

sec news digest

Issue 76-128

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July 1, 1976

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

JUL 2 1976

NASD ACTION AGAINST DeFELICE FIRM,
PRESIDENT MODIFIED

U.S. SECURITIES AND EXCHANGE COMMISSION

The Commission has reduced sanctions imposed by the NASD on Frank DeFelice, Ph. D & Associates, Inc., a Charlotte, North Carolina broker-dealer firm, and its president, Frank DeFelice. The Commission directed that the firm be suspended from NASD membership for 90 days and that DeFelice be suspended for the same period from association with any NASD member.

The Commission found, as did the NASD, that the firm and DeFelice solicited two subordination agreements from customers without disclosure of such basic matters as the required minimum one-year term of the loan, the risks involved, and the lack of protection for subordinated lenders under the Securities Investor Protection Act. The Commission concluded, however, that a reduction in sanctions was warranted since it had set aside certain of the NASD's findings of violation, no investors were harmed, and respondents had not engaged in deliberate deception. (Rel. 34-12564)

ORDERS FOR PUBLIC PROCEEDINGS

SHAW, HOOKER & CO., OTHERS

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against Shaw, Hooker & Co. (Registrant), a San Francisco, California broker-dealer, Arthur A. Gambarasi, general partner of Registrant, and Robert Lowell Haisman and Le Roy Zack Taylor, former registered representatives of Registrant.

The proceedings are based upon allegations of the Commission's staff that: (1) Registrant, Haisman and Taylor violated the antifraud provisions of the securities laws in connection with the offer and sale of options traded on the Chicago Board Options Exchange; and (2) Registrant and Gambarasi failed to reasonably supervise with a view toward preventing the antifraud violations. A hearing will be scheduled by further order on the charges against the respondents. (Rel. 34-12587)

COMMISSION ANNOUNCEMENTS

NATIONAL MARKET ADVISORY BOARD MEETING ANNOUNCED

The National Market Advisory Board will conduct open meetings on July 19 and 20, in the Board of Directors Suite, Continental Illinois Bank and Trust Co., 20th Floor, 231 South LaSalle Street, Chicago, Illinois, beginning at 9:30 a.m. on July 19, and at 8:30 a.m. on July 20. The Board will also conduct open meetings on August 16 and 17 and September 20 and 21. The location and summarized agenda for the August and September meetings will be published in the Federal Register at a later date. Initial notice of the July and August meetings was published in the Federal Register on June 3.

The summarized agenda for the July meeting is as follows: (1) discussion of Board's report to the Securities and Exchange Commission on in-house agency cross transactions in listed securities by exchange members; (2) discussion of off-board principal transactions in listed securities by exchange members; (3) report on meetings with the Board's Technical Consultants; (4) discussion of the submission of the Securities Industry Association; and (5) discussion of such other matters as may properly be brought before the Board.

Further information may be obtained by writing Martin L. Budd, Executive Director, National Market Advisory Board Staff, Securities and Exchange Commission, Washington, D.C., 20549.

SIGNIFICANT NO-ACTION AND INTERPRETIVE LETTERS

The following is a list of significant no-action and interpretative letters issued by the Division of Corporation Finance, during May 1976. These are letters which express the view of the Division with respect to novel or important questions arising under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Trust Indenture Act of 1939. Copies of these letters may be obtained by writing to the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549, or by making a request in person at the Public Reference Section, 1100 L Street, N.W., Room 6101, Washington, D.C., stating the name of the subject company, the section of the act to which it relates, and the public availability date. Copies cost 10 cents per page for written requests; for requests made in person, copies cost 10 cents per page.

<u>COMPANY NAME</u>	<u>ACT/SECTION OR RULE</u>	<u>DATE MAILED</u>	<u>PUBLIC AVAILABILITY DATE</u>
Madison Mint Corporation, Inc.	'33 Act/§2(1)	5-21-76	6-21-76
Charles Anthony Diamond Investments, Inc.	'33 Act/§2(1)	5-25-76	6-25-76
W.F. Simonet, Esq.	'33 Act/§3(a)(2), 3(a)(5)	5-18-76	6-18-76
Hopewell Convalescent Center	'33 Act/§3(a)(2)	5-20-76	6-21-76
Inland Counties Regional Center	'33 Act/§3(a)(4)	5-21-76	6-21-76
Northwest Medical Resources, Inc.	'33 Act/§3(b)	5-10-76	6-10-76
General Public Utilities Corp.	'33 Act/§4(1)	5-28-76	6-28-76
Institutional Securities Corp.	'33 Act/§4(5)	5-11-76	6-11-76
Foots, Cone & Belding Communications, Inc.	'33 Act/§5	5-20-76	6-21-76
Thomas H. Chambers	'33 Act/Rule 146	5-27-76	6-28-76
K.J. Brown & Co., Inc.	'33 Act/Rule 147	5-12-76	6-14-76
Consumers Acceptance and Finance Corp.	'33 Act/Rule 147	5-18-76	6-18-76
Medix of Wisconsin Inc.	'33 Act/Rule 147	5-17-76	6-17-76
Prepaid Legal Services, Inc.	'33 Act/Rule 147	5-17-76	6-17-76
Drico Industrial Corp.	'34 Act/§13(d), Rule 13d-1	5-25-76	6-25-76
Oklahoma Natural Gas Co.	'34 Act/Rule 16a-9	5-11-76	6-11-76
Stone & Webster, Inc. Restricted Stock Plan	'34 Act/Rule 16b-3	5-21-76	6-21-76
Gary A. Herman, Esq; Rule 16b-6(c)	'34 Act/Rule 16b-6	5-18-76	6-18-76

COURT ENFORCEMENT ACTIONS

CHICAGO, MILWAUKEE CORPORATION, OTHERS ENJOINED

The Commission and the Chicago Regional Office announced that on June 29 the U.S. District Court for the District of Columbia entered a judgment of permanent injunction enjoining Chicago Milwaukee Corporation (CMC), Chicago, Milwaukee, St. Paul and Pacific Railroad Company (Milwaukee Road), William J. Quinn, Chairman of the Board and President of CMC and Chairman of the Board and Chief Executive Officer of the Milwaukee Road, Worthington L. Smith, a Director of CMC and President and a Director of the Milwaukee Road, Curtiss E. Crippen, former President and a Director of the Milwaukee Railroad and Richard F. Kratochwill, Treasurer of CMC and Vice President for Finance and Accounting of the Milwaukee Road from violating the antifraud and reporting provisions of the Securities Exchange Act of 1934. In addition, the Court granted certain ancillary relief, including the continued maintenance of a Special Committee of the board of directors of CMC consisting of independent, outside directors to investigate and prepare a Report on the matters contained in the Commission's complaint, the submission of the Report to the Commission and others, and the amendment and correction of existing CMC and Milwaukee Road filings with the Commission. All of the defendants consented to the entry of the Court's judgments and orders without admitting or denying the allegations in the Commission's complaint.

The complaint alleges that CMC and the Milwaukee Road made false and misleading statements and omitted to state material facts in registration statements and annual reports between 1968 and 1974 concerning, among other things: (1) the causing by Milwaukee Road officials in 1968 and thereafter of a significant alteration in the operations of the Milwaukee Land Company (Land Company), a Milwaukee Road subsidiary, whereby the Land Company was directed to commence substantial sales of its timberland for the purpose of upstreaming cash to the Milwaukee Road which otherwise would not have remained solvent; (2) the rescission by the Milwaukee Road in 1972 of a \$4 million dividend from the Land Company in 1971 for the purpose of avoiding the Milwaukee Road's obligation to pay contingent interest to certain of its bondholders and the falsification of the accounting records and official documents of the Milwaukee Road and the Land Company in regard thereto; (3) the incursion of millions of dollars of deferred maintenance of roadway by the Milwaukee Road; (4) the incursion of a material contingent liability by the Milwaukee Road in connection with a sale of land and the falsification of certain of its books and financial statements in connection therewith; and (5) the operation of a political contributions fund whereby certain Milwaukee Road officers were reimbursed for their contributions to an Officers Fund which made contributions to candidates for federal and state political office. (SEC v. Chicago Milwaukee Corporation, et al., U.S.D.C., D.C., Civil Action No. 76-1204). (LR-7472)

STEPHEN J. BURNS INDICTED

The Chicago Regional Office announced that on June 24 a Federal Grand Jury in St. Louis, Missouri, returned a 9-count indictment against Stephen J. Burns who was formerly president of Investment Securities Corporation, a St. Louis, Missouri broker-dealer firm which is being liquidated under the provisions of the Securities Investor Protection Act of 1970. The indictment charges Stephen J. Burns with bank fraud, making a false statement to the Commission in conjunction with the filing of the annual report of Investment Securities Corporation and with violations of the record-keeping provisions of the securities laws. The indictment was a result of a joint investigation by the U.S. Attorney's Office, and the Federal Bureau of Investigation and the Commission's St. Louis Branch Office. (U.S. v. Stephen J. Burns, E.D. Mo. 76-169 CR[4]). (LR-7474)

INVESTMENT COMPANY ACT RELEASES

ISRAEL INVESTORS CORPORATION

Orders have been issued pursuant to Section 17(b) and Rule 17d-1 under Section 17(d) of the Act permitting Israel Investors Corporation (IIC), registered under the Act as a closed-end, non-diversified management company, and ICC Handels, A.G. (Handels), a Swiss corporation which is a wholly-owned subsidiary of ICC Industries, Inc. (a New York corporation) and which is affiliated with an affiliated person of IIC, permitting IIC and Handels each to purchase, pursuant to separate but interrelated standby commitments, of up to 200,000 of the ordinary shares of Electrochemical Industries (Frutarom) Limited, a major Israeli chemical concern which IIC controls through ownership of nearly 35% of the ordinary shares and with which Handels is affiliated by reason of its ownership of nearly 14% of the ordinary shares. (Rel. IC-9333 - June 30)

FOUNDERS OF AMERICAN INVESTMENT CORPORATION

An order has been issued on an application of Founders of American Investment Corporation (Founders), a registered investment company, National Investment Corporation, Inc. (National), T. M. Murrell, Bob C. Speake, and R. Rex Lee, (a) pursuant to Section 17(b) of the Act exempting from Section 17(a) of the Act the proposed purchase from Founders by National, Murrell, Speake and Lee, of a controlling block of shares of the common stock of American Investors Life Insurance Company, Inc., an affiliate of Founders and National, and (b) pursuant to Section 3(b)(2) of the Act declaring National to be engaged in a business other than that of an investment company. (Rel. IC-9334 - June 30)

HOLDING COMPANY ACT RELEASES

NEW ENGLAND POWER COMPANY

An order has been issued authorizing New England Power Company, subsidiary of New England Electric System, to obtain preferred stockholders' authorization to continue the current authorization of the permitted amount of its unsecured short-term indebtedness. (Rel. 35-19595 - June 30)

KENTUCKY POWER COMPANY

An order has been issued authorizing Kentucky Power Company, subsidiary of American Electric Power Company, Inc., to issue and sell notes to banks in an amount not to exceed \$15 million outstanding at any one time. (Rel. 35-19596 - June 30)

AMERICAN ELECTRIC POWER COMPANY

An order has been issued authorizing American Electric Power Company, Inc. (AEP), a registered holding company, and certain of its subsidiary electric utility companies; (1) for AEP to issue and sell notes to banks and to a dealer in commercial paper in an amount not to exceed \$155 million; (2) for AEP to purchase a total of 750,000 shares of Appalachian Power Company's common stock, \$40 per share, for a total consideration of \$30 million and a total of 3,333,334 shares of Ohio Power Company's common stock, \$15 per share, for a total consideration of \$50,000,010; and (3) for AEP to make a cash contribution in an amount of \$50 million to Indiana & Michigan Electric Company. (Rel. 35-19597 - June 30)

INDIANA & MICHIGAN ELECTRIC COMPANY

An order has been issued authorizing Indiana & Michigan Electric Company, subsidiary of American Electric Power Company, Inc., to issue and sell notes to banks, commercial paper to a dealer in commercial paper and demand notes to bank trust departments in an amount not to exceed \$150 million outstanding at any one time. (Rel. 35-19598 - June 30)

DELISTING AND UNLISTED TRADING ACTIONS

UNLISTED TRADING GRANTED

An order has been issued granting the application of the Cincinnati Stock Exchange for unlisted trading privileges in the common stock of the following companies: Champion Home Builders, Inc.; Emerson Electric Company; and Ralston Purina Company. (Rel. 34- 12588)

SECURITIES ACT REGISTRATIONS

(S-16) MILLIPORE CORPORATION

Ashby Rd., Bedford, Mass. 01730 - 241,332 shares of common stock, which may be offered for sale from time to time by certain shareholders at prices current at the time of sale. The shares were originally issued in connection with Millipore's acquisition of Worthington Biochemical Corporation. Millipore's principal business is the production and sale of products for the identification, separation and critical measurement of the components of fluids. (File 2-56647 - June 18)

(S-14) KELLOGG COMPANY

Battle Creek, Mich. 49016 - 2,453,400 shares of common stock, to be issued in connection with the proposed merger of Mrs. Smith's Pie Company into a wholly-owned subsidiary of Kellogg in the ratio of .9 Kellogg shares for each share of common stock of Mrs. Smith's Pie Company issued and outstanding. Kellogg principally manufactures and markets ready-to-eat cereals and other food products. Mrs. Smith's Pie Company principally produces and distributes fresh-baked and frozen pies and other food products. (File 2-56714 - June 29)

(S-1) STANADYNE, INC.

92 Deerfield Rd., Windsor, Conn. 06095 - 233,334 shares of common stock. These shares, all of which are owned by certain stockholders of Stanadyne, Inc., will be offered for sale by a group of underwriters for whom Salomon Brothers, One New York Plaza, New York, N.Y. 10004, will act as the representative. Stanadyne manufactures and distributes precision metal products and components. (File 2-56715 - June 29)

(S-B) BANQUE FRANCAISE DU COMMERCE EXTERIEUR (BFCE)

21, boulevard Haussmann, Paris, France 75009 - \$75 million of guaranteed notes, due 1983, to be offered for sale through underwriters headed by White Weld & Co. Inc., 91 Liberty St., New York, N.Y. 10005; The First Boston Corp., 20 Exchange Place, New York, N.Y. 10005 and EuroPartners Securities Corp., One World Trade Center, New York, N.Y. 10047. BFCE is a French banking corporation controlled by The Republic of France

whose primary purpose is to facilitate financing of export and import transactions between France and foreign countries. BFCE also engages in commercial and investment banking activities. (File 2-56718 - June 29)

(S-14) CARDINAL CORPORATION

2525 Stemmons Freeway, Suite 952, Dallas, Tex. 75207 - 970,731 shares of common stock. Of the shares, approximately 67-1/2% will be issued in connection with the merger of Communication Corporation of America (CCA), Dallas, Tex., with and into Cardinal. Cardinal, as surviving corporation, will change its name to "Communications Corporation of America," will discontinue its current real estate business and will continue the interconnect sales and service business of CCA. Shareholders of Cardinal will receive .333 shares in the surviving corporation for each share held prior to the merger as a result, a 1 for 3 reverse stock split and the shareholders of CCA will receive 5.0234 shares of stock in the surviving corporation for each share in CCA held prior to the merger. (File 2-56719 - June 29)

(S-3) BOKUM RESOURCES CORPORATION

142 West Palace Ave., Santa Fe, New Mexico, 87501 - 300,000 shares of common stock, to be offered for sale by underwriters headed by Bosworth, Sullivan & Company, Inc., 950 17th Street, Denver, Colo. 80202. The company is engaged in the acquisition and exploration of mining properties, principally for uranium. (File 2-56720 - June 29)

(S-1) BONANZA INTERNATIONAL, INC.

1000 Campbell Centre, 8350 North Central Expressway, Dallas, Tex. 75206 - 530,453 shares of common stock. Of these shares, 168,023 shares were issued upon exercise of options granted by the company, 175,772 shares are issuable at a weighted average price of \$2.51 per share upon exercise of options granted by the company and 186,658 shares are issuable upon exercise of options which may be granted by the company. The company operates and licenses a chain of restaurants. (File 2-56727 - June 30)

(S-6) NATIONAL MUNICIPAL TRUST, SIXTEENTH SERIES

\$7.5 million of units, to be offered for sale through underwriters headed by Thomson & McKinnon Auchincloss Kohlmeier Inc., One New York Plaza, New York, N.Y. 10004. The Fund is a unit investment trust to be created by a trust agreement among Thomson & McKinnon Auchincloss Kohlmeier Inc. and Piper, Jaffray & Hopwood Inc., as sponsors, United States Trust Company of New York, as trustee, and Standard & Poor's Corp., as evaluator. The objectives of the Fund are tax-exempt income and conservation of capital through an investment in a diversified portfolio of municipal bonds. (File 2-56734 - June 30)

(S-1) THE ANDERSONS

P.O. Box 119, Maumee, Ohio 43537 - \$10 million of limited partnership interests (minimum original investment - \$30,000) in The Andersons, to be offered to certain salaried employees of the partnership, selected recipients of charitable contributions from the partnership and to existing limited partners. The Andersons is an Ohio limited partnership which primarily engages in grain merchandising, including the operation of terminal grain elevators; the production and sale of fertilizers the operation of general and farm supply stores, tire shops and garden centers; and the production of corn cob products and animal feed. (File 2-56735 - June 30)

(S-6) THE CORPORATE INCOME FUND,
THIRTY FIFTH MONTHLY PAYMENT SERIES

\$20 million of units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 125 High St., Boston, Mass. 02110. The Fund, a unit investment trust, was created by a trust agreement among Merrill Lynch, Bache Halsey Stuart Inc. and Reynolds Securities Inc., as sponsors, The Bank of New York and Shawmut Bank of Boston, N.A., as trustees, and Interactive Data Services, Inc., as evaluator. The Fund's primary objective is providing a high level of current income through investment in a fixed portfolio of long-term debt obligations, issued primarily by corporations. (File 2-56738 - June 30)

(S-1) CUMMINS ENGINE COMPANY, INC.

1460 North National Rd., Columbus, Ind. 47201 - 1,113,759 shares of common stock. Of these shares, 59,656 are issuable upon conversion of the 5% subordinated guaranteed convertible debentures, due 1988, of Cummins International Finance Corporation; 232,922 are issuable upon conversion of the 3-3/4% convertible unsecured loan stock, due 1994, of Cummins Engine Company Limited; 246,407 issuable upon conversion of the

6-1/4% subordinated guaranteed convertible debentures, due 1986, of Cummins International Finance N.V.; 315,285 which have been or may be issued to officers and employees pursuant to the company's option plans; estimated 148,559 which have been sold or may be offered to employees under the company's stock investment plan; and 110,930 which may from time to time be sold by certain shareholders. The company is a manufacturer of diesel engines. (File 2-56739 - June 30)

(S-16) THE UNITED STATES SHOE CORPORATION

1658 Herald Ave., Cincinnati, Ohio 45212 - 50,000 common shares without par value, which may be offered for sale from time to time by certain shareholders at prices current at the time of sale or at negotiated prices. The United States Shoe Corporation is engaged in the business of manufacturing and retailing shoes, and retailing young men's and women's apparel. (File 2-56740 - June 30)

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
IONICS INC	11	05/76
JONES J A CONSTRUCTION CO	13,14	05/76
ALLIED RESEARCH ASSOCIATES INC	2,3,6,13	05/76
ALPHA INDUSTRIES INC	13	06/76
AMERICAN CRYSTAL SUGAR CO	13,14	05/76
CITY NATIONAL CORP	9	05/76
COMMERCIAL ALLIANCE CORP	7	05/76
CONTINENTAL ILLINOIS REALTY	13,14	06/76
ENROC INDUSTRIES INC	13	06/76
FIRST UNITED FINANCIAL CORP	2,8,14	05/76
FOOTHILL GROUP INC	3	06/76
GOULDS PUMPS INC	7	06/76
LEXTON ANCIRA REAL ESTATE FUND LTD 1972	2,14	05/76
NEVADA NATIONAL BANCORP	11	05/76
NORTHWEST BANCORPORATION	14	06/76
SAWYER ADECOR INTERNATIONAL INC	2	05/76
SOLAR ENERGY RESEARCH CORP	11,13	06/76
TECHNICON CORP	13	06/76
THIOLKOL CORP	11	04/76
UNITED FINANCING CORP	1,14	05/76
VEEDER INDUSTRIES INC	2,11,13,14	06/76
WALGREEN CO	13	06/76
WESTERN ORBIS CO	3,14	05/76
WESTERN PACIFIC INDUSTRIES INC	2,7,14	06/76
AMENDMENTS TO REPORTS ON FORM 8-K		
GOODYEAR TIRE & RUBBER CO	3	03/76
GOODYEAR TIRE & RUBBER CO	3	04/76
GOODYEAR TIRE & RUBBER CO	3	05/76
JETCO INC	14	12/75
SIEGEL HENRY I CO INC	2	01/76
AIR CALIFORNIA	9	05/76
BALCOR REALTY INVESTORS LTD 75	7,14	12/75
CMI INVESTMENT CORP	14	04/76
ENERGY RESERVES GROUP INC	14	05/76
SOUTH STATES OIL & GAS CO	1	06/75
SOUTHERN CALIFORNIA EDISON CO	13	04/76
AMERICAN PLAN CORP	3,13,14	05/76
BOBCAT OIL CO	11,14	05/76

RECENT 8K FILINGS CONT.

CONTINENTAL CARE CENTERS INC	8	05/76
GLASROCK PRODUCTS INC	13	06/76
HAWAIIAN ELECTRIC CO INC	11	04/76
INVESTMENT CORP OF FLORIDA	13	04/76
LILAC TIME INC	4	12/75
MARATHON OIL CO	2	04/76
MEWELL COMPANIES INC	14	04/76
PENNEY J C CO INC	13	05/76
SW INDUSTRIES INC	14	02/76
TI CORP OF CALIFORNIA	3,14	03/76
BREWER C & CO LTD	2	03/76
HIRSCHHORN DON INC	13,14	04/76
SHEARSON HAYDEN STONE INC	13	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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