

# sec news digest

LIBRARY

Issue 77-64  
(SEC Docket, Vol. 11, No. 16 - April 19)

APR 5 1977

April 4, 1977

## RULES AND RELATED MATTERS

## U.S. SECURITIES AND EXCHANGE COMMISSION

### COMMISSION EXTENDS TEMPORARY QUALIFIED SUSPENSION OF RULE 15c3-1(c) (2) (vi) (E) UNTIL JULY 1, 1977

The Commission announced the extension until July 1 of the temporary qualified suspension of Rule 15c3-1(c) (2) (vi) (E) previously adopted in Securities Exchange Act Release No. 13125 (December 30, 1976).

This action permits brokers and dealers, until July 1, to apply the haircuts specified by Rule 15c3-1(c) (2) (vi) (E) to positions in short term commercial paper bearing one rating in the three highest categories from a nationally reorganized statistical rating service.

The Commission also invited further public comment upon the appropriateness of the "two ratings" standard of Rule 15c3-1(c) (2) (vi) (E). Interested persons should submit their written comments, in triplicate, to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549, no later than May 1. All comments received will be available for public inspection. (Rel. 34-13419)

### RECORDS WITH RESPECT TO BENEFICIAL OWNERSHIP OF ACCOUNTS CARRIED BY BROKERS AND DEALERS

The Commission has announced the extension, until May 2, of the comment period on a proposed amendment to Securities Exchange Act Rule 17a-3(a) (9). That amendment, which was republished for comment in Securities Exchange Act Release No. 13149 (January 10, 1977), would alter the recordkeeping requirements with respect to the beneficial ownership of accounts carried by brokers and dealers. (Rel. 34-13420)

## NOTICE OF COMMISSION MEETINGS

Following is a schedule of Commission meetings which will be conducted pursuant to provisions of the Government in the Sunshine Act. In general, the Commission expects to follow a schedule of holding closed meetings on Tuesdays, and open meetings on Thursday mornings. Meetings on Wednesday, and if necessary on Thursday afternoons, will be either open or closed according to the requirements of agenda items under consideration. The Commission will not normally meet on Mondays or Fridays.

Visitors are welcome at all open meetings, insofar as seating is available.

Meetings will be held in the Commission Meeting Room on the eighth floor of the Commission's headquarters building at 500 North Capitol St., Washington, D.C. All visitors are required to sign in and obtain passes at the Reception Desk in the lobby. Persons wishing to photograph or tape record Commission meetings must obtain permission in advance from the Secretary of the Commission.

### Closed Meeting - Tuesday, April 12, 1977 - 10:00 A.M. -

The subject matter of the April 12th closed meeting will be: (1) Formal Orders of Investigation; (2) Institution of Injunctive Actions; (3) Settlement of Injunctive Actions; (4) Institution of Administrative Proceedings; (5) Settlement of Administrative Proceedings; (6) Simultaneous institution and settlement of injunctive actions and/or Administrative Proceedings; (7) Transmittal of investigative information to other enforcement agencies; (8) Freedom of Information Act Appeals; (9) Other litigation matters.

### Closed Meeting - Wednesday, April 13, 1977 - 10:00 A.M. -

The subject matter of the April 13th closed meeting will be: (1) Institution of Injunctive Actions; (2) Institution of Administrative Proceedings; (3) Institution and settlement of injunctive actions and/or Administrative Proceedings; (4) Freedom of Information Act Appeal; (5) Other litigation matters.

- (1) Proposed Amendment to Rule 146 under the Securities Act of 1933 to require reports of sales pursuant to the Rule.
- (2) Recommendation that the Commission send letters to the House and Senate Committees on Government Operations expressing the Commission's views on H.R. 1947 and S. 2, bills which would require, among other things, a review of Government programs and an authorization of new budget authority at least every five years.
- (3) Recommendation that the Commission send a letter to the House Committee on Government Operations, expressing the Commission's opposition to H.R. 930 and H.R. 963, "sunset" bills which propose the possible abolition of certain governmental agencies.
- (4) Recommendation that the Commission send a letter to the House Committee on Government Operations expressing the Commission's views on H.R. 2107, a bill which would require, among other things, a new budget authority for Government programs at least every five years..
- (5) Recommendation that the Commission send a letter to the House Committee on Government Operations, expressing the Commission's opposition to H.R. 3181, a "sunset" bill that proposes the possible abolition of certain governmental agencies.
- (6) Recommendation that the application for exemption from Section 15B of the Securities Exchange Act of 1934 concerning regulation of municipal securities dealers, be granted; request for exemption by the State of North Dakota doing business as the Bank of North Dakota.
- (7) Recommendation that proposed amendments to annual report Form U5S be adopted. If adopted, registered holding companies under the Public Utility Holding Company Act of 1935 and their subsidiaries which are public issuers would be required to file annual reports in conformity with Form 10-K under the Securities Exchange Act of 1934 as well as annual reports on Form U5S.
- (8) Recommendation for statutory changes in the beneficial ownership requirements which are designed generally to implement recommendations of the Street Name Study including: (a) a requirement that any person owning beneficially more than five percent of any class of Section 13(d) security who is not currently required to report under Section 13(d) of the Securities Exchange Act of 1934 (the "Act") file with the Commission a short statement detailing relevant ownership information and to transmit such ownership statement to the issuer and to any exchange on which the security in question is listed; and (b) that Section 15(d) of the Act be amended to clarify the Commission's power to define "held of record" for purposes of that Section.
- (9) Recommendation that the Commission consider the application by the Bank of America National Trust and Savings Association for concurrence in the opinion of the Division of Corporation Finance that the proposed offering of mortgage backed pass-through certificates are not exempt from the Securities Act under Section 3(a)(2), and authorize the Division to so advise the Bank in a letter.

---

## **COURT ENFORCEMENT ACTIONS**

---

### **PACER CORPORATION AND TEJ TANDEN ENJOINED**

The Commission announced that on March 29 the Honorable George L. Hart, Jr., ordered final judgments of permanent injunction against Pacer Corporation (Pacer) and Tej Tanden (Tanden). The injunctions prohibit Pacer and Tanden from violations of the antifraud and reporting provisions of the securities laws. The defendants consented to the entry of the injunctions without admitting or denying the allegations of the complaint which was filed on November 9, 1976. (SEC v. Robert Campbell, et al., U.S.D.C. D.C., 76-2079). (LR-7851)

---

## **HOLDING COMPANY ACT RELEASES**

---

### **ALLEGHENY POWER SYSTEM**

A notice has been issued giving interested persons until April 27 to request a hearing on a proposal of Allegheny Power System, Inc., whereby Allegheny proposes to become bonded as surety to the State of West Virginia in an amount and at an interest rate to be determined by the Public Service Commission of West Virginia. The proposed transaction will enable Monongahela Power Company, subsidiary of Allegheny, to begin applying new increased rates for which it has applied to the West Virginia Commission prior to that Commission's decision on the matter. (Rel. 35-19971 - April 1)

A notice has been issued giving interested persons until April 28 to request a hearing on a proposal of The Connecticut Light and Power Company, subsidiary of Northeast Utilities, to issue and sell at competitive bidding up to \$45 million of its first mortgage bonds. (Rel. 35-19972 - April 1)

---

## SELF-REGULATORY ORGANIZATIONS

---

### NOTICE AND APPROVAL OF PROPOSED RESCISSION OF RULES

The Commission has given notice of and approved proposed rescission of rules filed by the New York Stock Exchange, Inc. (SR-NYSE-77-9). The rescission included a number of provisions which restricted membership or participation in a member organization on the basis of citizenship. (Rel. 34-13413)

### NOTICE OF PROPOSED RULE CHANGE

The Philadelphia Stock Exchange Inc. (PHLX) has filed a proposed rule change under Rule 19b-4 (SR-PHLX-77-4) to amend in certain respects PHLX's fidelity bonding requirements for members and member organizations. Publication of the proposal is expected to be made in the Federal Register during the week of April 4. (Rel. 34-13421)

---

## SECURITIES ACT REGISTRATIONS

---

### (S-11) CHURCH LOANS & INVESTMENTS TRUST

4102 West 51st St., Amarillo, Tex. 79109 - 286,000 shares of beneficial interest, to be offered for sale through Affiliated Managers, Inc., 4102 West 51st St., Amarillo, Tex. 79109. The Trust makes loans to congregations of churches of Christ. (File 2-58448 - Mar. 18)

### (S-1) HERRIGAN CONSUMER DISCOUNT COMPANY

135 South Fifth St., Reading, Pa. 19602 - \$15 million of 9% Series "A" and 7-1/2% Series "B" subordinated investment certificates, which certificates will be offered for sale at 100% of face value amount by employees of the company without any underwriting. The company is in the consumer finance and equipment leasing business. (File 2-58452 - Mar. 21)

### (S-14) TRUST COMPANY OF GEORGIA

Trust Company of Georgia Bldg., Atlanta, Ga. 30303 - 180,000 shares of common stock. It is proposed to issue these shares in connection with the merger of The First National National Bank of Albany, Albany, Georgia, into a subsidiary of Trust Company of Georgia at a merger exchange ratio of 2 Trust Company of Georgia shares for each outstanding share of The First National Bank of Albany. Trust Company of Georgia is a multi-bank holding company. (File 2-58537 - Mar. 30)

### (S-7) CUMMINS ENGINE COMPANY, INC.

1460 N. National Rd., Columbus, Ind. 47201 - 900,000 shares of common stock, to be offered for sale through underwriters represented by The First Boston Corporation, 20 Exchange Pl., New York, N.Y. 10005. 200,000 of such shares are being offered by certain selling stockholders. The company with its subsidiaries and affiliates manufactures and sells diesel engines and parts. (File 2-58539 - Mar. 30)

### (S-1) SIL HYDROCARBON ENTERPRISES, INC.

c/o Coudert Brothers, 200 Park Ave., New York, N.Y. 10017 - 375,000 shares of common stock, all of which are being offered for sale by the company only to partners of Freudenberg & Co., a West German partnership. The purpose of the company is to hold for investment purposes, as its sole asset, 375,000 shares of common stock of Sulpetro International, Ltd., a Delaware corporation with headquarters in Dallas, Texas, which is engaged in the business of acquiring, exploring, and developing oil and gas properties and interests therein, principally in the United States. (File 2-58541 - Mar. 30)

### (S-1) CRONUS INDUSTRIES, INC.

3000 Southland Center, Dallas, Tex. 75201 - 250,000 shares of common stock and \$500,000 of employee participations in the Cronus Industries Savings and Investment Plan. The company designs and fabricates heat transfer equipment for the electric power generating industry. (File 2-58546 - Mar. 31)

(S-16) GARDNER-DENVER COMPANY

8585 Stemmons Freeway, Dallas, Tex. 75247 - 88,000 shares of common stock, which may be offered for sale from time to time by a stockholder at prices current at the time of sale. Gardner-Denver is primarily engaged in the manufacture and sale of drilling equipment for various applications in the mining and petroleum industries and for use in various construction projects. (File 2-58547 - Mar. 31)

(S-1) STEWART INFORMATION SERVICES CORPORATION

2200 West Loop South, Houston, Tex. 77027 - 310,000 shares of common stock, of which 196,941 shares will be offered by the company and 113,059 will be offered by certain stockholders, through underwriters headed by Rotan Mosle Inc., 1500 South Tower, Pennzoil Pl., Houston, Tex. 77002, and Underwood, Neuhaus & Co., Inc., 724 Travis St., Houston, Tex. 77002. The company is primarily engaged through its subsidiary, Stewart Title Guaranty Company, in the title insurance business and related services. (File 2-58550 - Mar. 31)

(S-14) PROCESS SYSTEMS, INC.

356 West Seventh South, Salt Lake City, Utah 84101 - 7,938,631 shares of common stock, to be offered to stockholders of Powell Electrical Manufacturing Company, a Texas corporation, in connection with the proposed merger of that company into a subsidiary of Process Systems. Process Systems is principally engaged in the design, development and manufacture of fluid and gaseous control valves and microprocessor-based controllers, and the fabrication and production of printed electronic circuit boards. (File 2-58551 - Mar. 31)

(S-1) HOSPITAL CORPORATION OF AMERICA

One Park Plaza, P.O. Box 550, Nashville, Tenn. 37203 - 300,000 shares of common stock reserves for issuance pursuant to the company's nonqualified stock option plan; and 128,050 warrants to purchase one share of common stock each, and such shares underlying the warrants upon their exercise, to be offered and sold from time to time at the prevailing prices by the warrant-holder, an insurance company. The company is an investor-owned hospital management company engaged in the ownership, operation and development of hospitals. (File 2-58552 - Mar. 31)

REGISTRATIONS EFFECTIVE

March 30: American Indemnity Financial Corp., 2-58313; Ampal-American Israel Corp., 2-56562 & 2-57929; Atlantic Richfield Co., 2-58259; Combanks Corp., 2-58015; Cronus Industries, Inc., 2-58256 (90 days); Elizabethtown Water Co., 2-58262; The First Trust of Insured Municipal Bonds, Series 24, 2-58268.

March 31: California - Pacific Utilities Co., 2-58357; European Coal and Steel Community, 2-58429; Merrill Lynch, Pierce, Fenner & Smith Inc., 2-58248; The Montana Power Co., 2-58319; Phoenix Steel Corp., 2-58352.

**NOTE TO DEALERS.** When applicable 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.

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 10¢ per page plus postage (7 days) (\$3.50 minimum); 20¢ per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30¢ per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given on request. All other reference 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.