

sec news digest

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December 14, 1979

RULES AND RELATED MATTERS

U.S. SECURITIES AND EXCHANGE COMMISSION

ADOPTION OF AMENDMENTS TO RULES 12f-1 AND 12f-3

The Commission announced procedural amendments to Rules 12f-1 and 12f-3 under the Securities Exchange Act of 1934 to conform the text of those rules to Section 12(f) of the Act, as amended by the Securities Acts Amendments of 1975. Rule 12f-1 sets forth the items of information required to be filed by a national securities exchange in applying for unlisted trading privileges in a security pursuant to Section 12(f) of the Act. Rule 12f-3 sets forth items of information required to be filed by an interested person in applying for the termination or suspension of unlisted trading privileges in a particular security. (Rel. 34-16421)

FOR FURTHER INFORMATION CONTACT: Curt H. Mueller at (202) 272-2448

ADMINISTRATIVE PROCEEDINGS

KFB SECURITIES, INC., OTHERS SANCTIONED

The Commission announced that public administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(e) of the Investment Advisers Act of 1940 have been instituted against KFB Securities, Inc., a registered broker-dealer, Earl Dean Gordon and Kenneth F. Boula, registered investment advisers and associated persons of KFB Securities, all of Barrington, Illinois.

The Commission simultaneously announced the settlement of the proceedings pursuant to offers of settlement submitted by the respondents, in which they consented to the entry of an order providing for findings and sanctions without admitting or denying the findings.

The Commission found that on or about November 28, 1979, the U.S. District Court for the Northern District of Illinois, upon the consents of Gordon and Boula, issued an order permanently enjoining Gordon and Boula from violating Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5 thereunder (SEC v. Financial Concepts, Ltd., et al., 79 C 4968, N.D. Ill.).

Based on the above, the Commission ordered that the broker-dealer registration of KFB Securities be suspended for a period of one year, and that Gordon and Boula be suspended as registered investment advisers and from association with any broker, dealer, or investment adviser for a period of one year. (Rel. 34-16391)

GELCO CORPORATION CITED

The Commission announced today the issuance of an Order Instituting Proceedings pursuant to Section 15(c)(4) of the Securities Exchange Act of 1934, and Findings and Order against Gelco Corporation, a Minnesota corporation with its principal executive offices in Eden Prairie, Minnesota. Gelco is engaged primarily in the business of providing transportation management and leasing services both in the United States and internationally. Pursuant to an Offer of Settlement, Gelco consented to the issuance of the Findings and Order without admitting or denying any of the statements set forth therein.

The Commission found that during fiscal year 1975 through 1979, Gelco utilized an erroneous method of accounting for purchase discounts received by Gelco in connection with the purchase of new trucks, primarily by the Feld Truck Leasing Division of Gelco. Gelco had erroneously taken the purchase discounts into income by treating the discount as additional proceeds received in connection with the disposition of used trucks, even though no used truck was traded in. These additional proceeds were characterized as used truck allowances (UTA).

Pursuant to the terms of the Order, Gelco will amend its periodic filings for the years 1975 through 1979 to restate its financial statements to account properly for the purchase discounts; will not assert in future filings with the Commission that its prior accounting for purchase discounts was an accepted method; and will not in the future account for UTA which are unrelated to the sale or trade-in of vehicles as additional proceeds on the disposition of used equipment. Gelco also entered into an undertaking that the audit committee of its Board of Directors shall review all significant questions which arise as a result of the preparation of annual or quarterly financial statement. (Rel. 34-16424)

CIVIL PROCEEDINGS

VICTOR H. POLK, OTHERS ENJOINED

The Commission announced that on December 13 the Honorable June L. Green, U.S. District Judge for the District of Columbia, entered a Final Judgment of Permanent Injunction and Other Equitable Relief against Victor H. Polk, Fundpack Management, Inc. (Management), Fundpack Securities, Inc. (Securities) and Mutual Funds Advisory, Inc. (Advisory). Polk, Management, Securities and Advisory are codefendants with The Fundpack, Inc. (Fundpack), Holding Trust and Holdings of U.S. Government Securities, Inc., a complex of mutual funds in Coral Gables, Florida (the Funds) and with eleven of the Funds' other former officers and directors, in a complaint filed by the Commission on March 21, 1979 (see LR-8698, March 22, 1979). Until November 6, 1979, Management was the investment adviser to the Funds, its subsidiaries Securities and Advisory were principal underwriter and executing broker, respectively, for Fundpack, and Polk, founder and principal promoter of the Funds, was the president and chairman of each of the defendant entities. The Commission's complaint alleged that Polk, Management, Securities and Advisory, as well as the other defendants in the action, violated numerous provisions of the antifraud, proxy, reporting, registration and fiduciary obligation provisions of the securities laws.

The Final Judgment permanently enjoins Polk, Management, Securities and Advisory from engaging in conduct violative of the antifraud, proxy, reporting, registration and fiduciary obligation provisions of the securities laws. In addition, the Final Judgment orders Polk and Management to liquidate and return to investors the assets of Interchange Partnership One, an unregistered investment company established by Polk and Management following the institution of the Commission's action. The Final Judgment also requires Polk, Management, Securities and Advisory to satisfy certain obligations specified in a Consent and Undertaking filed simultaneously with the Final Judgment. By operation of the Investment Company Act of 1940, one effect of the entry of the Final Judgment is to disqualify Polk, Management, Securities and Advisory, and any company with which they are affiliated, from serving, among other things, as employee, officer, director, investment adviser or principal underwriter for any registered investment company. Polk, Management, Securities and Advisory consented to the entry of the Final Judgment without admitting or denying the allegations in the Commission's complaint. (SEC v. The Fundpack, Inc., et al., U.S.D.C. D.C., Civil Action No. 79-0859). (LR-8949)

INVESTMENT COMPANY ACT RELEASES

VANCE, SANDERS MUNICIPAL BOND FUND, LTD.

A notice has been issued giving interested persons until January 7, 1980, to request a hearing on an application of Vance, Sanders Municipal Bond Fund, Ltd. (Bond Fund), registered under the Investment Company Act of 1940 as a open-end, diversified, management investment company, Eaton & Howard, Vance Sanders Inc. (EHVS), currently Bond Fund's investment adviser and principal underwriter, and Eaton & Howard, Vance Sanders Distributors Inc. (Distributors), a newly formed subsidiary of EHVS which will assume all of EHVS's activities as principal underwriter for the Bond Fund, for an amended order, pursuant to Section 6(c) of the Act, declaring that William M. Griffin shall not be deemed to be an "interested person" of Bond Fund, EHVS or Distributors within the meaning of Section 2(a)(19) of the Act by reason of his association with Hartford Fire Insurance Company and certain of its subsidiaries. (Rel. IC-10982 - Dec. 13)

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-18) AMERICAN TELNET CORPORATION, 2028 East 7000 South, Suite 203, Salt Lake City, Utah 84121 (801) 943-6102 - 2,400,000 shares of common stock. Underwriter: OTC Net, Inc., 4004 Carlisle Blvd., Albuquerque, New Mexico 87107. The company is engaged in the development and production of television programs. (File 2-66186 - Dec. 10)
- (S-8) RAMTEK CORPORATION, 2211 Lawson Lane, Santa Clara, Cal. 95050 (408) 988-2211 - 302,312 shares of common stock. (File 2-66210 - Dec. 13)
- (S-14) ARA SERVICES, INC., 6th at Walnut St., Independence Sq. West, Philadelphia, Pa. 19106 (215) 574-5000 - 2,158,250 shares of common stock. (File 2-66211 - Dec. 13)
- (S-14) F & M NATIONAL CORPORATION, 38 Rouss Ave., Winchester, Va. 22601 (703) 667-4200 - 288,007 shares of common stock. (File 2-66212 - Dec. 13)
- (S-1) MCCULLOCH OIL /GAS EXPLORATION DEVELOPMENT PROGRAM 1980, 10880 Wilshire Blvd., Los Angeles, Cal. 90024 - 1,500 units of limited partnership interests. Underwriter: McCulloch Securities, Inc. (File 2-66213 - Dec. 13)
- (S-16) GULF STATES UTILITIES COMPANY, 285 Liberty Ave., Beaumont, Tex. 77701 (713) 838-6631 - 500,000 shares of dividend preferred stock, \$100 par value. (File 2-66214 - Dec. 13)
- (S-6) THE GOVERNMENT SECURITIES INCOME FUND, TWENTIETH GNMA SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10080 - an indefinite number of units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10080, Bache Halsey Stuart Shields Inc. and Dean Witter Reynolds Inc. (File 2-66215 - Dec. 13)
- (S-14) HARRIS CORPORATION, 1025 NASA Blvd., Melbourne, Fla. 32919 (305) 727-9100 - 4,210,000 shares of common stock. (File 2-66216 - Dec. 13)
- (S-6) E. F. HUTTON TAX EXEMPT TRUST, NEW YORK SERIES 14, One Battery Park Plaza, New York, N.Y. 10004 - 7,500 units. Depositor: E. F. Hutton & Company Inc. (File 2-66217 - Dec. 13)
- (S-8) MALONE & HYDE, INC., 1991 Corporate Ave., Memphis, Tenn. 38132 - 400,000 shares of common stock. (File 2-66218 - Dec. 14)

REGISTRATIONS EFFECTIVE

July 17: The Detroit Edison Co., 2-64876 (Corrected Order).
Nov. 30: Public Service Co. of Oklahoma, 2-65871; Scott Paper Co., 2-65995.
Dec. 3: Ranchers Exploration and Development Corp., 2-66066.
Dec. 4: Consumers Power Co., 2-65973; The Corporate Income Fund, Forty-Fifth Short Term Series, 2-65828; The Goldfield Corp., 2-65781; Nova Petroleum Corp., 2-65601.
Dec. 5: Adac Laboratories, 2-65921 (90 days); C&K Petroleum, Inc., 2-66003; Convertible Yield Securities, Inc., 2-65910; Crown Central Petroleum Corp., 2-65767; El Paso Natural Gas Co., 2-65999; Gamble-Skogmo, Inc., 2-66032; Georgia-Pacific Corp., 2-65936; The Government Securities Income Fund, Eighteenth GNMA Series, 2-65440; Greater Ohio Corp., 2-66083; Peninsula Resources Corp., 2-65650; Piedmont Aviation, Inc., 2-65945; Premier Energy Corp., 2-65178 (90 days); Ryder Systems, Inc., 2-66057; Tiger International, Inc., 2-66145; Topaz, Inc., 2-65570; Twentieth Century-Fox Film Corp., 2-65842.

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.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

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