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March 9, 1977

RULES AND RELATED MATTERS

U.S. SECURITIES AND EXCHANGE COMMISSION

PROPOSED RULES ON LEASE DISCLOSURES

The Commission is proposing adopting certain new rules and modifying existing rules to (1) conform its lease accounting and disclosure rules to those recently adopted by the Financial Accounting Standards Board (FASB); (2) require certain lease disclosures of public utilities and other rate regulated enterprises that are not required to conform their lease accounting and disclosures to those recommended by the FASB; and (3) require, in specific instances, early application of the lease accounting and disclosure requirements of the FASB. Comments should be submitted in triplicate on or before May 31, 1977 to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549. All comments should refer to File No. S7-680 and will be available for public inspection. (Rel. 33-5812)

RESCISSION OF AN ACCOUNTING SERIES RELEASE

Accounting Series Release No. 132 [37 FR 26516], Reporting of Leases in Financial Statements of Lessees, is being rescinded because the interpretation contained therein is no longer pertinent or necessary in the administration of the Commission's current rules. See summary of Release No. 33-5812 in this News Digest for additional details. (Rel. 33-5813)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

STIFEL, NICOLAUS & CO., INC., AND FREDERIC C. BOYCE SANCTIONED

An order has been entered censuring Stifel, Nicolaus & Co., Inc. (Registrant) a registered broker-dealer with its principal place of business in St. Louis, Missouri, ordering it to pay the sum of \$15,000 to the person or organization selected by the Commission, and providing for an undertaking that Registrant will revise and amend its compliance procedures in a manner to be agreed upon by Registrant and the staff of the Commission's Chicago Regional Office. In addition, Frederic C. Boyce, also of St. Louis, compliance manager of Registrant, was suspended from association with a broker-dealer, investment adviser or investment company for ten days.

The sanctions were imposed on findings that Registrant violated and aided and abetted violations of the antifraud provisions of the securities laws, and that Registrant and Boyce failed reasonably to supervise, with a view to preventing said violations, persons who were subject to their supervision and who committed said violations.

The Commission's action was taken pursuant to offers of settlement in which the respondents, without admitting or denying the charges against them, consented to the findings and sanctions. (Rel. 34-13307)

ORDERS FOR PUBLIC PROCEEDINGS

FINANCIAL PROFILES, INC., OTHERS

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 (Exchange Act) and the Investment Advisers Act of 1940 (Advisers Act) against Financial Profiles, Inc. (Profiles), Lemoyne, Pennsylvania, an investment adviser registered with the Commission; Herbert C. Fenstermacher, president of Profiles and a registered representative with a broker-dealer registered with the Commission; and Harold V. Sheriff, Jr., vice-president of Profiles and a registered representative with a broker-dealer registered with the Commission. The proceedings are based upon allegations of the Commission's staff that Profiles, Fenstermacher and Sheriff wilfully violated the antifraud provisions of the Securities Act of 1933 and the Exchange Act and that Profiles wilfully violated the antifraud provisions of the Advisers Act in connection with the offer and sale of the common stock of Profiles. In addition, the staff alleges that Profiles, aided and abetted by Fenstermacher and Sheriff, wilfully violated the Advisers Act and its rules as they relate to the custody and possession of clients' funds.

A hearing will be scheduled in order to take evidence on the staff's allegations and to afford respondents an opportunity to offer any defenses. (Rel. 34-13343)

COMMISSION ANNOUNCEMENTS

ANNUAL REPORT AVAILABLE

The 42nd Annual Report of the SEC for the fiscal year ended June 30, 1976 is now available for purchase at the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402, at a price of \$2.25 per copy.

COURT ENFORCEMENT ACTIONS

SEC SUES WHATCOM COUNTY WATER DISTRICT #13 AND PROMOTERS

The Seattle Regional Office filed a complaint on February 10 in the U.S. District Court for the Western District of Washington at Seattle, seeking to enjoin Whatcom County Water District #13, County of Whatcom, Washington, Steven J. Isenhardt, Thomas E. Isenhardt, Kristine L. Isenhardt, all of Sumas, Washington, Harold E. Isenhardt of Lynden, Washington, and James E. Isenhardt, Jr., of Maple Falls, Washington, from violations of the antifraud provisions of the securities laws.

The alleged violations stem from the sale of water and sewer revenue bonds of Whatcom County Water District #13. The complaint alleges that the defendants, directly or indirectly, sold \$1,200,000 of Whatcom County Water District #13, Water and Sewer Revenue Bonds, Series A, the principal and interest on which are repayable from assessments against real estate lots to be sold in a real estate development called Peaceful Valley Subdivision, which is being developed and promoted by the individual defendants. The District was formed by a petition signed by Steven J. Isenhardt, Thomas E. Isenhardt, and Kristine L. Isenhardt, to local authorities resulting in the appointment of the petitioners as commissioners of the District. The commissioners' Isenhardt resolved that the District place on the ballot in the state general elections in November, 1975, a proposition for a bond issue by the District of \$4,500,000. The proposition received a unanimous vote by the residents of the District, namely, Steven J. Isenhardt, Thomas E. Isenhardt, and Kristine L. Isenhardt and the wife of Steven J. Isenhardt.

The complaint alleges that the defendants sold Series A of the proposed bond issue while making material misrepresentations and omissions with respect to the number of lots sold and available for sale, the capability of the defendants to pay assessments in event of default or on lots not sold, the existence and amount of underlying real estate contracts, mortgage, deeds of trust, and security interests, the inability to acquire an underwriter because of the poor quality of the bonds, the financial condition of the District and the promoters, and, the fact that the commissioners were related to each other by birth and marriage and had an interest in the real estate development. (SEC v. Whatcom County Water District #13, et al., U.S.D.C. Western Dist. Wash., C77-103). (LR-7810)

UTAH PROMOTERS ENJOINED

The Seattle Regional Office announced that decrees of permanent injunction were entered against Professional Management Associates, J. Reid Hoggan, and Patrick Hoggan of Logan, Utah and Veloy Auger of Richmond, Utah enjoining them from violations of the registration provisions of the securities laws and enjoining Auger from further violations of the antifraud provisions of the securities laws with respect to securities issued by PMA or any other securities. The Commission's complaint alleged violations of the securities laws by defendants in the sale of fractional undivided interests and participations in an oil and gas drilling program issued by PMA. (SEC v. Auger, et al., D. Idaho - CIV-1-76-225). (LR-7812)

INVESTMENT COMPANY ACT RELEASES

ANCHOR RESERVE FUNDS

A notice has been issued giving interested persons until April 1 to request a hearing on an application of Anchor Reserve Fund, Inc., a Delaware corporation registered under the Act as an open-end diversified management company, for an order declaring that it has ceased to be an investment company as a result of its reorganization with and into Anchor Daily Income Fund, Inc., a Maryland corporation registered under the Act as an open-end diversified management company. (Rel. IC-9666 - Mar. 7)

ANCHOR DAILY INCOME FUND

A notice has been issued giving interested persons until April 2 to request a hearing on an application of Anchor Daily Income Fund, Inc., an open-end investment company registered under the Act, for an order permitting Applicant to distribute any capital gains more than once annually. (Rel. IC-9667 - Mar. 8)

HOLDING COMPANY ACT RELEASES

OHIO EDISON COMPANY

An order has been issued approving a proposal of Ohio Edison Company, a registered holding company, to issue and sell up to 5,000,000 shares of its \$9 par common stock. (Rel. 35-19923 - Mar. 8)

SYSTEMS FUELS

An order has been issued authorizing SFI and its parent operating companies in the Middle South Utilities, Inc. system to enter into a coal supply agreement with Antelope Coal Company, a joint venture subsidiary of Powder River Coal Company and Panhandle Eastern Pipeline Company. Under the contract, Antelope will deliver 5 million tons of low sulfur coal per year to SFI for use in two new coal fired units being built by AP&L. (Rel. 35-19924 - Mar. 8)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

LISTING ACTIONS

Orders have been issued pursuant to the Securities Exchange Act of 1934 granting the applications of the following companies to list the specified securities on the following stock exchanges: American Stock Exchange, Inc. - Condec Corp., 10% subordinated debentures, due 1997 (effective as of February 28, 1977). New York Stock Exchange, Inc. - The Standard Oil Co., 6-1/8% notes, due December 1, 1979, 6-1/2% notes, due December 1, 1981 and 7-1/2% notes, due December 1, 1986 (effective as of February 4, 1977); The LTV Corp., 9-1/4% sinking fund debentures, due February 1, 1997; Kroger Co., 8-1/2% sinking fund debentures, due December 1, 2001; and Federated Development Stores, Inc., 7.35% sinking fund debentures, due January 1, 1997 (all effective as of February 25, 1977). (Rel. 34-13344)

SELF-REGULATORY ORGANIZATIONS

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by The Depository Trust Company (DTC) under Rule 19b-4 (SR-DTC-77-1) to enable DTC participants to exercise repayment options on certain debt securities without withdrawing them from DTC. (Rel. 34-13340)

MISCELLANEOUS

UNAGUSTA CORPORATION

An order has been issued granting the application of Unagusta Corporation (Applicant), a North Carolina corporation, pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an exemption from the provisions of Section 15(d) of the Act. It appears to the Commission that the requested exemption is not inconsistent with the public interest and the protection of investors in view of the fact that (a) Applicant has permanently abandoned all business activities; its liabilities substantially exceed its assets; there is de minimum trading in Applicant's common stock; and Applicant has no income nor employees to prepare such reports; and (b) Welbilt Corporation, the 82% parent of Applicant, has undertaken to provide information relating to the current status of Applicant. (Rel. 34-13345)

SECURITIES ACT REGISTRATIONS

(S-7) CITICORP

399 Park Ave., New York, N.Y. 10022 - \$350 million of notes, due 2007, to be sold through underwriters led by The First Boston Corp., 20 Exchange Pl., New York, N.Y. 10005, Goldman, Sachs & Co., 55 Broad St., New York, N.Y. 10004, and Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, New York, N.Y. 10006. Citicorp is a holding company, the principal asset of which is Citibank, N.A. Other subsidiaries provide a wide range of financially related services. (File 2-58355 - Mar. 7)

(S-7) OHIO POWER COMPANY

301 Cleveland Ave., S.W., Canton, Ohio 44702 - \$40 million of first mortgage bonds, due 2007, to be offered for sale at competitive bidding. The company is an electric utility operating company. (File 2-58350 - Mar. 4)

(S-7) THE FLINTKOTE COMPANY

1351 Washington Blvd., Stamford, Conn. 06902 - 1,272,016 shares of common stock. Flintkote proposes to offer these shares in exchange for its outstanding shares of \$4.50 Series A convertible second preferred stock (\$100 par) (\$4.50 preferred) and of its \$2.25 Series B convertible second preferred stock (\$2.25 preferred) at the rate of four and two shares of common stock for each share of \$4.50 and \$2.25 preferred, respectively. Lehman Brothers Inc., One William St., New York, N.Y. has agreed to act as dealer manager. Flintkote is a major producer of basic materials and products for the building and construction industries in the United States and Canada, and has interests in companies engaged in the distribution of plumbing, heating and air-conditioning supplies and equipment, and in the exploration, recovery and refining of petroleum and natural gas products. (File 2-58351 - Mar. 4)

(S-1) ENI OIL & GAS IDENTIFIED PROPERTIES PROGRAM - 1977

Suite 1401, Bank of California Center, Seattle, Wash. - 5,000 units of limited partnership interests, to be offered for sale at a subscription price of \$5,000 per unit. The minimum subscription is three units. The partnership interests are in a series of up to six limited partnerships, the first of which is designated ENI Oil & Gas Identified Properties Program - 1977A. If subsequent partnerships are formed, they will be designated ENI Oil & Gas Identified Properties Program - 1977B through 1977F. The limited partnerships will drill for oil and gas by drilling exploratory wells and wells on development leases. The interests will be offered by ENI Corporation and may be offered by other NASD members. (File 2-58353 - Mar. 4)

REGISTRATIONS EFFECTIVE

Mar. 4: King of Siam Co., 2-58117 (90 days); N L Industries Inc., 2-58079; Ohio Edison Co., 2-58129; Reading & Bates Offshore Drilling Co., 2-58183; Stephens Arkansas Tax Exempt Bond Fund, Series One, 2-57424; Universal Foods Corp., 2-58102.

Mar. 7: A Broadway Musical Co., 2-57666 (90 days).

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.

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