

# sec news digest

Issue 77-121  
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## RULES AND RELATED MATTERS

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### ANNOUNCEMENT OF PROCEEDING REGARDING EXCHANGE OFF-BOARD TRADING RULES

The SEC today issued a release announcing a proceeding, pursuant to Section 19(c) of the Securities Exchange Act of 1934 (Act), to consider amendment of existing exchange off-board trading rules and adoption of certain collateral rules designed to prevent overreaching of non-professional customers by dealers in over-the-counter principal transactions in certain listed securities. Existing off-board trading restrictions prevent exchange members from effecting transactions in listed securities as principal over-the-counter and from effecting transactions in those securities as agent off-board except with a third market maker or nonmember block positioner.

In connection with the proceeding, the Commission is publishing for comment proposed amendments to Rule 19c-1 and proposed Rule 19c-2, to be adopted pursuant to Section 19(c) of the Act. The proposed amendments to Rule 19c-1 would eliminate all off-board agency restrictions applicable to listed equity securities (except those applicable to "in-house" agency crosses) immediately upon its effectiveness. Proposed Rule 19c-2 would eliminate remaining off-board agency restrictions which preclude members from effecting "in-house" agency crosses in listed equity securities as to which last sale information is included in the consolidated transaction reporting system (reported securities) and all off-board principal restrictions applicable to such securities as of January 1, 1978.

In connection with the foregoing proposals, the release discusses the ways in which existing off-board trading restrictions impose burdens on competition and various possible consequences of removal of those restrictions (including whether and in what ways such action might increase fragmentation of the markets and engender new opportunities for dealers to overreach non-professional customers).

The Commission is also publishing for comment four alternative proposed rules governing over-the-counter dealer conduct in reported securities with non-professional customers:

(1) Rule 15c5-1[A] under the Act, which would preclude any dealer from effecting principal transactions in reported securities over-the-counter with any person other than a broker, dealer or financial institution (*i.e.*, any person, other than a broker or dealer, which (i) is other than a natural person, or (ii) is in the business of exercising investment discretion with respect to the account of any other person);

(2) Rule 15c5-1[B] under the Act, which would require any dealer effecting principal transactions in reported securities over-the-counter with any person other than a broker, dealer or financial institution to do so only at a price at least as favorable to such person as the highest bid (in the event the dealer is buying) or lowest offer (in the event a dealer is selling), in size equal to or greater than the transaction size, reflected in a display of quotation information disseminated pursuant to proposed Rule 11Ac1-1 under the Act;

(3) Rule 15c5-1[C] under the Act, which would require dealers to make confirmation disclosure of the highest bid price and lowest offer price made available to quotation vendors in accordance with proposed Rule 11Ac1-1 under the Act and displayed on a terminal or other display device at the time of any over-the-counter principal transaction in a reported security with any person other than a broker, dealer or financial institution; and

(4) Rule 15c5-1[D] under the Act, which would require dealers effecting principal transactions in reported securities over-the-counter with any person other than a broker, dealer or financial institution to do so at prices no less favorable to such persons than they know (or reasonably should believe), under all the relevant circumstances, could be obtained for such persons if they were to act for them in an agency capacity.

In connection with this proceeding, the Commission will conduct public hearings commencing at 10:00 a.m., August 1, 1977, in Room 776 at the Commission's headquarters in Washington, D.C. In addition, interested persons are invited to submit written presentations of views, data and arguments concerning the rules proposed and issues discussed in this release, as well as written presentations responding to written or oral presentations of others.

Persons wishing to appear at the public hearings should contact George T. Simon, Division of Market Regulation, Room 390, SEC, 500 North Capital Street, Washington, D.C. 20549, telephone number (202) 376-7470, not later than July 22, 1977. Persons intending to appear at the hearing should submit the text of any prepared statements not later than four business days prior to their appearance and are invited, at the time of their appearance, to make copies of their statements available to interested persons attending the hearings. Written presentations of views, data and arguments should be submitted not later than August 10, 1977, and written presentations responding to the written or oral presentations of others should be submitted not later than August 24, 1977. All submission should refer to Commission File No. 4-180 and be delivered, together with 30 copies, to George A. Fitzsimmons, Secretary of the Commission, Room 892, at the above address. Copies of all written submissions and hearings transcripts will be made available at the Commission's Public Reference Room, 1100 L Street, N.W., Washington, D.C. (Rel. 34-13662)

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

### ANDREW H. SPEER BARRED

The Commission announced that it has barred Andrew H. Speer of Wichita, Kansas, from being associated with any broker or dealer. The bar was entered by default after Speer failed to file an answer to the Commission's Order for Proceedings. The Order was based on staff allegations that Speer had aided and abetted violations of the registration, reporting and antifraud provisions of the securities laws, the entry of an Order of Permanent Injunction by Consent based on such violations and the appointment of a trustee for A.H. Speer Co., under the provisions of the Securities Investor Protection Act of 1970. (Rel. 34-13620)

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## ORDERS FOR PUBLIC PROCEEDINGS

### MITCHELL SPEAIRS, MITCHELL SPEAIRS CO.

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against Mitchell Speairs, and Mitchell Speairs Co., a broker-dealer, Fort Worth, Texas. The proceedings are based on staff allegations of violations of rules in the Exchange Act pertaining to the maintenance of required books and records, notification of the Commission of the failure to keep books and records, and annual reports required to be filed with the Commission. A hearing will be scheduled by further order on the charges against the respondent. (Rel. 34-13665)

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## COURT ENFORCEMENT ACTIONS

### ROBERT W. BRADFORD CONVICTED

The Atlanta Regional Office announced that on June 9 Robert W. Bradford of Memphis, Tennessee, was convicted on five counts of wire fraud in transactions involving municipal bonds in the U.S. District Court for the Northern District of Georgia after a four day jury trial presided over by the Honorable Judge Richard C. Freeman. The date of sentencing has not been set. (U.S. v. Robert W. Bradford, N.D. Ga., CR-77-79-A). (LR-7981)

### JACK L. DEATON, ENERGY INDUSTRIAL DEVELOPMENT, INC. ENJOINED

The Fort Worth Regional Office announced that on June 14 the Federal District Court for the Northern District of Texas, Fort Worth Division, entered an order of permanent injunction by consent against Jack L. Deaton and Energy Industrial Development, Inc., both of Fort Worth, Texas, enjoining them from violations of the registration and antifraud provisions of the securities laws. Deaton and Energy Industrial Development, Inc. consented to the order of permanent injunction without admitting or denying the allegations in the Commission's complaint. (SEC v. Hughes Oil & Gas, Inc., et al., N/D Tex., CA-4-76-284). (LR-7982)

## DIVERSIFIED SECURITIES, INC., OTHERS ENJOINED

The Atlanta Regional Office announced that on June 10 the Honorable C. G. Neese, Judge of the U.S. District Court for the Eastern District of Tennessee, issued an order of preliminary injunction against Diversified Securities, Inc. of New York, New York and T. R. Alcock of Hingham, Massachusetts, individually and doing business as T. R. Alcock & Co. from further violations of the antifraud provisions of the securities laws in the offer and sale of municipal bonds of Washington County Utility District, Washington County, Tennessee (WCUD) or any other security. The defendants were also enjoined from destroying, concealing, altering or disposing of any books or records relating to WCUD. In addition, both defendants were ordered to file within 30 days an accounting of all monies, property or other assets received by them as a result of their activities with Washington County. (SEC v. Washington County Utility District, et al., U.S.D.C. E.D. Tenn., Civil Action No. C-2-77-15). (LR-7983)

## HENRY C. MILLER ENJOINED

The Atlanta Regional Office announced that on June 13 the Honorable C. G. Neese, Judge of the U.S. District Court for the Eastern District of Tennessee, issued an order of preliminary injunction against Henry C. Miller from further violations of the antifraud provisions of the securities laws in the offer and sale of municipal bonds of Washington County Utility District, Washington County, Tennessee (WCUD) or any other security. Miller was also directed to deposit with the Clerk of the Court certain properties pending further order of the Court. (SEC v. Washington County Utility District, et al., U.S.D.C. E.D. Tenn., Civil Action No. C-2-77-15). (LR-7984)

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## INVESTMENT COMPANY ACT RELEASES

### MASSMUTUAL CORPORATE INVESTORS

A notice has been issued giving interested persons until July 14 to request a hearing 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, for an order permitting: (1) the Insurance Company to purchase \$3 million of a new issue of 9-5/8% Senior Notes due 1992 (New Notes) issued by American Gemsmiths, Inc. (Gemsmiths); (2) the Insurance Company and the Fund to conform certain covenants contained in purchase agreements made by them with Gemsmiths in connection with a prior purchase of subordinated notes from Gemsmiths (Old Notes) with the covenants found in the purchase agreement relating to the purchase of the New Notes; and (3) the Insurance Company and the Fund to amend the Old Notes and the purchase agreements therefore to increase the interest rate on such Old Notes from 8-1/2% to 9% and to make such Old Notes co-equal in obligation with the New Notes. (Rel. IC-9821)

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## HOLDING COMPANY ACT RELEASES

### INDIANA & MICHIGAN ELECTRIC COMPANY

A notice has been issued giving interested persons until July 14 to request a hearing on a proposal of Indiana & Michigan Electric Company, subsidiary of American Electric Power Company, Inc., to issue and sell notes to banks, commercial paper to a dealer in commercial paper and demand notes to bank trust departments in an amount not to exceed \$125 million outstanding at any one time. (Rel. 35-20085 - June 21)

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## SECURITIES ACT REGISTRATIONS

### (S-1) MEDICAL DYNAMICS, INC.

842 East 18th Ave., Denver, Colo. 80218 - \$600,000 maximum (\$300,000 minimum) common stock, to be offered for sale at \$.25 per share on a best efforts basis through underwriters headed by Mountain Pacific Investment Co., 3613 West Bowles Ave., Littleton, Colo. 80123. The company was organized for the principal purpose of the design, development, manufacture and marketing of disposable medical devices. (File 2-59313 - June 20)

### (S-7) FORD MOTOR CREDIT COMPANY

The American Rd., Dearborn, Mich. 48121 - \$100 million of subordinated notes, due 1989, which will be offered for sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York, N.Y. 10004. The primary business of the company is providing

wholesale financing to and purchasing retail installment sales contracts from franchised Ford vehicle dealers. (File 2-59318 - June 21)

(S-1) HONDA MOTOR CO., LTD.

No. 27-8, 6-chome, Jingumae, Shibuya-ku, Tokyo 150, Japan - 3,100,000 American Shares and European Shares (collectively the Depositary Shares), representing 31,000,000 shares of its common stock, to be evidenced by American Depositary Receipts and European Depositary Receipts, respectively. The securities being registered will be offered through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006 and Nomura Securities International, Inc., 100 Wall St.; New York, N.Y. 10005. The primary business of the company is the manufacture and sale of motorcycles, automobiles and other motor vehicle, parts and accessories. (File 2-59320 - June 21)

(S-6) THE CORPORATE INCOME FUND,  
FIFTY-SEVENTH MONTHLY PAYMENT SERIES

\$20 million of units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 125 High St., Boston, Mass. 02110. The Fund, a unit investment trust, was created by a trust indenture among Merrill Lynch, Bache Halsey Stuart Inc. and Reynolds Securities Inc., as sponsors, The Bank of New York and Shawmut Bank of Boston, N.A., as trustees, and Interactive Data Services, Inc., as evaluator. The Fund's primary objective is providing a high level of current income through investment in a fixed portfolio of long-term debt obligations, issued primarily by corporations and in units of previously-issued series of The Corporate Income Fund. (File 2-59326 - June 21)

(S-7) KENTUCKY UTILITIES COMPANY

120 South Limestone St., Lexington, Ky. 40507 - 200,000 shares of common stock, to be offered and sold pursuant to the company's Automatic Dividend Reinvestment and Stock Purchase Plan. The company is an electric utility. (File 2-59328 - June 21)

REGISTRATIONS EFFECTIVE

June 17: American Can Co., 2-59178; Federated Option Income Fund Inc., 2-59051; First National Boston Corp., 2-59023; Flightsafety International Inc., 2-58999; Gannett Co., Inc., 2-59228; Guardsman Chemicals, Inc., 2-59046; Mark Controls Corp., 2-58910; Pacific Far East Line Inc., 2-58854; Shop & Go Inc., 2-59156; Warner Communications Inc., 2-59075.

June 20: Alabama Power Co., 2-59073; Applied Data Research Inc., 2-59229; Home Oil Co. Ltd., 2-58904; Westinghouse Electric Corp., 2-59169.

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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