

sec news digest

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ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES AND EXCHANGE COMMISSION

THREE FIRMS CENSURED FOR FAILURE TO FILE
NOT AS MANAGER STABILIZATION REPORTS

The Commission has instituted proceedings against and, pursuant to offers of settlement, censured White Weld & Co. Incorporated, Kidder Peabody & Co. Incorporated and Butcher & Singer Inc. for violations of the reporting requirements of Sections 10(b) and 17(a) of the Exchange Act and Rules 10b-7(1) and 17a-2 thereunder resulting from their failure to prepare and transmit to the managing underwriter for filing with the Commission various not as manager stabilization reports. In imposing the sanction, the Commission has taken into consideration that the respondents have instituted revised or additional procedures designed to prevent a recurrence of the violations and have now filed all delinquent reports. (Rel. 34-14105)

COMMISSION ANNOUNCEMENTS

FOIA PROCEDURES MODIFIED

The Commission announced that it has entered an order modifying the procedure announced in Freedom of Information Act (FOIA) Release No. 53 (April 28, 1977) relating to the release of records from its files concerning questionable or illegal corporate payments. The order, which was issued in response to numerous pending requests for the records of such payments and a request by the Department of Justice for deferral of the release of the records, sets forth a procedure whereby FOIA requests for the payments records of particular corporations will be denied unless the Department of Justice has notified the Commission that release of the requested records would not interfere with its enforcement activities and the Commission has made a similar determination concerning its own enforcement responsibilities. It is not expected that this modified procedure will impede the continuing timely release of questionable or illegal payments records in general. (Rel. FOIA-55)

COURT ENFORCEMENT ACTIONS

PAUL E. CASH, OTHERS ENJOINED

The Fort Worth Regional Office and the Houston Branch Office announced that on November 8 Federal District Judge Tom Stagg, Shreveport, Louisiana, entered an order permanently enjoining Paul E. Cash and Jerry H. Heflin, both of Dallas, Texas from further violations of the antifraud provisions of the securities laws. Previously, on July 19, the Court granted partial summary judgment in favor of the Commission by permanently enjoining Cash and Heflin from future violations of the registration provisions of the securities laws. Additionally, on November 8 Judge Stagg signed an order of permanent injunction by consent enjoining Philip H. Parsons, Shreveport, from further violations of both the registration and antifraud provisions of the securities laws. Parsons neither admitted nor denied the allegations contained in the Commission's complaint. Judge Stagg also dismissed the Commission's request for an injunction against Southwest Coal & Energy Company since the company had been dissolved. (SEC v. Southwest Coal & Energy Co., Civil Action No. 76-0723, W.D. La. 1977). (LR-8196)

THEODORE BRODSKY PLED GUILTY

The Los Angeles Regional Office announced that on September 28 Theodore Brodsky of Beverly Hills, California pled guilty to one count of an indictment which had been returned against him on February 24. Brodsky pled guilty to aiding and abetting in the violation of the giving of compensation to a mutual fund manager in connection with the purchase of stock by the fund manager for a mutual fund. Brodsky admitted to the count that he helped arrange for the sale of \$235,000 of Allied Management and Systems, Inc. and Cassette Sciences Corporation stock to the All American Fund and

Financial Fund, Inc. in the Spring of 1973. In doing so, Brodsky offered to the fund manager bribes totalling over \$25,000 for causing the mutual funds to purchase the securities of Allied and Cassette.

Earlier, in a separate indictment, but arising out of the same situation, Kay Harrison of Los Angeles, California and Robert Solomon of Encino, California pled guilty to accepting the bribes offered by Brodsky. Benjamin Zitron of New York, New York and past president of Allied and Cassette who was charged with having sold the stock purchased by the funds was acquitted of all charges in a non-jury trial on October 14. Sentencing for Brodsky was set for November 28. (U.S. v. Brodsky, Central District of California, 77-246). (LR-8197)

COMPLAINT NAMES DIMENSIONAL ENTERTAINMENT CORPORATION,
OTHERS

The New York Regional Office announced that on October 31 a complaint was filed in the U.S. District Court for the Southern District of New York seeking to enjoin Dimensional Entertainment Corporation, whose principle offices were located in Los Angeles; Sam Ford, also known as San Ford Fishbein of Los Angeles and New York City; Leonard Levin of Clearwater, Florida; Barbara Belle, also known as Barbara B. Newman, Lee Newman, Michael D. Yordon, and Susan E. Smith of Los Angeles; Stephen A. Yordon of Daytona Beach, Florida; Margolis & Co., Inc., Robert J. Maietta, John H. Nueberger, William S. Wright, Jr. and Susan K. Johnson of Minneapolis, Minnesota; and John R. Potter and John R. Potter Co., Inc. of New York City, from engaging in further violations of the registration and antifraud provisions of the securities laws. The complaint also seeks ancillary relief in the form of an accounting by Ford and Maietta of their sales of Dimensional stock and disgorgement of profits by Ford and Levin.

The complaint alleges, in substance, that from June, 1974 through November, 1976 the defendants participated in a scheme to sell unregistered Dimensional stock by conducting a fraudulent Regulation A offering and subsequently reselling or facilitating the resale of these shares. The complaint further alleges that during the same period, the defendants released false information to investors and the public concerning Dimensional's activities, financial status and future growth, and engaged in a scheme to artificially raise and maintain the price of Dimensional's common stock by manipulating the over-the-counter trading market for that security. (SEC v. Dimensional Entertainment Corporation, et al., U.S.D.C., S.D.N.Y., Civil Action No. 77-5290). (LR-8198)

INVESTMENT COMPANY ACT RELEASES

NUVEEN MUNICIPAL BOND FUND

A notice has been issued giving interested persons until December 31 to request a hearing on an application of Nuveen Municipal Bond Fund, Inc. (the Fund), a Maryland corporation, registered as a diversified, open-end investment company, pursuant to Section 10(f) of the Investment Company Act of 1940, for an order exempting certain transactions of the Fund from the provisions of Section 10(f) of the Act so as to permit the Fund to purchase municipal bonds in public offerings in which an affiliate of the Fund's investment adviser participates as a principal underwriter, subject to certain conditions specified in the application. (Rel. IC-10017 - Nov. 18)

TEMPLETON GROWTH FUND, LTD.

An order has been issued on an application of Templeton Growth Fund, Ltd. (Fund), and Securities Fund Investors, Inc., the Fund's principal underwriter, permitting the Fund to offer its common shares for shares of the Reserve Fund, Inc., and exempting the Fund and its principal underwriter from the provisions of Section 22(d) in connection with such an offer of exchange. (Rel. IC-10018 - Nov. 18)

MASSMUTUAL CORPORATE INVESTORS

An order has been issued on an application of MassMutual Corporate Investors, Inc. (Fund), a registered, non-diversified, closed-end management investment company, and Massachusetts Mutual Life Insurance Company (Insurance Company), the Fund's investment adviser, permitting the Insurance Company to purchase at direct placement \$10 million of a new issue of 9-1/2% senior notes, due 1992, of Combined Communications Corporation. (Rel. IC-10019 - Nov. 18)

AETNA VARIABLE FUND

A notice has been issued giving interested persons until December 13 to request a hearing on an application for an order pursuant to Section 17(b) of the Act exempting from the provisions of Section 17(a) of the Act a proposed merger of Aetna Fund, Inc. into Aetna Variable Fund, Inc. (Rel. IC-10020 - Nov. 18)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

UNLISTED TRADING SOUGHT

A notice has been issued giving interested persons until December 4 to request a hearing on applications of the Boston Stock Exchange for unlisted trading privileges in the common stock of the following companies: Airco, Inc. (Delaware), \$1.00 par value; Sea Containers Inc. (N.Y.), \$.12-1/2 par value; Loral Corporation, \$.25 par value; Buttes Gas & Oil Company, no par value; and National Presto Industries, Inc., \$1.00 par value. (Rel. 34-14189)

UNLISTED TRADING GRANTED

An order has been issued granting the applications of the Philadelphia Stock Exchange, Inc. for unlisted trading privileges in the common stock of the following companies: Alcon Laboratories, \$.25 par value; Hilton Hotels Corporation, \$1.00 par value; and Western Publishing Co., Inc., \$1.00 par value. (Rel. 34-14190)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGE

The Midwest Stock Exchange, Inc. has filed a proposed rule change under Rule 19b-4 (SR-MSE-77-40) to amend its "reportable position report" requirements for options to reflect the initiation of puts trading on the Exchange, including changing the present reporting threshold from 100 contracts of the same option class to 200 contracts on the same side of the market for the same underlying security. Publication of the proposal is expected to be made in the Federal Register during the week of November 21. (Rel. 34-14191)

TRUST INDENTURE ACT RELEASES

THE BRITISH PETROLEUM COMPANY, LTD.

An order has been issued on an application of The British Petroleum Company, Limited, an English corporation (BP), and BP Pipelines Inc., a Delaware corporation (BP Pipelines), pursuant to Section 310(b)(1)(ii) of the Trust Indenture Act of 1939, declaring that the trusteeships of Morgan Guaranty Trust Company of New York under an indenture dated as of December 1, 1974, with Sohio/BP Trans Alaska Pipeline Finance Inc. (which name has since been changed to Sohio/BP Alaska Pipeline Capital Inc.), which is qualified under the Act, and under a new indenture dated as of August 15, 1977 with the City of Valdez, Alaska, which is not qualified under the Act, are not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify Morgan Guaranty from acting as trustee under said qualified indenture. (Rel. TI-492)

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-14) SOUTHWEST REALTY AND DEVELOPMENT COMPANY, INC., 723 Lincoln Liberty Life Bldg., 711 Polk, Houston, Tex. 77002 (713) 658-0344 - 2,040 shares of beneficial interest. (File 2-60314 - Nov. 16)
- (S-7) THE EMPIRE DISTRICT ELECTRIC COMPANY, 602 Joplin St., Joplin, Mo. 64801 (417) 623-4700 - 150,000 shares of common stock. (File 2-60336 - Nov. 18)
- (S-6) E.F. HUTTON CORPORATE INCOME TRUST, FOURTEENTH SERIES, One Battery Park Plaza, New York, N.Y. 10004 - 18,750 units. Depositor: E.F. Hutton & Company Inc. (File 2-60337 - Nov. 18)
- (S-6) PENN STATE TAX EXEMPT INVESTMENT TRUST, SERIES 1, One Battery Park Plaza, New York, N.Y. 10004 - 10,500 units. Depositors: E.F. Hutton & Company Inc., One Battery Park

Plaza, New York, N.Y. 10004, Janney Montgomery Scott Inc. and Moore, Leonard & Lynch, Inc. (File 2-60338 - Nov. 18)

- (S-8) TIME, INC., Time & Life Bldg., Rockefeller Center, New York, N.Y. 10020 - 21,851 shares of Series A \$1.575 cumulative convertible preferred stock. (File 2-60339 - Nov. 18)
- (S-8) BROOKS & PERKINS, INC., Suite 750 Honeywell Center, 17515 West 9 Mile Rd., Southfield, Mich. 48075 (313) 559-3500 - 75,000 shares of common stock. (File 2-60341 - Nov. 21)
- (S-14) NATIONAL MEDICAL ENTERPRISES, INC., 11620 Wilshire Blvd., Los Angeles, Cal. 90025 - (213) 479-5526 - 125,000 shares of common stock. (File 2-60342 - Nov. 21)
- (S-8) COMMERCE CLEARING HOUSE, INC., 4025 West Peterson Ave., Chicago, Ill. 60646 - 144,000 shares of common stock. (File 2-60343 - Nov. 21)
- (S-2) TAREX FINANCIAL SERVICES, INC., 565 East 4500 South, Suite A-210, Sale Lake City, Utah 84107 - 1,000 shares of common stock. (File 2-60344 - Nov. 16)
- (S-16) ST. REGIS PAPER COMPANY, 150 East 42nd St., New York, N.Y. 10017 (212) 697-4400 - 18,429 shares of common stock. (File 2-60345 - Nov. 21)
- (S-12) CITIBANK, N.A., 111 Wall St., New York, N.Y. 10015 - 100,000 American Depositary Receipts for ordinary shares of Southern Pacific Petroleum N.L. (File 2-60346 - Nov. 18)
- (S-6) THE CORPORATE INCOME FUND, SIXTY-SIXTH MONTHLY PAYMENT SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006 - 25,000 units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006, Bache Halsey Stuart Shields Inc. and Reynolds Securities Inc. (File 2-60347 - Nov. 21)
- (S-8) FIFTH THIRD BANCORP, 38 Fountain Square Plaza, Cincinnati, Ohio 45202 - 10,000 shares of common stock. (File 2-60350 - Nov. 21)
- (S-8) RELIANCE ELECTRIC COMPANY, 29325 Chagrin Blvd., Cleveland, Ohio 44122 - 100,000 shares of common stock. (File 2-60351 - Nov. 21)
- (S-14) WASHINGTON ENERGY COMPANY, 815 Mercer St., Seattle, Wash. 98111 - 3,303,436 shares of common stock. (File 2-60352 - Nov. 18)

REGISTRATIONS EFFECTIVE

Nov. 18: Amcord, Inc., 2-60299; Dentsply International Inc., 2-60144; Northwest Nitro-Chemicals Ltd., 2-60108; Rexnord, Inc., 2-59781; Systron-Donner Corp., 2-60243.

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 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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