

# 2 sec news digest

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## RULES AND RELATED MATTERS

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EXTENSION OF PUBLIC COMMENT PERIOD FOR ADVANCE NOTICE OF PROPOSED RULEMAKING RE: BEARING OF DISTRIBUTION EXPENSES BY MUTUAL FUNDS

U.S. SECURITIES AND EXCHANGE COMMISSION

The Commission is extending until September 21 the public comment period with respect to its advance notice of proposed rulemaking on whether there might be conditions under which mutual funds could be permitted to use their assets to pay distribution expenses. Comments should be sent in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549, and should refer to File No. S7-743. All submissions will be made available for public inspection. (Rel. IC-10358)

FOR FURTHER INFORMATION CONTACT: Richard W. Grant at (202) 755-0242 or Dianne E. O'Donnell at (202) 755-1796

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## COURT ENFORCEMENT ACTIONS

### ORDER AND STIPULATION ENTERED AGAINST WILLIAM RAY

An Order and Stipulation was entered on July 21 by Chief Judge Joseph S. Lord III of the U.S. District Court for the Eastern District of Pennsylvania against William Ray by consent and without admissions or denial of the allegations of the Commission's complaint. Ray was ordered not to engage in fraudulent conduct in the securities of Penn Central Co. or related issuers and Ray stipulated to non-association with any companies in the Penn Central complex and for the adoption of written procedures in future positions on the board of any public companies. (SEC v. Penn Central Co., E.D. Pa., Civil Action No. 74-1125). (LR-8500)

### COMPLAINT NAMES ROGER T. SHEFTEL AND TRIVEST, INC.

The Washington Regional Office announced that on August 4 a complaint was filed in the U.S. District Court for the Eastern District of Pennsylvania seeking to enjoin Roger T. Sheftel of Rosemont, Pennsylvania, and Trivest, Inc. of Philadelphia, Pennsylvania, from violations of the antifraud provisions of the securities laws. The complaint also seeks an accounting of all assets received by the defendants from various limited partnerships, and disgorgement of any assets fraudulently obtained.

The Commission alleged in its complaint that Sheftel, who was the general partner of eleven limited partnerships, and Trivest, which managed the partnership properties, disbursed funds of the partnerships for Sheftel's personal benefit and for the benefit of Trivest, commingled funds of the various partnerships, and kept false books and records for the partnerships. The securities of the limited partnerships had been sold through registered broker-dealers. Simultaneously with the filing of the Commission's complaint, the defendants, without admitting or denying the allegations of the complaint, consented to the entry of orders of preliminary injunction, preliminarily enjoining them from violations of the antifraud provisions of the securities laws. On August 7 the orders of preliminary injunction were signed by the Honorable Joseph S. Lord. (SEC v. Roger T. Sheftel, et al., U.S.D.C., E.D. Pa., Civil Action No. 78-2647) (LR-8501)

### ACTION AGAINST THOMAS J. NORTON CO., INC., OTHERS DISMISSED

The Chicago Regional Office announced that its action against certain principals and salesmen of Thomas J. Norton Co., Inc., a firm which offered and sold options on commodity futures contracts, was dismissed by the District Court for the Northern District of Illinois for lack of subject matter jurisdiction. In addition, the Chicago Regional Office announced that the Commission's appeal of this dismissal to the Seventh Circuit Court of Appeals has been voluntarily dismissed. (SEC v. Thomas J. Norton Co., Inc., et al., N.D. Ill., Civil Action No. 75-C-1487). (LR-8503)

## JAMES J. DOYLE PLEADS GUILTY

On July 18 James J. Doyle of Blue Earth, Minnesota, pleaded guilty to one count of violating the antifraud provisions of the securities laws as well as one count each for violating the internal revenue law, the customs statute and interstate transportation of stolen securities. Doyle admitted giving false advice to customers regarding the taxability of bonds sold them and converting customers' bonds to his own use. He also admitted to the interstate transportation of stolen securities and the transportation of one million dollars in negotiable instruments out of the U.S. without filing a written report with the Customers Service. U.S. District Judge Miles W. Lord referred the case to the probation office prior to setting the date for sentencing. (U.S. v. James J. Doyle, D. Minn., Criminal No. 2-78-3). (LR-8504)

## COMPLAINT NAMES L-S-K INNS CORPORATION OF AMERICA, OTHERS

The Commission announced that on August 7 it filed in the U.S. District Court for the District of Columbia a civil injunctive action against L-S-K Inns Corporation of America, James T. Campbell, a director and senior vice-president of L-S-K, Clarence Frank Coffyn, co-chairman of the board and president of L-S-K, George A. Hunt, Jr., director of L-S-K, Chester W. Moore, co-chairman of the board of L-S-K, and Helen Chuerger, director and treasurer of L-S-K, alleging violations of the antifraud and registration provisions of the securities laws. The Court entered judgments of permanent injunction against all the defendants to which they consented without admitting or denying the allegations, which terminated the Commission's action.

The Commission's complaint alleged that during the summer of 1976, Coffyn, Campbell, Hunt, Moore and Shuerger caused to be distributed to the public false and misleading proxy materials concerning a merger between Lob-Steer King Inns Corporation of America controlled by Coffyn and Campbell and a publicly-owned company, First American Home Corporation, represented by Hunt and Moore, which merger resulted in the creation of L-S-K. The Commission's complaint also alleges that after the fraudulent merger was consummated the defendants caused L-S-K to issue and sell stock without a registration statement being in effect and in connection with the sale and offer to sell that stock made false and misleading statements concerning the financial prospects of L-S-K.

Pursuant to the judgments entered, L-S-K is ordered to adopt procedures to prevent further violations, Coffyn, Campbell and Shuerger are ordered to return to L-S-K a portion of the stock issued to them in connection with the merger, Campbell is enjoined from representing himself to be a certified public accountant in connection with the offer and sale of securities and in connection with the solicitation of any proxy, and all the individual defendants are enjoined from serving as an officer, director or employee of any publicly held company (other than L-S-K) which has not adopted procedures designed to prevent violations of the securities laws. (SEC v. L-S-K Inns Corporation of America, et al., U.S.D.C. D.C., Civil Action No. 78-1469). (LR-8505)

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## HOLDING COMPANY ACT RELEASES

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### CONNECTICUT YANKEE ATOMIC POWER COMPANY

A notice has been issued giving interested persons until September 5 to request a hearing on a proposal by the Connecticut Yankee Atomic Power Company, subsidiary of Northeast Utilities and New England Electric System, whereby Connecticut Yankee will make five year unsecured bank borrowings in an amount of \$20 million. The proceeds of such borrowings will be used to repay part of Connecticut Yankee's outstanding short-term debt. (Rel. 35-20668 - Aug. 11)

### THE SOUTHERN COMPANY

A notice has been issued giving interested persons until September 5 to request a hearing on a proposal of The Southern Company, a registered holding company, to issue and sell up to a maximum of \$30 million of common stock in the Southern system's employee stock ownership plan. (Rel. 35-20669 - Aug. 11)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGE

The Chicago Board Options Exchange, Incorporated has filed a proposed rule change Rule 19b-4 (SR-CBOE-78-24) to amend its Disciplinary rules. Publication of the proposal is expected to be made in the Federal Register during the week of August 14. (Rel. 34-15063)

### APPROVAL OF PROPOSED RULE CHANGES

The Commission has approved proposed rule changes filed by the New York Stock Exchange, Inc., The Pacific Stock Exchange, Inc. and the Philadelphia Stock Exchange, Inc. The rule changes (SR-NYSE-78-17, SR-PSE-78-10 and SR-PHLX-78-5) will make necessary modifications to the constitutions and rules of such exchanges for the implementation and operation of the Intermarket Trading System. (Rel. 34-15062-NYSE; 34-15061-PSE; and 34-15060-PHLX)

### NOTICE OF AMENDMENT TO PROPOSED RULE CHANGE

The New York Stock Exchange, Inc. has filed an amendment to a proposed rule change under Rule 19b-4 (SR-NYSE-77-24) concerning the establishment and operation of a non-disciplinary mechanism for cancellation of a member's registration to act as specialist in particular stocks. Publication of the proposal is expected to be made in the Federal Register during the week of August 14. (Rel. 34-15057)

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## MISCELLANEOUS

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### ALCON LABORATORIES, INC.

A notice has been issued giving interested persons until August 28 to request a hearing on an application of Alcon Laboratories, Inc., pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Alcon from the provisions of Section 15(d) of the Act. (Rel. 34-15040)

### ASSOCIATED WHOLESALERS, INC.

A notice has been issued giving interested persons until August 28 to request a hearing on an application of Associated Wholesalers, Inc., pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Applicant from certain of the reporting provisions of the Act. Applicant has indicated that it intends to file a Form S-1 registration statement each year in order to solicit new memberships and sell securities to its existing security holders. A copy of the Form S-1 prospectus will be made available to existing security holders. There is virtually no public market in Applicant's securities. (Rel. 34-15041)

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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) IOWA-ILLINOIS GAS AND ELECTRIC COMPANY, 206 East Second St., Davenport, Iowa 52801 (319) 326-7111 - \$20 million of first mortgage bonds, due 2008. The company is engaged in the business of generating, transmitting, distributing and selling electric energy and distributing and selling natural gas. (File 2-62330 - Aug. 10)

In a separate statement the company seeks registration of 750,000 common shares. (File 2-62331 - Aug. 10)

- (S-7) FORD MOTOR CREDIT COMPANY, The American Rd., Dearborn, Mich. 48121 (313) 322-3000 - \$100 million of subordinated notes, due August 15, 1990. Underwriter: Goldman, Sachs & Co. The company provides wholesale financing to and purchases retail installment sales contracts from franchised Ford vehicle dealers. (File 2-62345 - Aug. 11)

- (S-7) CELINA FINANCIAL CORPORATION, Insurance Sq., Celina, Ohio 45822 (419) 586-5181 - 550,000 shares of Class A common shares. Underwriter: John Muir & Co. The company, among other things, is engaged in the life insurance business. (File 2-62346 - Aug. 11)
- (S-7) UNION ELECTRIC COMPANY, 1901 Gratiot St., St. Louis, Mo. 63103 (314) 621-3222 - 4,000,000 shares of common stock. Underwriters: Merrill Lynch White Weld Capital Markets Group and Bache Halsey Stuart Shields Inc. The company is primarily an electric utility. (File 2-62348 - Aug. 11)
- (S-6) EMPIRE STATE TAX EXEMPT BOND TRUST, SERIES 7, 25 Broad St., New York, N.Y. 10004 - 15,000 units. Depositor: Weeden & Co. (File 2-62349 - Aug. 14)
- (S-8) EATON CORPORATION, 100 Erieview Plaza, Cleveland, Ohio 44114 (216) 523-5010 - \$12,784 shares of common stock. (File 2-62351 - Aug. 14)
- (S-7) UTAH BANCORPORATION, 80 West Broadway, Salt Lake City, Utah 84101 (801) 973-5371 - 220,000 shares of common capital stock. Underwriters: Bosworth Sullivan and Thomson McKinnon Securities Inc. The company is a bank holding company. (File 2-62352 - Aug. 14)
- (S-16) BEATRICE FOODS CO., 120 South La Salle St., Chicago, Ill. 60603 (312) 782-3820 - \$100 million of sinking fund debentures, due 2008. The company is engaged in the production, processing and distribution of food products. (File 2-62353 - Aug. 14)
- (S-6) AMERICAN TAX-EXEMPT BOND TRUST, SERIES 30, 215 North Main St., West Bend, Wis. 53095 - 6,000 units. Depositor: B. C. Ziegler and Company. (File 2-62354 - Aug. 14)
- (S-7) THE WASHINGTON WATER POWER COMPANY, East 1411 Mission Ave., Spokane, Wash. 99202 - 900,000 shares of common stock. Underwriters: Kidder, Peabody & Co. Inc. and Dean Witter Reynolds Inc. The company is engaged in the generation, purchase, transmission, distribution and sale of electric energy. (File 2-62355 - Aug. 14)
- (S-7) OHIO EDISON COMPANY, 76 South Main St., Akron, Ohio 44308 (216) 384-5100 - 450,000 shares of preferred stock, \$100 per share, cumulative. The company is an electric public utility. (File 2-62356 - Aug. 14)
- (S-8) KANSAS STATE NETWORK, INC., 905 North Main, P.O. Box 333, Wichita, Kan. 67201 - 100,000 shares of common stock. (File 2-62357 - Aug. 14)
- (S-8) STANDARD MICROSYSTEMS CORPORATION, 35 Marcus Blvd., Hauppauge, N.Y. 11787 - 363,000 shares of common stock. (File 2-62358 - Aug. 14)
- (S-8) PIEDMONT AVIATION, INC., Smith Reynolds Airport, Winston-Salem, N.C. 27102 (919) 767-5100 - 60,625 shares of common stock. (File 2-62359 - Aug. 11)
- (S-8) STAODYNAMICS, INC., 601 South Bowen St., Longmont, Colo. 80501 - 210,000 shares of common stock. (File 2-62360 - Aug. 11)
- (S-8) FISHER SCIENTIFIC COMPANY, 711 Forges Ave., Pittsburgh, Pa. 15219 - 150,000 shares of common stock. (File 2-62361 - Aug. 14)
- (S-12) MORGAN GUARANTY TRUST COMPANY OF NEW YORK, 23 Wall St., New York, N.Y. 10015 - 100,000 American Depository Receipts for ordinary shares of The Southern African Breweries Limited. (File 2-62362 - Aug. 14)

#### REGISTRATIONS EFFECTIVE

Aug. 1: The Stanley Works, 2-61910.

Aug. 4: Westburne International Industries, Ltd., 2-61830.

Aug. 7: Allergan Pharmaceuticals, Inc., 2-62128; Citizens Bancorp., 2-61985; Graco Inc., 2-62021; Nooney-Real Property Investors, 2-61783 (90 days); Simmonds Precision Products, Inc., 2-61915.

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 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 13D's 130 owned, and 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.

The following companies or individuals filed Form 13-G's during the period July 17 - 21, 1978.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER &amp; NUMBER OF SHARES</u>	<u>DATE FILED</u>
Continental Illinois Corporation	Allied Products Corporation (Chicago, IL) Common Stock - 441,859 shs. (24.25%)	7-17-78
Mellon National Corporation Mellon Bank, N.A.	Mellon National Corporation (Pittsburgh, PA) Common Stock - 4,636,710 shs. (23.6%)	7-17-78
Continental Illinois Corporation	Northwestern Steel and Wire Co. (Sterling, IL) Common Stock - 1,852,018 shs. (24.67%)	7-17-78
Central Wisconsin Bankshares, Inc., Parent Wisconsin Valley Trust Company	Wausau Paper Mills Company (Brokaw, WI) Common Stock - 178,431 shs. (19.05%)	7-21-78

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 July 10 - 21, 1978. \*Amended Tender Offers.

<u>OFFER TO PURCHASE BY:</u>	<u>ISSUER &amp; NUMBER OF SHARES TO BE PURCHASED</u>	<u>DATE FILED</u>
Greyhound Computer Corp. (Wholly-owned subsidiary of Greyhound Corp.)	EDR Resources, Inc. (Phoenix, AZ) Common Stock - All outstanding shares for cash at \$7.25 net per share (Greyhound presently owns 912,376 shares (94.5%))	7-10-78
National Starch and Chemical Holding Corp. (Wholly-owned subsidiary of Unilever N.V. (Netherlands) and Unilever Ltd. (U.K.))	National Starch and Chemical Corp. (Bridgewater, NJ) Common Stock - All outstanding shares (Holding is offering 1 shares of its \$3.31 Preferred Stock in exchange for each share of Common Stock or holders may receive \$73.50 in cash.)	7-10-78
Witco Chemical Corporation	Southwest Petro-Chem, Inc. (Wichita, KS) Common Stock - All outstanding shares for cash at \$12.50 net per share (Witco has agreed to purchase 655,857 shares from certain shareholders.)	7-10-78
Standard Security Holding Corporation	Standard Security Life Insurance Company of New York (NYC) Common Stock - All outstanding shares Class A Stock - All outstanding shares (Offer to exchange 10 shares Common Stock and 1 shares Convertible Preferred and the right to purchase 2 additional shares of Convertible Preferred for each 10 shares of Common and/or Class A Stock.)	7-12-78
PVM Company, L.P.	Bryn Mawr Camp Resorts, Inc. (Vero Beach, FL) Common Stock - 283,000 shs. for cash at \$5.00 net per share	7-14-78

ACQUISITION REPORTS CONT.

Eaton Corporation	Cutler-Hammer, Inc. (Milwaukee, WI) Common Stock - All outstanding shares Series A Preferred Stock - All outstanding shares for cash at \$58.00 net per share (Eaton presently owns 2,139,100 shares of Common Stock (32%).	7-14-78
Northern Telecom Computers Inc. (Wholly-owned subsidi- ary of Northern Telecom Ltd. (Canada)	Data 100 Corporation (Minnetonka, MN) Common Stock - All outstanding shares for cash at \$20.00 net per share 10% Convertible Debentures - All outstanding for cash at \$2,000 net per \$1,000 Prin. Amt. (Northern Telecom Ltd presently owns 1,585,643 shares (28%).	7-14-78
Iconics, Inc. (Wholly-owned subsidiary of IC Industries, Inc. IC Industries, Inc.	Pet Incorporated (St. Louis, MO) Common Stock - All outstanding shares for cash at \$55.00 net per share (Iconics presently owns 315,000 shares of Common Stock.)	7-17-78
Texace Corporation (Wholly-owned subsidiary of A-T-O Inc.)	CapTech Inc. (Los Angeles, CA) Common Stock - All outstanding shares for cash at \$14.625 net per share (Texace presently owns 324,012 shares (28%)	7-19-78
Johnson Controls, Inc.	Globe-Union Inc. (Glendale, WI) Common Stock - 1,500,000 shares for cash at \$40.00 net per share (Johnson presently owns 1,000,000 shares (15.63%) on exercise of an Option.)	7-19-78
Albert B. Smith	Orchard Supply Building Co. (San Jose, CA) Preferred Stock - All outstanding shares for cash at \$105.00 net per share	7-19-78
VSI Corporation	Liquidonics Industries, Inc. (Los Angeles, CA) Common Stock - All outstanding shares for cash at \$7.00 net per share (VSI presently owns 874,683 shares (79%)	7-21-78



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*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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