

sec news digest

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COMMISSION ANNOUNCEMENTS

ANNUAL REPORT OF CORPORATE REORGANIZATIONS UNDER THE BANKRUPTCY ACT NOW AVAILABLE

The Annual Report of Corporate Reorganizations under the Bankruptcy Act is now available. The information included in this new booklet was formally published as "Part 7 Corporate Reorganizations" of the Commission's Annual Report to Congress, but is now being printed separately. You may obtain a copy by writing to the Securities and Exchange Commission, Publications Section, 500 North Capitol Street, Washington, D.C. 20549. There is no charge.

COMMISSIONER EVANS SPEECH DELIVERED BEFORE THE NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY

Remarks of Commissioner John R. Evans were delivered before the 72nd Annual Meeting of the National Association of State Boards of Accountancy at a luncheon on Tuesday, September 25, 1979 in Lake Buena Vista, Florida. The title of the speech was "The Vital Role of State Boards of Accountancy." (Commissioner Evans was unable to be present at the meeting and his address was delivered by Ernest L. Ten Eyck, Assistant Chief Accountant.)

WEEKLY CALENDAR

The following is a schedule of speaking engagements, Congressional testimony, Commission hearings and other public events involving the Commission for the week of October 1, 1979. (Commission Meetings are announced separately in the News Digest.)

Thursday, October 4

- * Chairman Williams will give a luncheon speech before the 18th Annual Corporate Counsel Institute, Northwestern University School of Law, Chicago, Illinois. The subject of his speech will be the role of inside corporate counsel.
- * Chairman Williams will give a luncheon speech before the Annual Cooperative Securities Regulation Seminar, Ambassador Hotel, Los Angeles, California.

ADMINISTRATIVE PROCEEDINGS

ALLIANCE CAPITAL MANAGEMENT CORPORATION CENSURED

The Commission announced that it simultaneously instituted administrative proceedings under the Investment Advisers Act of 1940, naming Alliance Capital Management Corporation, a registered investment adviser with principal offices in New York, New York, as respondent, and accepted an offer of settlement in which Alliance, without admitting or denying the allegations against it, consented to the Commission's order making findings and imposing remedial sanctions.

The Commission found that from approximately May 4, 1973 to April 30, 1975, Alliance willfully violated Section 206 of the Advisers Act in that disclosure was not made to certain discretionary clients of Alliance who were paying brokerage commissions on over-the-counter transactions to Alcor Securities Corporation, a wholly-owned subsidiary of Alliance, which issued confirmations showing the charges on those transactions, that (1) most of those transactions were effectuated with market-makers by personnel of Alliance, rather than of Alcor, and (2) certain other discretionary clients of Alliance, similarly situated, paid no commissions on over-the-counter transactions.

The Commission has censured Alliance and ordered that it comply with undertakings contained in its offer of settlement to (1) cause its wholly-owned subsidiary broker-dealer to seek to withdraw its registration as a broker-dealer and (2) cause its affiliated broker-dealer to provide free executions on agency transactions in listed securities to certain clients. (Rel. IA-700)

**NASD ACTION AGAINST FRANK DEFELICE, PH.D. & ASSOCIATES, INC. AFFIRMED;
PROCEEDINGS AGAINST FIRM'S PRESIDENT REMANDED**

The Commission has affirmed the NASD's imposition of a \$2,500 fine and censure on Frank DeFelice, Ph.D. & Associates, Inc. of Mooresville, North Carolina, and Frank DeFelice, its president and sole principal. However, the Commission concluded that the NASD's bar of DeFelice from association with any NASD member in a principal, managerial or supervisory capacity was too severe a sanction. It remanded the proceedings so that the NASD may fashion a more appropriate sanction with respect to DeFelice.

The Commission found, as had the NASD, that the firm and DeFelice failed to comply with net capital, customer protection, recordkeeping and reporting requirements.

In remanding the proceedings against DeFelice, the Commission noted that DeFelice's violations stemmed mainly from an inability to keep abreast of and comprehend applicable regulations, and that the NASD's bar would result in the effective termination of his one-man business operation. It pointed to DeFelice's expressed willingness to place responsibility for compliance in "competent, experienced hands," and remanded the case to the NASD to fashion a sanction which will permit DeFelice to retain his business, while assuring the NASD of the firm's ability to comply with applicable regulatory requirements. (Rel. 34-16206)

NASD ACTION AGAINST ROY RAY SEATON AFFIRMED

The Commission has affirmed sanctions imposed by the NASD on Roy Ray Seaton, of Springfield, Missouri. The NASD had censured Seaton and suspended him from association with any NASD member for one year.

The Commission found, as did the NASD, that Seaton, while successively employed by two NASD member firms, sold certain securities to customers without informing his employers of his activities. The Commission also affirmed the NASD's finding that Seaton answered certain questions falsely on an application to become registered with another NASD member firm.

In affirming the sanctions imposed by the NASD, the Commission noted that Seaton had followed a pattern of dishonesty both in his dealings with employers and with regulatory authorities. (Rel. 34-16207)

INVESTMENT COMPANY ACT RELEASES

ASSET INVESTORS FUND, INC.

A notice has been issued giving interested persons until October 15 to request a hearing on an application of Asset Investors Fund, Inc. (Applicant), registered under the Investment Company Act of 1940 as a diversified, closed-end, management investment company, for an order pursuant to Section 6(c) of the Act exempting Applicant from the provisions of Section 10(a) of the Act to enable Applicant, during its liquidation and dissolution, to have a board of directors more than 60 percent of the members of which are "interested persons" of Applicant. (Rel. IC-10876 - Sept. 24)

CAPITAL CORPORATION OF WYOMING, INC.

An order has been issued on an application of Capital Corporation of Wyoming, Inc., a Wyoming corporation which proposes to operate as a licensed small business investment company under the Small Business Investment Act of 1958, exempting it from all provisions of the Act. (Rel. IC-10877 - Sept. 24)

HOLDING COMPANY ACT RELEASES

INDIANA & MICHIGAN ELECTRIC COMPANY

An order has been issued authorizing a proposal of Indiana & Michigan Electric Company, subsidiary of American Electric Power Company, Inc., that it issue and sell at competitive bidding up to 1,600,000 shares of preferred stock, par value \$25 per share. (Rel. 35-21224 - Sept. 24)

THE SOUTHERN COMPANY

A notice has been issued giving interested persons until October 15 to request a hearing on a proposal of The Southern Company, a registered holding company, to act as one of two sureties on a bond of its subsidiary, Alabama Power Company, in connection with Alabama's appeal of a rate proceeding and petition to the court for authority to place into effect subject to refund under supersedeas bond that portion of a rate increase denied. (Rel. 35-21225 - Sept. 24)

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-18) SPECIALIZED SYSTEMS, INCORPORATED, 1155f Sorrento Valley Rd., Bldg. 7, San Diego, Cal. 92121 - 1,000,000 shares of common stock. Underwriter: MacDonald, Krieger, Bowyer & Beyenka, Inc. (File 2-65511 - Sept. 24)
- (S-16) SOUTHERN CALIFORNIA GAS COMPANY, 810 South Flower St., Los Angeles, Cal. 90017 (213) 689-2345 - \$70 million of first mortgage bonds, Series M, due 1999. The company is engaged in the purchase, distribution and sale of natural gas. (File 2-65546 - Sept. 24)
- (S-11) CHURCH LOANS & INVESTMENTS TRUST, 5408 Bell St., Amarillo, Tex. 79109 - an unknown amount of secured savings certificates. Underwriter: Affiliated Managers, Inc. (File 2-65547 - Sept. 24)
- (S-18) THERMAL ENERGY STORAGE, INC., Suite 225, 1205 Prospect St., La Jolla, Cal. 92037 - 1,250,000 common shares. Underwriters: Columbine Securities Incorporated and Coughlin & Co., Inc. The company is engaged in the design and development of a residential solar energy storage unit. (File 2-65548 - Sept. 24)
- (S-8) LACLEDE GAS COMPANY, 720 Olive St., St. Louis, Mo. 63101 (314) 342-0500 - \$54,960 of stock ownership plan and trust. (File 2-65549 - Sept. 24)
- (S-16) SEAFIRST CORPORATION, 1001 Fourth Ave., Seattle, Wash. 98154 (206) 583-3131 - 300,000 shares of common stock. (File 2-65550 - Sept. 24)
- (S-1) HORIZON SOLAR CORPORATION, 317 Lincoln Court, Fort Collins, Colo. 80524 - an indeterminate number of shares of common stock. (File 2-65552 - Sept. 24)
- (S-8) HARRELSON RUBBER COMPANY, 408 Telephone Ave., P.O. Drawer 1167, Asheboro, N.C. 27203 (919) 629-1436 - an indeterminate number of shares of common stock. (File 2-65553 - Sept. 24)
- (S-6) THE CORPORATE INCOME FUND, THIRTY-NINTH SHORT TERM SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10080 - an indefinite number of units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10080. (File 2-65554 - Sept. 24)



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. When you are ordering more than one, we prefer that the documents be listed in alphabetical order to expedite service. The reproduction cost is 10c per page plus postage (\$3.50 minimum); 20c per page plus postage for expedited service (\$5.00 minimum) and 30c per page plus postage for priority service (\$5.00 minimum). Cost estimates are given on request. All other reference material is available in the *SEC Docket*.

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