

# sec news digest

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Issue 77-247

December 23, 1977

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## RULES AND RELATED MATTERS

### U.S. SECURITIES AND EXCHANGE COMMISSION

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#### REVISED SCHEDULE B TO FORM TA-1 AND TEMPORARY EXEMPTIVE RULE ADOPTED

The Commission announced the adoption of a revised Schedule B to Form TA-1 and a temporary exemptive rule extending from January 30, 1978 to April 3, 1978 the deadline for filing annual amendments to Schedule B. The Commission action affects only transfer agents registered with it. The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Comptroller of the Currency are concurrently adopting identical revisions and extensions of the filing deadline for transfer agents registered with them. (Rel. 34-14301)

FOR FURTHER INFORMATION CONTACT: Jules Moskowitz at (202) 755-8833

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## ADMINISTRATIVE PROCEEDINGS

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### CHARLES C. CARLSON CENSURED

The Commission has censured Charles C. Carlson, of Chicago, formerly a salesman for a registered broker-dealer. The Commission found that Carlson's sales of options on commodity futures in early 1974 violated the registration provisions of the Securities Act. It rejected the argument that the options in question were not securities. The Commission found that, in fact, the interests sold were investment-contracts since their value depended very largely on the sellers' efforts and skills.

The Commission also noted that although commodity-related activities are now regulated by the Commodity Futures Trading Commission, the sales in question antedated the effective date of the Act creating that Commission. Hence the Commission concluded that it had jurisdiction over those sales.

The Commission also found that Carlson had violated the Exchange Act since he failed to obtain the Commission's prior consent to his employment with a broker-dealer, as required by an outstanding Commission order.

In concluding that censure was a sufficient sanction, the Commission noted that "persons whom [Carlson] reasonably regarded as more sophisticated in these matters than he was himself assured him that registration [of the options] was not required." It also noted that the sanctions imposed on Carlson in 1971 gave adequate assurance that he would not return to the securities business without the Commission's prior consent. (Rel. 34-14246)

### ORDERS INSTITUTED AGAINST NORMAN LEFF, OTHERS

The Commission announced the institution of two administrative proceedings arising out of the Commission's inquiry into the reporting of fictitious options transactions on the American Stock Exchange, Inc. (AMEX). These two proceedings involve a total of nine registered AMEX specialists.

Public administrative proceedings have been instituted against Norman Leff, Gerald Berkman, Arnold Barysh, Richard Cranmer and Stanley Silverberg alleging that the respondents reported between ten and twelve non-existent options transactions for reporting on AMEX market information systems, simultaneously with the institution of these proceedings. The Commission determined to accept Offers of Settlement from each of the respondents. As stipulated in their Offers of Settlement, each of the respondents, without admitting or denying the allegations in the Order for Proceedings, consented to finding of wilful violations of the antifraud provisions of the Exchange Act and to the imposition of sanctions. The respondents Leff and Berkman also undertook to institute certain procedures to prevent recurrence of violations. Based on these offers of settlement, the Commission censured respondents Leff, Berkman, Barysh, Cranmer and Silverberg.

In somewhat similar proceedings, the Commission accepted offers of settlement from Stuart Kostrinsky, Andrew Schwarz and Ralph Cranmer which consisted of consents, without admitting or denying the allegations of the order to findings of wilful violations of the antifraud provisions of the Exchange Act and to the imposition of a censure. (Rel. 34-14247 & 34-14248)

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## COMMISSION ANNOUNCEMENTS

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ISSUANCE OF ACCOUNTING SERIES RELEASE NO. 235  
REGARDING LEASE DISCLOSURES

The Commission announced that it has decided not to amend its previously adopted lease accounting and disclosure rules. The Commission had stated it would reconsider the effect of its adopted rules on companies which might be in violation of loan covenants as a result of capitalizing leases entered into prior to January 1, 1977. They would be required to disclose such potential violations as the reason for not capitalizing such leases. (Rel. 33-5891)

FOR FURTHER INFORMATION CONTACT: Gary A. Zell at (202) 376-8019

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## TRADING SUSPENSIONS

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TRADING SUSPENDED IN PHARMECARE, INC.

The SEC announced the single ten-day suspension of exchange and over-the-counter trading in the securities of Pharmecare, Inc., a Delaware corporation located in Largo, Florida, for the period beginning on December 22 and terminating at midnight (EST) on December 31, 1977.

The Commission initiated the suspension because the company has failed to file with the Commission at least its annual report on Form 10-K for its fiscal year ended June 30, 1977 and its quarterly report for its quarter ended September 30, 1977, resulting in the lack of adequate and accurate public information about the company's operations and financial condition. (Rel. 34-14303)

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## COURT ENFORCEMENT ACTIONS

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SAM THOMAS, JR. PLEADS GUILTY

The Fort Worth Regional Office announced that on November 29 Sam Thomas, Jr., Ruston, Louisiana, pleaded guilty to a one-count Information filed the same day, charging him with failing to produce books, records and other documents pursuant to a subpoena duces tecum issued in connection with an investigation conducted by the Commission. On the same date, Thomas, former president of the First National Bank, Ruston, was sentenced by Federal District Court, Alexandria, Louisiana, to imprisonment for one year, six months of which was suspended, followed by three years' supervised probation. (U.S. v. Sam Thomas, Jr., W.D. Louisiana, Crim. No. 77-5128). (LR-8221)

SUSAN K. JOHNSON ENJOINED

The New York Regional Office announced that on November 22 Judge Charles H. Tenney of the U.S. District Court for the Southern District of New York signed a final judgment of permanent injunction against Susan K. Johnson of Minneapolis, Minnesota. The judgment enjoins Johnson from further violations of the registration and antifraud provisions of the securities laws. The complaint, which was filed on October 31, alleged that Johnson and others had participated in an illegal distribution and a manipulation of the trading market for the common stock of Dimensional Entertainment Corporation. Johnson consented to the entry of the injunction without admitting or denying the allegations of the Commission's complaint. (SEC v. Dimensional Entertainment Corporation, et al., 77 Civ. 5290 [CHT]). (LR-8222)

LEISURE INNS & RESORTS, OTHERS ENJOINED

The New York Regional Office announced that on September 30 and November 28 the Honorable Henry F. Werker of the U.S. District Court for the Southern District of New York signed final judgments of permanent injunction enjoining William Rosenberg of East Rockaway, New York, Leisure Inns & Resorts, Inc. and Lloyd W. Sahley of Cleveland, Ohio from further violations of the antifraud provisions of the securities laws. Leisure, Rosenberg and Sahley consented to the entry of the permanent injunctions without admitting or denying the allegations in the Commission's complaint. (SEC v. Leisure Inns & Resorts, Inc., et al., 71 Civil 4979 [HFW]). (LR-8223)

## COMPLAINT NAMES THE GOODYEAR TIRE & RUBBER COMPANY

The SEC announced the filing of a civil injunctive action in the U.S. District Court for the District of Columbia seeking to enjoin The Goodyear Tire & Rubber Company from further violations of the reporting and proxy provisions of the Securities Exchange Act of 1934 and the rules thereunder.

The Commission's complaint charges that from 1964 to the present, Goodyear maintained funds of corporate monies totalling one and one-half million dollars that were not recorded on the company's books and records. The complaint charges that one of these funds was controlled by Goodyear senior officers in Akron and others were maintained by Goodyear foreign subsidiaries. These funds were used for illegal corporate contributions in this country and for political contributions and payments to foreign labor officials and for the financing of, among other things, employee travel, schooling and other expenses. The complaint further alleges that Goodyear expended in excess of \$500,000 in at least 20 countries as payments to political parties, low government officials, employees and agents to secure governmental action, to acquire business and influence the outcome of civil litigation.

Goodyear has consented to the entry of a final judgment of permanent injunction enjoining it from further violations of the reporting and proxy provisions of the Exchange Act and rules thereunder without admitting or denying the allegations of the Commission's complaint. In addition, the settlement of this matter requires that Goodyear disclose in a Form 8-K filed with the Commission appropriate details with respect to the matters alleged in the Commission's complaint. (SEC v. The Goodyear Tire & Rubber Co., U.S.D.C. D.C., Civil Action No. 77-2167). (LR-8227)

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## INVESTMENT COMPANY ACT RELEASES

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### SUPER MARKET CAPITAL INVESTMENT COMPANY

A notice has been issued giving interested persons until January 16 to request a hearing on a proposal of the Commission to declare by order upon its own motion that Super Market Capital Investment Company of San Diego, California, has ceased to be an investment company. (Rel. IC-10068 - Dec. 21)

### INA CAPITAL BOND TRUST

A notice has been issued giving interested persons until January 16 to request a hearing on an application of INA Capital Bond Trust (Applicant), registered under the Act as an open-end, diversified investment company, requesting an order pursuant to Section 6(c) of the Act exempting it from the provisions of Rule 22c-1 to the extent necessary to permit Applicant to value its assets for the purposes of investments in and redemptions of Applicant's shares on designated valuation dates. (Rel. IC-10069 - Dec. 22)

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## HOLDING COMPANY ACT RELEASES

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### PUBLIC SERVICE COMPANY OF OKLAHOMA

A supplemental order has been issued extending until February 14 the authority previously granted to Public Service Company of Oklahoma (PSO), subsidiary of Central and South West Corporation, and Ash Creek Mining Company, subsidiary of PSO, relating to the acquisition by Ash Creek of interests relating to coal exploration and development activities and the financing of such acquisitions by PSO through short-term loans from PSO to Ash Creek. (Rel. 35-20329 - Dec. 21)

A supplemental order has also been issued releasing jurisdiction over various matters involved in the financing of certain pollution control facilities of Public Service Company of Oklahoma. (Rel. 35-20330 - Dec. 21)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGES

The following have filed proposed rule changes under Rule 19b-4: (1) American Stock Exchange, Inc. (SR-Amex-77-31) to conform those rules to sections of the Securities Acts Amendments of 1975 relating to the comparison, clearance and settlement of exchange transactions. (Rel. 34-14296); and (2) Boston Stock Exchange, Inc. (SR-BSE-77-4) to conform those rules to sections of the Securities Acts Amendments of 1975

relating to the comparison, clearance and settlement of exchange transactions. (Rel. 34-14297)

Publication of the above proposals are expected to be made in the Federal Register during the week of December 26.

#### APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by the National Association of Securities Dealers, Inc. The rule change (SR-NASD-77-18) clarifies the reporting requirements applicable to issuers of securities quoted by NASDAQ, permits new issues which are the subjects of applications for listing on national securities exchanges to be quoted on the NASDAQ System pending such listing, and establishes a fee applicable to such circumstances. (Rel. 34-14295)

## 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; and File number and date filed.

- (S-7) THE BROOKLYN UNION GAS COMPANY, 195 Montague St., Brooklyn, N.Y. 11201 (212) 643-2000 - 200,000 shares of common stock. The company is engaged in the distribution of natural gas. (File 2-60521 - Dec. 22)
- (S-B) KINGDOM OF NORWAY, 17 Battery Pl., New York, N.Y. 10004 - \$125 million of notes, due 1983. Underwriters: Salomon Brothers, Goldman, Sachs & Co., Lehman Brothers Kuhn Loeb Inc. and Merrill Lynch, Pierce, Fenner & Smith Inc. (File 2-60522 - Dec. 22)
- (S-16) GALAXY OIL COMPANY, 918 Lamar St., Wichita Falls, Tex. 76301 (817) 766-0193 - 64,700 shares of common stock. The company is engaged in the exploration for and development, production and sale of oil and gas. (File 2-60523 - Dec. 22)
- (S-1) UT CREDIT CORPORATION, Hartford, Conn. 06101 - \$75 million of sinking fund debentures, due 2003 and \$25 million of subordinated sinking fund debentures, due 2003. Underwriter: Goldman, Sachs & Co. (File 2-60524 - Dec. 22)
- (S-7) COMMONWEALTH EDISON COMPANY, 37th Floor, One First National Plaza, P.O. Box 767, Chicago, Ill. 60690 (312) 294-4321 - 6,000,000 shares of common stock. Underwriters: Merrill Lynch, Pierce, Fenner & Smith Inc., Bache Halsey Stuart Shields Inc. and The First Boston Corporation. The company is engaged in the production, purchase, transmission, distribution and sale of electricity. (File 2-60525 - Dec. 22)
- In a separate statement the company offers 5,000,000 shares of common stock. (File 2-60526 - Dec. 22)
- (S-8) CRUTCHER RESOURCES CORPORATION, 10555 Katy Freeway, Houston, Tex. 77024 - 450,000 shares of common stock. (File 2-60527 - Dec. 22)
- (S-8) JOSTENS, INC., 5501 Norman Center Dr., Minneapolis, Minn. 55437 - 200,000 shares of common stock. (File 2-60528 - Dec. 22)

#### 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 10c per page plus postage (7 days) (\$3.50 minimum); 20c per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30c per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given or request. All other reference material is available in the SEC Docket.

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