

# sec news digest

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December 28, 1976

## RULES AND RELATED MATTERS

U.S. SECURITIES AND  
EXCHANGE COMMISSION

### ADOPTION OF AMENDMENTS TO RULES 16b-3 AND 16a-6(c)

The Commission has announced the adoption of various amendments to Rules 16b-3 and 16a-6(c) under Section 16 of the Securities Exchange Act of 1934. The amendments, which were published for comment on April 23, 1976 in Release No. 34-12374, are principally designed to provide an exemption from Section 16 for certain transactions involving cash settlements of stock appreciation rights (SARs).

As amended, Rule 16b-3 will exempt cash settlements of stock appreciation rights from Section 16, provided that certain specified conditions are satisfied. Included among these conditions are the following: (1) the issuer of the stock appreciation rights must have been subject to the reporting requirements of Section 13 of the Exchange Act for at least one year prior to the SAR transaction and filed all required reports during that time; (2) the issuer must regularly release for publication quarterly and annual summary statements of sales and earnings; (3) the plan under which the SARs are granted must be administered by disinterested persons; and (4) the persons administering the plan must have sole discretion either to determine the form in which payment of the right will be made (i.e., cash, securities or any combination thereof) or, where the participant may elect to receive cash in full or partial settlement of the stock appreciation right, to consent to or disapprove such election.

In addition to the foregoing, the amendments also will clarify the conditions for the availability of the exemption provided by Rule 16b-3 and refine certain terminology and definitions used in the rule. Further the revisions will make clear the circumstances under which amendments to existing plans must be submitted to an issuer's security-holders for approval.

Rules 16b-3 and 16a-6(c), as amended, will become effective on June 3, 1977, although issuers who are able to comply with the revised rules prior to that date may rely on them at the time of compliance. (Rel. 34-13097)

### ADOPTION OF AMENDMENTS TO RULE 17f-2

The Commission announced the adoption of amendments to Rule 17f-2, effective immediately, for the fingerprinting of securities personnel employed prior to July 1, 1976. Every person who is a partner, director, officer or employee of a member of a national securities exchange, broker, dealer, registered transfer agent, or registered clearing agency, who was employed by or associated with such organization prior to July 1, 1976 and is required to be fingerprinted pursuant to Rule 17f-2, is exempt from such requirement until January 1, 1978, provided that each organization fingerprint twenty-five percent of those persons required to be fingerprinted each calendar quarter. In addition, the Commission approved plans of the American, Boston, Mdiwest, New York, Pacific and Philadelphia Stock Exchanges and the NASD to process fingerprints on a permanent basis. (Rel. 34-13105)

## COURT ENFORCEMENT ACTIONS

### COMPLAINT NAMES FRANK X. OROFINO, OTHERS

The New York Regional Office announced that on December 14 a complaint for injunctive relief was filed in the U.S. District Court for the Southern District of New York charging the following defendants with violations of the registration provisions of the Securities Act of 1933 in the offer and sale of the common stock of Tucker Drilling Company, Inc. (Tucker): Frank X. Orofino of New York, New York; Ronald A. Martini of Jackson Heights, New York; Frank Coppa of Staten Island, New York; Marvin S. Bernstein of Union, New Jersey; Pat Catizone of Morristown, New Jersey; E. William Aquilante of Johnston, Rhode Island; Carol Wynn of North Woodmere, New York; Diane Aquino of Jackson Heights, New York; Comstock Holding Corp. of New York, New York; First Colony Corp. of New York, New York; TAO & Co. of New York, New York; Valores Istmenos, S.A. of Union, New Jersey; Colonial Securities, Inc. of Jersey City, New Jersey; and Intermountain Transfer Corp. of Salt Lake City, Utah.

The complaint further charges Orofino, Martini, Coppa, Bernstein, Catizone, Aquilante, Wynn, Comstock, TAO, Colonial and Robert Sudol, Jr. of Fairfield, New Jersey; Robert Bossert of Clinton, New Jersey; Louis Juliana of Emerson, New Jersey and Robert DeCario and Sheldon Wilshinsky of New York, New York with violations of the antifraud provisions of the securities laws in the purchase, offer to sell and sale of common stock of Tucker.

On December 14, simultaneous with the filing of the Commission's complaint, DeCario and Wilshinsky consented, without admitting or denying the Commission's allegations to the entry of final judgments of permanent injunction enjoining them from engaging in any fraudulent conduct in connection with the offer, sale or purchase of common stock of Tucker or any other securities. (SEC v. Frank X. Orofino, et al., S.D.N.Y., 76 Civil Action No. 5553 WK). (LR-7709)

#### IVAN A. EZRINE PLEADS GUILTY

The Chicago Regional Office announced that on November 29 Ivan A. Ezrine pleaded guilty to a one-count information charging him with conspiracy to violate the securities laws, the bank and wire fraud statutes, and the statute prohibiting the transportation of monies taken by fraud. Ezrine was sentenced to five years probation. (US v. Ivan A. Ezrine, U.S.D.C., E.D. Mo., E. Div., Civil Action No. 75-347 Cr). (LR-7710)

#### HIGHLAND-DUNES SCOTCH INVESTORS, LTD. AND MAURICE MOORE ENJOINED

The New York Regional Office announced that on November 23 the Honorable Morris E. Lasker of the U.S. District Court for the Southern District of New York signed a default judgment of permanent injunction and order of disgorgement against Highland-Dunes Scotch Investors, Ltd. also doing business as Highland-Dunes Scotch Whisky Investors (BAH) Ltd. (Highland-Dunes) of Nassau, Bahamas and Maurice Moore of Nassau, Bahamas. The judgment enjoins the defendants Highland-Dunes and Moore from violations of the registration provisions of the securities laws in their offer and sale to the public of investment interests in scotch whisky. (SEC v. Brigadoon Scotch Distributors, Ltd., et al., S.D.N.Y., 74 Civil 5422). (LR-7711)

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## HOLDING COMPANY ACT RELEASES

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#### AMERICAN ELECTRIC POWER COMPANY

An order has been issued authorizing a proposal of American Electric Power Company, Inc. (AEP) and Michigan Power Company (MPC), one of its subsidiaries, that MPC be granted an extension of time to issue notes to banks through December 31, 1977 in an amount of up to \$4 million and that AEP be given the same extension to make open account advances to MPC in an amount of up to \$12 million. (Rel. 35-19820 - Dec. 23)

#### THE COLUMBIA GAS SYSTEM

A supplemental order has been issued authorizing a proposal of The Columbia Gas System, Inc., and two of its wholly-owned subsidiaries, The Inland Gas Company, Inc. and Columbia Gas of West Virginia, Inc., whereby Inland proposes to issue and sell, and Columbia proposes to acquire, unsecured installment notes in the amount of \$1,500,000 and Columbia proposes to make an additional \$10 million of open account advances to Columbia of West Virginia. (Rel. 35-19821 - Dec. 23)

#### NEW ORLEANS PUBLIC SERVICE

An order has been issued in the matter of a plan of New Orleans Public Service, Inc., a wholly-owned subsidiary of Middle South Utilities, Inc., under Section 11(e) of the Act for the divestiture of its transit properties giving any person who had, as of December 20, 1976, filed with the Commission a request for a hearing on the matter, until January 31, 1977 to file a memorandum in support of his request for a hearing. (Rel. 35-19822 - Dec. 23)

#### GRANITE STATE ELECTRIC COMPANY

An order has been issued authorizing Granite State Electric Company, subsidiary of New England Electric System, to issue its unsecured note in the amount of \$8 million maturing in 10 years, to an insurance company. (Rel. 35-19823 - Dec. 27)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGE

The American Stock Exchange, Inc. has filed proposed rule changes pursuant to Rule 19b-4 (SR-Amex-76-30) to provide for the transfer of the American Stock Exchange Clearing Corporation to the National Securities Clearing Corporation. Publication of the proposal is expected to be made in the Federal Register during the week of December 27. (Rel. 34-13103)

### APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by the American Stock Exchange (SR-Amex-76-12) which as amended, authorizes the expansion of the number of call option classes permitted to be traded on the Amex from 60 such classes to 80 classes. (Rel. 34-13104)

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## MISCELLANEOUS

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### ELPAC, INC.

A notice has been issued giving interested persons until January 10 to request a hearing on an application of Elpac, Inc. (Applicant), a wholly-owned subsidiary of Newport Resources, Inc., 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. Applicant believes that investors will be primarily interested in the reports of Newport Resources, Inc., and not those of Applicant. (Rel. 34-13112)

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## SECURITIES ACT REGISTRATIONS

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### (S-14) LIGGETT GROUP INC.

4100 Roxboro Rd., Durham, N.C. 27702 - 784,677 shares of common stock. It is proposed to issue these shares in connection with the proposed merger of a wholly-owned subsidiary of Liggett with Diversified Products Corporation, at the rate of .4787 of a share of Liggett common stock for each share of Diversified common stock outstanding at the time of the merger. Liggett is engaged in the manufacture and sale of cigarettes and other tobacco products, spirits and wines, pet foods, and other consumer products. (File 2-57920 - Dec. 17)

### (S-5) INCOME TRUST FOR U.S. GOVERNMENT GUARANTEED SECURITIES

1730 Pennsylvania Ave., N.W., Washington, D.C. 20006 - 400,000 shares of beneficial interest, to be offered for sale through underwriters headed by Loeb, Rhoades & Co., 42 Wall St., New York, N.Y. 10005, at an initial offering price of \$12.50 per share which includes the maximum sales charge. The Trust is an open-end, diversified investment company, organized as a Pennsylvania business trust, which will invest in securities issued or guaranteed by the U.S. Government or its agencies. (File 2-57937 - Dec. 20)

### (S-7) KRAFT, INC.

Kraft Court, Glenview, Ill. 60025 - \$100 million of sinking fund debentures, due 2007, to be offered for sale through underwriters headed by Goldman, Sachs & Co., 55 Broad St., New York, N.Y. 10004. The company is engaged principally in the manufacturing and marketing of food products. (File 2-57948 - Dec. 22)

### (S-14) GETTY OIL COMPANY

3810 Wilshire Blvd., Los Angeles, Cal. 90010 - 1,910,813 shares of common stock, to be exchanged for shares of common stock of Skelly Oil Company, Tulsa, Oklahoma, at the rate of 9.5875 Getty Oil shares for each Skelly Oil share, and shares of common stock of Mission Corporation, Wilmington, Delaware, at the rate of 1.4771 Getty Oil shares for each Mission share. Getty Oil is an integrated oil company. (File 2-57943 - Dec. 21)

### (S-1) AMERICAN FILM DISTRIBUTION ASSOCIATES

660 Newport Center Dr., Newport Beach, Cal. 92660 - 20,000 units of limited partnership interest (\$500 per unit), to be offered for sale through Kelly & Morey, Inc. The

partnership, of which First Film Management Corp. is the general partner, will participate in certain aspects of motion picture distribution through joint venture arrangements with motion picture distributors. (File 2-57956 - Dec. 22)

(S-7) TEXAS POWER & LIGHT COMPANY

1511 Bryan St., Dallas, Tex. 75201 - \$100 million of first mortgage bonds, due 2007, to be issued and sold through negotiated sale to a group of underwriters headed by The First Boston Corporation, 20 Exchange Pl., New York, N.Y. 10005, Bache Halsey Stuart Inc., 100 Gold St., New York, N.Y. 10030 and Salomon Brothers, One New York Plaza, New York, N.Y. 10004, at a price to be determined. The company is an electric utility company engaged in the generation, purchase, transmission, distribution and sale of electricity. (File 2-57963 - Dec. 23)

REGISTRATIONS EFFECTIVE

Dec. 22: Baker International Corp., 2-57747; Banner Industries Inc., 2-57884; Baxter Travenol Laboratories, Inc., 2-57837; The Corporate Income Fund, Eleventh Intermediate Term Series, 2-57392; E.I. Du Pont De Nemours and Co., 2-57940; New England Gas & Electric Association, 2-57739; Nuclear Dynamics Inc., 2-57389; Patrick Petroleum Co. 1977 Drilling Program, 2-56888; Reserve Oil & Gas Co., 2-57881; Shoney's Inc., 2-57784; Sundstrand Corp., 2-57894; Volu-Sol Medical Industries, Inc., 2-57070; Warner-Lambert Co., 2-57878; Wilkinson Match Ltd., 2-57817.

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.

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 10¢ per page plus postage (7 days) (\$3.50 minimum); 20¢ per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30¢ per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given on request. All other reference material is available in the SEC Docket.

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