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# sec news digest

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES AND  
EXCHANGE COMMISSION

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CARROL P. TEIG BARRED: PROCEEDINGS AGAINST  
PETER R. SUPER DISMISSED

The Commission has barred Carrol P. Teig, of Rosemount, Minnesota, from association with any broker or dealer. Teig, who was an officer of First Minneapolis Investment Corp., a former broker-dealer firm, may apply to the Commission after four months to become associated with a broker or dealer in a non-supervisory capacity, upon a showing of adequate supervision.

At the same time, the Commission dismissed proceedings against Peter R. Super, of Minneapolis, another former officer of the first Minneapolis firm. The Commission affirmed the ruling of an administrative law judge that Super had never received adequate notice of the basis upon which the Commission's staff sought to impose a sanction on him under the provisions of the Securities Investor Protection Act.

The sanction against Teig was based on findings that he was responsible for his firm's failure to comply with net capital and reporting provisions. The Commission found Teig's conduct with respect to his firm's net capital situation "particularly disturbing." It noted that "he was repeatedly alerted to the existence of the problem and repeatedly refused to take or demand action to redress it." (Rel. 34-12812)

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## TRADING SUSPENSIONS

TRADING SUSPENDED IN KMS INDUSTRIES, INC.

The SEC announced the temporary suspension of over-the-counter trading in the securities of KMS Industries, Inc., Ann Arbor, Michigan, for a ten-day period beginning on September 28 and terminating on October 7, 1976. KMS has failed to file its Annual Report on form 10-K for fiscal year ended December 31, 1975. 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. 34-12840)

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## COURT ENFORCEMENT ACTIONS

APPLICATION FOR PERMANENT INJUNCTION AGAINST DANIEL  
G. SCHUMAN AND BAUSCH & LOMB, INC. DENIED

The SEC announced that on September 16 Judge Robert J. Ward, of the U.S. District Court for the Southern District of New York denied the Commission's application for a permanent injunction against defendants Daniel G. Schuman and Bausch & Lomb, Inc. Bausch & Lomb and Schuman were charged with the improper disclosure of material non-public corporate information to analysts on March 15 and 16, 1972, in violation of the antifraud provision of the Securities Exchange Act of 1934. Judge Ward held that neither Schuman nor Bausch & Lomb violated the law. (SEC v. Bausch & Lomb, Inc., Civil Action No. 73-2458 SDNY). (LR-7582)

LOUIS BOURGUIGNON ENJOINED

The Denver Regional Office announced that on September 16 the Honorable E. L. Mechem, Judge, U.S. District Court for the District of New Mexico, entered an order of permanent injunction against the defendant Louis Bourguignon of Albuquerque, New Mexico enjoining him from violating the registration and antifraud provisions of the securities laws in connection with the offer for sale and sale of the following securities: common stock, pre-incorporation interests and participations in profit sharing agreements of Lobo Holding Corporation, a New Mexico corporation; investment contracts in the form of allotments of land under the Desert Entry Act; common stock of Santa Fe Mortgage, an Arizona corporation; and the common stock of Nezona, Inc., an Arizona corporation. (SEC v. Louis Bourguignon D. New Mexico, Civil Action No. 76-232-M). (LR-7583)

ERNEST C. MCALISTER CONVICTED

The SEC Atlanta Regional Office announced that on September 16 a petit jury in the Circuit Court of Lamar County, Alabama found Ernest C. McAlister, of Huntsville, guilty on all three counts of an indictment charging him with violations of the antifraud provisions of the Alabama Securities Act in the offer and sale of the promissory notes of National Accounts Service Association, Inc. Immediately following the conviction, the Circuit Judge sentenced McAlister to three years imprisonment. A probation hearing has been set for October 19. (State of Alabama v. Ernest C. McAlister). (LR-7584)

COMPLAINT NAMES ROBERT C. UTLEY AND IRVING C. SCOTT

The Seattle Regional Office announced that on September 20 a complaint was filed in the U.S. District Court in Portland Oregon seeking an injunction against two real estate brokers for violations of the registration provisions of the Securities Act of 1933. The defendants are Robert C. Utley of Lakeview, Oregon and Irving C. Scott of Sacramento, California. (SEC v. Irving J. Scott and Robert C. Utley, U.S.D.C., Oregon, Civil Action No. 76-816). (LR-7585)

JOHN O. PITTS, HENRY F. SHRUM  
PLEAD NOLO CONTENDRE

The Fort Worth Regional Office announced that on September 17 John O. Pitts, Jr., Oklahoma City, Oklahoma, formerly of Perryton, Texas, after three days of trial, pleaded nolo contendere to one count of a 28-count indictment in Federal District Court at Amarillo, Texas. The single count charged Pitts with bank fraud in obtaining advances on a \$4.5 million loan with overvalued collateral in the form of accounts receivables. On the same date, J. D. Hodges, Woodward, Oklahoma and Henry F. Shrum, Oklahoma City, formerly of Perryton, pleaded nolo contendere to an information filed that day charging one count of securities fraud in connection with the offer and sale of pre-organization subscriptions in limited partnerships issued by Wheatheart Cattle Company during the period December 21, 1973 to January 22, 1975. (SEC v. Wheatheart, Inc., N.D. Tex.). (LR-7586)

PHOENIX ENERGY COMPANY, OTHERS ENJOINED

The Fort Worth Regional Office announced the entry of an order of permanent injunction by consent on September 17 in Federal District Court for the Southern District of Texas, Houston, Texas enjoining Phoenix Energy Company, Marine Contractors & Supply, Inc., Roger H. Evans, and Andrew J. Allard of Houston, Texas; Security Leverage Corporation of Rochester, New York; and George Jackson Bailey of Fort Worth, Texas from violations of the registration and antifraud provisions of the securities laws in the sale of limited partnership interests in oil and gas drilling programs issued by Phoenix Energy Company or any other securities. The defendants consented to the entry of the order without admitting or denying the allegations of the Commission's complaint filed on March 11, 1976. (SEC v. Phoenix Development Fund). (LR-7587)

LYLE HATCH ENJOINED

The New York Regional Office announced that on August 27 the Honorable Vincent P. Biunno, U.S. District Judge for the District of New Jersey, signed a final judgment of permanent injunction by consent of Lyle Hatch enjoining Lyle Hatch of Emerson, New Jersey from engaging in further violations of the reporting and antifraud provisions of the Securities Exchange Act of 1934 in connection with a series of prearranged transactions which took place between August 1973 and September 1974, which were designed to cover up losses sustained in the municipal securities portfolio of Fidelity Union Trust Co. (Fidelity Bank), a wholly-owned subsidiary of Fidelity Union Bancorporation (Holding Company). As a result of these transactions, Fidelity Bank incurred a realized loss of approximately \$2 million and an unrealized loss of approximately \$1.3 million. These losses, and the transactions out of which they arose, were not disclosed to the senior management of Fidelity Bank, with the result that the books and records of Fidelity Bank inaccurately stated its financial condition. This caused the Holding Company to file a false and misleading Form 10-Q for the six month period ending June 30, 1974. Hatch consented to the entry of the injunction without admitting or denying the allegations contained in the Commission's complaint. (SEC v. C. Norman Driscoll, et al., Civil Action No. 76-1520 (D.N.J.)). (LR-7588)

ROBERT H. MARTIN,  
C. HENRY ADAMS ENJOINED

The Fort Worth Regional Office announced that on September 22 Federal District Judge Woodrow Seals at Houston, Texas, entered an order of permanent injunction against Robert H. Martin and C. Henry Adams, both of Houston. The order was entered by consent, without admitting or denying the allegations in the Commission's complaint, after a two day hearing in the Commission's motion for preliminary injunction. Martin and Adams were enjoined from further violations of the registration and antifraud pro-

visions of the securities laws in the offer and sale of fractional undivided working interests in Texas, Oklahoma, Louisiana, Colorado and Nebraska oil and gas leases issued by Tri-State Oil & Gas, Inc., also of Houston. (SEC v. Robert H. Martin, C. Henry Adams, Civil Action No. 76-H-1419, S.D. Tex.). (LR-7589)

#### URBAN J. SCHREINER ENJOINED

The San Francisco Branch Office announced that on September 1 the Honorable Robert H. Schnacke of the U.S. District Court for the Northern District of California, entered a final order of permanent injunction against Urban J. Schreiner proscribing further violations of the antifraud provisions of the securities laws in the offers and sales of securities issued by Reclamation District No. 2090 and any other security of any other issuer. Schreiner consented to the entry of the permanent injunction without admitting or denying the allegations of the Commission's complaint. (SEC v. Reclamation District No. 2090, N.D. Cal., C-76-1231 RHS). (LR-7590)

#### SPENCE & GREEN CHEMICAL COMPANY, INC. ENJOINED

The Fort Worth Regional Office announced the entry of an order of permanent injunction by consent on September 13 in Federal District Court for the Southern District of Texas, Houston, Texas enjoining Spence & Green Chemical Company, Inc., Crosby, Texas from violations of the registration and antifraud provisions of the securities laws in the sale of securities issued by Spence & Green Chemical Company, Inc., or any other securities. The order of permanent injunction by consent was entered into on behalf of the company by its receiver without admitting or denying the allegations of the Commission's complaint filed on July 16, 1973. (SEC v. Spence & Green Chemical Company, Inc., S.D. Tex.). (LR-7591)

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## HOLDING COMPANY ACT RELEASES

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#### SOUTHERN COMPANY SERVICES

A notice has been issued giving interested persons until October 21 to request a hearing on a post-effective amendment to an application-declaration filed by Southern Company Services, Inc., a wholly-owned subsidiary of The Southern Company, for the service company to issue unsecured notes to the parent for the purpose of providing the subsidiary with additional working capital. (Rel. 35-19695 - Sept. 27)

#### GULF POWER COMPANY

An order has been issued approving a proposal of Gulf Power Company and Mississippi Power Company, both of which are wholly-owned subsidiaries of The Southern Company, whereby Gulf will acquire a 50% interest, as tenant-in-common, in an electric generating facility currently being constructed by Mississippi. (Rel. 35-19696 - Sept. 28)

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## SELF-REGULATORY ORGANIZATIONS

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#### NOTICE OF PROPOSED RULE CHANGE

The Pacific Securities Depository Trust Company (PSDTC) has filed a proposed rule change pursuant to Rule 19b-4 (SR-PSD-76-4) amending its requirements regarding contributions to the Participants' Fund by members maintaining multiple accounts with PSDTC. Publication of the submissions is expected to be made in the Federal Register during the week of October 4. (Rel. 34-12833)

The American Stock Exchange, Inc. has filed and the Commission has approved a proposed rule change under Rule 19b-4 (SR-Amex-76-20) to rescind its Rule 23 to eliminate the requirement that any member or member organization who has purchased from off the Floor, any security on the Exchange for personal or firm account, in order to establish or increase a position, at a price above the previous day's close on a "plus" or "0-plus" tick, except a "0-plus" tick on the bid, shall not sell such security until at least the same time as the time of execution of the following trading day. Publication of the proposal is expected to be made in the Federal Register during the week of October 4. (Rel. 34-12836)

The Boston Stock Exchange has filed an amendment to a previously proposed rule change (SR-BSE-76-3) under Rule 19b-4 to restructure its disciplinary procedures and rules regarding access to the Exchange to conformity to the requirements of the Securities Acts Amendments of 1975. Publication of the proposal, as amended, is expected to be made in the Federal Register during the week of September 27. (Rel. 34-12837)

## NOTICE OF EFFECTIVENESS OF A RULE CHANGE

A rule change filed by the Pacific Securities Depository Trust Company (PSDTC) pursuant to Rule 19b-4 (SR-PSD-76-5) has become effective in accordance with Section 19(b)(3) of the Securities Exchange Act of 1934. In connection with the requirements of 47 U.S.C. §310 restricting alien ownership of radio station licensees' capital stock, PSDTC has modified its Certificate as to Citizenship to include further disclosure of information and indemnification from liabilities. (Rel. 34-12835)

## APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change by the Pacific Stock Exchange Incorporated to expand its option program by ten additional classes of call options (SR-PSE-76-21). (Rel. 34-12834)

The Commission has approved a proposed rule change filed by the Chicago Board Options Exchange, Inc. The rule change (SR-CBOE-76-17) amends a number of sections of the CBOE Constitution relating to the composition of the Exchange's Appeals Committee and to an expansion of the number of subjects which may be considered at the Annual Election Meeting of the Exchange Membership. (Rel. 34-12838)

The Commission has approved a proposed rule change filed by the Pacific Stock Exchange. The rule change (SR-PSE-76-27) accommodates proposed amendments to Rule 15c3-1(b)(2) within Exchange Rule V, Section 1. (Rel. 34-12839)

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## SECURITIES ACT REGISTRATIONS

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### (S-1) EXPO 81

1801 Century Park East, Suite 1781, Los Angeles, Cal. 90067 - \$25,500,000 of 7-1/2% (Revenue) bonds, due 1998. It is proposed to offer \$5,000 of these bonds for each \$5,000 of outstanding Ontario (California) Motor Speedway Corporation bonds or alternatively \$1,250 in cash for each \$5,000 of OMSC bonds. The company is a California non-profit corporation which proposes to hold an international exposition in Ontario, California, from May 1, 1981 to October 29, 1981. (File 2-57253 - Sept. 24)

### (S-1) BEAR CREEK CORPORATION

2518 South Pacific Highway, Medford, Ore. 95701 - 660,000 shares of common stock (100,000 shares offered by the company, 500,000 shares by selling stockholders and 60,000 shares subject to over-allotment), to be offered for sale by underwriters represented by Donaldson, Lufkin & Jenrette Securities Corp., 140 Broadway, New York, N.Y. 10005. Bear Creek Corporation is a direct marketing company specializing in the sale of a broad variety of fine fruit and gourmet food products, garden plants and products and imported specialty merchandise. (File 2-57254 - Sept. 24)

### (S-6) THE CORPORATE INCOME FUNDS, FORTIETH MONTHLY PAYMENT SERIES

\$20 million of units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 125 High St., Boston, Mass. 02110. The Fund, a unit investment trust, was created by a trust agreement among Merrill Lynch, Bache Halsey Stuart Inc. and Reynolds Securities Inc., as sponsors, The Bank of New York and Shawmut Bank of Boston, N.A., as trustee, and Interactive Data Services, Inc., as evaluator. The Fund's primary objective is providing a high level of current income through investment in a fixed portfolio of long-term debt obligations, issued primarily by corporations. (File 2-57258 - Sept. 24)

### 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 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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