

# sec news digest

Issue 84-231

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November 29, 1984

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## ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES AND  
EXCHANGE COMMISSION

### RULE 2(e) CASE AGAINST COOPERS & LYBRAND AND M. BRUCE COHEN SETTLED

The Commission has accepted a settlement concluding a Rule 2(e) administrative proceeding against Coopers & Lybrand, an accounting firm, and M. Bruce Cohen, a partner of the firm. Coopers and Cohen agreed to an Opinion and Order which makes factual findings and states the Commission's views on the application of accounting principles.

The Order Instituting Proceedings alleged, among other things, that respondents engaged in improper professional conduct in issuing unqualified audit reports on the financial statements of Digilog, Inc. Those financial statements were not presented fairly in accordance with generally accepted accounting principals because they did not properly reflect the relationship between Digilog and a company it formed, controlled and financially supported as its marketing arm, Digilog Business Systems, Inc. (DBS). In the Opinion and Order the Commission finds that Digilog failed to consolidate DBS' accounts on its financial statements, to provide for loss contingencies for the DBS loans and loan guarantees or to set out the results of DBS' operations. The Commission notes that DBS' results of operations should have been consolidated with those of Digilog or Digilog's financial statements in order to make the most meaningful presentation for the user of the financial statements. (Rel. 34-21520)

## CIVIL PROCEEDINGS

### FLORAFAX INTERNATIONAL, INC., CERTAIN OFFICERS ENJOINED AND OTHER RELIEF ORDERED

The Fort Worth Regional Office announced that on November 27 the U.S. District Court for the Northern District of Oklahoma entered orders of permanent injunction against Florafax International, Inc., Joseph H. Hale and Kirk K. Nellis, all of Tulsa, Oklahoma. The orders permanently enjoin Florafax and Hale from violating the reporting and accounting provisions of the securities laws and permanently enjoin Nellis from violating the reporting provisions. The defendants consented to the orders without admitting or denying the allegations in the November 27 complaint.

According to the complaint, during its 1981 and 1982 fiscal years, Florafax, aided and abetted by Hale and Nellis, filed with the Commission certain annual and quarterly reports which were materially false and misleading in that they materially overstated Florafax's net income. The complaint alleges that Florafax engaged in improper revenue recognition practices by recording as sales, certain product shipments made without customer authorization and other shipments made on a "for approval" basis. Following the court orders, Florafax agreed to restate certain financial statements and Hale agreed to resign as Chairman of the Board and Chief Executive Officer for three years. (SEC v. Florafax International, Inc., et al., USDC ND OK, Civil Action No. 84-C-937B). (LR-10617)

## INVESTMENT COMPANY ACT RELEASES

### WALTER E. ROBB, III

A notice and order of temporary exemption has been issued giving interested persons until December 21 to request a hearing on an application filed by Walter E. Robb, III under Section 9(c) of the Investment Company Act requesting an order exempting him from the prohibitions of Section 9(a) of the Act. Section 9(a) prohibits persons who have been permanently enjoined from violating the securities laws from serving or acting as officers or directors of a registered investment company. (Rel. IC-14251 - Nov. 26)

**BAYSWATER REALTY & CAPITAL CORP.;**  
**GATEWAY MONEY MARKET TRUST**

Orders have been issued declaring that Bayswater Realty & Capital Corp. and Gateway Money Market Trust have ceased to be an investment companies. (Rel. IC-14252; IC-14254 - Nov. 27)

**JEFFERSON VILLAGE HOUSING PARTNERS**

A notice has been issued giving interested persons until December 21 to request a hearing on an application of Jefferson Village Housing Partners (Partnership) and its general partner, Jefferson Village Management Corp., for an order exempting the Partnership from all provisions of the Investment Company Act. (Rel. IC-14255 - Nov. 27)

**PRUDENTIAL-BACHE CALIFORNIA MUNICIPAL FUND**

A notice has been issued giving interested persons until December 24 to request a hearing on applications of Prudential-Bache California Municipal Fund and Prudential-Bache Municipal Series Fund (Applicants) for an order exempting them from the provisions of Sections 2(a)(32), 2(a)(35), 22(c) and 22(d) of the Investment Company Act and Rule 22c-1. This will permit Applicants to assess a contingent deferred sales load on certain redemptions of their respective initial and future series of shares and to permit them to waive the contingent deferred sales load in special circumstances. (Rel. IC-14256 - Nov. 27)

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## **HOLDING COMPANY ACT RELEASES**

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**THE CONNECTICUT LIGHT AND POWER COMPANY**

A notice has been issued giving interested persons until December 26 to request a hearing on a proposal by Connecticut Light and Power Company, subsidiary of Northeast Utilities, Montaup Electric Company, subsidiary of Eastern Utilities Associates, and New England Power Company, subsidiary of New England Electric System, to permit each applicant to acquire its respective share of common stock issued by New Hampshire Yankee Electric Corporation. (Rel. 35-23498 - Nov. 27)

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## **LISTING, DELISTING AND UNLISTED TRADING ACTIONS**

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**WITHDRAWALS GRANTED**

Orders have been issued granting the application of the following companies to withdraw the specified securities from listing and registration on the following stock exchanges: The New York Stock Exchange, Inc. - General Portland Inc., sinking fund debentures, due 1996. (Rel. 34-21517); and The American Stock Exchange, Inc. - SL Industries, Inc., common stock (\$.20 par value). (Rel. 34-21518); and Bolt Beranek and Newman Inc., common stock (\$1.00 par value). (Rel. 34-21522)

**UNLISTED TRADING SOUGHT**

A notice has been issued giving interested persons until December 17 to comment on the applications of the Cincinnati Stock Exchange for unlisted trading privileges in nine issues which are listed and registered on one or more other national securities exchanges and are reported in the consolidated transaction reporting system. (Rel. 34-21519)

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## **SELF-REGULATORY ORGANIZATIONS**

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**IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES**

Rule changes have become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934 by: The Depository Trust Company (SR-DTC-84-9) which modifies DTC's lottery system for allocating called securities among participants' positions at DTC. DTC's existing procedures permit the processing of units and their components through DTC's book-entry system. This enables participants to separate a unit into its components or combine the components to create a unit by book-entry. Until

recently, DTC refused to make depository-eligible units that included callable securities because of allocation concerns. The proposed modification to DTC's lottery system, however, would allow DTC to include issues of units, a separable component of which is the callable security, in the allocation process. (Rel. 34-21523); and The Pacific Clearing Corporation (SR-PCC-84-12) which modifies PCC's policy relating to interface settlement activities on days when California banks are open and non-California banks are closed in observance of a state holiday. Under the revised policy, PCC would continue to receive payments from and distribute checks to its participants for interface settlement activities on settlement day. PCC, however, would require PCC members whose CNS interface cash settlements exceed a specified dollar amount to reimburse PCC for interest expenses it incurred respecting those settlements. Under the proposed rule change, PCC would notify its members before each non-uniform bank holiday of the potential interest charges for receiving payments from another clearing agency and the threshold settlement levels for those charges to compensate PCC for overdraft interest expenses. (Rel. 34-21524)

Publication of the proposals are expected to be made in the Federal Register during the week of November 26.

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## MISCELLANEOUS

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### PRESIDIO MANAGEMENT

An order has been issued exempting the advisory fee arrangement of Presidio Management with Geary Partners, L.P., a California limited partnership, from the prohibition of Section 205(a) of the Investment Advisers Act, and exempting Presidio from certain recordkeeping requirements under the Act. (Rel. IA-943)

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## SECURITIES ACT REGISTRATIONS

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The following registration statements have been filed with the SEC under the Securities Act of 1933. The reported information appears as follows: Form, Name, address and phone number (if available) of the issuer of the security; Title and the number and/or face amount of the securities being offered; Name of the managing underwriter or depositor (if applicable); File number and date filed; Assigned Branch; and a designation if the statement is a New Issue.

- S-2 OCILLA INDUSTRIES INC, HWY 129 NORTH, OCILLA, GA 31774 (912) 468-7464 - 862,500 (\$12,075,000) COMMON STOCK. (FILE 2-94407 - NOV. 19) (BR. 9)
- S-14 CHAMPION INTERNATIONAL CORP, ONE CHAMPION PLZ, STAMFORD, CT 06921 (203) 358-7000 - 2,290,000 (\$45,800,000) COMMON STOCK. (FILE 2-94408 - NOV. 19) (BR. 8)
- S-3 MFCORP, 500 DALLAS BUILDING, DALLAS, TX 75201 (214) 698-5000 - 500,000 (\$11,000,000) COMMON STOCK. (FILE 2-94409 - NOV. 19) (BR. 2)
- S-11 THOMSON REALTY EQUITY FUND I LTD PARTNERSHIP, ONE STATE ST PLZ, 34TH FL, NEW YORK, NY 10004 (212) 482-6154 - 50,000 (\$25,000,000) LIMITED PARTNERSHIP CERTIFICATE. (FILE 2-94411 - NOV. 19) (BR. 6 - NEW ISSUE)
- S-11 FIRST CAPITAL INSTITUTIONAL REAL ESTATE LTD 3, C/O FIRST CAPITAL PROPERTIES CORP, TWO N RIVERSIDE PLZ, CHICAGO, IL 60606 - 100,000 (\$100,000,000) LIMITED PARTNERSHIP CERTIFICATE. (FILE 2-94419 - NOV. 19) (BR. 6 - NEW ISSUE)
- F-1 CENTRAFARM GROUP NV, NIEUWE DONK 9, 4879 AC ETEN LEUR, THE NETHERLANDS, P7 - 1,150,000 (\$11,500,000) FOREIGN COMMON STOCK. (FILE 2-94424 - NOV. 19) (BR. 4 - NEW ISSUE)
- S-14 TOWNER COUNTY FINANCIAL CORP, FOURTH ST & FIFTH AVE, CANDU, ND 58324 (906) 786-1331 - 2,580 (\$1,503,091) COMMON STOCK. (FILE 2-94425 - NOV. 16) (BR. 2 - NEW ISSUE)
- S-3 STRAUSS LEVI & CO, 1155 BATTERY ST, SAN FRANCISCO, CA 94120 (415) 544-6000 - 250,000 (\$6,750,000) COMMON STOCK. (FILE 2-94431 - NOV. 19) (BR. 13)
- S-8 INTERNATIONAL RECTIFIER CORP /DE/, 9220 SUNSET BLVD, LOS ANGELES, CA 90069 (213) 278-3100 - 750,000 (\$12,093,750) COMMON STOCK. (FILE 2-94436 - NOV. 20) (BR. 4)
- S-8 NEW ENGLAND ELECTRIC SYSTEM, 25 RESEARCH DR, WESTBOROUGH, MA 01581 - 500,000 (\$18,687,500) COMMON STOCK. (FILE 2-94447 - NOV. 19) (BR. 7)

S-8 CHARLOTTE CHARLES INC, 2501 N ELSTON AVE, CHICAGO, IL 60647 (312) 772-8310 - 50,000 (\$412,500) COMMON STOCK. (FILE 2-94481 - NOV. 21) (BR. 3)

S-14 NB BANC CORP, 102 E MAIN ST, VAN WERT, OH 45891 (419) 238-2265 - 245,000 (\$6,703,000) COMMON STOCK. (FILE 2-94491 - NOV. 19) (BR. 1 - NEW ISSUE)

#### REGISTRATIONS EFFECTIVE

Nov. 13: American Financial Corporation, 2-93559; American Geriatric Drug Company, Inc., 2-92737-NY; Applied Genetics International, Inc., 2-92457-D; Banc One Corporation, 2-94102; BEI Holdings, Ltd., 2-93728-A; Dustoff Productions, Inc., 2-84193-W; Edgewater National Corporation, 2-93297; Game Operators Corp., 2-91957-FW; Info-Med Datasoft, Inc., 2-91513; Intercell Corporation, 2-92817-D; Intercontinental Energy Corporation, 2-91064; Lincoln National Corp., 2-93817; Marketing Systems of America, Inc., 2-89018; Medical Action Industries Inc., 2-91728-NY; Sheffield Exploration Company, Inc., 2-93781; The Wachovia Corporation, 2-94242.

Nov. 14: Amherst Associates, Inc., 2-94081; Arkansas Best Corporation, 2-93877; Arley Merchandise Corporation, 2-93059; First Security Corporation, 2-94213; HealthAmerica Corporation, 2-94248; High Point Financial Corp., 2-93511; Houston Industries Incorporated, 2-94250; North Bay Bancorp, 2-93567; North Ridge Financial Corporation, 2-93902; O'Okiep Copper Company Ltd., 2-93467; The Oregon Municipal Bond Fund, Inc., 2-92218; VMS Short Term Income Trust, 2-92250; Park Avenue New York Tax Exempt Intermediate Bond Fund, Inc., 2-92285; Park Avenue New York Tax Exempt Money Market Fund, Inc., 2-92287; U.S. Equipment Income Fund - I, 2-92482.

#### REGISTRATIONS WITHDRAWN

Oct. 12: Tree of Life, Inc., 2-87084.

Oct. 15: Keystone 1984 Oil and Gas Income Program, 2-84121-W.

Oct. 19: Island Resources, Inc., 2-88963.

Nov. 5: Americare Corporation, 2-88499-C.

Nov. 6: Anticline International, Ltd., 2-80686.

Nov. 7: Bloodstock Partners No. 3, 2-78796.