

# sec news digest

Issue 78-146

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July 28, 1978

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## RULES AND RELATED MATTERS

### U.S. SECURITIES AND EXCHANGE COMMISSION

#### AMENDMENTS ADOPTED RELATING TO CERTAIN DISCLOSURE FORMS AND REGULATIONS

The Commission has adopted amendments to certain disclosure forms and regulations to standardize and improve its disclosure requirements relating to directors and executive officers, management remuneration and transactions, legal proceedings, and principal security holders and security holdings of management. The amendments incorporate the disclosure items covering these categories of information into Regulation S-K. Forms S-1, S-11, 10, 10-K, 10-Q, and Schedule 14A have been amended to require that disclosure of these categories of information be prepared in accordance with the new Regulation S-K items. The amendments include a reduction from ten years to five years of the description of material events in the background of officers and directors currently required. A requirement for disclosure of certain additional information relating to litigation involving directors and executive officers also has been adopted. In addition, a requirement for disclosure of other directorships in public companies held by directors and nominees has been adopted. (Rel. 33-5949)

FOR FURTHER INFORMATION CONTACT: Steven J. Paggioli at (202) 376-8090

#### PROPOSED AMENDMENTS TO MANAGEMENT REMUNERATION DISCLOSURE REQUIREMENTS

The Commission today proposed amendments to revise the management remuneration disclosure provisions applicable to certain registration statements, periodic reports and proxy and information statements filed under the 1933 and 1934 Acts. The proposals would expand the classes of named persons about whom remuneration data is given to: (a) the five highest paid executive officers or directors of the registrant; and (b) the five highest paid executive officers or directors of the registrant or its wholly-owned subsidiaries, excluding those named pursuant to (a), each of whose aggregate remuneration exceeds \$150,000. Presently, individual data is required as to all directors of the registrant whose remuneration exceeds \$40,000, and as to the three highest paid officers of the registrant whose remuneration exceeds \$40,000. The proposals retain the present requirement to disclose aggregate remuneration for all officers and directors of the registrant as a group, but would propose the addition of a new requirement to reflect the aggregate remuneration of outside directors. The proposed amendments also would require disclosure of any standard fees or arrangements by which directors are remunerated.

The proposals would expand the types of remuneration for which dollar amounts would be required to be reflected in the remuneration table to include such items as pension plans, insurance, options, stock appreciation rights, incentive contracts and perquisites, as well as salaries, commissions and bonuses. As to those arrangements in which remuneration is deferred, the proposals generally would require the inclusion in the table of the amounts expensed during the year for financial reporting purposes.

As to perquisites, the proposals call for amounts to be included in the table based on the company's actual incremental costs. However, if that amount is significantly less than what the recipient would have to pay to obtain the benefit, the value to the recipient would also be disclosed. Several exclusions concerning perquisites would permit the omission, subject to certain conditions, of benefits directly related to job performance; benefits available to broad categories of employees; and benefits the monitoring of which would involve unreasonable effort, but which do not exceed \$10,000 per person. If significant amounts of perquisites are included in the table, a description and indication of amount would be required.

Comments on the proposals should be sent in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, N.W., Washington, D.C. 20549, on or before September 29 and should refer to File No. S7-749. (Rel. 33-5950)

FOR FURTHER INFORMATION CONTACT: Rowland Cook at (202) 755-1750 or Steven J. Paggioli at (202) 376-8090

FINANCIAL RESPONSIBILITY PROGRAM PERTAINING TO  
TRANSACTIONS IN MUNICIPAL SECURITIES

The Commission has authorized the concurrent issuance of two releases. The first sets forth a proposal to amend the uniform net capital rule as it pertains to specific receivables and to undue concentration deductions relating to transactions in municipal securities. The second release announces the Commission's extension, until January 1, 1979, of temporary provisions of Rule 15c3-1 currently governing specific receivables and undue concentration deductions relating to transactions in municipal securities. Comments on the proposal should be sent in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549 on or before October 1 and should refer to File No. S7-748. All submissions will be made available for public inspection. (Rel. 34-14994 and 34-14995)

FOR FURTHER INFORMATION CONTACT: Nelson S. Kibler at (202) 376-8131

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## ADMINISTRATIVE PROCEEDINGS

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### COMMISSION RULES ON EXEMPTIONS FROM INVESTMENT COMPANY ACT SOUGHT BY PARCO MANAGERS CORP.

The Commission has issued a decision granting Parco Managers Corp. most of the exemptions from the Investment Company Act sought in an application filed by Parco and by United Parcel Service of America, Inc. (UPS), which created Parco as an investment vehicle for key UPS managerial employees.

The Commission expressed its basic agreement with the administrative law judge that Parco is a "highly unusual type of investment company that does not present, except possibly in a very attenuated form, the problems and abuses which the [Investment Company] Act was designed to mitigate." The major objections raised by the Commission's staff were to the method by which UPS stock, and indirectly Parco stock, is priced, and to Parco's capital structure. The Commission agreed with the law judge that UPS's board of directors had "consistently made a good faith, conscientious effort to arrive at a fair value of UPS stock." However, the Commission determined that its staff should monitor the future pricing of the stock. It therefore conditioned its grant of certain exemptions on a requirement that UPS and Parco furnish the staff with such information concerning the quarterly price set for UPS stock as the staff may request. The Commission retained jurisdiction to reconsider the grant of the exemptions should future circumstances warrant such a re-examination.

The Commission rejected the staff's challenge to Parco's capital structure. It noted that, although an investment in Parco could be very risky as well as highly profitable, Parco's very purpose was to provide a leveraged investment opportunity for a small group of relatively high-ranking UPS officials. With respect to the fact that Parco's senior securities would not receive the protection and voting rights required by the Act, the Commission noted that the holders of Parco common and Class A securities were substantially identical, and that the preferred shareholders, who paid nothing for their stock, were merely incidental beneficiaries of the investment program that UPS had set up to benefit its key employees. (Rel. IC-10325)

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## COMMISSION ANNOUNCEMENTS

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### REPORT TO CONGRESS ON THE ACCOUNTING PROFESSION AVAILABLE FOR PURCHASE

The Commission's Report to Congress on the Accounting Profession is now available for purchase through the Superintendent of Documents. There are a limited number of copies available at the Main GPO Bookstore, 710 North Capitol Street. Copies may be ordered by calling the Superintendent of Documents, at (202) 275-3030, or by writing to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Refer to stock number 052-070-04583-3. The price is \$8.75 per copy.

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## COURT ENFORCEMENT ACTIONS

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### RICHARD P. KLEIN ENJOINED

The Houston Branch Office announced that on July 13 Federal District Judge Robert O'Connor, Jr. at Houston, Texas, entered an order permanently enjoining Richard P. Klein, of Houston, from further violations of the registration and antifraud provisions of the Securities Act of 1933. On the same date, Judge O'Connor entered a separate order finding that Edward D. Gillett, of Houston, had violated the registration and antifraud provisions of the securities laws. These orders, which terminate the proceedings, were entered with the consent of Klein and Gillett, with Gillett further agreeing not to practice before the Commission or advise clients concerning the securities laws for a period of one year.

The complaint filed in this case on February 15, 1977 alleged that Klein, Gillett and others had violated the registration and antifraud provisions of the securities laws in the offer and sale of unregistered securities in the form of fractional undivided working interests in oil and gas leases issued by Sincero Oil & Gas Co. (SEC v. Sincero Oil & Gas Co., et al., CA-77-H-260, S.D. Texas 1977). (LR-8476)

### PASTA KING, INC. AND DONALD A. SPONG ENJOINED

The Denver Regional Office announced that on July 21 the Honorable Judge John L. Kane, Jr. of the District Court of Colorado announced that Pasta King, Inc. and Donald A. Spong were preliminarily enjoined from violating certain antifraud provisions of the Securities Exchange Act of 1934 and ordered the disclosure of certain material information concerning Pasta King to the news media, investment community and to Pasta King shareholders. The order of preliminary injunction to be prepared by the plaintiff's counsel in conformity with the Court's direction is to enjoin Pasta King and Spong from making false and misleading statements concerning, among other things, the number of franchises sold by Pasta King, the profitability of Pasta King's franchise sales, the profitability of Pasta King's restaurants, the number of shares of Pasta King stock which are outstanding, the contracts entered into by Pasta King, the market price of the Pasta King stock. The Court directed Pasta King and Spong to make a full and complete disclosure of the franchise agreements entered into by Pasta King, the exact number of franchises sold as distinguished from those subject to options, how franchises are accounted for, the profitability of Pasta King stores, the sale of Pasta King stock to Spong and other members of management in a written report to be mailed no later than fourteen days from the date of the Court's order to newspapers, news services, radio stations, television stations, registered broker-dealers and certain other persons to whom false and misleading statements were made by Pasta King, Spong or Pasta King's public relations firm and to Pasta King shareholders of record as of 5:00 p.m., July 21, 1978. (SEC v. Pasta King, Inc. and Donald A. Spong, USDC, Dist. of Colo., 78-K-695). (LR-8477)

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## INVESTMENT COMPANY ACT RELEASES

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### HIGHLAND CAPITAL CORPORATION

An order has been issued on an application of Highland Capital Corporation, registered under the Investment Company Act of 1940 as a non-diversified, closed-end management investment company, and Vitt Media International, Inc. (VMI), a Delaware corporation, exempting from the provisions of Section 17(a) of the Act, pursuant to Section 17(b) of the Act, the proposed sale by Highland and the purchase by VMI of 200,000 shares (28% of the shares outstanding) of VMI common stock owned by Highland for \$400,000 or two dollars per share. (Rel. IC-10340 - July 26)

### SYSTEMS VENTURE CAPITAL

An order has been issued on an application of Systems Venture Capital, Inc. declaring that it has ceased to be an investment company. (Rel. IC-10341 - July 26)

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## HOLDING COMPANY ACT RELEASES

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### ALLEGHENY POWER SYSTEM

A notice has been issued giving interested persons until August 23 to request a hearing on a post-effective amendment filed by Allegheny Power System, Inc., a registered holding company, regarding the terms of its issuance of up to \$70 million of short-term notes to banks outstanding at any one time. (Rel. 35-20641 - July 26)

## 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-B) EXPORT DEVELOPMENT CORPORATION, 1746 Massachusetts Ave., N.W., Washington, D.C. 20036 - \$125 million of notes, due August 15, 1983. Underwriters: Salomon Brothers and Wood Gundy Inc. (File 2-62211 - July 26)
- (S-16) BOATMEN'S BANCSHARES, INC., 100 North Broadway, St. Louis, Mo. 63102 (314) 425-7525 - 20,000 shares of common stock. (File 2-62216 - July 27)
- (S-8) ANDERSON JACOBSON, INC., 521 Charcot Ave., San Jose, Cal. 95131 (408) 263-8520 - 52,500 shares of common stock. (File 2-62217 - July 27)
- (S-5) FEDERATED FIDUCIARY TRUST, 421 Seventh Ave., Pittsburgh, Pa. 15219 - 1,000,000 shares of beneficial interest. (File 2-62218 - July 27)
- (S-8) FRANK B. HALL & CO. INC., 549 Pleasantville Rd., Briarcliff Manor, N.Y. 10510 - 400,000 shares of common stock. (File 2-62219 - July 27)
- (S-14) SIMMONDS PRECISION PRODUCTS, INC., 150 White Plains Rd., Tarrytown, N.Y. 10591 (914) 631-7500 - 1,106,705 shares of common stock. (File 2-62220 - July 27)
- (S-8) EXXON CORPORATION, 1251 Avenue of the Americas, New York, N.Y. 10020 - \$10,500,000 of participations and 232,686 shares of capital stock. (File 2-62221 - July 27)
- (S-16) WISCONSIN ELECTRIC POWER COMPANY, 231 West Michigan St., Milwaukee, Wis. 53201 (414) 277-2345 - 150,000 shares of common stock. (File 2-62222 - July 27)
- (S-8) MIDDLE SOUGH UTILITIES, INC., 225 Baronne St., New Orleans, La. 70112 - 1,000,000 shares of common stock. (File 2-62223 - July 27)
- (S-1) MAY DRILLING PARTNERSHIP 1978-3 AND 1979-1, One Energy Sq., Suite 1000, 4925 Greenville Ave., Dallas, Tex. 75206 - 2,000 units of preformation interests. Underwriter: May Securities Corporation. (File 2-62224 - July 27)

## 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 13-G) may in lieu of filing a Schedule 13D file a Form 13-G 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 July 10 - July 13, 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.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER &amp; NUMBER OF SHARES</u>	<u>DATE FILED</u>
* Federated Reinsurance Co. (Wholly-owned subsidiary of Federated Development Co.) Federated Development Co. RGK Foundation, et al	McCulloch Oil Corp. (Los Angeles, CA) Common Stock - 1,237,800 shs. (Federated Reinsurance has the right to acquire an additional 1,216,931.)	7-10-78
* E. Peter Hoffman, Jr., Individually and as Custodian	Midland Mortgage Investors Trust (Oklahoma City, OK) Shares of Beneficial Interest - 303,500 (12.74%)	7-10-78
* De Rance, Inc.	Pennsylvania Real Estate Investment Trust (Wyncote, PA) Certificates of Beneficial Interest - 95,900	7-10-78

## ACQUISITION REPORTS CONT.

* National Indemnity Co. (Subsidiary of Berkshire Hathaway) Wesco Financial Corp. (Subsidiary of Blue Chip Stamps) National Fire & Marine Insurance Co., et al	SAFECO Corp. (Seattle, WA) Common Stock - 842,065 shs.	7-10-78
* BTR, Inc. BTR International Ltd. (U.K.) SW (Delaware, Inc. d/b/a SW Industries Inc. (Wholly-owned subsidiary of BTR Ltd. (U.K.)	Worcester Controls Corp. (Londonderry, NH) Common Stock - 539,327 shs. (34.6%)	7-10-78
Estate of Albert Eichner Myra Eichner Gerald Eichner, Executors and Individually	Doe Spun, Inc. (Enigsville, PA) Common Stock - 370,435 shs. (In addition, Mrs. Eichner's daughter owns 25,335 shares.)	7-11-78
Charles S. Rockwell Royce McKinley James North	Magnetic Head Corporation (Glen Head, NY) Common Stock - 2,267,272 shs. (47.5%) (The group has voting rights as proxies for 2,117,673 of above shares. Messrs. McKinley and Rockwell individually own 149,569 of above shares.)	7-11-78
Gerald M. Benstock Mochelle A. Stettner, Individually and as Trustees	Superior Surgical Mfg. Co., Inc. (Huntington, NY) Common Stock - 336,844 shs. (28.49%) (Included above are shares owned by various family members.)	7-11-78
* Thomas G. Wyman, Individually and as Trustee	GF Business Equipment, Inc. (Youngstown, OH) Common Stock - 465,500 shs. (Included above are shares owned by his wife, individually and as Trustee.)	7-11-78
* Mitchell Corporation of Owosso Christine Wetzel Trust dated 4-24-72 William F. Mitchell	MWA Company (Owosso, MI) Common Stock - 311,954 shs. (47.5%)	7-11-78
* John D. Schrott, Jr. John D. Schrott W. Whitaker Schrott Oscar S. Fields, et al	Risdon Manufacturing Company (Naugatuck, CT) Common Stock - 82,200 shs.	7-11-78
Parker-Hannifin Corp.	Bertea Corporation (Irvine, CA) Common Stock - 2,598,000 shs. (98%) (Above shares were acquired pursuant to the Exchange Offer.)	7-12-78
Beneficial Corporation	First Texas Financial Corp. (Dallas, TX) Common Stock - 337,500 shs. (21.5%) (A wholly-owned subsidiary has the right to purchase an additional 42,000 shares.)	7-12-78
Lomas & Nettleton Financial Corporation	First Texas Financial Corp. (Dallas, TX) Capital Stock - 87,800 shs.	7-12-78
* Victor L. Sayyah Sayyah Corporation	Holding Corporation of America (Englewood, CO) Class A Common Stock - 630,775 shs. (64.5%) (Mr. Sayyah also owns 299,778 shares (60%) of Class B Common Stock.)	7-12-78
* American General Insurance Company	International Life Holding Corp. (Buffalo, NY) Common Stock - 136,836 shs.	7-12-78
* American General Insurance Company	Kentucky Central Life Insurance Co. (Lexington, KY) Common Stock - 388,000 shs.	7-12-78

ACQUISITION REPORTS CONT.

* Dun & Bradstreet Companies Inc.	Quotron Systems, Inc. (Los Angeles, CA) Common Stock - 528,122 shs. (19%)	7-12-78
* Wurlitzer Foundation	Wurlitzer Company (Chicago, IL) Common Stock - 425,168 shs. (24.1%)	7-12-78
Goldman, Sachs & Co.	American Telecommunications Corp. (El Monte, CA) Common Stock - 124,658 shs.	7-13-78
Ray J. Gans	Commodore Corporation (Danville, VA) Common Stock - 470,000 shs. (15.9%)	7-13-78
Paul H. Nitze	Twentieth Century-Fox Film Corp. (Los Angeles, CA) Series A Convertible Preferred Stock - 69,815 shs. (Above shares were acquired pursuant to the merger of Aspen Skiing Corp. in a subsidiary of Fox.)	7-13-78

The following companies or individuals filed Form 13-G's during the period  
July 5 - 13, 1978.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER &amp; NUMBER OF SHARES</u>	<u>DATE FILED</u>
Union National Bank of Pittsburgh	Union National Bank of Pittsburgh (Pittsburgh, PA) Common Stock - 433,436 shs. (14.44%)	7-5-78
Continental Illinois Corp.	Allied Products Corporation (Chicago, IL) Common Stock - 441,859 shs. (24.25%)	7-10-78
Shufro, Rose & Ehrman	Core Laboratories, Inc. (Dallas, TX) Common Stock - 101,200 shs.	7-10-78
Shufro, Rose & Ehrman	Felsway Corp. (Totowa, NJ) Common Stock - 130,200 shs. (12.94%)	7-10-78
Massachusetts Mutual Life Insurance Company MassMutual Corporate Investors Inc.	Helix Technology Corp. (Waltham, MA) Common Stock - 235,294 shs. (12.04%) on conversion of Preferred Stock	7-10-78
International Bank Employee Stock Ownership Plan	International Bank (Washington, DC) Class A Common Stock - 310,188 shs. (12.05%)	7-10-78
Shufro, Rose & Ehrman	Maremont Corporation (Chicago, IL) Capital Stock - 284,587 shs.	7-10-78
Mid-America Publishing Corp. Employee Stock Ownership Plan	Mid-America Publishing Corp. (Des Moines, IA) Common Stock - 235,442 shs. (27.86%)	7-10-78
Shufro, Rose & Ehrman	Mirro Aluminum Comapny (Manitowoc, WI) Common Stock - 185,251 shs.	7-10-78
Continental Illinois Corp.	Northwestern Steel and Wire Company (Sterling, IL) Common Stock - 1,852,081 shs. (24.67%)	7-10-78
Statesman Group, Inc. Employees' Stock Owner- ship Plan	Statesman Group, Inc. (Des Moines, IA) Preferred Stock - 200,000 shs. (100%) Common Stock - 615,527 shs. (19.69%)	7-10-78
Xerox Corporation Profit Sharing Retirement and Savings Plan	Sykes Datatronics, Inc. (Rochester, NY) Common Stock - 74,900 shs.	7-10-78
Shufro, Rose & Ehrman	Tandy Brands, Inc. (Fort Worth, TX) Common Stock - 198,360 shs. (14.68%)	7-10-78
Old Kent Bank and Trust Co.	Westran Corporation (Muskegon, MI) Common Stock - 102,313 shs. (44.95%)	7-10-78

## ACQUISITION REPORTS CONT.

* Western Bancorporation	H. F. Ahmanson & Co. (Los Angeles, CA) Common Stock - 2,590,600 shs. (11.4%)	7-10-78
* Western Bancorporation	General Health Services, Inc. (Culver City, CA) Common Stock - 957,750 shs. (47.8%)	7-10-78
* Western Bancorporation	Skaggs Cos. Inc. (Salt Lake City, UT) Common Stock - 1,440,603 shs. (18%)	7-10-78
* Western Bancorporation	South Standard Mining Co. (Salt Lake City, UT) Common Stock - 286,475 shs. (31%)	7-10-78
* Western Bancorporation	Western Digital Corporation (Newport Beach, CA) Common Stock - 3,000,000 shs. (36.4%)	7-10-78
Old Kent Bank and Trust Co.	Old Kent Financial Corp. (Grand Rapids, MI) Common Stock - 675,900 shs. (14.3%)	7-11-78
United California Bank	H. F. Ahmanson & Co. (Los Angeles, CA) Common Stock - 2,590,600 shs. (11.4%)	7-13-78
Trust Company of Georgia	Farmers Bank (Douglas, GA) Common Stock - 22,425 shs. (13.6%)	7-13-78
United California Bank	General Health Services, Inc. (Culver City, CA) Common Stock - 957,750 shs. (47.8%)	7-13-78
Trust Company of Georgia	Genuine Parts Company (Atlanta, GA) Common Stock - 1,642,806 shs.	7-13-78
J. P. Morgan & Co. Incorporated	Kearney & Trecker Corp. (Milwaukee, WI) Common Stock - 488,100 shs. (12.55%)	7-13-78



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