

# sec news digest

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

## U.S. SECURITIES AND EXCHANGE COMMISSION

### CHARTERED NEW ENGLAND CORP., OTHERS SANCTIONED

The Commission has entered an order requiring Chartered New England Corp. and three of its officers, Milton Bomback, president, Robert L. Gardner and Robert L. Scheinman, both vice-presidents, among other things, with certain specified exceptions, not to engage in the activities of a broker or dealer for a period of three months and not to engage in offerings of securities for a period of nine months. Chartered has been further ordered to take certain steps with respect to its procedures for compliance with the securities laws which include, among other things, the retention of a special counsel to review its procedures. In addition, Scheinman has been ordered, among other things, not to share in the profits of Chartered for a period of nine months and not to be associated with a broker or dealer in a supervisory capacity for a period of six months.

The sanctions were based on findings that Chartered, Bomback, Gardner and Scheinman violated the antifraud and registration provisions of the securities laws in connection with the securities of Audio Media Corp. The Commission's action was taken pursuant to undertakings in the offers of settlement of Chartered, Bomback, Gardner and Scheinman, in which the respondents, without admitting or denying the charges against them, consented to the above findings and sanctions. (Rel. 34-12497)

### NASD ACTION AGAINST GENERAL SECURITIES CORP., AND OFFICER AFFIRMED

The Commission has affirmed the NASD's expulsion of General Securities Corporation, a Phoenix, Arizona broker-dealer firm, from membership, and the Association's bar of Edward Lovellette, the firm's vice-president, from acting as principal or serving in a managerial or supervisory capacity with any NASD member.

The Commission found, as had the NASD, that the firm and Lovellette had engaged in extensive violations of recordkeeping and reporting provisions. Although the Commission set aside the NASD's findings of net capital violations, it concluded that no reduction in sanctions was warranted. (Rel. 34-12515)

## COMMISSION ANNOUNCEMENTS

### COMMISSION MAKES PUBLIC NON-CONFIDENTIAL PORTIONS OF SHRIVER STUDY

In order to assist persons intending to comment on the application of National Securities Clearing Corporation for registration as a clearing agency, the Commission has included in public File No. 600-15 the non-confidential portions of "An Analysis of the Current Costs of Clearing and Settling Securities Transactions and Cost Implications of the Development of a Unified National System," prepared for the Commission by R. Shriver Associates. (Rel. 34-12536)

## COURT ENFORCEMENT ACTIONS

### RICHARDSON, OTHERS GUILTY

The Los Angeles Regional Office announced that on May 3 Thomas P. Richardson, principal owner and operator of T. P. Richardson & Co., Inc. of Century City, a former securities broker, was sentenced to six years imprisonment following a finding of guilty by the Court on six counts of an indictment charging him and others with conspiracy and various fraud charges in connection with the fraudulent operation of the firm in which a massive undisclosed, short selling scheme caused losses of millions of dollars to a number of institutional investors, university endowment funds, and others.

Earlier the following co-defendants who had all pled guilty to various fraud charges were sentenced as indicated: Thomas C. Thomas - two years imprisonment; Kevin Kelley - one year imprisonment; John E. Kelley - one year imprisonment; and Joseph C. Werba - six months imprisonment followed by 18 months probation. (U.S. v. Thomas P. Richardson, et al., C.D. Cal., No. CR-75-1656). (LR-7438)

THOMAS E. HILL,  
HUEY P. STROTHER PLEAD GUILTY

The Fort Worth Regional Office announced that on June 4 Thomas E. Hill, Blanchard, Louisiana and Huey P. Strother, Shreveport, Louisiana, entered pleas of guilty before Federal District Judge Tom Stagg at Shreveport to fraud in the offer and sale of fractional undivided working interests in Louisiana oil and gas leases issued by E & H Oil Company, Inc. of Shreveport. Both Hill and Strother were released on their own personal recognizance. No date has been set for sentencing by Judge Stagg. (U.S. v. Thomas E. Hill and Huey P. Strother, WD/LA). (LR-7439)

COMPLAINT NAMES SERVOTRONICS, INC.  
AND MUNRO GAMES, INC.

The SEC announced the filing of a complaint in the U.S. District Court for the District of Columbia on June 8 seeking a court order directing Servotronics, Inc. (Servotronics) and Munro Games, Inc. (Munro) to comply with the reporting provisions of the Securities Exchange Act of 1934, and seeking a permanent injunction against such further violations. Servotronics and Munro both have their principal executive offices in Buffalo, New York, Servotronics owns 80.3% of the outstanding voting securities of Munro. According to the Commission's complaint, both Servotronics and Munro have failed to file with the Commission their annual reports on Form 10-K for their fiscal years ended December 31, 1975, and their quarterly reports on Form 10-Q for their fiscal quarters ended March 31, 1976. (SEC v. Servotronics, Inc. and Munro Games, Inc., D.D.C., Civil Action No. 76-1004). (LR-7440)

ROBERT C. CUNNINGHAM INDICTED

The Chicago Regional Office announced the return of an 18 count indictment on June 3 by a federal grand jury at Chicago, Illinois against Robert C. Cunningham, also known as Bobbie C. Cunningham, an officer, director and controlling shareholder of Damon Security Investments Company, Inc. a registered investment adviser, formerly operating in Chicago. The indictment charges the defendant Cunningham with violations of the antifraud provisions of the Investment Advisers Act of 1940, the custody and possession Rule thereunder, making a false filing in violation of the Advisers Act, the mail fraud statute, the false filing provisions of Title 18, U.S.C. Section 1001, and fraud in the use of interstate radio communications. (U.S. v. Robert C. Cunningham, a/k/a Bobbie C. Cunningham). (LR-7441)

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## TRADING SUSPENSIONS

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### ADDITIONAL ACTION ON ONE TRADING SUSPENSION

The SEC has announced the suspension of exchange and over-the-counter trading in the securities of Government Employees Insurance Company (GEICO) for the further ten-day period June 13 - 22, inclusive.

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGE

The Options Clearing Corporation (OCC) has filed proposed rule changes pursuant to Rule 19b-4 (SR-OCC-76-5) modifying OCC's By-Laws and Rules with respect to margin and clearing fund deposits. (Rel. 34-12537)

A rule change filed by OCC pursuant to Rule 19b-4 (SR-OCC-76-4) has become effective in accordance with Subsection 19(b)(3) of the Securities Exchange Act of 1934. The rule change codifies eligibility standards for clearing membership. (Rel. 34-12538)

## SECURITIES ACT REGISTRATIONS

### (S-14) CITIZENS BANCORP

P.O. Box 399, Third & Ellsworth Sts., Albany, Ore. 97321 - \$324,734 of common stock. The proposed reorganization will cause Citizens Valley Bank, Albany, Oregon, an Oregon banking corporation and Citizens Development Company, an affiliated business corporation, to become wholly-owned subsidiaries of Citizens Bancorp with the existing shares of each exchanged for shares of Citizens Bancorp. (File 2-56377 - May 14)

### (S-7) NEW YORK STATE ELECTRIC & GAS CORPORATION

4500 Vestal Parkway East, Binghamton, N.Y. 13902 - 1,600,000 shares of common stock, to be offered for sale to underwriters by competitive bid who will in turn sell to the public. The company is a public utility supplying electric and gas service. (File 2-56585 - June 10)

### (S-1) AMDAHL CORPORATION

1250 East Arques Ave., Sunnyvale, Cal. 94086 - 1,000,000 shares of common stock. The shares will be offered through underwriters represented by The First Boston Corporation, 20 Exchange Pl., New York, N.Y. 10005. Of the 1,000,000 shares, 928,000 are being sold by the company and the remainder are being sold by certain stockholders. The company has developed, manufactures, markets and maintains the Amdahl 470 V/6, a large-scale, general-purpose computer. (File 2-56586 - June 10)

### (S-14) THE NORFOLK & CAROLINA TELEPHONE & TELEGRAPH CO. OF VA. (THE VIRGINIA COMPANY)

103 South Road St., Elizabeth City, N.C. 27909 - 780,288 shares of common stock, 8,500 shares of 6% cumulative preferred stock, Series A (\$100 par), 15,000 shares of 11-1/2% cumulative preferred stock, Series B (\$100 par) and 10,000 shares of 12% cumulative preferred stock, Series C (\$100 par). It is proposed that these shares will be exchanged for outstanding shares of capital stock of the Virginia Company and its affiliate, and The Norfolk & Carolina Telephone & Telegraph Company (the North Carolina Company) in connection with a proposed merger of the North Carolina Company into the Virginia Company, with the Virginia Company being surviving corporation and changing its name to Norfolk Carolina Telephone Company (the Merged Company). If the proposed merger is consummated, each common share (\$20 par) and each Class B non-voting common share (\$20 par) of the North Carolina Company will be exchanged for two shares of common stock of the Merged Company; each share of common stock (\$100 par) of the Virginia Company will be exchanged for ten shares of common stock of the Merged Company; each 6% cumulative preferred share, Series A (\$100 par) of the North Carolina Company and each share of 6% cumulative preferred stock, Series A (\$100 par) of the Virginia Company will be exchanged for one share of 6% cumulative preferred stock of the Merged Company; and each 11-1/2% cumulative preferred share, Series B (\$100 par) of the North Carolina Company and each share of 12% cumulative preferred stock, Series B (\$100 par) of the Virginia Company will be exchanged for one share of 11-1/2% cumulative preferred stock, Series B, and one share of 12% cumulative preferred stock, Series C, respectively, of the Merged Company. The Virginia Company and the North Carolina Company are independent (non-Bell System) telephone operating companies. (File 2-56587 - June 10)

### (S-7) CONSUMERS POWER COMPANY

212 West Michigan Ave., Jackson, Mich. 49201 - \$60 million of first mortgage bonds, due 2006, to be sold at competitive bidding. The company is an electric and gas utility. (File 2-56589 - June 10)

### REGISTRATIONS EFFECTIVE

June 4: Textron Inc., 2-56169; Virginia Chemicals Inc., 2-56321; Yaquina Development Corp., 2-55890.

June 9: American Biochemical Corp., 2-56333; Cone Mills Corp., 2-56405; Explosive Fabricators Inc., 2-55568 (90 days); First Bancgroup-Alabama Inc., 2-56151; General Motors Acceptance Corp., 2-56383; Interlake Inc., 2-56453; King's Department Stores Inc., 2-55578; Mid-Continent Telephone Corp., 2-56358; North American Phillips Corp.,

2-56392; Schering-Plough Corp., 2-56052; Seligman & Latz, Inc., 2-56496; Sterndent Corp., 2-56367.

**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.

## RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events:

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| <i>Item 1. Changes in Control of Registrant</i>              | <i>Item 9. Options to Purchase Securities</i>  |
| <i>Item 2. Acquisition or Disposition of Assets</i>          | <i>Item 10. Extraordinary items, other material charges and credits and capital restatements</i> |
| <i>Item 3. Legal Proceedings</i>                             | <i>Item 11. Submission of Matters to a Vote of Security Holders</i>                              |
| <i>Item 4. Changes in Securities</i>                         | <i>Item 12. Changes in Registrant's Certifying Accountant</i>                                    |
| <i>Item 5. Changes in Security for Registered Securities</i> | <i>Item 13. Other Materially Important Events</i>  |
| <i>Item 6. Defaults upon Senior Securities</i>               | <i>Item 14. Financial Statements and Exhibits</i>  |
| <i>Item 7. Increase in Amount of Securities Outstanding</i>  |  |
| <i>Item 8. Decrease in Amount of Securities Outstanding</i>  |  |

The companies listed below have filed 8-K reports for the month indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An invoice will be included with the requested material when mailed.

COMPANY	ITEM NO.	MONTH
<b>AMENDMENTS TO REPORTS ON FORM 8-K</b>		
PACESETTER INDUSTRIES INC	3	02/76
SUPERIOR MANUFACTURING & INSTRUMENT CORP	12,13,14	02/76
PENRIL CORP	14	01/76
PIONEER CORP TEXAS	7	04/76
SOUTH STATES OIL & GAS CO	1	06/75
STAUFFER CHEMICAL CO	8	01/76
STORER BROADCASTING CO	8,13,14	04/76
SUNSHINE RESOURCES INTERNATIONAL INC	12	03/76
XACROM CORP	2,7,12	04/76

### 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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