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# sec news digest

U.S. SECURITIES AND  
EXCHANGE COMMISSION

Issue 78-33

February 16, 1978

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## ADMINISTRATIVE PROCEEDINGS

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### COMMISSION ACCEPTS RESIGNATION OF ROBERT W. MCDOWELL, JR. FROM APPEARANCE OR PRACTICE

The Commission announced that it has accepted the resignation of Robert W. McDowell, Jr., a geologist and engineer, from appearing or practicing before it for five years in settlement of a proceeding pursuant to Rule 2(e) of the Commission's Rules of Practice against Mr. McDowell. Mr. McDowell's resignation was submitted without admitting or denying the allegations in the order instituting the Rule 2(e) proceeding against him. After the expiration of three years, Mr. McDowell may apply to the Commission for reinstatement of his privilege to appear and practice before the Commission upon a showing that he has not engaged in any activity which would be a basis for adverse action against him pursuant to Rule 2(e) of the Commission's Rules of Practice.

The Rule 2(e) proceeding was based upon a permanent injunction obtained by consent against Mr. McDowell in SEC v. Panhandle Production Company, et al., No. 76-M-1227 (D. Colo.). In that injunctive action, it had been alleged that Mr. McDowell had violated the registration and antifraud provisions of the securities laws in the offer and sale of fractional undivided interests in oil and gas rights offered and issued by Panhandle Production Company. (Rel. 33-5903)

### NASD ACTION AGAINST FIRST PHILADELPHIA CORP. AND ITS PRESIDENT AFFIRMED

The Commission has affirmed sanctions imposed by the NASD on First Philadelphia Corporation, a New York City broker-dealer firm, and Alvin Abrams, its president. The NASD censured respondents, fined them \$2,000, and suspended Abrams' registration as a principal for 10 days.

The Commission found, as had the NASD, that respondents failed to comply with customer protection, reporting and recordkeeping provisions. In refusing to reduce the sanctions which the NASD had imposed, the Commission stated that respondents' history of prior infractions reflected "a continued inability or unwillingness to comply with" applicable requirements. (Rel. 34-14432)

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## COMMISSION ANNOUNCEMENTS

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### COMMISSION OUTLINES FOREIGN CORRUPT PRACTICES ACT

Because of the extraordinary amount of interest expressed to the Commission's staff in connection with the enactment of the Foreign Corrupt Practices Act, which was signed into law on December 19, 1977, and because of the Commission's concern that issuers affected by the enactment of the new law be fully aware of the new requirements, the Commission today issued a release highlighting salient aspects of the legislation.

The Act makes it unlawful to engage in certain corrupt practices with respect to foreign officials. It requires reporting companies to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer. It further requires reporting companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances to achieve certain objects set forth in the statute.

Because the Act became effective upon signing, the Commission believes it is important that issuers subject to the new requirements review their accounting procedures and certain business practices in order to comply with the new law. (Rel. 34-14478)

FOR FURTHER INFORMATION CONTACT: Frederick B. Wade at (202) 755-1229, Barbara L. Leventhal at (202) 755-1750 or Edward R. Cheramy at (202) 376-8020

**COURT ENFORCEMENT ACTIONS**

**RHODE ISLAND COUPLE CHARGED WITH INSIDER TRADING**

The Boston Regional Office announced the filing of a complaint in the U.S. District Court for the District of Rhode Island seeking to enjoin further violations of the antifraud provisions of the Securities Exchange Act of 1934 by James E. Macdonald, Jr. (Macdonald) and his wife, Jean Lett Macdonald (Mrs. Macdonald). The defendants reside in Bristol, Rhode Island. Among other things, the complaint alleges that during the period from October, 1975 to September, 1976, Macdonald was the Chairman of the Board of Trustees of Realty Income Trust (RIT), a Massachusetts business trust which invests in real estate equities and security interests. RIT maintains its principal offices in Providence, Rhode Island; its stock is listed on the American Stock Exchange. The complaint further alleges that in 1975, through an account in the name of Mrs. Macdonald at a Providence brokerage firm, defendants purchased securities of RIT while in possession of material, favorable, non-public information, without disclosing such information. Thereafter, the defendants are alleged to have sold these securities, realizing significant profits. The complaint alleges that the purchase of RIT stock on the basis of material inside information constitutes a violation of the antifraud provisions of the securities laws. In addition to a prayer for injunctive relief, the complaint also requests the Court to order the defendants to "disgorge" any profits realized from the violative transactions, and to pay such profits into the Registry of the Court for distribution as the ends of justice should require. (SEC v. James E. Macdonald, Jr., et al., D.C. Rhode Island, CA-78-0073). (LR-8293)

**INVESTMENT COMPANY ACT RELEASES**

**FIRST WEST TEXAS CAPITAL CORPORATION**

A notice has been issued giving interested persons until March 13 to request a hearing on a proposal of First West Texas Capital Corporation, declaring that it has ceased to be an investment company. (Rel. IC-10121 - Feb. 14)

**LISTING, DELISTING AND UNLISTED TRADING ACTIONS**

**DELISTING GRANTED**

An order has been issued granting the application submitted by the Philadelphia Stock Exchange, Inc. to strike from listing and registration the 4-7/8% sinking fund debentures, due 1979, of Lehigh Portland Cement Company. (Rel. 34-14474)

**SELF-REGULATORY ORGANIZATIONS**

**NOTICE OF PROPOSED RULE CHANGE**

The National Securities Clearing Corporation (NSCC) has filed a proposed rule change pursuant to Rule 19b-4 (SR-NSCC-78-2) to include municipal securities among those securities eligible for comparison, clearance and settlement by SCC Division participants. Publication of the proposal is expected to be made in the Federal Register during the week of February 20. (Rel. 34-14469)

**MISCELLANEOUS**

**CURTIS NOLL CORPORATION**

A notice has been issued giving interested persons until February 27 to request a hearing on an application of Curtis Noll Corporation (Applicant), pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Applicant from the reporting requirements of Section 15(d) of the Act, which would require the filing of an annual report on Form 10-K for the year ended December 31, 1977. (Rel. 34-14481)

**KNOTT HOTELS CORPORATION**

An order has been issued granting the application of Knott Hotels Corporation (Applicant), under Section 12(h) of the Securities Exchange Act of 1934, for an order exempt-

ing Applicant from the provisions of Section 15(d) of the Act. It appears to the Commission that the requested exemption is not inconsistent with the public interest or the protection of investors, and no significant benefit will accrue to either investors or the public if Applicant is required to file the subject reports. Further, there is no trading activity in Applicant's securities and Applicant's duty to file will cease after fiscal 1977. In addition, all of the securities of Applicant are held by one person. (Rel. 34-14482)

#### DATA DOCUMENTS, INC.

An order has been issued granting the application of Data Documents, Inc., a Nebraska corporation which is a 99.7% owned subsidiary of Dictaphone Corporation, a reporting company under the Securities Exchange Act of 1934, for an exemption from the reporting requirements of Sections 13 and 15(d) of the Act pursuant to Section 12(h) of the Act. It appears to the Commission that the requested exemption is not inconsistent with the public interest or the protection of investors because Dictaphone Corporation has guaranteed the payment of principal and interest on the outstanding notes of Data Documents, Inc. Such notes are the only class of security issued by Data Documents, Inc. still registered with the Commission. (Rel. 34-14483)

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## SECURITIES ACT REGISTRATIONS

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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) BANCAL TRI-STATE CORPORATION, 400 California St., San Francisco, Cal. 94104 (415) 765-0400 - 879,789 shares of common stock. Underwriters: Salomon Brothers, Goldman, Sachs & Co. and Dean Witter Reynolds Inc. The company is a bank holding company. (File 2-60767 - Feb. 15)
- (S-14) UNIVERSAL FOODS CORPORATION, 433 East Michigan St., Milwaukee, Wis. 53202 (414) 271-6755 - 865,069 shares of common stock. (File 2-60768 - Feb. 15)
- (S-6) NATIONAL MUNICIPAL TRUST, SPECIAL TRUSTS FIRST MULTI-STATE SERIES, One New York Plaza, New York, N.Y. 10004 - 11,000 units. Depositors: Thomson McKinnon Securities Inc., One New York Plaza, New York, N.Y. 10004 and Piper, Jaffray & Hopwood Inc. (File 2-60769 - Feb. 15)

#### REGISTRATIONS EFFECTIVE

Feb. 9: Howard Bros. Discount Stores, Inc., 2-60592.

Feb. 13: Continental Telephone Corp., 2-60602.

Feb. 14: Argonaut Energy Corp., 2-60425; Chilton Corp., 2-60625; The First Trust of Insured Municipal Bonds, Series 31, 2-60576; Guadalupe Exploration Corp., 2-60161; Northwest Energy Co., 2-60489.

**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.

## ACQUISITIONS OF SECURITIES

Companies and individuals must report to the Commission within 10 days on Schedule 13D if after the acquisition of equity securities of a public company their beneficial interest therein exceeds 5%. Persons eligible to use the short form (Form 13D-5) may in lieu of filing a Schedule 13D file a Form 13D-5 within ten days after the end of the calendar quarter in which the person became subject to Section 13(d)(1). The following companies or individuals filed Schedule 13D's during the period January 30 - Feb. 6, 1978. The number of shares of the security which are beneficially owned, and the number of shares concerning which there is a right to acquire are sent forth for each beneficial owner. \*Amended Acquisition Reports/Amended Tender Offers.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER &amp; NUMBER OF SHARES</u>	<u>DATE FILED</u>
* Lionel Steinberg Earl W. Brian, M.D. Hyman Federman Robert Savin, et al (Stockholder Group)	ICN Pharmaceuticals, Inc. (Irvine, CA) Common Stock - 558,900 shs.	1-30-78
* Donaldson, Lufkin & Jenrette	Meridian Investing & Development Corp. (NYC) Common Stock - 1,407,745 shs. (68%)	1-30-78
* E. Peter Hoffman, Jr., Individually and as Custodian	Midland Mortgage Investors Trust (Oklahoma City, OK) Shares of Beneficial Interest - 170,500	1-30-78
* Alexander & Baldwin, Inc.	Pacific Resources, Inc. (Honolulu, HI) Common Stock - 1,061,476 shs.	1-30-78
* Rhodia Corporation	Polychrome Corporation (Yonkers, NY) Common Stock - 951,851 shs.	1-30-78
* Banque de Paris et des Pays-Bas (Suisse) S.A. (Switzerland)	Princeton Electronics Products, Inc. (North Brunswick, NJ) Common Stock - 75,819 shs.	1-30-78
* Fuji Heavy Industries, Ltd. (Japan)	Subaru of America, Inc. (Pennsauken, NJ) Common Stock - 2,861,366 shs.	1-30-78
* American General Insurance Co.	T. I. Corporation (Los Angeles, CA) Common Stock - 625,600 shs.	1-30-78
* Lawrence Phillips, Jr.	Unicorn Industries (Anaheim, CA) Common Stock - 531,244 shs. (77%)	1-30-78
Refco-Consolidated, Inc. (Wholly-owned subsidiary of G L Corporation)	Salem Corporation (Carnegie, PA) Common Stock - 350,000 shs. (26%)	1-31-78
Edward R. Stevens Victor L. Wegard Milton L. Weinbren (South Africa) Donald A. Weiss	Scoto Data Com, Inc. (NYC) Common Stock - 1,287,466 shs. (58%) (Above shares were acquired in exchange for 1,000 shares of Capital Stock of Insulation Industries, Inc.)	1-31-78
Louis J. Roussel	United Founders Life Insurance Company of Oklahoma City, OK(Oklahoma City, OK) Common Stock - 2,500 shs. (Mr. Roussel is controlling person of American Benefit Life Insurance Co. who claims to own 28% of the voting stock of United.)	1-31-78
* Harold C. Simmons	Contran Corporation (Dallas, TX) Common Stock - 216,245 shs.	1-31-78

ACQUISITION REPORTS CONT.

* Yates Industries, Inc.	Electro-Nite Co. (Philadelphia, PA) Common Stock - 236,641 shs. (20.82%) (92,279 of above shares were acquired pursuant to the Tender Offer.)	1-31-78
* Chevy Chase Lake Corp. B. F. Saul Co. Columbia Management & Investment Co. Manor Investment Co., et al	Financial General Bankshares, Inc. (Washington, DC) Common Stock - 628,144 shs. (11.18%) (Above amendment corrects percentage of stock held.)	1-31-78
* J. P. Cullen & Son Corp.	Milwaukee Professional Sports & Services, Inc. (Milwaukee, WI) Common Stock - 53,700 shs.	1-31-78
* Ohio Merchandising Corp.	Penn Fruit Co., Inc. (Philadelphia, PA) Common Stock - 715,089 shs. 4.68% Preferred Stock - 19,541 shs. (95,111 shares of Common Stock and 2,460 shares of Preferred Stock were acquired pursuant to the Tender Offer.)	1-31-78
Rudi E. Scheidt	United Tennessee Bancshares Corp. (Memphis, TN) Common Stock - 156,862 shs. (Included above are shares owned by Mr. Scheidt and members of his family.)	2-1-78
* G. Roderick Snyder Frank K. Gottschalk Floyd E. Worley J. Robert Baldwin, et al	B-O-P Corporation (Reading, PA) Capital Stock - 102,729 shs.	2-1-78
* Neil H. Ellis Elizabeth S. Willis	First Hartford Corporation (Manchester, CT) Common Stock - 779,541 shs.	2-1-78
* General Host Corporation	National Convenience Stores, Inc. (Houston, TX) Common Stock - 480,237 shs. (25%)	2-1-78
Humana Inc.	American Medicorp, Inc. (Bala Cynwyd, PA) Common Stock - 5,700,000 shs. (60%) (Above shares were acquired pursuant to the Tender Offer.)	2-2-78
Lincoln Bank Employees Stock Ownership Trust	Lincoln National Co. (Bala Cynwyd, PA) Common Stock - 24,319 shs. (Trustees own 36,985 shares (12.9%))	2-2-78
* Richard W. Jones	Mitchum, Jones & Templeton, Inc. (Los Angeles, CA) Common Stock - 73,878 shs. (18.6%)	2-2-78
John R. Aunan	Bankers Mortgage Corp. (St. Paul, MN) Common Stock - 16,600 shs. (Mr. Aunan also has the right to acquire an additional 5,000 shares of Common Stock.)	2-3-78
James F. Brown	Bankers Mortgage Corporation (St. Paul, MN) Common Stock - 65,000 shs. (Mr. Brown also has the right to acquire an additional 5,000 shares of Common Stock.)	2-3-78
Max B. E. Clarkson William M. E. Clarkson Estate of A. Helene Clarkson G. Austin E. Clarkson, et al	Graphic Controls Corporation (Buffalo, NY) Common Stock - 225,435 shs. Common Stock - 5,500 shs. on conversion of Debentures Common Stock - 111,054 shs. on exercise of Options	2-3-78
Ted D. Nelson Daniel C. Montano Victoria G. Montano	Lincoln Mortgage Investors (Fullerton, CA) Shares of Beneficial Interest - 73,400 (Montano has the right to purchase on conversion of Debenture 1,827 shares.)	2-3-78

ACQUISITION REPORTS CONT.

Asahi Overseas Corporation (Wholly-owned subsidiary of Asahi Corp. (Japan))	Phone-Mate, Inc. (Torrance, CA) Common Stock - 200,000 shs. (15.5%) on exercise of a Warrant (In addition, Asahi Corp. owns 1,000 shares of Common Stock.)	2-3-78
Robert Meltzer	Triangle Pacific Corp. (Dallas, TX) Common Stock - 116,392 shs.	2-3-78
Del E. Webb Foundation	Del E. Webb Corporation (Phoenix, AZ) Common Stock - 2,820,293 shs. (Above shares were acquired from the Estate of Del E. Webb.)	2-3-78
* Hillhaven, Inc.	Anta Corporation (Oklahoma City, OK) Common Stock - 291,276 shs.	2-3-78
* S. H. Scheuer, Individually and as Trustee Donald E. Peiser Leon Meyers Martin Bernstein, et al (Stockholder Group)	CIC of America, Inc. (Chicago, IL) Common Stock - 959,965 shs.	2-3-78
* AMPCO-Pittsburgh Corp.	Pittsburgh Forgings Company (Pittsburgh, PA) Common Stock - 894,611 shs.	2-3-78
* Evelyn Green, Trustee Cynthia Colin, Trustee S. William Green, Individually and as Trustee	Starrett Housing Corporation (NYC) Common Stock - 530,280 shs. (27.1%)	2-3-78
Crane Co.	Zapata Corporation (Houston, TX) Common Stock - 701,000 shs.	2-6-78

The following companies or individuals filed Form 13D-5's during the period January 24 - February 2, 1978.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER &amp; NUMBER OF SHARES</u>	<u>DATE FILED</u>
Army Mutual Aid Association	Gulf States Utilities Company (Beaumont, TX) 7 $\frac{1}{4}$ % Convertible Debentures - \$2,500,000	1-24-78
Winters National Bank and Trust Co., Trustee of Dayco Corp. Employees Stock Purchase Plan	Dayco Corporation (Dayton, OH) Common Stock - 904,534 shs. (26.2%)	1-30-78
National Health & Welfare Retirement Association	Gulf States Utilities Company (Beaumont, TX) 7 $\frac{1}{4}$ % Convertible Debentures - \$5,000,000	2-2-78

Companies and individuals making a tender offer must have on file at the time the tender offer commences a Schedule 14D-1. The following companies or individuals filed Schedule 14D-1's during the period January 24 - February 3, 1978. \*Amended Tender Offers.

<u>OFFER TO PURCHASE BY:</u>	<u>ISSUER &amp; NUMBER OF SHARES TO BE PURCHASED</u>	<u>DATE FILED</u>
Clarendon Corporation N.V. (Netherland Antilles) (Wholly-owned subsidiary of Safania S.A. (Panama))	Taca International Airlines S.A. (San Salvador, El Salvador) Common Stock - 600,000 shs. for cash at \$.75 net per share	1-24-78
Jill D. Parker James L. Thompson William J. O'Connor Marion K. Cohenour, et al	Western Oil Shale Corp. (Midland, TX) Common Stock - 487,500 shs. for cash at \$1.92 net per share (Bidders presently own 15,100 shares.)	1-30-78

ACQUISITION REPORTS CONT.

Government Employees Insurance Co.	Criterion Insurance Co. (Chevy Chase, MD) Common Stock - 300,000 shs. for cash at \$21.50 net per share (GEICO presently owns 488,839 shares (33.4%))	2-1-78
Government Employees Insurance Co.	Government Employees Financial Corp. (Denver, CO) Common Stock - 300,000 shs. for cash at \$12.25 net per share (GEICO presently owns 223,000 shares Common Stock (20.5%) and 6,600 shares Preferred Stock.)	2-1-78
Government Employees Insurance Co.	Government Employees Life Insurance Co. (Chevy Chase, MD) Common Stock - 300,000 shs. for cash at \$14.00 net per share (GEICO presently owns 1,082,274 shares (24.2%))	2-1-78
Carter Hawley Hale Stores, Inc.	Marshall Field & Company (Chicago, IL) Common Stock - All outstanding shares (Carter offers to exchange for each share of Marshall's Common Stock, .95 shares of Carter plus an amount of cash net equal to the difference between (i) \$42 and (ii) .95 times the average of the closing sales price for Carter's Common Stock. Cash consideration shall not be less than \$22 nor more than \$26.50.)	2-1-78
H. K. Porter Company, Inc.	Fansteel, Inc. (North Chicago, IL) Common Stock - 100,000 shs. for cash at \$23.50 net per share (Porter presently owns 1,284,995 shares (89%))	2-2-78
National Distillers and Chemical Corp.	Emery Industries, Inc. (Cincinnati, OH) Common Stock - All outstanding shares (National offers to exchange for each share of Common of Emery into one share of \$2.08 Preference Stock or \$25.00 in cash. National presently owns 574,330 shares of Common Stock.)	2-3-78
Marriott Corporation	Five Star Foods Corporation (Baltimore, MD) Class A Common Stock - 525,403 shares for cash at \$3.00 net per share	2-3-78

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