

2 sec news digest

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DECISIONS IN ADMINISTRATIVE PROCEEDINGS

OCT 6 1976

**BACHE AND THREE OFFICERS OF MUNICIPAL INDUSTRIAL REVENUE
BOND DEPARTMENT SANCTIONED; RESTITUTION MADE PART OF
SETTLEMENT TO ADMINISTRATIVE PROCEEDING**

**U.S. SECURITIES AND
EXCHANGE COMMISSION**

The Commission has instituted public administrative proceedings against Bache Halsey Stuart, Inc., Edwin A. Buelتمان, Thomas A. Reilly and Robert Novinski, all officers of Bache's Municipal Bond Department, and simultaneously accepted a combined offer of settlement from the respondents and has issued findings and an Order Imposing Remedial Sanctions.

The Order for proceedings alleged, among other things, that Bache violated certain of the antifraud provisions in connection with its after market activities involving an industrial development revenue bond issue of the Montgomery County Industrial Development Agency of New York during the period September 1972 to September 1973. Some 18 months after the initial offering, the corporation responsible for the bond debt filed a petition for bankruptcy. The Order alleged that Bache which had originally acted as underwriter for the \$4.8 million bond issue continued to make a market in the bonds, recommended the bonds to retail customers, and instituted a special sales incentive to reduce its holdings of the bonds, but never conveyed any updated information to its traders or registered representatives concerning these bonds. Moreover, the Order alleged that during the latter part of the relevant period, certain of Bache's executives actually became aware that the corporation responsible for the bond debt was experiencing financial difficulties.

The Commission has imposed a sanction upon Bache Halsey Stuart, Inc. in the form of a 60 day suspension from all trading of industrial development revenue bonds by its Municipal Bond Department but that sanction will be suspended and not imposed and will remain suspended if respondent Bache offers (1) to pay to each bond purchaser who acquired Montgomery County Industrial Development Revenue Bonds from Bache between June 29, 1973 and August 22, 1973, one-half the loss sustained by such person, and (2) to design, implement and carry out a system of improved procedures with respect to industrial development bonds offered for sale to the public. Said sanction is imposed for violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and for having failed reasonably to supervise other persons subject to their supervision. A sanction in the form of a censure is imposed upon Edwin A. Buelتمان and a 10-day suspension is imposed upon Robert Novinski for having failed reasonably to supervise persons under their supervision. A sanction in the form of a 30-day suspension is imposed upon Thomas A. Reilly for violations of Section 17(a) of the Securities Act and Section 10(b) of the Securities Exchange Act and Rule 10b-5. (Rel. 34-12847)

COMMISSION ANNOUNCEMENTS

**JOHN C. BURTON APPOINTED TO SEC'S
ADVISORY COMMITTEE ON CORPORATE DISCLOSURE**

SEC Chairman Roderick M. Hills announced the appointment of John C. Burton, Deputy Mayor for Finance of the City of New York, as a member of the SEC's Advisory Committee on Corporate Disclosure. Prior to assumption of his present position last month, Mr. Burton served as Chief Accountant to the Commission. In that capacity, he was involved in the establishment of the Advisory Committee and has actively participated in the development of its work.

Chairman Hills noted that Mr. Burton's appointment was made at the suggestion of A.A. Sommer, Jr., Chairman of the Advisory Committee. Mr. Hills also expressed his pleasure that Mr. Burton's acceptance of appointment to the Committee would assure his continued participation and the availability of his expertise.

UPDATING THE CODE OF FEDERAL REGULATIONS

The Commission announced the updating of the Code of Federal Regulations to reflect organizational responsibilities of the Office of Reports and Information Services, and also to provide current information concerning "Documentary Materials Available to the Public", fee schedule for copying documents, current addresses of regional and branch offices, and procedures with respect to the submission of filings required by the Focus Report. (Rel. 33-5746)

IMPERIAL-AMERICAN RESOURCES FUND, INC. ADVISORY REPORT FILED

The Commission has filed an advisory report with the U.S. District Court for the District of Colorado with respect to an internal plan of reorganization, under Chapter X of the Bankruptcy Act, of Imperial-American Resources Fund, Inc., an oil and gas producer. The debtor was a general partner in 13 limited partnerships. Under the plan, creditors will be paid in full in cash. The stock of the new company will all go to the limited partners. The Commission in its report concluded that the plan can be found to be fair and equitable and feasible. (Rel. CR-320)

HEARING ORDERED IN KANSAS CITY STAR COMPANY 12(h) APPLICATION

The Kansas City Star Company (the Applicant) has made application for exemption under Section 12(h) of the Securities Exchange Act of 1934 from the provisions of Sections 12(g) and 15(d) of that Act. Exemption from such sections will have the effect of exempting the Applicant from Sections 13 and 14 of the Exchange Act and any officer, director or ten percent beneficial owner of the Applicant's securities from Section 16 thereof.

According to the information filed with the Commission, the Applicant, a Missouri corporation, is primarily engaged in the publication of newspapers, the manufacture of paper and the distribution of paper and paper products in several states. Applicant has been subject to the periodic reporting requirements of Section 15(d) of the Exchange Act since 1968 because of registered public offerings of ownership interests in its common stock, represented by Participating Certificates and Beneficial Units. As of December 31, 1975, in excess of 500 persons held Participating Certificates and Applicant owned total assets with an approximate value of \$78,000,000.

The Applicant contends that the requested exemption should be granted because ownership and transferability of the Applicant's securities are restricted; the association of holders with the Applicant assures them of great familiarity with its operations; there is no trading interest in the securities; the Applicant is a sound issuer with substantial net assets; and the disclosure objectives of the Exchange Act's registration periodic reporting proxy solicitation, tender offer and insider reporting and trading provisions are not necessary to protect the public interest.

The Commission has ordered that a hearing be held on November 3, 1976 at 10:00 a.m. at the offices of the Securities and Exchange Commission, Room 776, 500 North Capitol Street, Washington, D.C. to consider whether the application should be granted in toto, granted subject to conditions or denied. Any person desiring to be heard is directed to file with the Secretary of the Commission his request as provided by Rule 9(c) of the Commission's Rules of Practice, setting forth any issues of fact or law which he desires to controvert and/or setting forth any additional issues which he feels should be considered. (Rel. 34-12855)

TIME FOR COMMENTS ON DISCLOSURE ADVISORY COMMITTEE ISSUES EXTENDED

The period for public comments on issues to be addressed by the Advisory Committee on Corporate Disclosure has been extended through November 15, 1976. (Rel. 33-5747)

TRADING SUSPENSIONS

TRADING SUSPENDED IN NEOTEC CORP.

The SEC has announced the temporary suspension of over-the-counter trading in the securities of NEOTEC Corp., Silver Spring, Md., for a ten-day period beginning on October 1 and terminating at midnight (EDT) on October 10, 1976. The company has failed to file its annual report on Form 10-K for fiscal year ended January 31, 1976.

The Commission initiated the suspension because the company failed to comply with the reporting provisions of the Exchange Act resulting in the lack of current and accurate information available to the public. (Rel. 34-12849)

COURT ENFORCEMENT ACTIONS

D. VAN HEILEN-BOURQUE INDICTED

The Atlanta Regional Office announced that on September 14 the Shelby County, Tennessee Grand Jury returned a two count indictment charging D. Van Heilen-Bourque of Memphis, Tennessee with fraudulent breach of trust and larceny in connection with transactions involving various municipal securities held for customers. (Tennessee v. D. Van Heilen-Bourque Corporation A-872, Criminal Docket No. 54375). (LR-7592)

COMPLAINT NAMES J. LYELL GINTER, OTHERS

The Seattle Regional Office filed a complaint on September 24 in Federal District Court, Portland, Oregon seeking to enjoin Ginter Corporation, an Oregon Corporation, J. Lyell Ginter of Bridal Veil, Oregon, and Herschel and Hazel Black of Cathedral City, California from violations of the registration and antifraud provisions of the securities laws. The alleged violation stems from the sale of unregistered personal notes of J. Lyell Ginter to members of the public. The complaint alleges untrue statements about use of proceeds, risks involved, and expected sales of the company's product. (SEC v. J. Lyell Ginter, et al., Dist. of Oregon, Civil Action No. 76-849). (LR-7593)

SEC SEEKS CIVIL CONTEMPT AGAINST SOVEREIGN INDUSTRIES, INC., ALLEN V. CROOM

The SEC announced the filing on September 24 of a motion to adjudicate Sovereign Industries, Inc., Atlanta, Georgia and its president Allen V. Croom in civil contempt of the court order entered by U.S. District Judge John H. Pratt on December 26, 1972 enjoining Sovereign from failing to file with the Commission at its headquarters offices in Washington, D.C. timely and proper annual, quarterly and current reports as required by Section 13(a) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder. (SEC v. Sovereign Industries, Inc. and Allen V. Croom, D.D.C. Civil Action No. 2299-72). (LR-7594)

INVESTMENT COMPANY ACT RELEASES

SOURCE CAPITAL

An order has been issued pursuant to Section 17(b) of the Act, exempting from the provisions of Section 17(a) of the Act the proposed sale by Source Capital, Inc., a registered, closed-end diversified management investment company. to Welded Tube Co. of America (Welded Tube), of its holdings of notes, warrants, and common stock issued by Welded Tube. (Rel. IC-9460 - Sept. 28)

CONTINENTAL INDIVIDUAL RETIREMENT TRUST

A notice has been issued giving interested persons until October 25 to request a hearing on an application of Continental Individual Retirement Trust (CIRT) and Continental Illinois National Bank and Trust Company of Chicago for an order exempting CIRT from all provisions of the Act except Sections 36(a) and 36(b) thereof. (Rel. IC-9462 - Sept. 29)

AXE-HOUGHTON FUND A

A notice has been issued giving interested persons until October 26 to request a hearing on an application of Axe-Houghton Fund A, Inc., Axe-Houghton Fund B, Inc., and Axe-Houghton Stock Fund, Inc., registered open-end diversified management investment companies, and Axe Securities Corporation, the Funds' principal underwriter, for an order permitting shareholders of each of the Funds to reinvest capital gain distributions, or income dividends and capital gain distributions, in shares of the other Funds without a sales charge. (Rel. IC-9463 - Sept. 29)

SECURE LIFE INVESTMENT TRUST

An order has been issued declaring that the Secure Life Investment Trust has ceased to be an investment company as defined in the Act. (Rel. IC-9464 - Sept. 29)

USLIFE FUNDS

An order has been issued on an application of USLIFE Funds, Inc. (Fund), a registered, open-end diversified management investment company, and Robert H. Craft declaring that

Craft shall not be deemed to be an "interested person" of the Fund, its principal underwriters, or its investment adviser. (Rel. IC-9465 - Sept. 29)

VARIABLE ANNUITY ACCOUNT E OF AETNA
VARIABLE ANNUITY LIFE INSURANCE COMPANY

A notice has been issued giving interested persons until October 26 to request a hearing on an application of Aetna Variable Annuity Account E of Aetna Variable Annuity Life Insurance Company (Account E), registered under the Investment Company Act of 1940 as a unit investment trust, and Aetna Variable Annuity Life Insurance Company, an Arkansas stock life insurance company and principal underwriter for Account E, for an order of the Commission pursuant to Section 6(c) of the Act granting exemption from Rule 22c-1 under the Act, and pursuant to Section 11 of the Act approving an offer of exchange. (Rel. IC-9468 - Oct. 1)

HOLDING COMPANY ACT RELEASES

INDIANA & MICHIGAN ELECTRIC COMPANY

An order has been issued authorizing Indiana & Michigan Electric Company, subsidiary of American Electric Power Company, Inc., to extend for four years the period during which it may issue short-term unsecured debt in excess of 10% of its capitalization and to amend its charter to create a \$25 par preferred. (Rel. 35-19697 - Sept. 29)

OHIO POWER COMPANY

A notice has been issued giving interested persons until October 27 to request a hearing on a proposal of Ohio Power Company, subsidiary of American Electric Power Company, Inc. (AEP), to issue and sell up to \$80 million of first mortgage bonds at competitive bidding. (Rel. 35-19701 - Oct. 1)

AMERICAN ELECTRIC POWER COMPANY

A notice has been issued giving interested persons until October 28 to request a hearing on proposals of American Electric Power Company, Inc. (AEP), to indemnify a surety, and for AEP and Ohio Power Company, its subsidiary, to execute guaranties to a State Industrial Commission. (Rel. 35-19702 - Oct. 1)

MIDDLE SOUTH UTILITIES

A notice has been issued giving interested persons until October 26 to request a hearing on a proposal of Middle South Utilities, Inc., and Middle South Energy, Inc., a wholly-owned subsidiary, whereby MSEI will issue and sell, and Middle South acquire, 5,000 shares of MSEI's common stock in addition to 68,000 shares previously authorized in this proceeding. The proceeds of \$5 million will be used primarily for MSEI's construction program. (Rel. 35-19703 - Oct. 1)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

LISTING ACTIONS

Orders have been issued granting the application of the following companies to list the specified securities on the following exchanges: American Stock Exchange, Inc. - Metex Corporation, common stock, par value \$1.25 per share (effective as of September 27, 1976). New York Stock Exchange, Inc. - ELT, Inc., common stock, no par value (effective as of September 24, 1976); and Jones & Laughlin Steel Corporation, 9-3/4% first mortgage bonds, Series N, due 1996 (effective as of September 27, 1976). (Rel. 34-12856)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGE

The Philadelphia Stock Exchange, Incorporated has filed a proposed rule change under Rule 19b-4 (SR-PHLX-76-16) relating to position limits in exchange listed options. Publication of the proposal is expected to be made in the Federal Register during the week of October 4. (Rel. 34-12853)

NOTICE AND APPROVAL OF PROPOSED RULE CHANGE

The Commission has published notice of a proposed rule change filed by the American Stock Exchange, Inc. The rule change (SR-AMEX-76-22) rescinds previous Rules 187 and 950(i), and commentaries thereto, which restrict off-floor transactions by Amex stock and options specialists. The Commission has found that the proposed rule change is consistent with the requirements of the Exchange Act and approved the proposal for good cause prior to the thirtieth day after the date of publication of notice of the proposal. (Rel. 34-12842)

SECURITIES ACT REGISTRATIONS

(S-16) PLANNING RESEARCH CORPORATION

10960 Wilshire Blvd., Los Angeles, Cal. 90024 - 500,000 shares of common stock, which may be offered for sale from time to time by certain shareholders at prices related to prevailing market prices at the time of sale. Planning Research Corporation is a multinational professional services organization. (File 2-57304 - Sept. 30)

(S-7) MICHIGAN WISCONSIN PIPE LINE COMPANY

One Woodward Ave., Detroit, Mich. 48226 - 2,000,000 shares of cumulative preferred stock, to be offered for sale through underwriters headed by Dillon Read & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Incorporated and Salomon Brothers, c/o Dillon Read & Co. Inc., 46 William St., New York, N.Y. 10005. Michigan Wisconsin Pipe Line Company, a wholly-owned subsidiary of American Natural Resources Company, owns and operates an extensive natural gas transmission and underground storage system and together with its wholly-owned subsidiary is engaged in the exploration for and development of gas reserves. (File 2-57306 - Sept. 30)

(S-1) MAJOR ELECTRONICS CORP.

60 Enterprise Avenue North, Secaucus, N.J. 07094 - 104,318 common shares. Of these shares, 63,000 have been issued or are issuable upon exercise of options granted or to be granted under the Company's 1971 Qualified Stock Option Plan, and 41,318 shares have been issued or are issuable upon exercise of non-qualified options granted to certain officers and employees of the company. Major Electronics markets a line of electronic audio equipment for the home entertainment industry, primarily under the trademark "Emerson". (File 2-57309 - Sept. 30)

(S-14) AUTOMATIC DATA PROCESSING, INC.

405 Route 3, Clifton, N.J. 07015 - up to 240,015 shares of common stock. It is proposed to offer these shares in connection with the acquisition by ADP of The CPI Group Incorporated through the merger of CPI with and into a wholly-owned subsidiary of ADP. Upon the merger, each outstanding share of CPI common stock will be converted into 0.237125 shares of ADP common stock. ADP is primarily engaged in the electronic data processing service business. (File 2-57314 - Sept. 30)

(S-7) COMMONWEALTH EDISON COMPANY

One First National Plaza, P.O. Box 767, Chicago, Ill. 60690 - 867,332 shares (approximately \$27,537,791) of common stock, to be offered under the Automatic Dividend Reinvestment and Stock Purchase Plan. The company offers to holders of its common stock the opportunity to purchase new issue shares of common stock by having their cash dividends automatically reinvested and, additionally if they wish, by mailing optional cash payments. The company is principally engaged in the production, purchase, transmission, distribution and sale of electricity. (File 2-57316 - Sept. 30)

(S-5) THE EDSON GOULD FUND, INC.

2,500,000 shares of common stock, to be offered at net asset value (initially \$10.00 per share) by the Fund, 299 Park Ave., New York, N.Y. 10022. The Fund, a Maryland corporation, has as its primary objective growth of capital with income a secondary objective. (File 2-57319 - Sept. 29)

(S-7) WEYERHAEUSER COMPANY

Tacoma, Wash. 98401 - \$150 million of sinking fund debentures, due 2006, to be offered for sale through underwriters headed by Morgan Stanley & Co. Incorporated, 1251 Avenue of the Americas, New York, N.Y. 10020. Weyerhaeuser Company is engaged principally in the growing and harvesting of timber and the manufacture, distribution and sale of forest products; and is also engaged, through Weyerhaeuser Real Estate Company, in real estate and real estate related businesses. (File 2-57323 - Oct. 1)

First International Bldg., Dallas, Tex. 75270 - 500,000 shares of common stock, to be offered for sale through underwriters headed by Dean Witter & Co. Inc., 130 Liberty St., New York, N.Y. 10006, and White, Weld & Co. Inc., One Liberty Plaza, New York, N.Y. 10006. The company is engaged in the distribution and sale of natural gas as a public utility; oil and gas exploration and production; gas processing; and refining crude oil and marketing refined oil products. (File 2-57326 - Oct. 1)

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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