

sec news digest

LIBRARY

Issue 81-73

April 16, 1981

APR 17 1981

ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES AND EXCHANGE COMMISSION

BRIAN J. MAHONEY SANCTIONED

In connection with a previously instituted administrative proceeding, the Commission has accepted an Offer of Settlement submitted by Brian J. Mahoney, formerly the president of Brokers' Trading, Inc., a broker-dealer located in Minneapolis, Minnesota for which a Securities Investor Protection Corporation trustee was appointed on December 22, 1977.

Based on the offer, which neither admits nor denies the allegations of the Order Instituting Proceedings, the Commission entered an order finding that Mahoney willfully aided and abetted violations of the antifraud, margin and broker-dealer reporting provisions of the securities laws. The antifraud and margin violations related to transactions in the common stock of CineVideo International Corporation, presently known as C V International Corporation. The order also includes a finding that Mahoney failed to reasonably supervise employees under his supervision.

In addition, Mahoney consented to the Commission's imposition of sanctions whereby he is suspended for 15 days from association with any broker, dealer, investment company, investment adviser or affiliate thereof; and is barred from serving in a principal or supervisory capacity with any broker, dealer, investment company, investment adviser or affiliate thereof with a right to apply after five years to serve in a non-financial supervisory capacity for securities trading. (Rel. 34-17689)

FERROVANADIUM CORPORATION N.L. CITED

The Commission has accepted an Offer of Settlement from Ferrovanadium Corporation N.L. in which it consented, without admitting or denying the allegations against the company not previously admitted, to the entry of Findings, Opinion and Order by the Commission.

The Order provides, among other things, for findings that Ferrovanadium failed to comply with Sections 12(g) and 13(a) of the Exchange Act and Rules 12b-20 and 13a-1 thereunder; and that Ferrovanadium is ordered to comply with its undertakings as set forth in its Offer of Settlement to, among other things, comply promptly and fully with Sections 12(g) and 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-11 thereunder, to distribute copies of the Order in this proceeding to all stockholders or holders of American Depositary Receipts in the United States; to appoint an agent for service of process in the U.S., to retain independent U.S. counsel; and to cause any future geologic or other mining studies to include findings prepared in accordance with U.S. standards.

The Order further provides that Ferrovanadium is ordered to alert the Commission 10 days in advance of anticipated non-compliance with any of its undertakings, that these proceedings are suspended upon the entry of this Order except that the Commission reserves the right to reopen these proceedings should the company fail to comply with any of its undertakings; and that the suspension of the registration of the securities of Ferrovanadium previously ordered shall be terminated 10 days from the date of the entry of the Order.

The Order for Public Proceedings in this matter was issued on February 10, 1981 and this proceeding was concluded April 15, 1981. (Rel. 34-17721)

CIVIL PROCEEDINGS

JAMES A. LACK AND MAYFLOWER MANAGEMENT COMPANY, INC. ENJOINED

The Commission announced that on April 6 the Honorable A. David Mazzone of the U.S. District Court for the District of Massachusetts, entered an order permanently enjoining Mayflower Management Company, Inc. (Management), a registered investment adviser, and James A. Lack, president, treasurer and sole director of Management, from further violations of Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder, Sections 206(1) and (2) of the Investment Advisers Act of 1940, and Sections 15(a), 15(a)(1), 17(a)(3) and 37 of the Investment Company Act of 1940. Management and Lack were also enjoined from acting as an officer, director, member of any advisory board, investment adviser, or depositor in respect of any registered investment company. Management and Lack consented to the Order of Permanent Injunction without admitting or denying the allegations of the complaint.

The complaint alleged that Management and Lack concealed from Mayflower Fund, Inc., a registered investment company and advisory client of Management, the serious deterioration in their financial condition and the secret assignment by Lack of all outstanding stock of Management. It also alleged that Management and Lack permitted Mayflower Fund assets to remain uninvested in non-interest bearing accounts and that they converted \$40,000 of such assets through failure to repay excess 1979 and 1980 expenses.

Lack and Management were also alleged to have placed orders to purchase securities with various broker-dealers, including Drexel Burnham Lambert Inc., Morgan Stanley & Co., Bear Stearns & Co., and Lehman Brothers Kuhn Loeb Inc., with no intention to pay for them as evidenced by some \$490,000 in checks drawn against insufficient funds, and to have engaged in options trading in an individual's managed account contrary to the instructions of the client, incurring heavy losses. (SEC v. Mayflower Management Company, Inc., D.C. Mass., Civil Action No. 81-0513-MA). (LR-9339)

COMPLAINT NAMES SAM S. BROWN, JR. AND HERITAGE INVESTMENT GROUP, INC.

The Commission announced on April 15 the filing of a civil injunctive action seeking to enjoin Sam S. Brown, Jr. of Atlanta, Georgia, and Heritage Investment Group, Inc., a company located in Atlanta, Georgia which is wholly-owned by Brown, from further violations of the securities registration, antifraud and broker-dealer registration provisions of the securities laws.

The Commission's complaint alleges that Brown and Heritage embarked upon and intended to complete a scheme to evade the securities registration requirements of the Securities Act of 1933. According to the complaint, the scheme contemplates that the defendants would, and they in fact did, purchase a financially troubled business, acquire options to purchase unregistered stock issued by public companies, transfer the options to the financially troubled company, cause the troubled company to file for bankruptcy and petition the bankruptcy court for permission, pursuant to Federal bankruptcy law, to sell the stock to the public underlying the options without registration under the Securities Act.

The complaint also alleges that in the process of acquiring the options to purchase restricted stock, Brown and Heritage made false and misleading statements to the option sellers. Finally, the complaint alleges that Brown and Heritage unlawfully failed to register as a securities dealer.

Without admitting or denying the allegations contained in the Commission's complaint, Brown and Heritage consented to the entry of a final judgment of permanent injunction enjoining them from further violations of the above enumerated sections of the securities laws. (SEC v. Sam S. Brown, Jr. and Heritage Investment Group, Inc., D.D.C., Civil Action No. 81-0881) (LR-9340)

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; File number and date filed; Assigned Branch; and whether the registration statement is a New Issue.

- (S-18) WHITMAN MEDICAL CORP., 990 Raritan Rd., Clark, NJ 07066 (201) 574-9194 - 333,350 shares of common stock. Underwriter: Broadchild Securities. The company was organized in 1979 to complete the development of the Gordon IVS, a disposable intravenous stabilizer used to secure a catheter during intravenous therapy, and to develop other medical and surgical products for the health care field. (File 2-71623-NY - Apr. 8) (Br. 8 - New Issue)
- (S-18) PHOTOGRAPHIC SCIENCES CORPORATION, 770 Basket Rd., Webster, NY 14580 (716) 265-1600 - 2,200 units each consisting of 250 shares of common stock and 110 Class A warrants and upon exercise of such Class A warrants 110 Class B warrants. Underwriter: Foster Equities & Co. Inc. The company manufactures and markets bar code film masters, form slides, equipment and other products for the symbology, micrographics, printing, graphic arts and photographic industries. (File 2-71700-NY - Apr. 8) (Br. 3 - New Issue)
- (S-1) ENI INCOME & ROYALTY FUND 1981, 1417 116th Avenue N.E., Call Number C21611, Bellevue, WA 98009 - \$30 million of limited partnership interests. The series of limited partnerships will be formed by the company to acquire producing oil and gas mineral interests. (File 2-71760 - Apr. 13) (Br. 9 - New Issue)
- (S-1) CENTENNIAL BENEFICIAL CORP., 161 Fashion Lane, Suite 212, Tustin, CA 92680 - 600,000 shares of common stock, 12,000 units and 12,000,000 12.5% convertible subordinated debentures, due 1991. (File 2-71778 - Apr. 14) (Br. 9 - New Issue)
- (S-8) TII INDUSTRIES, INC., P.O. Box 433, Rd. 165, Kilometer 1.6, Toa Alta, PR 07758 (809) 870-2700 and 1375 Akron St., Copiague, NY 11726 (516) 789-5000. (File 2-71781 - Apr. 14) (Br. 7)
- (S-16) INDIANAPOLIS POWER & LIGHT COMPANY, 25 Monument Circle, P.O. Box 1595B, Indianapolis, IN 46206 (317) 261-8261 - 1,000,000 shares of common stock. Underwriters: Lehman Brothers Kuhn Loeb Incorporated, Kidder, Peabody & Co. Incorporated and Merrill Lynch White Weld Capital Markets Group. The company is engaged in generating, transmitting, distributing and selling electric energy. (File 2-71782 - Apr. 14) (Br. 8)
- (S-8) OPERATORS, INC. THRIFT PLAN, Tenneco Bldg., Houston, TX 77002 (713) 757-2131 - 15,975 shares of common stock. (File 2-71784 - Apr. 14) (Br. 4)
- (S-8) THRIFT PLAN OF TENNECO OIL COMPANY UNION EMPLOYEES AT CHALMETTE REFINERY, CHALMETTE, LOUISIANA, Tenneco Bldg., Houston, TX 77002 (713) 757-2131 - 3,584 shares of common stock. (File 2-71785 - Apr. 14) (Br. 4)
- (S-8) TENNECO INC. THRIFT PLAN, Tenneco Bldg., Houston, TX 77002 (713) 757-2131 - \$75,200,000 of contributions by the employer and participating employees. (File 2-71786 - Apr. 14) (Br. 4)
- (S-8) HOURLY EMPLOYEES' SAVINGS PLAN OF PETRO-TEX CHEMICAL CORPORATION, Tenneco Bldg., Houston, TX 77002 (713) 757-2131 - 4,694 shares of common stock. (File 2-71787 - Apr. 14) (Br. 4)
- (S-8) PHILADELPHIA LIFE INSURANCE COMPANY SPECIAL AGENTS' THRIFT PLAN, Tenneco Bldg., Houston, TX 77002 (713) 757-2131 - 2,005 shares of common stock. (File 2-71788 - Apr. 14) (Br. 4)

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, registration statements, and other filings may be ordered by writing to the Public Reference Branch, Securities and Exchange Commission, Washington, D.C. 20549. When you are ordering more than one, we prefer that the documents be listed in alphabetical order by registrant name to expedite service. Cost estimates are given on request. Two types of service are available through the Public Reference Branch, one of which (priority service) is also available directly from the SEC's service contractor.

REGULAR SERVICE — The regular service reproduction cost is 10c per page, including applicable sales taxes, plus postage (\$5.00 minimum order). Regular service orders will be shipped within seven calendar days of the receipt by the SEC's service contractor of your request, forwarded from the Public Reference Branch. Slight delays may occur if the materials to be copied are not already in the contractor's master files.

PRIORITY SERVICE — Copies of documents may be ordered by telephone directly from the SEC's service contractor by calling 301/951-1350. The priority reproduction cost is 35¢ per page plus postage and applicable sales taxes (\$10.00 minimum order). Priority service orders will be shipped by 4:00 PM of the working day following the day of your telephoned request for materials already in the contractor's master files. Cost estimates are given on request.

All other reference material is available in the SEC Docket.

SEC NEWS DIGEST is published daily. Subscription rates: \$100.00/yr in U.S. first class mail; \$125.00 elsewhere.

SEC DOCKET is published weekly. Subscription rates: \$79.00/yr in U.S. first class mail; \$98.75 elsewhere.

SEC MONTHLY STATISTICAL REVIEW is published monthly. Subscription rates: \$19.00/yr in U.S. first class mail; \$23.75 elsewhere.

The News Digest, the Docket, and the Statistical Review are for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.