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ADMINISTRATIVE PROCEEDINGS U.S. SECURITIES AND EXCHANGE COMMISSION

STRATEGIC MANAGEMENT, INC., OTHERS SANCTIONED

Administrative Law Judge Irving Sommer has filed an initial decision suspending Strategic Management, Inc. as an investment adviser for a period of 90 days and suspending Leroy S. Brenna from being associated with an investment adviser for a period of 90 days. Additionally, the decision suspends the registration of Preferential Brokerage, Inc. as a broker-dealer for a period of 90 days, and Leroy S. Brenna is suspended from associating with a broker-dealer for 90 days. Strategic Management, Inc., Preferential Brokerage, Inc. and Leroy S. Brenna are suspended from being associated in any capacity with a registered investment company for 90 days. The decision is subject to review by the Commission either on its own motion or on petition of a party.

The sanctions imposed in the public interest were based inter alia, upon findings that the respondents wilfully violated the antifraud provisions of the securities laws, and also committed wilful violations of Section 17(a), 17(e) and 22(c) of the Investment Company Act. The Investment Company Act violations include improper pricing of the Fund's shares, receipt of commission on Fund transactions in excess of 1% and improper sales of securities to the Fund by an affiliated person.

INITIAL DECISION DISMISSES PROCEEDINGS AGAINST JOHN DECKER; PROCEEDINGS AGAINST ROBERT LAMORTE DISMISSED DURING HEARINGS

Administrative Law Judge Max O. Regensteiner has issued an initial decision dismissing enforcement proceedings against John P. Decker, of Denver. Decker was formerly an official of The Forum Corporation, investment adviser of The One Hundred Fund (a mutual fund), and the Fund's portfolio manager. The principal allegation against him was that during the period 1972-1974, he had caused Forum to accept compensation from the foreign subsidiary of a brokerage firm for placing Fund brokerage business with that firm, in violation of the Investment Company Act. According to the decision, however, it had not been proven by clear and convincing evidence that there was a relationship between the compensation -- consisting of two annual payments of \$25,000 to Forum by the brokerage firm's subsidiary in return for research and investment advisory services -- and the brokerage business allocated to that firm. During the hearings, the administrative law judge granted a motion to dismiss the proceedings with respect to Robert W. LaMorte on the ground that the Enforcement Division had presented no evidence implicating him in the alleged violations.

The initial decision is subject to Commission review on petition of a party or on the Commission's own initiative.

MULLANEY, EATON & COMPANY, OTHERS CITED

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against Mullaney, Eaton & Company, a registered broker-dealer in Chicago, Illinois, Kenneth L. Eaton, president, Robert J. Elflin, vice-president, and James J. Dunphy, formerly comptroller of Registrant. The proceedings are based upon allegations of the Commission's staff that Mullaney, Eaton & Company, Eaton, Elflin, and Dunphy had violated and aided and abetted violations of the Exchange Act and rules thereunder relating to books and records, prompt amendment of Registrant's registration statement on Form BD, net capital, the antifraud provisions and operational reporting. The Registrant, Eaton and Elflin are also charged with failing reasonably to supervise with a view to preventing the alleged violations. A hearing will be scheduled in order to take evidence on the staff's allegations and to afford respondents an opportunity to offer any defenses. The purpose of the hearing is to determine whether the allegations are true and if any action of a remedial nature should be ordered by the Commission. (Rel. 34-14264)

G. H. SHEPPARD & CO., INC., OTHERS CITED

Public administrative proceedings have been instituted involving: G. H. Sheppard & Co., Inc. (Registrant), a New York City broker-dealer presently being liquidated pursuant to the Securities Investor Protection Act of 1970; Norman Jay Gomberg, Registrant's president, a director, and a shareholder; and Harold Michael Hodor, Registrant's vice-president, a director, and a shareholder. The proceedings are based upon: (1) alleged violations of the broker-dealer registration, net capital, and bookkeeping provisions of the Securities Exchange Act of 1934; (2) the final judgment of permanent injunction issued against Registrant, Gomber, and Hodor on February 5, 1975 enjoining them from further violations of the broker-dealer registration and net capital provisions of the Exchange Act; (3) the final judgment of permanent injunction issued against Gomberg on February 25, 1974 enjoining Gomberg from further violations of the registration and antifraud provisions of the Securities Act of 1933 and the antifraud provisions of the Exchange; and (4) the appointment of a Securities Investor Protection Corp. trustee on March 25, 1975 to liquidate Registrant.

A hearing will be scheduled to take evidence on the staff's allegations and to afford the respondents an opportunity to offer any defenses. The purpose of the hearing is to determine whether the allegations are true and if any action of a remedial nature should be ordered by the Commission. (Rel. 34-14265)

COMMISSION ANNOUNCEMENTS

COMMISSIONER EVANS SPEAKS BEFORE AICPA'S

Commissioner John R. Evans spoke before the American Institute of Certified Public Accountants, in Washington, D.C. on Monday, December 12, 1977. The title of his address was "The SEC's Evolving Role in Bank Regulations." Copies of the speech may be obtained from the SEC, Publications Unit, 500 North Capitol Street, Washington, D.C. 20549.

INVESTMENT COMPANY ACT RELEASES

D. H. BALDWIN COMPANY (OHIO)

An order has been issued: (1) pursuant to Sections 6(c) and 17(b) of the Act, exempting from Section 17(a) of the Act, the proposed reorganization of D. H. Baldwin Company (Ohio) and the subsequent merger of The United Corporation, a registered closed-end, investment company, with and into D. H. Baldwin (Delaware), the reorganized company; and (2) pursuant to Sections 6(c) and 17(d) of the Act and Rule 17d-1 thereunder, permitting, to the extent necessary, the proposed transactions. (Rel. IC-10054 - Dec. 8)

PUTNAM INVESTORS FUND

An order has been issued on an application of Putnam Investors Fund, Inc., The Putnam Management Company, Inc., Providor Growth Fund, Providor Management Company and PML Securities Company, pursuant to Section 17(d) of the Act and Rule 17d-1 thereunder, permitting certain reimbursements by the management companies of the expenses incurred by the funds in the proposed acquisition by Putnam Investors Fund of all the assets of Providor Growth Fund, and pursuant to Section 6(c) of the Act, exempting the issuance of Putnam Investors Fund shares from Rule 22c-1 under the Act. (Rel. IC-10055 - Dec. 8)

THE PUTNAM INCOME FUND

An order has been issued on an application of The Putnam Income Fund, Inc., The Putnam Management Company, Inc., Providor Investors Fund, Providor Management Company and PML Securities Company pursuant to Section 17(d) of the Act and Rule 17d-1 thereunder, permitting certain reimbursements by the management companies of the expenses incurred by the funds in the proposed acquisition by The Putnam Income Fund of all the assets of Providor Investors Fund, and pursuant to Section 6(c) of the Act, exempting the issuance of The Putnam Income Fund shares from Rule 22c-1 under the Act. (Rel. IC-10056 - Dec. 8)

HOLDING COMPANY ACT RELEASES

PENNSYLVANIA ELECTRIC COMPANY

An order has been issued authorizing a proposal of Pennsylvania Electric Company, subsidiary of General Public Utilities Corporation, that it enter into agreements with municipal authorities concerning the financing of pollution control facilities and granting an exemption from competitive bidding in connection therewith. (Rel. 35-20308 - Dec. 9)

A notice has been issued giving interested persons until January 4 to request a hearing on a proposal of Pennsylvania Electric Company, that it increase the amount of loans it may make to a non-affiliated mining company from \$7,750,000 to \$9,750,000 and that it acquire notes in connection therewith through December 31, 1978. (Rel. 35-20309 - Dec. 9)

PENNSYLVANIA POWER COMPANY

An order has been issued authorizing a proposal of Pennsylvania Power Company, subsidiary of Ohio Edison Company, that it issue and sell 100,000 shares of preferred stock to insurance companies and that it be granted an exemption from competitive bidding in connection therewith, and releasing jurisdiction previously reserved. (Rel. 35-20310 - Dec. 9)

CONSOLIDATED NATURAL GAS COMPANY

A notice has been issued giving interested persons until January 3 to request a hearing on proposals of Consolidated Natural Gas Company, a registered holding company, and certain of its subsidiaries to engage in intrasystem financing. (Rel. 35-20311 - Dec. 9)

A notice has also been issued giving interested persons until January 3 to request a hearing on a proposal of Consolidated Natural Gas Company, and four of its subsidiaries, whereby Consolidated will make open account advances to its subsidiaries and such subsidiaries will make intrasystem prepayments of promissory notes held by Consolidated. The maximum aggregate amount of such prepayments is estimated at \$143,500,000 at any one time outstanding. (Rel. 35-20312 - Dec. 9)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

LISTING ACTIONS

Orders have been issued pursuant to Section 12(d) of the Securities Exchange Act of 1934 granting the applications of the following companies to list the specified securities on the New York Stock Exchange, Inc. - Baltimore Gas and Electric Co., 8-1/4% first refunding mortgage bonds, Series due 2007; Consumers Power Co., \$2.23 preference stock, cumulative; Westvaco Corp., 8-1/8% sinking fund debentures, due 2007 (all effective Nov. 21, 1977); The Dayton Power and Light Co., 8-1/2% first mortgage bonds, due 2007 (effective Nov. 25, 1977).

The following companies have also listed the specified securities on the New York Stock Exchange, Inc. - Honeywell Inc., 6.10% sinking fund debentures, due 1992 (effective Nov. 16, 1977); Banner Industries, Inc., common stock; Newpark Resources, Inc., common stock (both effective Nov. 27, 1977); American Can Co., American Can International Corp. (Assumed), 4-3/4% convertible debentures, due 1988; Community Public Service Co., common stock (both effective Nov. 30, 1977).

MISCELLANEOUS

HYGRADE FOOD PRODUCTS CORPORATION

A notice has been issued giving interested persons until December 27 to request a hearing on an application of Hygrade Food Products Corporation (Applicant), pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Applicant from filing certain periodic reports for the fiscal year ended October 1, 1977, as required by Section 15(d) of the Act. (Rel. 34-14246)

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-7) TEXAS ELECTRIC SERVICE COMPANY, Electric Service Bldg., 115 West Seventh St., Fort Worth, Tex. 76102 (817) 336-9411 - \$100 million of first mortgage bonds, Series, due 2008. The company is an electric utility. (File 2-60449 - Dec. 9)
- (S-5) SIGMA EXCHANGE FUND, INC., Greenville Center, 3801 Kennett Pike, Wilmington, Del. 19807 - 2,500,000 shares of common stock. Underwriters: First Affiliated Securities and Delfi Capital Sales, Inc. The company is an open-end diversified investment company. (File 2-60450 - Dec. 9)
- (S-8) THE KANSAS POWER AND LIGHT COMPANY, 818 Kansas Ave., Topeka, Kan. 66612 - 150,000 shares of common stock. (File 2-60454 - Dec. 9)
- (S-1) MGF 78, LTD., Seventh Floor, Vaughn Bldg., Midland, Tex. 79701 - \$20 million of preformation limited partnership units. Underwriter: MGF Securities Corporation. (File 2-60455 - Dec. 12)
- (S-8) THE LIONEL CORPORATION, 9 West 57th St., New York, N.Y. 10019 - 300,000 shares of common stock. (File 2-60459 - Dec. 12)

REGISTRATIONS EFFECTIVE

Dec. 8: Agway Inc., 2-60284.

Dec. 9: Chromalloy American Corp., 2-60172; Keyes Fibre Co., 2-60420; PBT Ohio Energy Partners-II, 2-69394 (90 days); Pennsylvania Power & Light Co., 2-58291.

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

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SEC STATISTICAL BULLETIN is published monthly. Subscription rates: \$15.00/yr in U.S. first class mail; \$18.75 elsewhere.

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