

sec news digest

Issue 76-72
(SEC Docket, Vol. 9, No. 7 - April 27)

LIBRARY

April 13, 1976

APR 14 1976

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

MAYFLOWER SECURITIES CO., INC.
SANCTIONED

U.S. SECURITIES AND EXCHANGE COMMISSION

The Commission has issued an order sanctioning Mayflower Securities Co., Inc. of New York City, a registered broker-dealer. The broker-dealer registration of Mayflower was suspended for a period of 45 days, effective at the beginning of business on the second Monday after the date of the order.

The sanctions were based on findings that Mayflower Securities Co., Inc. wilfully violated the antifraud provisions of the securities laws with respect to the securities of I.T.S. Industries, Ltd. In addition Mayflower wilfully violated the over-the-counter quotation rule of the Exchange Act in submitting bid and offer quotations for I.T.S. common stock.

The Commission's order was issued pursuant to an offer of settlement in which Mayflower, without admitting or denying the allegations against it, consented to the above findings and sanctions. (Rel. 34-12315)

COURT ENFORCEMENT ACTIONS

ARNOLD NELSON, OTHERS ENJOINED

The Commission announced that on April 12 the Honorable Henry Bramwell of the U.S. District Court for the Eastern District of New York signed final judgments of permanent injunction permanently enjoining Arnold Nelson, also known as Arnold Mahler, I.T.S. Industries Ltd., Clyde Mash, Charles Ewing, Manuel Kaplan and Richard Worth from violations of the antifraud provisions of the securities laws. Nelson, I.T.S. and Mash were also enjoined from violations of the registration requirements and Nelson and I.T.S. were enjoined from violations of the prohibition against trading by persons interested in a distribution of securities. The violations were alleged to have arisen in connection with the offer and sale of stock of I.T.S., a company emerging from a Chapter XI reorganization, in exchange for stock and assets of other companies and persons. Nelson was, among other things, prohibited from being an officer or director of any company whose securities are publicly traded or whose securities have been the subject of a public offering. Nelson must also file, for the next five years, quarterly reports concerning certain securities transactions. In addition Nelson must, for a 180 day period, appoint an agent for service of process to enable certain persons to seek relief. The defendants consented to the entry of the court order without admitting or denying the allegations of the complaint. (SEC v. Arnold Nelson, et al., 75 Civ. 2147, E.D. N.Y.). (LR-7347)

JAMES E. CORR, III,
OTHERS FOUND GUILTY

The New York Regional Office announced that on January 16 after a six week trial, James E. Corr, III was found guilty on 39 counts of an indictment charging him with (1) conspiracy to violate the securities laws, (2) substantive violations of the antifraud provisions of the securities laws, and (3) mail fraud, in connection with transactions in the securities of Jerome Mackey's Judo, Inc. Corr was also charged with (a) filing a false bank loan application, (b) perjury before the Grand Jury, and (c) making false statements to the Commission. In addition, Roger Drayer was convicted of mail fraud and securities fraud. The jury could not reach a verdict with respect to Barry Drayer.

Prior to the commencement of the trial, five other defendants entered guilty pleas, as follows: R. Bruce Buschbaum, Barry Chajet, and Allan Kern each entered guilty pleas to the conspiracy charge; Richard Sobel and William Murphy each entered guilty pleas to one count of securities fraud. (U.S. v. James E. Corr, III, et al., 75 Crim. 803, S.D.N.Y.). (LR-7349)

IANNELLI FOUND GUILTY TO CRIMINAL CONTEMPT

The New York Regional Office announced that on March 31 after an eight day trial, a jury in the U.S. District Court for the Southern District of New York found Ralph T. Iannelli of New York, New York guilty of criminal contempt of a final judgment of permanent injunction. The injunction, entered in August of 1974, enjoined him from violations of the antifraud provisions of the securities laws.

The Commission instituted the criminal contempt proceedings against Iannelli on January 12 alleging that he had violated the previous Court order by manipulating the price of the common stock of TransJersey Bancorp. from \$13 per share to \$27 per share during the period from July to November of 1975. Iannelli was also charged with receiving rebates on his purchases during the manipulative scheme and with placing orders for the purchase of TransJersey securities at a time when he had reason to believe that no payment would be made for such purchases. Sentencing has been scheduled for May 4, 1976. (SEC v. Iannelli, 76 Crim. Misc. #1, Page 3, S.D.N.Y.). (LR-7350)

HOLDING COMPANY ACT RELEASES

ARKANSAS POWER & LIGHT COMPANY

An order has been issued authorizing Arkansas Power & Light Company, subsidiary of Middle South Utilities, Inc., to amend its charter to increase the amount of authorized \$100 preferred stock and to authorize a new class of preferred stock consisting of 10,000,000 shares having a par value of \$25 per share. Proxies are to be solicited in connection with the proposed transactions. (Rel. 35-19476 - Apr. 9)

PENNSYLVANIA ELECTRIC COMPANY

A notice has been issued giving interested persons until May 5 to request a hearing on a proposal of Pennsylvania Electric Company, subsidiary of General Public Utilities Corporation, to finance the construction of certain pollution control facilities through arrangements with a Pennsylvania industrial development authority. (Rel. 35-19477 - Apr. 12)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGE

The New York Stock Exchange, Inc. has filed proposed rule changes under Rule 19b-4 (SR-NYSE-76-24) to enable Exchange specialists to perform, simultaneously, the functions of both specialist and odd-lot dealer. Publication of the proposal is expected to be made in the Federal Register during the week of April 12. (Rel. 34-12329)

The Midwest Stock Exchange, Inc. (MSE) has filed a proposed rule change under Rule 19b-4 (SR-MSE-76-9) to establish a Committee on Specialist Assignment and Evaluation and to allocate the responsibilities of that Committee and the Floor Procedure Committee. Publication of the proposal is expected to be made in the Federal Register during the week of April 12. (Rel. 34-12328)

The MSE has also filed a proposed rule change under Rule 19b-4 (SR-MSE-76-10) to require members to ascertain and inform the exchange of any statutory disqualification (under the Securities Exchange Act of 1934) to which a prospective employee or associate may be subject at least 45 days before such person becomes employed or associated with a member. Publication of the proposal is expected to be made in the Federal Register during the week of April 12. (Rel. 34-12330)

SECURITIES ACT REGISTRATIONS

(S-7) PACIFIC LIGHTING CORPORATION

810 South Flower St., Los Angeles, Cal. 90017 - 400,000 shares of common stock, to be offered for sale pursuant to a Shareholder Dividend Reinvestment and Stock Purchase Plan, at prices current at the time of sale. Pacific Lighting is a holding company which, through two public utility subsidiaries, is primarily engaged in the business of supplying natural gas throughout most of Southern and portions of Central California and through other subsidiaries is also engaged in various gas supply acquisition projects. (File 2-55983 - Apr. 9)

(S-1) FOUNDERS FINANCIAL CORPORATION (FOUNDERS)

100 Twiggs St., Tampa, Fla. 33602 - 404,723 shares of common stock. Founders proposes to offer these shares in exchange for the outstanding shares of common stock of Estate Life Insurance Company of America (Estate) not presently owned by Founders, at the rate of one share for each five shares of Estate. Founders currently owns 50.003% of the outstanding shares of common stock of Estate. Founders is a life insurance holding company. (File 2-55988 - Apr. 9)

(S-1) EASTERN UTILITIES ASSOCIATES

P.O. Box 2333, Boston, Mass. 02107 - 505,055 common shares, to be offered for sale by competitive bidding. Eastern Utilities Associates is a registered public utility holding company. (File 2-55990 - Apr. 9)

(S-6) E. F. HUTTON TAX-EXEMPT FUND,
NATIONAL SERIES 25

One Battery Park Plaza, New York, N.Y. 10004 - \$15 million of units. The Fund is one of a series of unit investment trusts created under a trust indenture and agreement among E. F. Hutton & Company Inc., as sponsor, United States Trust Company of New York, as trustee and Standard & Poor's Corporation, as evaluator. The Fund consists of interest-bearing obligations of states, counties, territories and municipalities of the United States and authorities or political subdivisions thereof, the interest of which is, in the opinion of bond counsel, exempt from Federal income tax under existing law. (File 2-55994 - Apr. 9)

(S-7) OHIO POWER COMPANY

301 Cleveland Ave., S.W., Canton, Ohio 44702 - \$80 million of first mortgage bonds, having a maturity of not less than five and not more than 30 years, to be offered for sale at competitive bidding. The company is an electric utility operating company serving extensive territory in Ohio. (File 2-55995 - Apr. 9)

STOCK PLANS FILED

The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

- American Can Co., Greenwich, Conn. (File 2-55914 - Apr. 1) - 1,500,000 shares
- D. H. Baldwin Co., Cincinnati, Ohio (File 2-55952 - Apr. 6) - 428,578 shares
- Mountain Fuel Supply Co., Salt Lake City, Utah (File 2-55953 - Apr. 6) - 27,720 shares
- S. S. Kresge Co., Troy, Mich. (File 2-55934 - Apr. 5) - 4,500,000 shares
- American Telephone and Telegraph Co., New York, N.Y. (File 2-55954 - Apr. 6) - 6,000,000 shares
- Gino's Inc., King of Prussia, Pa. (File 2-55955 - Apr. 6) - 340,000 shares
- Guy F. Atkinson Co. of California, South San Francisco, Cal. (File 2-55959 - Apr. 7) - 200,000 shares
- Continental Can Co., Inc., New York, N.Y. (File 2-55961 - Apr. 7) - 1,200,000 shares
- First Security Corp., Salt Lake City, Utah (File 2-55964 - Apr. 8) - 100,000 shares
- The Travelers Corp., Hartford, Conn. (File 2-55966 - Apr. 8) - 750,000 shares
- General Motors Corp., Detroit, Mich. (File 2-55973 - Apr. 8) - 2,000,000 shares
- Applied Digital Data Systems Inc., Hauppauge, N.Y. (File 2-55978 - Apr. 8) - 100,000 shares
- Tenneco Inc., Houston, Tex. (File 2-55979 - Apr. 8) - 6,246 shares
- GATX Corp., Chicago, Ill. (File 2-55967 - Apr. 8) - 50,000 shares
- Pacific Lighting Corp., Los Angeles, Cal. (File 2-55980 - Apr. 9) - 200,000 shares
- Oak Industries Inc., Crystal Lake, Ill. (File 2-55981 - Apr. 9) - 80,000 shares
- Memorex Corp., Santa Clara, Cal. (File 2-55982 - Apr. 9) - 300,000 shares
- Heritage Communications, Inc., Des Moines, Iowa (File 2-55984 - Apr. 9) - 150,000 shares
- Smith International, Inc., Newport Beach, Cal. (File 2-55986 - Apr. 9) - 200,000 shares
- Nicor Inc., Aurora, Ill. (File 2-55987 - Apr. 9) - 241,512 shares
- KDI Corp., Cincinnati, Ohio (File 2-55989 - Apr. 9) - 184,427 shares

REGISTRATIONS EFFECTIVE

April 7: Associated Grocers Inc., 2-55512; Capital Financial Services Inc., 2-55640; General Motors Acceptance Corp., 2-55714; Plantronics Inc., 2-55878.

April 8: American Hoist & Derrick Co., 2-55705; Arvin Industries Inc., 2-55682; Borg-Warner Acceptance Corp., 2-55742; The Corporate Income Fund, Sixth Intermediate Term Series, 2-55534; Jaclyn Inc., 2-55706; Metpath Inc., 2-55744; Rosemount Inc., 2-55599; Tax-Exempt Municipal Trust, Eighth National Series, 2-55694; Thalhimer Brothers, Inc., 2-55713.

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.