

# sec news digest

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## CRIMINAL PROCEEDINGS

## U.S. SECURITIES AND EXCHANGE COMMISSION

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### CRAIG W. MCLACHLAN FINED AND SENTENCED

The Denver Regional Office and the Salt Lake Branch Office jointly announced that on February 28 Craig W. McLachlan of Salt Lake City, Utah, was sentenced by the federal court in Salt Lake City, to three years probation and a fine of \$5,000. McLachlan earlier, on January 26, entered a plea of guilty to two counts of a 23-count indictment charging him, in substance, with violations of the antifraud provisions of the Securities Act of 1933 in the sale of the common stock of Continental Gold & Silver Corporation, a Utah corporation. The remaining counts of the indictment were dismissed by the Court. The probation sentence is to commence following the completion of a sentence of probation that McLachlan is presently serving in connection with a conviction in another matter. (U.S. v. Craig W. McLachlan, USDC, Utah, Criminal Action No. CR-78-00129). (LR-8688)

### EDWARD P. LAFORCE SENTENCED

On March 5 the Honorable Albert W. Coffrin, U.S. Judge for the District of Vermont, sentenced Edward P. LaForce to 3 years imprisonment following his November, 1978 conviction of contempt of court. A U.S. District Court jury convicted LaForce of the wilfull violation of two injunctions issued in 1961 and 1969 prohibiting the sale of securities in violation of the Securities Act of 1933. Judge Coffrin suspended execution of the sentence except for 30 days, and placed LaForce on probation for five years. The probation period was conditioned upon the requirement that the defendant not offer or sell unregistered securities.

Judge Coffrin denied defense pleas that LaForce's sentence be limited to probation; in so doing, he stated that the defendant had in effect "been on probation since the issuance of the first injunction." Judge Coffrin also cautioned the defendant against becoming "involved in the sale of unregistered securities of MP-G, Ltd.," a Rhode Island based company presently promoting LaForce automotive inventions. (U.S. v. LaForce, CR-77-76-1). (LR-8689)

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## CIVIL PROCEEDINGS

### SAMUEL A. HARWELL AND PATRICK D. SULLIVAN ENJOINED

The Fort Worth Regional Office announced that on February 29 and March 2, respectively, Federal District Judge Woodrow B. Seals, Houston, Texas, signed orders of permanent injunction against Patrick A. Harwell, also known as Patrick D. Sullivan, Brea, California, and Samuel A. Harwell, Simonton, Texas. Harwell and Sullivan consented to the orders of permanent injunction without admitting or denying the allegations of the Commission's complaint, which was filed on October 5, 1978. The complaint alleged that Harwell, Sullivan and others violated the antifraud provisions of the securities laws in a scheme to defraud the University of Houston involving the purchase and sale of government securities. (SEC v. Samuel Arch Harwell, et al., U.S.D.C. S.D. Tex., H-78-1916). (LR-8690)

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## INVESTMENT COMPANY ACT RELEASES

### INA INVESTMENT SECURITIES, INC.

An order has been issued on an application of INA Investment Securities, Inc., a closed-end, diversified management investment company, declaring that Dr. Dan M. McGill, a director of Applicant, shall not be deemed an "interested person" of Applicant or its investment manager, INA Capital Management Corporation, by reason of his status as a trustee of The Northwestern Mutual Life Insurance Company. (Rel. IC-10624 - Mar. 13)

## THE DREYFUS INCOME TRUST

An order has been issued on an application of The Dreyfus Income Trust (First Short Term Series and Subsequent Series) (Trust), a registered unit investment trust, and its sponsor, Dreyfus Service Corporation, exempting the Trust from the initial net worth requirements of Section 14(a) of the Act and exempting the secondary market operations of the sponsor from the provisions of Rule 22c-1 thereunder. (Rel. IC-10625 - Mar. 13)

## KEYSTONE CUSTODIAN FUNDS, INC.

An order has been issued on an application of Keystone Custodian Funds, Inc., as trustee of the Keystone Custodian Funds, Series B-1, B-2, B-4, K-1, K-2, S-1, S-3 and S-4, American Liquid Trust and Polaris Fund Inc. (collectively the Funds), each of which is registered as an open-end, diversified, management investment company under the Act, and The Keystone Company of Boston and Cornerstone Financial Services, Inc., principal underwriters for the Funds, (1) pursuant to Section 11(a) of the Act permitting offers to exchange shares of the Funds on a basis other than their relative net asset values and (2) pursuant to Section 6(c) of the Act granting an exemption from Section 22(d) of the Act in connection with such exchanges. (Rel. IC-10626 - Mar. 13)

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## SELF-REGULATORY ORGANIZATIONS

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### APPROVAL OF AMENDED PROPOSED RULE CHANGE

The Commission has approved an amended proposed rule change filed by the Municipal Securities Rulemaking Board (SR-MSRB-78-11). The amended proposed rule change modifies MSRB rule A-13 to require the use of a specific form for furnishing the information required by that rule and to require two additional items of information. (Rel. 34-15637)

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## MISCELLANEOUS

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### EDWARDS & ANGELL

A notice has been issued giving interested persons until April 9 to request a hearing on an application of Edwards & Angell, a law firm organized as a partnership under Rhode Island law, for an order pursuant to Section 3(a)(2) of the Securities Act of 1933 exempting from the registration requirements of the Act participations or interests issued in connection with a retirement plan for legal and certain other personnel of the firm. (Rel. 33-6035)

### SIDLEY & AUSTIN

A notice has been issued giving interested persons until April 9 to request a hearing on an application of Sidley & Austin, a law firm organized as a partnership under Illinois law, for an order pursuant to Section 3(a)(2) of the Securities Act of 1933 exempting from the registration requirements of the Act participations or interests issued in connection with a retirement plan for partners and other personnel of the firm. (Rel. 33-6036)

### HIGHLAND MALT, LTD.

A notice has been issued giving interested persons until March 27 to request a hearing on an application of Highland Malt, Ltd., pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Highland from the reporting requirement to furnish quarterly reports on Form 10-Q. (Rel. 34-15627)

### VALHI, INC.

A notice has been issued giving interested persons until March 27 to request a hearing on an application of Valhi, Inc., pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Valhi from filing periodic reports pursuant to Section 13(a) of that Act. Valhi merged with its subsidiary in a court approved settlement of certain litigation to which Valhi, its parent Contran Corporation, and others were parties. (Rel. 34-15628)

A notice has been issued giving interested persons until March 27 to request a hearing on an application of Servomation Corporation, pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Servomation from the provisions of Sections 13 and 15(d) of the Act. On January 27 Servomation was merged with and became a wholly-owned subsidiary of GDV, Inc. Each share of Servomation's common stock was exchanged for cash or unsecured installment notes of GDV, Inc. As a result of the merger, GDV is the sole stockholder of Servomation. (Rel. 34-15629)

## SECURITIES ACT REGISTRATIONS

The following registration statements have been filed with the SEC pursuant to the Securities Act of 1933. The information noted below has been taken from the cover page and the facing sheet of the prospectus and registration statement and will appear as follows: Form; Name, address and phone number (if available) of the issuer of the security; Title and the number or face amount of the securities being offered; Name of the managing underwriter (if applicable); Whether the offering is a rights offering; and File number and date filed.

- (S-11) BRIARWOOD ASSOCIATES, LTD., Village Oaks Apartments, 6431 Cow Pen Rd., Miami Lakes, Fla. 33014 - 600 limited partnership interests. (File 2-63742 - Mar. 12)
- (S-16) COLUMBUS AND SOUTHERN OHIO ELECTRIC COMPANY, 215 North Front St., Columbus, Ohio 43215 (614) 464-7700 - 250,000 shares of common stock. (File 2-63752 - Mar. 13)
- (S-7) PUBLIC SERVICE COMPANY OF INDIANA, INC., 1000 East Main St., Plainfield, Ind. 46168 (317) 839-9611 - 350,000 shares of cumulative preferred stock, par value \$100 per share. Underwriters: Morgan Stanley & Co. Inc. and Dean Witter Reynolds Inc. The company is engaged in the production, transmission, distribution and sale of electric energy. (File 2-63753 - Mar. 13)
- (S-8) PACESETTER FINANCIAL CORPORATION, 660 Cascade West Parkway, Grand Rapids, Mich. 49506 - 270,000 shares of common stock and \$7 million of participations. (File 2-63754 - Mar. 12)
- (S-8) COMMERCIAL CREDIT COMPANY, 300 St. Paul Place, Baltimore, Md. 21202 (301) 332-3444 - \$100 million of thrift accounts. The company, among other things, is engaged in the business of direct lending to individuals. (File 2-63755 - Mar. 13)
- (S-1) CAPITAL FINANCIAL SERVICES INC., 5025 Arlington Centre Blvd., Columbus, Ohio 43220 - \$30 million of capital notes, Series E due 3 years from date of issue and Series F due 5 years from date of issue. The company is engaged in various areas of finance business. (File 2-63756 - Mar. 13)
- (S-14) HORIZON BANCORP, 334 Madison Ave., Morristown, N.J. 07960 (201) 539-7700 - 233,377 shares of common stock. (File 2-63757 - Mar. 13)
- (S-14) CHEMICAL FINANCIAL CORPORATION, 127 Townsend St., Mditland, Mich. 48640 - 194,400 shares of common stock. (File 2-63758 - Mar. 13)
- (S-1) TEACHERS SERVICE ORGANIZATION, INC., 1200 Philadelphia Pike, Wilmington, Del. 19809 - \$50 million of thrift certificates and thrift notes. (File 2-63759 - Mar. 13)

### REGISTRATIONS EFFECTIVE

Mar. 8: Bakco Acceptance, Inc., 2-63395; National Municipal Trust, Special Trusts Third Multi-State Series, 2-63580; Northwest Energy Co., 2-63583 & 2-63584; Pengo Industries, Inc., 2-63538; South Ranch 1979 Co., 2-63131 (90 days); Sperry Rand Corp., 2-63626; Zenith National Insurance Corp., 2-63536.  
 Mar. 9: CBI Industries, Inc., 2-63725; Cash Equivalent Fund, Inc., 2-63522; Electro Rent Corp., 2-63532; Municipal Cash Reserve Management, Inc., 2-62970.

**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.

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