisions of the securities laws. (SEC v. Investment Diversified Ltd., et al., N.D. Ill., Civil Action No. 76-C-4184). (LR-8469)

COMPLAINT FILED IN ARIZONA MORTGAGE NOTE FRAUD CASE

The Los Angeles Regional Office announced that on July 13 a civil injunctive complaint was filed in Federal District Court at Tucson, Arizona against Joseph Rae; Ranchlands, Inc.; Geronimo Land & Cattle Co.; Bernard A. Rosenbaum; Sanders K. Solot; Bruce L. Felber and Benjamin Shein. The complaint alleges that the defendants violated the

registration and antifraud provisions of the securities laws in the sale of at least \$3 million in promissory notes secured by mortgages on Arizona land by, among other things, failing to disclose the existence of senior interests in the land and the use of the proceeds of the sale of the promissory notes. The complaint seeks additional relief in the form of disgorgement. A separate count of the complaint alleges that Rosenbaum, Solot, Felber and Shein violated the registration provisions of the securities laws by offering and selling various promissory notes which they had issued. (SEC v. Joseph Rae, et al., Dist. of Arizona, Civil Action No. CIV-78-155-TUC-MAR). (LR-8470)

INVESTMENT COMPANY ACT RELEASES

THE JANUS FUND

A notice has been issued giving interested persons until August 14 to request a hearing on an application of The Janus Fund, Incorporated, a registered open-end, diversified, management investment company, declaring that it has ceased to be an investment company. (Rel. IC-10331 - July 20)

NORTH RIVER SECURITIES CO.

A notice has been issued giving interested persons until August 14 to request a hearing on an application of North River Securities Co., Inc., for an order pursuant to Section 6(c) to amend an order previously issued pursuant to Section 17(b). (Rel. IC-10332 - July 20)

SELF-REGULATORY ORGANIZATIONS

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by the Chicago Board Options Exchange, Inc. The rule change (SR-CBOE-78-14) adds Rule 6.7 to limit the liability of the CBOE should any of its members incur losses as a result of their use of the CBOE facilities. (Rel. 34-14982)

MISCELLANEOUS

DAVIS POLK AND WARDWELL

A notice has been issued giving interested persons until August 14 to request a hearing on an application of Davis Polk & Wardwell, a law firm organized as a partnership under the laws of the State of New York, for an order pursuant to Section 3(a)(2) of the Securities Act of 1933 exempting from the registration requirements of the Act participations or interests issued in connection with a retirement plan for partners and associates of Davis Polk. (Rel. 33-5946)

SECURITIES ACT REGISTRATIONS

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-8) POSI-SEAL INTERNATIONAL, INC., Routes 49 and U.S. 95, North Stonington, Conn. 06359 (203) 599-1441 - an indeterminate number of shares of common stock. (File 2-62169 - July 20)
- (S-1) SEARCH 1978 DRILLING PROGRAM, 250 N. Rock Rd., Wichita, Kan. 67206 - 3,600 units of preformation limited partnership interests. Underwriter: First Mid America Inc. (File 2-62170 - July 21)
- (S-14) KAISER CEMENT & GYPSUM CORPORATION, Kaiser Bldg., 300 Lakeside Dr., Oakland, Cal. 94666 (415) 271-2000 - 4,309,266 shares of common stock. (File 2-62171 - July 21)

- (S-7) CENTURY TELEPHONE ENTERPRISES, INC., 520 Riverside Dr., Monroe, La. 71201 (318) 387-5541 - 1,000,000 shares of common stock. Underwriters: Lehman Brothers Kuhn Loeb Inc. and Stephens Inc. The company is an independent telephone company. (File 2-62172 - July 21)
- (S-16) FARINON CORPORATION, 411 Borel Ave., San Mateo, Cal. 94402 (415) 574-7801 - 16,050 shares of common stock. The company is engaged in the design, manufacture and sale of communications equipment. (File 2-62173 - July 21)
- In a separate statement the company seeks registration of 626,648 shares of common stock. (File 2-62188 - July 21)
- (S-1) EVANS & SUTHERLAND COMPUTER CORPORATION, 580 Arapeen Dr., Salt Lake City, Utah 84108 (801) 582-5847 - 165,000 shares of common stock. Underwriter: Hambrecht & Quist. The company designs, manufactures, markets, and services three-dimensional, interactive graphics systems. (File 2-62174 - July 21)
- (S-11) MCCOMBS RENTA SPACE PROPERTIES, LTD., 2101 East Fourth St., Santa Ana, Cal. 92705 - 9100 units of limited partnership. Underwriter: Birr, Wilson & Co., Inc. (File 2-62175 - July 21)
- (S-6) INVESTORS' GOVERNMENTAL SECURITIES - INCOME TRUST, SERIES 2, 208 South LaSalle St., Chicago, Ill. 60604 - an indefinite number of units. Depositor: Van Kampen Sauermaan Inc. (File 2-62176 - July 21)
- (S-6) INSURED MUNICIPALS - INCOME TRUST, SERIES 25, 208 South LaSalle St., Chicago, Ill. 60604 - an indefinite number of units. Depositor: Van Kampen Sauermaan Inc. (File 2-62177 - July 21)
- (S-6) THE FIRST TRUST OF INSURED MUNICIPAL BONDS, SERIES 36, 300 West Washington St., Chicago, Ill. 60606 - an indefinite number of units. Depositor: Wauterlek & Brown, Inc. (File 2-62178 - July 21)
- (S-8) ARGONAUT ENERGY CORPORATION, Suite 1305, American National Bank Bldg., Amarillo, Tex. 79101 - 400,000 shares of common stock. (File 2-62179 - July 21)
- (S-6) AMERICAN TAX EXEMPT BOND TRUST, SERIES 28, 215 North Main St., West Bend, Wis. 53095-6,000 units. Depositor: B. C. Ziegler and Company. (File 2-62180 - July 21)
- (S-11) HOME SAVINGS AND LOAN ASSOCIATION, 3731 Wilshire Blvd., Los Angeles, Cal. 90010 (213) 381-3351 - 4,000 single mortgage pass-through certificates. Underwriters: Salomon Brothers and Goldman, Sachs & Co. (File 2-62181 - July 21)
- (S-1) NORRIS OIL CO., 2590 East Main St., Ventura, Cal. 93001 - 376,672 shares of common stock. Underwriter: Sutro & Co. Inc. The company is engaged in domestic exploration for, and development and production of, oil and gas. (File 2-62182 - July 21)
- (S-8) MERRILL LYNCH & CO., INC., One Liberty Plaza, 165 Broadway, New York, N.Y. 10080 (212) 766-5685 - 1,000,000 shares of common stock. (File 2-62183 - July 21)
- (S-7) NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, 1115 30th St., N.W., Washington, D.C. 20007 (202) 337-6700 - \$50 million of collateral trust bonds, Series E-1, maturing quarterly in two to seven years. The principal purpose of the company is to provide its members with a source of financing to supplement the loan program of the Rural Electrification Administration. (File 2-62184 - July 21)
- (S-1) WETTERAU FINANCE CO., 8400 Pershall Rd., Hazelwood, Mo. 63042 (314) 524-5000 - \$6 million of subordinated notes, due 1993. Underwriters: Edward D. Jones & Co. and Howard, Weil, Labouisse, Friedrichs, Inc. The principal business of the company is that of purchasing certain notes receivable from Wetterau arising out of Wetterau's loans to retail grocers. (File 2-62185 - July 21)
- (S-8) FILMWAYS, INC., 1800 Century Park East, Los Angeles, Cal. 90067 - 140,956 shares of common stock. (File 2-62186 - July 21)
- (S-1) APCO ARGENTINA, INC., 2412 Houston Natural Gas Bldg., Houston, Tex. 77002 - 4,249,612 shares of common stock. (File 2-62187 - July 21)



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NOTICE

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