

sec news digest

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May 25, 1977

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

PHILLIP J. WOLFSON BARRED FROM PRACTICE BEFORE COMMISSION

The Commission has issued an Opinion and Order finding that Phillip J. Wolfson, an accountant of Beverly Hills, California, engaged in unethical and improper professional conduct and wilfully violated and aided and abetted violations of the antifraud and reporting provisions of the securities laws. The Commission accepted a resignation and undertaking submitted by Wolfson and ordered him not to appear or practice before the Commission. The Opinion and Order was issued based upon Wolfson's consent. Wolfson neither admitted nor denied the alleged misconduct. The Opinion and Order concludes public administrative proceedings instituted against him on January 6 pursuant to Rule 2(e) of the Commission's Rules of Practice.

The Commission found that Wolfson compromised the independence of two accounting firms while a partner in such firms in that he had direct or material indirect financial interests in audit clients of these firms while such firms were performing audit engagements on financial statements of the clients to be included in filings with the Commission and during reporting periods the results of which were reflected in such financial statements. Such interests included securities of as well as a continuing liability on certain bank indebtedness of SaCom, formerly known as Guide Scientific Industries, Inc. The Commission found that Wolfson made untrue statements with respect to such interests in testimony in the investigation which preceded institution of these proceedings. The Opinion and Order also asserted that Wolfson issued or caused the issuance of the accounting firm's report on the 1970 fiscal year financial statements of SaCom when he knew or should have known that SaCom's reported net loss was substantially understated and its assets and shareholders equity were substantially overstated by reason of improper removal from expense accounts and deferral of approximately \$170,000 of cost by SaCom. In addition, the Commission found that Wolfson participated in the false disclosure by SaCom in a filing with the Commission of accounting fees due to his firm. (Rel. 34-13521)

ORDERS FOR PUBLIC PROCEEDINGS

RICHARD DOUGLAS AVERY NAMED

The Commission has initiated public administrative proceedings pursuant to Section 9(b) of the Investment Company Act of 1940, Section 203(f) of the Investment Advisers Act of 1940, and Section 15(b) of the Securities Exchange Act of 1934, against Richard Douglas Avery of Anaheim, California. The proceedings are based on alleged violations of Section 17(e) of the Investment Company Act of 1940. Avery was formerly a securities trader with Financial Programs, Inc., a Denver investment adviser. (Rel. IC-9778)

COMMISSION ANNOUNCEMENTS

MORRISEY NAMED SPECIAL COUNSEL TO THE DIRECTORATE OF ECONOMIC AND POLICY RESEARCH

Richard Zecher, Director of the Directorate of Economic and Policy Research, announced the appointment of Richard John Morrisey III to the newly created position of Special Counsel to the Directorate. Mr. Morrisey will have major responsibility for coordinating the research and policy activities of the Directorate with those of the Commission's operating Divisions and Offices. He will also be an active contributor to various research and policy studies in the Directorate.

Mr. Morrisey began his service with the Commission in August, 1974 in the Office of Market Structure and Trading Practices, Division of Market Regulation. In August of 1976, he transferred to that Division's Office of Self-Regulatory Oversight, with principal responsibilities in the area of options. Mr. Morrisey is a graduate of Dartmouth College and the School of Law, University of Arkansas, where he served as editor-in-chief of the Arkansas Law Review.

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES BETHMANN BANK, OTHERS

The SEC announced on May 23 the filing of a complaint in the U.S. District Court for the District of Columbia seeking injunctive and other relief against Bethmann Bank, a private West German bank, and four residents of West Germany, Francisco Valles, Hans Dittmar, Heinz Schwake and Dieter Heinemann, securities brokers on the Frankfurt Stock Exchange. The complaint alleges that the defendants failed to file a Schedule 13D and amendments thereto as required by Section 13(d) of the Securities Exchange Act of 1934 and the rules thereunder reflecting, among other things, the acquisition of more than five per cent of the outstanding shares of the common stock of General Semiconductor Industries, Inc. (GSI), a Tempe, Arizona manufacturer of semiconductor products whose common stock is registered with the Commission. (SEC v. Bethmann Bank, et al., U.S.D.C. D.C., Civil Action No. 77-0872). (LR-7933)

INVESTMENT COMPANY ACT RELEASES

HEARING SET REGARDING M. KIMELMAN & CO.

A hearing has been ordered for July 18 on an application of M. Kimelman & Co. (Applicant), for an order under Section 6(c) of the Act, exempting from the provisions of Section 17(e) of the Act the proposed receipt by Applicant of a finder's fee of \$750,000 from Talley Industries, Inc., allegedly earned by Applicant in connection with a merger in May, 1970 of Talley Industries, Inc. and General Time Corporation. (Rel. IC-9777 - May 24)

HOLDING COMPANY ACT RELEASES

NORTH EAST HEAT & LIGHT COMPANY

An order has been issued approving a proposal of North East Heat & Light Company, subsidiary of British American Utilities, whereby North East will make unsecured borrowings in a maximum aggregate principal amount of \$45,000. The proceeds of the borrowings will be used by North East to pay its gross receipts tax and other currently payable expenses. (Rel. 35-20048 - May 24)

GEORGIA POWER COMPANY

An order has been issued releasing jurisdiction over the terms of the loan agreement payments to be undertaken by Georgia Power Company, subsidiary of The Southern Company, in connection with its borrowing of the proceeds of the sale of pollution control revenue bonds by two Georgia counties. (Rel. 35-20049 - May 24)

MISCELLANEOUS

HARBINE FINANCIAL SERVICE

A notice of and order for hearing has been issued on an application of Harbine Financial Service (HFS) for the exemption from Section 205(1) of the Investment Advisers Act of 1940 necessary to permit it to impose a fee schedule which would be based in part on HFS' receiving a portion of the capital gains upon its clients' funds. The notice gives interested persons until June 27 to file a request to be heard or to participate in the hearing, which is scheduled for June 29. (Rel. IA-588)

SECURITIES ACT REGISTRATIONS

(S-16) CITICORP

399 Park Ave., New York, N.Y. 10022 - 36,595 shares of common stock, to be sold by certain selling stockholders. Citicorp is a holding company, the principal asset of which is Citibank, N.A. (File 2-58952 - May 9)

(S-1) THE LTV CORPORATION

LTV Tower, Dallas, Tex. 75222 - \$181,332,992 of 11% subordinated debentures, due 2007 (new debentures), to be offered in exchange for 5% subordinated debentures, due 1988, of the company (old debentures) at the rate of \$640 of new debentures for \$1,000 of

old debentures. Lehman Brothers Inc., One William St., New York, N.Y. 10004, will be the dealer-manager. The LTV Corporation is engaged primarily in the steel and ferrous metal products, meat and food processing and aerospace business through its subsidiaries. (File 2-58974 - May 10)

(S-1) JC OIL, LTD.-1977A AND 1977B

431 Lenox Towers, 3400 Peachtree Rd., N.E., Atlanta, Ga. 30326 - \$3 million of limited partnership interests, to be offered for sale by JC Sales Corp., a SECO broker-dealer wholly-owned by John H. Clifton, the general partner of the partnerships. The partnerships will engage in the exploration for and development of oil and gas properties in the United States. The minimum subscription price is \$10,000 and additional subscriptions may be made in \$5,000 increments. (File 2-58986 - May 10)

(S-1) LOUISIANA STUD, LTD.

Old Sunset Rd., Opelousas, La. 70570 - 200 partnership in commendam units, to be offered for sale at a price of \$7,500 per unit for a total offering of \$1,500,000. This partnership will acquire a 197 acre horse farm near Opelousas, La. and will provide facilities for the boarding, breeding, and training of thoroughbred and quarter horses owned by investors. No underwriter will be involved. (File 2-58993 - May 11)

(S-B) REPUBLIC OF VENEZUELA

\$100 million of notes, due 1982, to be offered for sale through underwriters headed by Morgan Stanley & Co. Inc., 1251 Avenue of the Americas, New York, N.Y. 10020, The First Boston Corp., 20 Exchange Pl., New York, N.Y. 10005 and Salomon Brothers, One New York Plaza, New York, N.Y. 10004. (File 2-59010 - May 13)

(S-7) AVIS, INC.

900 Old Country Rd., Garden City, N.Y. 11530 - 2,000,000 shares of common stock, to be offered for sale by a selling stockholder through underwriters headed by Dillon, Read & Co. Inc., 46 William St., New York, N.Y., Goldman, Sachs & Co., 55 Broad St., New York, N.Y. and Kidder, Peabody & Co. Inc., 10 Hanover Sq., New York, N.Y. Avis, Inc. is engaged in the business of renting and leasing vehicles to the general public through a worldwide system operated by Avis, Inc. and by independent licensees. (File 2-59039 - May 17)

(S-7) GRANTREE CORPORATION

2300 S.W. First Ave., Portland, Ore. 97201 - 532,565 shares of common stock, to be offered for sale through underwriters headed by Bateman Eichler, Hill Richards Inc., 460 South Spring St., Los Angeles, Cal. 90013, and Robertson, Colman, Siebel & Weisel, 235 Montgomery St., Suite 2100, San Francisco, Cal. 94104 of which 424,915 shares are to be offered by the company and 107,650 shares are to be offered by certain selling stockholders. The company is primarily engaged in furniture rental and sales and, to a lesser extent, equipment leasing. (File 2-59080 - May 23)

(S-14) TRANS UNION CORPORATION

90 Half Day Rd., Lincolnshire, Ill. 60015 - 355,837 shares of common stock, to be offered in exchange for the outstanding shares of common stock of Ecodyne Corporation at the rate of 0.45 Trans Union share for each Ecodyne share. Trans Union is a diversified holding company engaged primarily in full service leasing of railway tank cars, designing and manufacturing water and waste treatment equipment, chartering and operating ocean vessels, overseas marketing of products, manufacturing and distributing fasteners and forged products, and developing real estate. (File 2-59081 - May 23)

(S-6) AMERICAN TAX-EXEMPT BOND TRUST, SERIES 20

215 North Main St., West Bend, Wis. 53095 - \$7,875,000 of units, to be offered for sale at net asset value (\$1,050 maximum). The Trust is the twentieth of a series of unit investment trusts proposed to be created under a trust indenture among B. C. Ziegler and Company as sponsor, United States Trust Company of New York as trustee, and Standard & Poor's Corporation as evaluator. It consists of a portfolio of interest bearing obligations issued by or on behalf of states, counties, municipalities and territories of the United States and authorities and political subdivisions thereof, the interest on which is, in the opinion of bond counsel, exempt from all Federal income tax under existing law. (File 2-59082 - May 23)

STOCK PLANS FILED

The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

Wells Fargo & Co., San Francisco, Cal. (File 2-59066 - May 20) - 150,000 shares

Thiokol Corp., Newtown, Pa. (File 2-59069 - May 18) - 416,318 shares

STOCK PLANS FILED CONT.

ICN Pharmaceuticals, Inc., Irvine, Cal. (File 2-59072 - May 20) - 600,000 shares
The Parker Pen Co., Janesville, Wis. (File 2-59077 - May 19) - 39,166 shares
Marion Laboratories, Inc., Kansas City, Mo. (File 2-59078 - May 20) - 624,187 shares
Voplex Corp., Pittsford, N.Y. (File 2-59079 - May 20) - 200,000 shares
Leggett & Platt, Inc., Carthage, Mo. (File 2-59083 - May 23) - 158,590 shares
R.E.D.M. Corp., Wayne, N.J. (File 2-59085 - May 20) - 44,000 shares
South Carolina Insurance Co., Columbia, S.C. (File 2-59086 - May 23) - 200,000 shares
Cutler-Hammer, Inc., Milwaukee, Wis. (File 2-59088 - May 23) - 44.25 shares
American Seating Co., Grand Rapids, Mich. (File 2-59089 - May 23) - 60,000 shares
Gulf States Utilities Co., Beaumont, Tex. (File 2-59090 - May 23) - 350,000 shares
Reid-Provident Laboratories, Inc., Atlanta, Ga. (File 2-59091 - May 23) - 50,000 shares
Compuserve Inc., Columbus, Ohio (File 2-59092 - May 23) - 45,000 shares
International Telephone and Telegraph Corp., New York, N.Y. (File 2-59094 - May 24) - 800,000 shares

REGISTRATIONS EFFECTIVE

May 3: Quasar Microsystems, Inc., 2-58208.
May 10: Mountain Fuel Supply Co., 2-58676.
May 13: Marathon Oil Co., 2-58694; NCR Corp., 2-58755 & 2-58756.
May 18: Analog Devices, Inc., 2-58946; Castle & Cooke, Inc., 2-58841; Consumers Power Co., 2-58815; D. H. Baldwin Co., 2-58733; Dean Foods Co., 2-58884; Dorchester Gas Corp., 2-58403; Gulf Resources & Chemical Corp., 2-58857 & 2-58856; Kollmorgen Corp., 2-58935; Leaseway Transportation Corp., 2-58826; Northern Indiana Public Service Co., 2-58828; Ramada Inns, Inc., 2-57885; Tax-Exempt Securities Trust, Series 13, 2-58492.
May 19: Desoto, Inc., 2-58814; Genrad, Inc., 2-58744; Texas Utilities Co., 2-58911.

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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