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## RULES AND RELATED MATTERS

U.S. SECURITIES AND

CERTAIN ASPECTS OF THE FINANCIAL RESPONSIBILITY REPORTING PROGRAM PERTAINING TO TRANSACTIONS IN MUNICIPAL SECURITIES EXTENDED EXCHANGE COMMISSION

The Commission announced the extension until October 1, 1976, of its previous interpretations respecting the application of Rules 17a-3, 17a-4, and 17a-11 to brokers and dealers effecting transactions solely in municipal securities. In Securities Exchange Act Release No. 11854 (November 20, 1975), the Commission adopted a financial responsibility and reporting program pertaining to transactions in municipal securities, including certain amendments, temporary amendments and interpretations to the uniform net capital rule (Rule 15c3-1), the customer protection rule (Rule 15c3-3) and other related financial responsibility and reporting rules, including Rules 17a-3, 17a-4, and 17a-11.

With respect to Rule 17a-3, the interpretations require brokers and dealers effecting transactions solely in municipal securities to make and keep current books and records sufficient to demonstrate their financial condition, to reflect the receipt and delivery of all funds and securities, and to reflect all customer activity. Rule 17a-4 is interpreted to require such brokers and dealers to preserve in an easily accessible place those books and records maintained pursuant to Rule 17a-3, as interpreted, and such other business records required to be preserved by Rule 17a-4. Paragraph (c) of Rule 17a-11 is interpreted to apply only to violations of Rule 17a-3, as interpreted.

These interpretations were scheduled to expire on June 1, 1976. However, the Commission has determined that it is appropriate in the public interest and for the protection of investors to continue the existing regulatory structure with respect to brokers and dealers effecting transactions solely in municipal securities until the Commission is in a position to consider and approve appropriate recordkeeping and preservation requirements for such brokers and dealers. Accordingly, the Commission has extended the aforementioned interpretations of Rule 17a-3, 17a-4 and 17a-11(c) until October 1, 1976. (Rel. 34-12496)

## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

SANCTIONS IMPOSED AGAINST  
STEPHENSON, LEYDECKER & CO.,  
AND THOMAS HOWARD

The SEC announced that the registration of Stephenson, Leydecker & Co., Oakland, California, as a broker-dealer in securities has been revoked. Thomas Howard, of Berkeley, California, a principal of the firm, has been suspended from association with any broker-dealer, investment company or investment adviser for a period of 30 days and has been thereafter barred from association with any of the foregoing except as a supervised employee in a non-supervisory capacity limited to those activities for which he shall have submitted information to the staff of the Commission showing that he will be adequately supervised. Without admitting or denying the charges against him, respondents consented to the above sanctions and to findings by the Commission that the firm violated and Howard aided and abetted the violation of anti-fraud, net capital, and recordkeeping provisions of the securities laws. (Rel. 34-12475)

## COURT ENFORCEMENT ACTIONS

### COMPLAINT NAMES GEO DYNAMICS OIL AND GAS, INC., OTHERS

The SEC announced on June 1 the filing of a complaint for injunctive and other relief in the U.S. District Court for the District of Columbia against the following: Geo Dynamics Oil and Gas, Inc., and Milton A. Dauber, of Jenkintown, Pa.; Geo Resources Management Corporation, CRC Corporation, Geo Resources Corporation, Comprehensive Resources Corporation, William J. Soter, and Martin J. Fribush, of New York, New York; B. L. Floyd, of Corpus Christi, Texas (all of the above collectively referred to as the "Geo Defendants"); Jack P. Janetatos and Walter A. Slowinski, of Washington, D.C.; and Fortune Enterprises, Inc., Richard Katcher, and William J. Kraus, of Cleveland, Ohio. The complaint charged violations and the aiding and abetting of violations of the antifraud, registration, reporting and broker-dealer provisions of the securities laws in the offer and sale of over \$80 million in "leveraged" oil and gas drilling venture limited partnership interests by the Geo Defendants from 1970 to 1973. Without admitting or denying the allegations in the Commission's complaint, Messrs. Janetatos and Slowinski consented to the entry against them by the U.S. District Court of a final order, and Mr. Katcher consented to the entry of a final judgment. (SEC v. Geo Dynamics Oil and Gas, Inc., et al., D.D.C., 1976). (LR-7423)

### COURT ORDERS ONE MILLION DOLLARS RETURNED

The Washington Regional Office announced that on May 14 the U.S. District Court for the District of Columbia ordered that Kevin Kennedy of New York City, an officer, director and shareholder of The Panorama Group, Inc. (Panorama), must make restitution to Travel Consultants, Inc. (TCI) of over \$1 million which the Court found had been wrongfully diverted by Panorama from TCI, a subsidiary of Weston International Corporation (Weston) of Rockville, Maryland. The court also enjoined Kennedy from further violations of the antifraud provisions of the Securities Exchange Act of 1934. Previously, the court had enjoined by consent Weston, its board of directors, Panorama, eight affiliated and subsidiary Panorama companies, Panorama's president, Williston, H. Clover, and its treasurer, Duane J. Novosedliak. Panorama, the eight Panorama subsidiary and affiliated companies and Clover were also ordered to make over \$1 million in restitution. (SEC v. Weston International Corporation, et al., USDC D.C., Civil Action No. 75-1878). (LR-7419)

### SMITH, DRAKE AND SYLWESTER ENJOINED

The Los Angeles Regional Office announced that on May 24 the District Court for the Central District of California at Los Angeles entered an order of permanent injunction against Dale J. Smith and Muriel Jeanne Drake of Chicago, Illinois and Theodore W. Sylwester of Los Angeles. The defendants consented to the entry of the permanent injunction without admitting or denying the allegations in the Commission's complaint. The complaint charged that the defendants, all employees of subsidiaries of Bowne, Inc., a financial printer, violated the securities laws by utilizing confidential, non-public information, obtained through their employment, to purchase and sell securities. The defendants allegedly made use of draft printing materials, which indicated tender offers were forthcoming, to purchase shares in the target companies prior to the public announcement of the tender offers. Under the order of the Court, the defendants agreed to contribute the profits realized from their alleged activities to charity. (SEC v. Dale J. Smith, et al., C.D. Cal., No. CV-76-1656 ALS). (LR-7420)

### FOREST P. WHITLOW, OTHERS INDICTED

The Chicago Regional Office announced the return of a 12 count indictment on May 21 by the Grand Jury of Rock Island County, Illinois, charging Forest P. Whitlow, John L. Brewer, Joseph P. Delfino, Truman K. Gibson, Jr. and James F. Marando with the crimes of conspiracy, making false representations in connection with the offer and sale of securities of Royal National Investment & Mortgage Corporation and theft by deception, all in violation of the Illinois Criminal Code. (State of Illinois v. Forest P. Whitlow, et al.). (LR-7421)

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## HOLDING COMPANY ACT RELEASES

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### YANKEE ATOMIC ELECTRIC COMPANY

A supplemental order has been issued authorizing Yankee Atomic Electric Company, subsidiary of New England Electric System and Northeast Utilities, to increase its short-term borrowings from banks and/or a dealer in commercial paper. (Rel. 35-19548-June 1)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGE

The Pacific Stock Exchange, Inc. has filed a proposed rule change under Rule 19b-4 (SR-PSE-76-9) to amend Exchange Rule VI to reflect the adoption of the uniform net capital rule. Publication of the proposal is expected to be made in the Federal Register during the week of May 31. (Rel. 34-12495)

The Midwest Securities Trust Company and the Midwest Clearing Corporation have filed proposed rule changes pursuant to Rule 19b-4 (SR-MSTC-76-7 and SR-MCC-76-3) amending their fee schedules. Publication of the submissions is expected to be made in the Federal Register during the week of June 7. (Rel. 34-12500)

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## SECURITIES ACT REGISTRATIONS

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### (S-1) MAY PETROLEUM INC.

Suite 1000, 4925 Greenville Ave., Dallas, Tex. 75206 - 193,674 shares of common stock, to be offered in exchange for certain oil and gas interests of owners of limited partnership interests in May Drilling Partnership: Nos. A-6(1972), A-7(1972) and 1973-1 (1973). The company is primarily engaged in oil and gas exploration and development. (File 2-56216 - Apr. 30)

### (S-11) DE ANZA PROPERTIES - 1976

9171 Wilshire Blvd., Suite 610, Beverly Hills, Cal. 90210 - \$10 million of units of limited partnership interest, to be offered for sale at \$5,000 per unit with a minimum investment of 2 units. The Partnership was formed to acquire and operate mobile home parks. (File 2-56461 - May 26)

### (S-1) KINGSTIP COMMUNICATIONS, INC.

908 West Martin Luther King, Jr. Blvd., Austin, Tex. 78702 - 461,435 shares of common stock, to be distributed in a spin-off by its parent, Kingstip, Inc. on the basis of two shares of Kingstip Communications common stock for each five shares of Kingstip common stock held by the parent's shareholders. Kingstip Communications, through its wholly-owned subsidiary, owns and operates a UHF TV station and an FM radio station in Austin, Texas. (File 2-56480 - May 27)

### (S-7) BENEFICIAL CORPORATION

Beneficial Bldg., 1300 Market St., Wilmington, Del. 19899 - \$100 million of debentures, maturing at holder's option annually on June 15 commencing in 1983 and due 2001, to be offered for sale by underwriters headed by Blyth Eastman Dillon & Co. Inc., One Chase Manhattan Plaza, New York, N.Y. 10005. Beneficial Corporation is a holding company, subsidiaries of which are engaged principally in the consumer loan, sales finance and related credit insurance businesses and in the merchandising business. (File 2-56485 - May 27)

### (S-14) PEOPLES DRUG STORES, INCORPORATED

6315 Bren Mar Dr., Alexandria, Va. 22312 - 1,761,574 shares of common stock, to be offered in connection with a proposed merger of The Lane Drug Corporation (Lane) into Peoples. Each of the 204,921 shares of Lane common stock will be exchanged for approximately 8.596 shares of Peoples common stock. In connection with the proposed merger, the par value of shares of Peoples common stock will be reduced from \$5 to \$1 per share and the 538,900 shares of Peoples common stock presently owned by Lane will be cancelled. Peoples and Lane are both principally engaged in the operation of retail drug stores. (File 2-56486 - May 27)

(S-1) DAYLIN, INC.

12910 Culver Blvd., Los Angeles, Cal. 90066 - 28,561 shares of common stock; \$10,500,000 face amount three year Class A notes; \$4,500,000 face amount three year Class B notes; \$41,500,000 face amount of 8½ sinking fund debentures, Series A, due 1999; and \$21,500,000 face amount of 8½ sinking fund debentures, Series B, due 1999. The company is principally engaged in drug and medical operations, do-it-yourself home improvement centers and apparel specialty shops. (File 2-56488 - May 28)

(S-7) DUQUESNE LIGHT COMPANY

435 Sixth Ave., Pittsburgh, Pa. - \$80 million of first mortgage bonds, due 2006, to be offered for sale at competitive bidding. The company is a Pennsylvania electric utility. (File 2-56491 - May 28)

(S-7) FIDELITY AMERICAN BANKSHARES, INC.

828 Main St., Lynchburg, Va. 24504 - \$6 million of capital notes, Series A, due 1983, to be offered for sale to the public directly by the issuer through certain of its employees. Fidelity is a multibank holding company controlling 15 Virginia commercial banks. (File 2-56492 - May 28)

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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