

# sec news digest

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## RULES AND RELATED MATTERS

### U.S. SECURITIES AND EXCHANGE COMMISSION

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#### RULE 24e-2 ADOPTED

The Commission has adopted Rule 24e-2 under the Investment Company Act of 1940. The rule provides an optional method for calculation of registration fees by open-end investment companies and unit investment trusts, and has the effect of requiring registration fees for only those shares or units registered in excess of the number redeemed or repurchased in the previous fiscal year. (Rel. 33-5836)

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

#### REGISTRATION OF WESTERN ORBIS' COMMON STOCK REVOKED

The SEC announced that pursuant to an administrative proceeding under Section 12(j) of the Securities Exchange Act of 1934 it has ordered that the registration of Western Orbis Company's (Western Orbis) common stock under Section 12 of the Exchange Act be revoked. Western Orbis failed to answer the order for proceeding or appear at the hearing in this proceeding and is deemed in default. The Commission ordered this revocation after finding that Western Orbis had failed to file any financial statements for its annual report on Form 10-K for its fiscal year ended June 30, 1975 and has failed to file any subsequent annual or quarterly reports on Form 10-K and 10-Q as required by Section 13(a) of the Exchange Act and the rules and regulations thereunder. (Rel. 34-13610)

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## COMMISSION ANNOUNCEMENTS

#### DOUGLAS SCARFF NAMED ASSISTANT DIRECTOR

Lee A. Pickard, Director of the Division of Market Regulation, announced the appointment of Douglas Scarff as Assistant Director for the Office of Market Structure and Trading Practices. Mr. Scarff, 32, joined the Commission staff in 1976, as Special Counsel for market structure matters, following six years in private securities practice with a law firm in New York City. Mr. Scarff graduated from the University of Michigan Law School in 1969 and from Dartmouth College in 1966.

The Office of Market Structure and Trading Practices is responsible for advising the Director of the Division of Market Regulation and the Commission on matters relating to the structure of the securities markets, including the establishment of a national market system, and the oversight of trading rules and practices.

#### COMMISSION RECINDS 36 ACCOUNTING RELEASES

The Commission has announced the rescission of 36 early Accounting Series Releases, in which the pronouncements or policies stated have no current application or have been superseded by other pronouncements or rules. (ASR-220)

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## COURT ENFORCEMENT ACTIONS

#### JOHN P. POULOS, OTHERS PLEAD GUILTY

The Fort Worth Regional Office announced that all remaining defendants in the case of U.S. v. Heinz Jurgen Hesse, et al. entered guilty pleas in Federal District Court at Dallas, Texas on June 6 the date for the start of trial on a 25-count indictment returned by the Federal Grand Jury on April 26. The Court accepted guilty pleas from John P. Poulos, Dallas, to one count of mail fraud; Jack L. Deaton, Fort Worth, Texas, to one count of securities fraud; and James R. Daffron, Dallas, to one count in a superseding misdemeanor information charging securities fraud. Earlier, on May 27,

Heinz Jurgen Hesse, Dallas, formerly of Dusseldorf, West Germany, and Larry N. Cook, Dallas, each entered guilty pleas to one count of conspiracy and one count of mail fraud. On June 2 John G. Wilson, Dallas, entered a plea of guilty to one count of securities fraud and to one count in a superseding information charging misprison of felony. Also on June 2 Ross D. Greenstreet, Dallas, pled guilty to one count of misprison of felony in a superseding information. (U.S. v. Heinz Jurgen Hesse, et al., N.D. Tex., 77-35). (LR-7974)

#### CENTURY MORTGAGE CO., LTD., OTHERS ENJOINED

The Denver Regional Office announced that on May 10 orders of permanent injunction by default were issued in the Federal District Court in Salt Lake City, Utah, against Century Mortgage Co., Ltd., and Gateway Valley Estates, Inc., both Utah corporations, and Market Fund Corp., a Colorado corporation. Judge Anderson, on the same date, issued a preliminary injunction by default against Rex D. Parsons of Phoenix, Arizona, and Johny B. Kearney, Jr., of Salt Lake City, Utah. The respective defendants are enjoined from violating the registration and antifraud provisions of the securities laws in the offer and sale of certain debt securities, consisting of Century Capital Notes, investment contracts, and evidences of indebtedness relating to first real estate mortgages and real estate contracts. (SEC v. Century Mortgage Co., Ltd., et al., D. Utah, Civil Action No. C-77-0049). (LR-7975)

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## INVESTMENT COMPANY ACT RELEASES

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#### FUND FOR MUTUAL DEPOSITORS

An order has been issued on an application of Fund for Mutual Depositors, Inc. (FMD), a registered open-end, diversified management investment company; Mutual Depositors Service Corp. (Service Corp); and Roger F. Murray, 2nd (Murray) (1) permitting an agreement whereby Service Corp. will indemnify FMD up to \$20,000 for certain presently unascertained liabilities, and (2) permitting Murray to provide certain required collateral to secure FMD's indemnity of Scudder, Stevens & Clark Common Stock Fund, Inc., under an Agreement and Plan of Reorganization. (Rel. IC-9818 - June 15)

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## SELF-REGULATORY ORGANIZATIONS

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#### NOTICE OF PROPOSED RULE CHANGE

The Options Clearing Corporation (OCC) has withdrawn a proposed rule change (SR-OCC-77-3) which was announced in Rel. 34-13506 (May 4, 1977), and has submitted, in its place, a proposed rule change pursuant to Rule 19b-4 (SR-OCC-77-5) to change the commencement time for option contracts from one hour after settlement time to three hours after settlement time, and would modify OCC's procedures for acceptance of pending transactions of a defaulting clearing member. Publication of the proposal is expected to be made in the Federal Register during the week of June 20. (Rel. 34-13631)

The OCC has also filed a proposed rule change pursuant to Rule 19b-4 (SR-OCC-77-6) to delete from OCC's By-Laws certain obsolete provisions relating to option contracts expiring in 1975. Publication of the proposal is expected to be made in the Federal Register during the week of June 20. (Rel. 34-13632)

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## SECURITIES ACT REGISTRATIONS

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#### (S-1) BLUE GRASS PARTNERS

3332 Montavesta Rd., Lexington, Ky. 40502 - \$4,500,000 of limited partnership interests, to be offered for sale in units of \$5,000 each. Bruns, Nordeman, Rea & Co., 115 Broadway, New York, N.Y. and Hoenig & Strock, Inc., 580 Fifth Ave., New York, N.Y. are the underwriters for the offering. Blue Grass Partners will engage in the business of horse breeding, farming and related operations. (File 2-59158 - May 31)

#### (S-14) KANEB SERVICES, INC.

5251 Westheimer, Houston, Tex. 77056 - 558,455 shares of common stock. It is proposed to offer these shares in connection with the merger of a wholly-owned subsidiary of the company into Ferguson Oil and Gas Company, Inc., Oklahoma City, Oklahoma. The company is a diversified energy resource and financial service company. (File 2-59267 - June 14)

(S-1) THE BRITISH PETROLEUM COMPANY LIMITED

Britannic House, Moor Lane, London, EC2Y 9BU, England - 26,696,000 B 1 units of ordinary stock, which are offered for sale by the United Kingdom Government. Of such 26,696,000 B 1 units, 16,696,000 are to be offered by a syndicate of U.S. and Canadian underwriters, the representatives of which are Morgan Stanley & Co. Inc., 1251 Avenue of the Americas, New York, N.Y. 10020; The First Boston Corp., 20 Exchange Pl., New York, N.Y. 10005; Goldman, Sachs & Co., 55 Broad St., New York, N.Y. 10004; Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, New York, N.Y. 10038; and Salomon Brothers, One New York Plaza, New York, N.Y. 10004.

The British Petroleum Company Limited is one of the major integrated petroleum organizations operating internationally, being engaged in all phases of the petroleum industry, including exploration for oil and natural gas, and production, transportation, refining and marketing of petroleum, petroleum products and chemicals. (File 2-59269 - June 14)

(S-12) MORGAN GUARANTY TRUST COMPANY OF NEW YORK

620 Fifth Ave., New York, N.Y. 10020 - seeks registration of 300,000 American Depositary Receipts for ordinary stock of The British Petroleum Company Limited. (File 2-59270 - June 14)

(S-14) WALTER KIDDE & COMPANY, INC.

9 Brighton Rd., Clifton, N.J. 07015 - 77,545 Series C convertible cumulative preference shares and 2,525,481 Series D convertible cumulative preference shares. Kidde proposes to offer these shares to the shareholders of Victor Comptometer Corporation in connection with the merger of Victor into a wholly-owned subsidiary of Kidde at the rate of one Series C share for each Victor preferred share and one Series D share for every two Victor common shares. Also included in this registration statement are 78,035 Series D shares issuable pursuant to outstanding Victor employee stock options, which will be assumed by Kidde, and 2,381,279 common shares issuable upon conversion of the Series C and Series D shares being registered. Kidde is a multimarket manufacturing and service organization. (File 2-59272 - June 14)

(S-10) OILARK PETROLEUM, INC.

1616 North Vine, Magnolia, Ark. 71753 - 72-1/72 fractional undivided non-producing working interests in two oil and gas tracts located in Nevada and Miller Counties, Arkansas. Oilark is obligated to drill one well on each tract. The price for each 1/72 fractional undivided non-producing working interest and the drilling of one well on each tract is \$3000. If a completion attempt is made on both wells drilled, participants will be required to contribute an additional \$3035 for their fixed share of completion costs. If all of the interests are sold, Oilark will not own any working interest in the tracts, but will retain an overriding royalty of 9.01633% on the Nevada County tract and 8.56641% on the Miller County tract. Oilark is an Arkansas corporation organized for the purpose of engaging in the business of oil, gas and mineral exploration. The interests will be offered by MFP Petroleum Exploration & Investments, Inc. and other NASD members. (File 2-59273 - June 14)

(S-14) ROCHESTER TELEPHONE CORPORATION  
ROTELCOM INC.

100 Midtown Plaza, Rochester, N.Y. 14646 - \$24,802,000 of 4-3/4% Class B convertible debentures, due 1994, to be offered, in equal principal amounts, in exchange for Rochester Telephone Corporation's outstanding 4-3/4% convertible debentures, due 1994, and shares of Rotelcom Inc. common stock, issuable upon conversion of such Class B convertible debentures. Rochester Telephone's 4-3/4% convertible debentures are convertible into common stock of Rochester Telephone at the conversion price of \$23, whereas the 4-3/4% Class B convertible debentures will be convertible into common stock of Rotelcom Inc. at the same conversion price. This offering is occasioned by the formation of a holding company by Rochester Telephone. Rochester Telephone is a telephone operating company in New York State and will become a subsidiary of Rotelcom Inc. upon receipt of necessary governmental approvals. (File 2-59274 - June 14)

(S-7) CITICORP

399 Park Ave., New York, N.Y. 10022 - \$200 million of notes, due 2007, to be sold through underwriters led by The First Boston Corp., 20 Exchange Pl., New York, N.Y. 10005. Citicorp is a holding company, the principal asset of which is Citibank, N.A. (File 2-59277 - June 15)

(S-6) NUVEEN TAX-EXEMPT BOND FUND, SERIES 99

209 South LaSalle St., Chicago, Ill. 60604 - \$10 million of units, to be offered for sale at net asset value. The Fund is one of a series of unit investment trusts created under a trust indenture between John Nuveen & Co. Inc. as sponsor and United States Trust Company of New York as trustee. It consists of a portfolio of interest-bearing obligations issued by or on behalf of states, counties, municipalities and territories of the United States and authorities and political subdivisions thereof, the interest on which is, in the opinion of bond counsel, exempt from all Federal income tax under existing law. (File 2-59282 - June 15)

STOCK PLANS FILED

The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

Downe Communications, Inc., New York, N.Y. (File 2-59143 - June 10) - 364,625 shares  
Arrow Electronics, Inc., Greenwich, Conn. (File 2-59243 - June 9) - 250,000 shares  
Incoterm Corp., Wellesley Hills, Mass. (File 2-59246 - June 9) - 100,000 shares  
Gearhart-Owen Industries, Inc., Fort Worth, Tex. (File 2-59247 - June 9) - 200,000 shares  
Youngwood Electronic Metals, Inc., Murrysville, Pa. (File 2-59249 - June 9) - 33,600 shares  
Hewlett-Packard Co., Palo Alto, Cal. (File 2-59252 - June 10) - 100,000 shares  
Binney & Smith Inc., Easton, Pa. (File 2-59254 - June 10) - 125,000 shares  
Enserch Corp., Dallas, Tex. (File 2-59259 - June 13) - 200,000 shares  
Chrysler Corp., Highland Park, Mich. (File 2-59260 - June 13) - \$37,000,000 of interests  
Dictaphone Corp., Rye, N.Y. (File 2-59264 - June 14) - 275,000 shares and (File 2-59265 - June 14) - 200,000 shares  
The Berkline Corp., Morristown, Tenn. (File 2-59268 - June 14) - 6,000 shares

REGISTRATIONS EFFECTIVE

June 13: Can-Am 1977-78 Drilling Programs, Inc., 2-58283; Central Pacific Minerals N.L., 2-59168; Century Acceptance Corp., 2-58554; Colorado National Bankshares, Inc., 2-59097; Comuserve Inc., 2-59092; Horizon Bancorp., 2-58928; The Huffman Manufacturing Co., 2-58266; Life Investors, Inc., 2-58561; Lincoln National Corp., 2-58832; Lowe's Companies, Inc., 2-59050; McGraw-Edison Co., 2-59132; Minnesota Tax-Exempt Income Trust Series 3, 2-58529; New York Telephone Co., 2-59070; Ohio Edison Co., 2-59013; The Susquehanna Corp., 2-58893; Texas International Co., 2-58982.

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.

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 10¢ per page plus postage (7 days) (\$3.50 minimum); 20¢ per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30¢ per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given on request. All other reference material is available in the SEC Docket.

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