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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES AND

EXCHANGE COMMISSION  
DECISION PERMANENTLY SUSPENDING REGULATION  
EXEMPTIONS CLAIMED BY MINERAL EXPLORATION  
COMPANY FINAL

The decision of an administrative law judge, permanently suspending claimed Regulation B exemptions from registration under the Securities Act for 12 offerings of securities by Mineral Exploration Company, of Arlington, Texas, has become final. The securities offered were fractional undivided working interests in 12 oil and gas leases, with unit prices ranging from \$1,300 to \$2,300.

The law judge's decision was principally based on his finding that Mineral's president had been enjoined from offering or selling securities in New York in violation of the laws of that state. (Rel. 33-5702)

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## COMMISSION ANNOUNCEMENTS

INITIAL DECISION GRANTS BOSTON STOCK EXCHANGE  
APPLICATION FOR UNLISTED TRADING PRIVILEGES IN  
LUDLOW CORPORATION COMMON STOCK

Administrative Law Judge Edward B. Wagner has filed an initial decision granting the application of the Boston Stock Exchange for unlisted trading privileges in the common stock of Ludlow Corporation. The common stock of Ludlow is listed on the New York Stock Exchange.

The Administrative Law Judge found under the provisions of the 1975 Amendments to the Securities Exchange Act of 1934 in Section 12(f)(2) that the granting of such application was "consistent with the maintenance of fair and orderly markets and the protection of investors." In interpreting this provision as imposing a minimal burden upon the applicant exchange, the decision relied upon "the legislative history of the 1975 Amendments, the long-standing policy of the Commission and the provisions of the Amendments themselves." This is the first contested proceeding under the new standards.

The decision is subject to Commission review on petition of a party or on the Commission's own initiative.

NOTICE OF FILING OF APPLICATION  
AS A CLEARING AGENCY

New England Securities Depository Trust Company has filed with the Commission an application for registration as a clearing agency pursuant to subsection (c)(1) of Rule 17Ab2-1 under the Securities Exchange Act of 1934. (Rel. 34-12428)

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## COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES THE GENERAL TIRE AND RUBBER  
COMPANY AND MICHAEL GERALD O'NEIL

The SEC announced the filing of a complaint in the U.S. District Court for the District of Columbia against The General Tire & Rubber Company (General Tire) and Michael Gerald O'Neil (O'Neil), President and Director of General Tire.

The Commission also announced that the Court entered a Judgment of Permanent Injunction restraining and enjoining General Tire and O'Neil from further violations of the anti-fraud, reporting and proxy provisions of the Securities Exchange Act of 1934, and ordering certain other relief. General Tire and O'Neil consented to the entry of the Court's Judgment and Order without admitting or denying the allegations in the Commission's complaint.

The complaint alleges various violations of the securities laws in the making of substantial improper and illegal payments totalling in excess of several million dollars of General Tire corporate funds, the making of domestic political contributions and improper payments to officials and employees of various governments, the falsification of corporate books and records of General Tire, the utilization of unrecorded and unaccounted funds, violations of foreign currency laws, and the filing of materially false and misleading annual and periodic reports and proxy statements with the Commission.

In addition to the entry of the Order of Permanent Injunction against General Tire and O'Neil, certain ancillary relief was ordered by the Court and undertaken by General Tire, including the following: (1) An order enjoining General Tire and O'Neil from using or aiding and abetting the use of corporate funds of General Tire or any of its affiliates or subsidiaries for unlawful political contributions, or other similar unlawful purposes; (2) An order enjoining General Tire and O'Neil from making or causing to be made any materially false or fictitious entries in the books and records of General Tire, its affiliates or subsidiaries, or establishing, maintaining, or causing to be established or maintained any secret or unrecorded fund of corporate monies or other assets, or making or causing to be made any payments or disbursements thereof; (3) An order compelling General Tire to maintain accurate books and records and accurate supporting documentation for all transactions entered in the books and records of General Tire, and to provide the Commission with continuing access to such documentation in connection with a number of matters; and (4) The establishment of a Special Review Committee of the Board of Directors of General Tire, consisting of five independent members of the Board, and the retention of a Special Counsel, Richard F. Stevens, of the Cleveland, Ohio law firm of Baker, Hostetler and Patterson. The Committee and its Special Counsel have been authorized to conduct an extensive investigation into (a) the use of corporate funds for unlawful political contributions, gifts, entertainment or other expenses related to political activity; (b) the use of corporate funds for improper payment to government officials and employees, foreign or domestic; (c) the establishment and maintenance of, and transactions in, any secret or unrecorded funds; (d) the use of agents and consultants for unlawful or improper purposes; and (e) such other matters as may be revealed during the course of the investigation.

The Report of the Special Committee shall be submitted to the Court and the Commission. In addition, the Board of Directors shall independently review the Report and will take such action as it deems appropriate with regard to the findings and recommendations contained in the Report. Also, the Report shall be filed with the Commission as an Exhibit to a Current Report on Form 8-K for the month in which the Report is submitted to General Tire's Board of Directors.

The Commission reserves the right to seek such further relief as may be necessary or appropriate to insure that General Tire has complied with and implemented the Court's decree and General Tire's various undertakings. (SEC v. The General Tire and Rubber Company and Michael Gerald O'Neil, et al., U.S.D.C. D.C.). (LR-7386)

#### ALBERT M. AUERNIG ENJOINED

The Denver Regional Office announced that on April 22 the Honorable Willis W. Ritter, U.S. District Judge for the District of Utah, Central Division, entered an order of permanent injunction against Albert M. Auernig enjoining him from violating the anti-fraud provisions of the securities laws. Auernig consented to the entry of the judgment without admitting or denying the allegations of the Commission's complaint. The complaint was filed on March 18, 1976 and charged Auernig, Premier Oil & Gas, Inc., Harry T. McClain, Walt Odom, Norman Fife, and Bill C. Simpson with violations of the antifraud provisions of the securities laws. (SEC v. Premier Oil & Gas, Inc., et al., U.S.D.C. Utah, Central Division, Civil Action No. C-76-85). (LR-7388)

#### PIONEER NATIONAL TRUST COMPANY OF ARIZONA FINED

The Denver and the Los Angeles Regional Offices announced that on April 16 the Honorable William C. Frey, U.S. District Judge for the District of Arizona, fined Pioneer National Trust Company of Arizona \$20,000 on its plea of nolo contendere to two counts of a 47 count indictment. The two counts alleged violations of the registration provisions of the Securities Act of 1933, as amended. Pioneer National Trust Company was dismissed out as a defendant in the remaining counts of the indictment. LuVerne Meyer, also charged in the same 47 count indictment, entered a plea of guilty on April 5, 1976

to an information charging him as an accessory after the fact in selling investment contracts issued by Pioneer Trust No. 10890 for the benefit of Apple Valley in violation of the registration provisions of the Securities Act of 1933, as amended. Mr. Meyer's sentencing has been postponed. Mr. Meyer was dismissed out as a defendant in the indictment. Trial for the remaining defendants is presently scheduled for July 7, 1976. (U.S. v. Apple Valley Enterprises, Inc., D. Arizona, CR 76-147-JUC). (LR-7389)

#### **GULF STATES ENERGY CORP, OTHERS ENJOINED**

The Fort Worth Regional Office announced that on April 27, orders of permanent injunction by consent were entered in Federal District Court at Dallas, Texas enjoining Gulf States Energy Corporation and Royal D. Russell, both of Dallas, Texas, and Harold R. Malone, Fort Worth, Texas, from further violations of the registration and antifraud provisions of the securities laws. In addition on May 4, 1976, an order of permanent injunction by consent was entered enjoining Robert Lee Arnett, Dallas, from similar violations. The defendants consented to the entry of the injunctions without admitting or denying the allegations contained in the Commission's complaint. (SEC v. Gulf States Energy Corp., et al., N.D. Tex.). (LR-7390)

#### **FREDERICK N. BOSWELL AND HOWARD HERNDON ENJOINED**

The Atlanta Regional Office announced that on April 26 Judge Eugene A. Gordon of the U.S. District Court for the Middle District of North Carolina signed judgments of permanent injunction against Frederick N. Boswell, Savannah, Georgia, and Howard Herndon, Atlanta, Georgia. The judgments permanently enjoined the defendants Boswell and Herndon from violating the antifraud provisions of the securities laws in the offer and sale of investment notes of Pinehurst Mortgage and Loan Corporation or any other securities. The defendants consented to the final judgments without admitting or denying the allegations of the Commission's complaint. On April 6, 1976, Pinehurst filed a petition in the U.S. District Court for the Middle District of North Carolina seeking reorganization under Chapter X of the Bankruptcy Act. John A. Huffines of Greensboro, North Carolina, has been appointed Trustee for the company. (SEC v. Pinehurst Mortgage and Loan Corp., et al., USDC, M.D. North Carolina, Civil Action No. C-74-248-R). (LR-7391)

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## **INVESTMENT COMPANY ACT RELEASES**

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#### **SCUDDER CASH INVESTMENT TRUST**

An order has been issued on an application by Scudder Cash Investment Trust, Scudder Managed Reserves, Inc., Scudder, Stevens & Clark Balanced Fund, Inc., and Scudder, Stevens & Clark Common Stock Fund, Inc.; Fidelity Fund, Inc., Puritan Fund, Inc., Fidelity Capital Fund, Inc., Fidelity Trend Fund, Inc., Salem Fund, Inc., Fidelity Equity-Income Fund, Inc., Contrafund, Inc., Congress Street Fund, Inc., Essex Fund, Inc., Magellan Fund, Inc., Fidelity Destiny Fund, Inc., and Fidelity Bond-Debenture Fund, Inc.; Eaton & Howard Balanced Fund, Eaton & Howard Growth Fund, Inc., Eaton & Howard Income Fund, Eaton & Howard Special Fund, Inc., and Eaton & Howard Stock Fund; The George Putnam Fund of Boston, The Putnam Growth Fund, Putnam Investors Fund, Inc., The Putnam Income Fund, Inc., Putnam Convertible Fund, Inc., Putnam Equities Fund, Inc., Putnam Vista Fund, Inc., Putnam Voyager Fund, Inc., Putnam Mariner Fund, Inc., Putnam Daily Dividend Trust, and Putnam Duofund, Inc.; and Diversification Fund, Inc., The Exchange Fund of Boston, Inc., Depositors Fund of Boston, Inc., Capital Exchange Fund, Inc., Fiduciary Exchange Fund, Inc., Second Fiduciary Exchange Fund, Inc., Leverage Fund of Boston, Inc., Vance, Sanders Special Fund, Inc., Vance, Sanders Common Stock Fund, Inc., Vance, Sanders Investors Fund, Inc., and Vance, Sanders Income Fund, Inc. (the Funds), each of which is registered as an investment company under the Investment Company Act of 1940, declaring that Mrs. Hester L. Sargent and Messrs. Dwight L. Allison, Jr., F. Stanton Deland, Hans H. Estlin, Donald J. Hurley and William F. Morton, directors, trustees, and/or nominees as directors, of one or more of the Funds, shall not be deemed "interested persons" of the Funds or their investment advisers or principal underwriters by reason of their positions with The Boston Company Inc. and/or Boston Safe Deposit and Trust Company. (Rel. IC-9284 - May 10)

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## **HOLDING COMPANY ACT RELEASES**

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#### **MIDDLE SOUTH UTILITIES**

An order has been issued authorizing Middle South Utilities, Inc., a registered holding company, to guaranty certain lease obligations relating to a computer of its service subsidiary company. (Rel. 35-19520 - May 10)

## NATIONAL FUEL GAS COMPANY

An order has been issued approving a proposal of National Fuel Gas Company and two of its wholly-owned subsidiaries, National Fuel Gas Distribution Corporation and National Fuel Gas Supply Corporation, whereby the holding company will issue and sell up to 1,200,000 shares of its cumulative preferred stock (\$25 par). An exception from the competitive bidding requirements of Rule 50 has been requested in connection with the sale of the preferred stock. The holding company also proposes to issue and sell, through December 31, 1976, notes to a bank in the maximum aggregate principal amount of \$7 million at any one time outstanding. The subsidiaries propose to issue and sell, and the holding company proposes to acquire, notes in the maximum aggregate principal amount of \$7 million at any one time outstanding. The proceeds realized by the holding company will be used to retire outstanding bank notes and commercial paper and to make loans to subsidiaries. The proceeds realized by the subsidiaries will be applied to their respective construction programs. (Rel. 35-19521 - May 10)

An order has also been issued regarding National Fuel Gas Company and two of its subsidiaries authorizing the proposed issuance and sale of bank notes and/or commercial paper by the holding company and the issuance and sale of short-term notes to the holding company by the subsidiary companies. (Rel. 35-19522 - May 11)

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## DELISTING AND UNLISTED TRADING ACTIONS

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### DELISTING SOUGHT

A notice has been issued giving interested persons until June 9 to request a hearing on an application of Precision Optics, Inc. to withdraw its common stock from listing and registration on the Boston Stock Exchange. In the period July, 1975 to February, 1976 only 1,800 shares traded on the Boston Stock Exchange, and there are fewer than five shareholders of record residing in the New England area. The Boston Stock Exchange has not objected to this application. (Rel. 34-12430)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGE

The Midwest Clearing Corporation has filed pursuant to Rule 19b-4, a proposed rule change (SR-MCC-76-2) regarding contributions by its members to the Participants' Fund. Publication of the submission is expected to be made in the Federal Register during the week of May 10. (Rel. 34-12422)

The Detroit Stock Exchange has filed a proposed rule change under Rule 19b-4 (SR-DSE-76-4) to eliminate restrictions on the ability of its members to effect agency transactions otherwise than on the exchange. Publication of the proposal is expected to be made in the Federal Register during the week of May 17. (Rel. 34-12426)

### APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by Depository Trust Company. The rule change (SR-DTC-76-2) amends procedures relating to Depository Trust Company's overnight collateral loan program to permit the pre-authorized release by pledgees of collateral pledged for overnight loans. (Rel. 34-12427)

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## SECURITIES ACT REGISTRATIONS

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### (S-7) UNION ELECTRIC COMPANY

One Memorial Dr., St. Louis, Mo. 63102 - \$70 million of a new series of first mortgage bonds, due 2006, to be offered for sale through competitive bidding. The company and its subsidiaries primarily supply electric service. (File 2-56062 - Apr. 15)

### (S-1) STEWART & STEVENSON SERVICES, INC.

1719 Preston, Houston, Tex. 77002 - 850,000 shares of common stock, to be offered for sale through underwriters managed by Goldman, Sachs & Co., 55 Broad St., New York, N.Y. 10004 and Rotan Mosle Inc., South Tower, Pennzoil Pl., Houston, Tex. 77002. 650,000 shares will be offered by the issuer and 200,000 shares will be offered by selling shareholders. Stewart & Stevenson designs, fabricates, assembles, markets and services custom engineered power systems incorporating diesel or turbine engines and

other components and markets and services engines not sold as part of power systems. Stewart & Stevenson also designs, fabricates, and markets control systems for blowout preventers, as well as other oilfield equipment. (File 2-56236 - Apr. 30)

(S-7) COMMONWEALTH EDISON COMPANY

One First National Plaza, P.O. Box 767, Chicago, Ill. 60690 - 5,000,000 shares of common stock, to be offered for sale by an underwriting group headed by Merrill Lynch, Pierce, Fenner & Smith Inc.; Bache Halsey Stuart Inc.; and The First Boston Corporation. The company is principally engaged in the production, purchase, transmission, distribution and sale of electricity. (File 2-56289 - May 7)

(S-7) GENERAL TELEPHONE COMPANY OF OHIO

100 Executive Dr., Marion, Ohio 43302 - \$40 million of first mortgage bonds, due 2006, to be offered for sale at competitive bidding. The company provides telephone service in the State of Ohio. (File 2-56304 - May 10)

(S-1) CHIPPEWA LAKE PROPERTIES, INC.

7277 Northfield Rd., Cleveland, Ohio 44146 - 200,000 shares of common stock, to be offered for sale by the company and by NASD members at \$10.00 per share. Chippewa Lake Properties, Inc., is engaged in the operation of an amusement park and related leisure activities. (File 2-56305 - May 10)

## RECENT 8K FILINGS

Form 8K is a report which must be filed with the SEC by the 10th of the month after any of the following important events or changes: changes in control of the registrant; acquisition or disposition of assets; legal proceedings; changes in securities (i.e., collateral for registered securities); defaults upon senior securities; increase or decrease in the amount of securities outstanding; options to purchase securities; revaluation of assets; submission of matters to a vote of security holders.

The companies listed below have filed Form 8-K reports for the month indicated, responding to the item of the form specified. Photocopies may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An index of the captions of the items of the form was included in Monday's News Digest.

COMPANY	ITEM NO.	MONTH
BERKEY PHOTO INC	11,14	04/76
COMMERCE BANCSHARES INC	7,14	04/76
CONNECTICUT LIGHT & POWER CO	11,14	04/76
ITE IMPERIAL CORP	1,2,4,11	04/76
JAMESBURY CORP	7,9	04/76
LAKEHEAD PIPE LINE CO INC	11	03/76
LEAR SIEGLER INC	14	04/76
MEREDITH CORP	10	03/76
MINERALS ENGINEERING CO	1,14	04/76
NATIONAL REAL ESTATE FUND	2	12/75
PIEDMONT FUNDING CORP	3	04/76
REICHHOLD CHEMICALS INC	2,7,14	04/76
ROCKY MOUNTAIN NATURAL GAS CO INC	7,11	04/76
SCANFORMS INC	3	04/76
SMC INDUSTRIES INC	7	03/76
SOUTH JERSEY INDUSTRIES INC	11,14	04/76
SOUTHWEST GAS CORP	7,14	04/76
STANADYNE INC	11	04/76
STIRLING HOMEX CORP	10	03/76
TG BANCSHARES CO	11,14	04/76
UNITED REALTY TRUST	3,13,14	04/76
VALLEY METALLURGICAL PROCESSING CO INC	3,14	04/76
WICHITA INDUSTRIES INC	13,14	04/76
WILLAMETTE INDUSTRIES INC	11,14	04/76
WOOD ALAN STEEL CO	6,13,14	04/76
YALE EXPRESS SYSTEM INC	12	03/76
ZAPATA CORP	13,14	04/76
AMKEN INDUSTRIES	12	04/76
BRISTOL MYERS CO	11	04/76

RECENT 8K FILINGS CONT.

CONCHEMCO INC	11,14	03/76
FRANKLIN ELECTRIC CO INC	11	04/76
GULF REPUBLIC FINANCIAL CORP	11,14	04/76
MARQUETTE CO	11,13	04/76
MOSINEE PAPER CORP	11	04/76
RAMADA INNS INC	3	03/76
SOCIETY CORP	11,14	04/76
UPPSTER CORP	11,14	04/76
VANSCHAACK & CO	11	04/76
WINTERS NATIONAL CORP	13	04/76
AMENDMENTS TO REPORTS ON FORM 8-K		
AMERICAN CATTLE FEEDERS	13,14	12/75
NORTH LAKE CORP	2	07/75
VTN CORP	3,7,14	03/76

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 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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