

sec news digest

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July 16, 1974

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

BROKER-DEALER REGISTRATION OF DARREN SECURITIES CO. REVOKED

The Commission has revoked the broker-dealer registration of Darren Securities Co., of New York. The sanction was based upon a finding that the firm failed to file with the Commission required reports of its financial condition for 1971 and 1972. The firm did not answer the charges against it and was deemed in default. (Rel. 34-10874)

A.P. MONTGOMERY & CO. REVOKED, RICHARD S. FRIEDMAN SANCTIONED

The Commission has revoked the broker-dealer registration of A.P. Montgomery & Co., Inc., of New York, suspended its president, Richard S. Friedman, from association with any broker-dealer, investment adviser or investment company for a period of 180 days, and barred Friedman from any such association in a nonsupervised capacity. After his suspension, Friedman may apply for permission to become so associated in a nonsupervisory capacity.

The sanctions imposed were based on findings that from February 1, 1972 to May 1, 1973, the firm and Friedman violated antifraud and antimanipulative provisions of the securities acts in transactions involving the common stocks of SaCom and Manchester Life and Casualty Management Corporation. The firm and Friedman artificially maintained the prices of those securities and created a false and misleading appearance of the markets for them by entering into arrangements with persons engaged in distributions of the securities whereby the firm quoted the stocks at prices determined by such persons and made purchases and sales with guaranteed profit agreements. In addition, the firm and Friedman furnished quotations for SaCom to an interdealer quotation system without informing it, or other broker-dealers entering quotations for the stock, of those arrangements.

The Commission also found that from January 1 through July 1972, the firm and Friedman committed additional violations of the antifraud provisions, as well as violating credit extension and recordkeeping provisions, in transactions involving short sales of the securities of Adobe Corporation, Fidelity Financial Corporation, Forest Oil Corporation, Storage Technology Corporation and Tuftco Corporation. The firm improperly extended credit in the short sales to it, and falsified its records by recording short sales as long sales. It was also found that the firm and Friedman failed to preserve certain records for the required length of time.

The Commission's order was issued under an offer of settlement in which the firm and Friedman, without admitting or denying the charges against them in two administrative proceedings, consented to the findings and sanctions. (Rel. 34-10909)

RONALD G. FARRELL BARRED

The SEC has barred Ronald G. Farrell, of Atlanta, Georgia, from association with any broker, dealer, investment adviser or investment company. The sanction was based upon findings that from March 1970 to April 1973, Farrell unlawfully sold the common stocks of First Equity Corporation and Equity Holding Corporation, and made misstatements involving transactions in those stocks and that of Investment Enterprises, Incorporated. It was also found that Farrell aided and abetted violations of the recordkeeping, reporting, net capital and credit-extension requirements, and the failure to make accurate quarterly box counts and timely establish a customer reserve account.

Farrell consented to the findings and sanction without admitting or denying the charges. (Rel. 34-10911)

COURT ENFORCEMENT ACTIONS

TELEPROMPTER CORPORATION ENJOINED

The SEC announced the filing of a complaint against Teleprompter Corporation on July 15 in the U.S. District Court for New York seeking a permanent injunction for violations of the antifraud provisions of the securities laws alleging that Teleprompter issued press releases in 1973 and filed an annual report on Form 10-K for the year ended December 31, 1974 which were materially false and misleading. Teleprompter, without admitting or denying the allegations, consented to a permanent injunction which would enjoin violations of the antifraud provisions of the securities laws, order Teleprompter Corporation to maintain (or if not already in force promptly establish) and implement procedures for the preparation of operations and capital budget forecasts so as to be able to apprise Teleprompter's directors of the financial and operational position of the corporation on a reasonably current basis, and order Teleprompter to furnish the Commission with letters received from its independent auditors for the years 1974 and 1975 relating to the maintenance and implementation of such procedures. (LR-6431)

KOSS SECURITIES CORP., OTHERS SENTENCED

The New York Regional Office announced that dispositions had been arrived at as to 14 of 16 defendants in a 13-count indictment returned on September 25, 1973 by a Federal grand jury. The indictment charged that the defendants and others engaged in a conspiracy to manipulate the price of Automated Information Systems, Inc. The defendants and their dispositions are as follows: Theodore Koss was found guilty of eight counts and received one year in prison and three years probation; Koss Securities Corporation was found guilty of seven counts and received a \$1,500 fine; Erwin Layne was found guilty of five counts and received one year in prison and three years probation; and William McGee was found guilty of three counts and received three months in prison and two years probation.

The following defendants all pleaded guilty to single counts of the indictment and were sentenced as follows: Stephen Zardus received two years probation and \$1,000 fine; Robert Santis received two years probation and \$3,000 fine; Herbert Shulman received two years probation and \$1,500 fine; Steven Adlman received three years probation; Robert Kolbert received three years probation; Stanley Schwartz received two years probation and \$1,500 fine; Martin Roth received three years probation; Irwin Hyman received three months in prison, and two years probation; and Dan Anfang received three years probation. Steven Hagler was acquitted of all charges. (LR-6436)

COMMISSION ANNOUNCEMENTS

LOS ANGELES AND SAN FRANCISCO OFFICES HOURS CHANGED

Effective immediately, the Commission has changed the office hours of the Los Angeles Regional and the San Francisco Branch Offices from 8:30 am - 5:00 pm., Pacific Time, to 8:00 am - 4:30 pm, Pacific Time.

HOLDING COMPANY ACT RELEASES

SYSTEM FUELS

An order has been issued authorizing a proposal of System Fuels, Inc., a jointly-owned non-utility subsidiary of the electric utility subsidiaries of Middle South Utilities, Inc., to lease two oil storage tanks and related facilities from Unilease No. 10, Inc., a non-affiliated single purpose leasing company. The facilities, now owned by Louisiana Power & Light Company, an associate company in the Middle South System, will be acquired by Unilease for approximately \$5.3 million. (Rel. 35-18488)

OHIO EDISON COMPANY

A notice has been issued giving interested persons until August 6 to request a hearing on a proposal of Ohio Edison Company and its subsidiary, Pennsylvania Power Company, to enter into an agreement of sale with the Beaver County Industrial Development Authority for Ohio Edison and Pennsylvania to construct pollution control and

waste disposal equipment and facilities at the Beaver Valley Power Station to be financed by pollution control revenue bonds to be issued by the Authority. (Rel. 35-18495)

GENERAL PUBLIC UTILITIES CORPORATION

A notice has been issued giving interested persons until August 6 to request a hearing on a proposal of General Public Utilities Corporation (GPU), to vary the respective amounts of the balance of \$125,100,000 in cash capital contributions between its subsidiaries with no subsidiary receiving more than \$100 million. (Rel. 35-18496)

OHIO EDISON COMPANY

A notice has been issued giving interested persons until August 8 to request a hearing on a proposal of Ohio Edison Company, a registered electric utility holding company, to acquire utility assets in the cities of Norwalk, Salem, and Akron, Ohio. (Rel. 35-18497)

NATIONAL FUEL GAS COMPANY ORDER CORRECTED

An amended plan for the realignment of the National Fuel Gas Company holding company system was approved by the Commission on July 5th. The phrase "NFG will issue to Iroquois, United and Penn Gas an aggregate of 5,991,865 shares of its no-par value common stock," appearing in the first paragraph of page five of the order, has been amended to read "NFG will issue to Iroquois, United and Penn Gas an aggregate of 2,000 shares of its no-par value common stock. (Rel. 35-18499)

SECURITIES ACT REGISTRATIONS

(S-11) WESTERN HOST PROPERTY TRUST

21301 Ventura Blvd., Woodland Hills, Cal. 91364 - 20,000 shares of beneficial interest, to be offered for sale at \$1,000 per share in a new real estate investment trust organized to develop motor hotels and related restaurants primarily in California to be leased to and operated by Western Host, Inc. (File 2-51350 - June 19)

(S-14) FOURTH EMPIRE FUND, INC.

421 Seventh Ave., Pittsburgh, Pa. 15219 - 1,400,000 shares of capital stock. These shares will be issued to shareholders of Fifth Empire Fund, Inc., Sixth Empire Fund, Inc. and Federated Regional Research Investments, Inc. under the terms of a merger calling for the merger of Fifth Empire Fund, Inc., Sixth Empire Fund, Inc. and Federated Regional Research Investments, Inc. into Fourth Empire Fund, Inc. (File 2-51462 - June 28)

(S-1) BENAL BEACH CORPORATION, S.A.

Carretera de Cadiz, Km 227,700 Benalmadena/Costa, Malaga, Spain - 300 consominium apartment units located in Benalmadena/Costa, Malaga (Costa del Sol), Spain, to be offered for sale at an average price of \$29,822 per unit by Intersun Development U.S., Inc. 575 Madison Ave., New York, N.Y. 10022. The entity was formed to construct a condominium hotel known as Benal Beach Hotel and to sell condominium units in that hotel on the basis of either participation in a rental and maintenance pool or individual ownership and maintenance by the purchaser. (File 2-51472 - July 2)

(S-3) AMERICAN PRIMARY RESOURCES, INC.

Brown Bear Mine, Deadwood Road, Lewiston, Cal. 96052 - 625,000 shares of common stock, to be offered for sale through underwriters with whom the company is negotiating. The company is engaged in exploring for gold and silver. (File 2-51475 - July 1)

(S-1) MAY PETROLEUM INC.

4925 Greenville Ave., Dallas, Tex. 75206 - 450,000 shares of common stock. It is proposed to offer these shares in exchange for certain partnership interest in drilling partnerships organized by May Petroleum Inc. at a ratio to be determined. May explores for and develops oil and gas reserves and production. (File 2-51488 - July 1)

(S-1) RAPOCA ENERGY CORP.

1601 DuBois Tower, Cincinnati, Ohio 45202 -- 1,155,025 shares of common stock. It is proposed to offer 755,025 of these shares in exchange for all of the outstanding common shares of Primary Medical Communications, Inc., New York, N.Y. at the rate of .75 Rapoca share for each Primary share, the remaining 400,000 shares are to be offered for sale from time to time by a shareholder at prices current at the time of sale. Rapoca mines and markets bituminous coal. (File 2-51492 - June 25)

(S-1) MCDONALD'S CORPORATION

McDonald's Plaza, 2111 Enco Dr., Oak Brook, Ill. 60521 - \$50 million of sinking fund debentures, due 1994, to be offered for sale through underwriters headed by Paine, Webber, Jackson & Curtis Incorporated, 140 Broadway, New York, N.Y. 10005. McDonald's develops, operates, licenses and services a system of more than 2,800 self service restaurants. (File 2-51499 - July 1)

(S-16) AMTEL, INC.

40 Westminster St., Providence, R.I. 02903 - 130,000 shares of common stock, which may be offered for sale from time to time by Harlond H. Hauck and Linda K. Hauck, selling stockholders, at a price current at the time of sale. Amtel is a diversified corporation which manufactures and sells a variety of industrial and consumer products, designs and constructs refineries and petrochemical plants and distributes and sells petroleum products and related items. (File 2-51511 - July 2)

REGISTRATIONS EFFECTIVE

July 12: The Fleming Companies, Inc., 2-50926; Pro Income Fund, Inc., 2-50865.
July 15: Borg Warner Corp., 2-51425, 2-51426; Control Data Corp., 2-50332; Energex Corp., 2-50122; Gold Fields Property Company Ltd., 2-51531; I.M.S. International, Inc., 2-51510; Iowa Beef Processors, Inc., 2-51055; ITO Yokado Co., Ltd., 2-51299; NB Corporation, 2-51052; Reserve Oil and Gas Company, 2-50719; Water Associates, Inc., 2-51288.

REGISTRATIONS WITHDRAWN

July 11: Centennial Industries, Inc., 2-48487; Convenience Foods Of Pennsylvania, Inc., 2-42571.
July 12: Argus Incorporated, 2-49603.

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 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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