

sec news digest

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U.S. SECURITIES AND
EXCHANGE COMMISSION

December 21, 1983

ADMINISTRATIVE PROCEEDINGS

MURPHY, HAUSER, O'CONNOR & QUINN CITED

The Commission instituted public administrative proceedings, under Rule 2(e) of the Commission's Rules of Practice, against Murphy, Hauser, O'Connor & Quinn (Murphy) and simultaneously accepted an Offer of Settlement submitted by the firm. Murphy is headquartered in Chicago, Illinois. The proceedings were instituted in connection with Murphy's 1979 audit of Mr. Discount Stockbroker's, Inc., then a registered broker-dealer and member of the National Association of Securities Dealers, Inc.

Murphy voluntarily submitted an Offer of Settlement in which it, without admitting or denying any of the findings or conclusions in the Order Instituting Proceedings and Opinion and Order, consents to the issuance of the Opinion and Order. The Commission's Opinion and Order ordered that: Murphy be censured and comply with its undertakings that the engagement partner, reviewer and manager who participated in the 1979 audit of Mr. Discount, not participate in any Murphy audit of a broker or dealer for one year from the date of the Opinion and Order; as a member of the SEC Practice Section of the American Institute of Certified Public Accountants (AICPA), Murphy undergo its scheduled peer review in 1983; the results of that peer review be reported to the Commission, but the working papers of the reviewers be held confidential, except from the Commission; and a review be made by Murphy within 90 days of the Opinion and Order of Murphy's audit procedures that involve broker-dealer audits relating to the review responsibilities of partners-in-charge of audit engagements; such additional procedures be implemented as necessary; and written partner review procedures be submitted to the Commission's Chief Accountant. (Rel. 34-20465)

COMMISSION ANNOUNCEMENTS

LISTED OPTIONS ON FOREIGN CURRENCIES

The Commission issued a release, under Rule 9b-1 of the Securities Exchange Act of 1934, allowing distribution to public investors of the revised Foreign Currency Options Disclosure Document prepared by the Philadelphia Stock Exchange, Inc. (Rel. 34-20501)

FOR FURTHER INFORMATION CONTACT: Eneida Rosa at (202) 272-2913

CIVIL PROCEEDINGS

LENNY STEVEN SMITH AND
THE VETA GRANDE COMPANIES, INC. ENJOINED

The Commission announced that on December 21 the U.S. District Court for the District of Columbia entered a Final Judgment of Permanent Injunction and Other Equitable Relief against Lenny Steven Smith. The Judgment enjoins and restrains him from violating the beneficial ownership provisions of the Securities Exchange Act of 1934; making any statements to the public or shareholders which are false, misleading, or inaccurate respecting any issuer of securities or any security; and restraining or enjoining him from making any statements to any broker-dealer or associated person which are incomplete or inaccurate in any material respect. A Final Judgment of Permanent Injunction was also entered against The Veta Grande Companies, Inc., Northridge, California, enjoining and restraining it from violations of the antifraud provisions of the Exchange Act.

The Commission filed its complaint against Smith and Veta Grande today, and they consented to the respective Judgments against them without admitting or denying the allegations of the complaint. (SEC v. Lenny Steven Smith and The Veta Grande Companies, Inc., USDC DC, Civil Action No. 83 Civ. 3805). (LR-10242)

MICHAEL A. TRAIGER AND TRAIGER ENERGY INVESTMENTS ENJOINED

The Los Angeles Regional Office announced that on December 8 Judge Lawrence T. Lydick, U.S. District Court for the Central District of California, entered Orders of permanent injunction against Michael A. Traiger and Traiger Energy Investments (TEI), both of Encino, California, enjoining them from future violations of the registration provisions of the Securities Act of 1933. Both Traiger and TEI, a registered broker-dealer, consented to the injunctions without admitting or denying the allegations in the Commission's complaint.

The Commission alleged that during 1981 the defendants sold \$5 million of securities in the form of limited partnership interests while a registration statement on Form S-1 was pending but had not yet been declared effective and for which no exemption from registration was available. Proceeds from the sale of these unregistered securities were to be used for exploratory and developmental drilling for oil and gas. (SEC v. Michael A. Traiger, Traiger Energy Investments, Civil Action No. 83-2738, U.S.D.C. C.D. CA). (LR-10241)

CRIMINAL PROCEEDINGS

MERLE LEE MATLOCK CONVICTED

The Fort Worth Regional Office announced that on December 8, after a six-week jury trial, Merle Lee Matlock was convicted of fraud in the sale of securities. On December 9, after deliberation on the punishment phase of the trial, the jury set Matlock's sentence at five years' incarceration and \$5,000 in fines.

The charge arose out of a grand jury investigation into Matlock's conduct in the offer and sale of limited partnership and fractional undivided interests in oil and gas properties by Petrowest, Inc., a Dallas oil and gas firm. Matlock was formerly the President of Petrowest.

The Commission previously filed, on February 1, 1982, a civil injunctive action in the U.S. District Court for the Northern District of Texas charging Matlock, Charles E. Forrer, Petrowest, Inc., Explorer Energy Corporation, Vision Energy Corporation, Enersource, Inc., American Investment Management, Inc., and Consolidated Oil Field Services and Equipment, Inc., with violations of the registration and antifraud provisions of the securities laws. On February 23, 1982, U.S. District Judge Patrick Higginbotham entered a Preliminary Injunction, by consent, against the defendants. The case is pending. Each of the defendant corporations named in the civil action filed petitions under Chapter XI of the Bankruptcy Act in U.S. Bankruptcy Court.

Matlock still faces trial on charges alleged in three other indictments returned December 14, 1982 by a Dallas County grand jury. (State of Texas v. Merle Lee Matlock, F82-99048-FS, Dallas County, TX). (LR-10237)

ROBERT H. BILLINGSLEY FOUND GUILTY OF CRIMINAL CONTEMPT

The Chicago Regional Office announced that on December 8 Robert H. Billingsley was found guilty, by a jury, of criminal contempt for violation of a 1965 injunction restraining him from further violations of the registration provisions of the securities laws.

The criminal contempt conviction was Billingsley's second such conviction, the first being in 1969, for violations of the same order. In addition, on December 17, 1982, Billingsley personally and on behalf of his corporation, Telex Oil & Gas Co., Ltd., consented, without admitting or denying, to an injunction enjoining him from violations of the antifraud and registration provisions of the securities laws. Billingsley had sold securities, in the form of undivided fractional interests, in oil and gas leases to over 200 persons residing in at least 10 states, raising at least 2.5 million dollars. (U.S. ex rel. SEC v. Robert H. Billingsley, N.D. IL, Criminal Action No. 82 C.6624). (LR-10240)

INVESTMENT COMPANY ACT RELEASES

DEAN WITTER REYNOLDS INC.

A notice has been issued giving interested persons until December 30 to request a hearing on an application of Dean Witter Developing Growth Securities Trust, Dean Witter Dividend Growth Securities Inc., Dean Witter High Yield Securities Inc., Dean Witter Industry-Valued Securities Inc., Dean Witter Natural Resource Development Securities Inc., Dean Witter Tax-Exempt Securities Inc., Dean Witter Variable Annuity Investment Series, Dean Witter World Wide Investment Trust, Dean Witter/Sears Liquid Asset Fund Inc., Dean Witter/Sears Tax-Free Daily Income Fund, Inc., Dean Witter/Sears U.S. Government Money Market Trust, InterCapital Income Securities Inc., Active Assets Money Trust, Active Assets Tax-Free Trust, Active Assets Government Securities Trust (collectively, the Funds), and Dean Witter Reynolds Inc. (Dean Witter), requesting an exemption from Section 17(a) of the Investment Company Act to permit the Funds, and future funds advised by Dean Witter, to engage in certain principal transactions with Dean Witter. (Rel. IC-13657 - Dec. 6)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

DELISTING GRANTED

An order has been issued granting the application of the American Stock Exchange, Inc. to strike all put and call option contracts respecting U.S. Treasury notes with the 10-1/8% coupon, due May 15, 1993, and the 11-7/8% coupon, due August 15, 1993. (Rel. 34-20500)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGES

The following stock exchanges have filed proposed rule changes under Rule 19b-4: The Pacific Stock Exchange, Inc. (SR-PSE-83-23) to list and trade a new index option contract, the "PSE Telephone Index Option." (Rel. 34-20495); and The American Stock Exchange, Inc. (SR-Amex-83-33) to allow the listing of options on certain over-the-counter securities. (Rel. 34-20498)

Publication of the proposals are expected to be made in the Federal Register during the week of December 19.

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission approved, on an accelerated basis, a proposed rule change filed by The Philadelphia Stock Exchange, Inc. (SR-Phlx-83-24) to delete from Phlx Rule 1103A (b) (ii) - margin for narrow-based index options - the requirement that 100 percent of the current market value of the contract be deposited. (Rel. 34-20496)

ACCELERATED APPROVAL OF AMENDMENT TO PROPOSED RULE CHANGE

The Commission approved, on an accelerated basis, an amendment to a proposed rule change filed by the Pacific Stock Exchange, Inc. (SR-PSE-83-10) to apply to PSE's proposed High Technology index options margin, position and exercise limits and trading halts procedures that reflect the narrow-based character of the proposed index. (Rel. 34-20499)

SECURITIES ACT REGISTRATIONS

The following registration statements have been filed with the SEC under 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; File number and date filed; Assigned Branch; If the registration statement is a New Issue; and [S] denoting SHELF REGISTRATION under Rule 415.

- (S-1) FLAMINGO GATES INC., 1 Hallidie Plaza, Suite 701, San Francisco, CA 94102 (415) 922-9042 - 1,000,000 units. (File 2-88482 - Dec. 19) (Br. 5 - New Issue)
- (S-3) SOUTHWEST FLORIDA BANKS, INC., 2400 First St., Fort Myers, FL 33901 (813) 332-2133 - warrants to purchase 1,425,345 shares of common stock and 1,425,345 shares of common stock. The company is a registered bank holding company. (File 2-88485 - Dec. 19) (Br. 2) [S]
- (S-8) JIM WALTER CORPORATION, 1500 North Dale Mabry Highway, Tampa, FL 33607 (813) 871-4811 - 250,000 shares of common stock. (File 2-88487 - Dec. 19) (Br. 5)
- (S-8) GENERAL AUTOMATION, INC., 1045 South East St., Anaheim, CA 92805 (714) 778-4800 - 350,000 shares of common stock. (File 2-88490 - Dec. 19) (Br. 10)
- (S-3) XICOR, INC., 851 Buckeye Court, Milpitas, CA 95035 (408) 946-6920 - 524,000 shares of common stock. The company designs, develops, manufactures and markets proprietary reprogrammable nonvolatile semiconductor memory devices. (File 2-88492 - Dec. 19) (Br. 7) [S]
- (S-1) ADAPTIVE COMMUNICATION SYSTEMS, INC., 994 Broadhead Rd., Suite 202, Coraopolis, PA 15108 - \$35 million of four-year secured zero coupon notes, due April 12, 1988 and July 12, 1988. (File 2-88495 - Dec. 19) (Br. 4 - New Issue)
- (S-8) HADRON, INC., 1945 Gallows Rd., Vienna, VA 22180 (703) 448-1610 - 198,000 shares of common stock. (File 2-88496 - Dec. 19) (Br. 10)
- (S-14) FAIRBANCO HOLDING COMPANY, INC., 65 Washington St., Fairburn, GA 30213 (404) 964-1551 - 110,000 shares of common stock. (File 2-88498 - Dec. 19) (Br. 2 - New Issue)
- (S-1) TRILOGY LIMITED, c/o Trilogy Systems Corporation, 10500 Ridgeview Court, Cupertino, CA 95014 (408) 973-9333 - 6,875,000 shares of common stock. The company manufactures and sells large-scale IBM-compatible computer systems. (File 2-88500 - Dec. 19) (Br. 9)
- (S-2) ARACCA PETROLEUM CORP., 444 Madison Ave., New York, NY 10022 (212) 888-1777 - 2,000,000 units. Underwriter: Securities Clearing of Colorado, Inc. The company acquires, explores, develops and operates oil and gas concessions. (File 2-88501 - Dec. 19) (Br. 4)
- (S-8) EASTERN AIR LINES, INC., Miami International Airport, Miami, FL 33148 (305) 873-2211 3,000,000 shares of 20% participating non-cumulative convertible preferred stock, and 12,000,000 shares of common stock. (File 2-88502 - Dec. 19) (Br. 3)
- (S-8) AUBURN BANCORP, 540 Wall St., Auburn, CA 95603 (916) 823-1144 - 60,000 shares of common stock. (File 2-88503 - Dec. 15) (Br. 1)
- (S-8) COTTON STATES LIFE AND HEALTH INSURANCE COMPANY, 244 Perimeter Center Pkwy., N.E., Atlanta, GA 30346 (404) 391-8801 - 100,000 shares of common stock. (File 2-88506 - Dec. 16) (Br. 9)
- (S-1) ALLIS-CHALMERS CORPORATION, 1205 South 70th St., West Allis, WI 53214 (414) 475-2000 - 1,200,000 shares of common stock. The company is an international special machinery company. (File 2-88507 - Dec. 20) (Br. 9)
- (S-8) TESORO PETROLEUM CORPORATION, 8700 Tesoro Dr., San Antonio, TX 78286 (512) 828-8484 - 1,000,000 shares of common stock. (File 2-88508 - Dec. 20) (Br. 3)
- (S-8) WEATHERFORD INTERNATIONAL INCORPORATED, 1360 Post Oak Blvd., Suite 1200, Houston, TX 77056 (713) 439-9400 - 3,473,485 shares of common stock. (File 2-88509 - Dec. 20) (Br. 3)

REGISTRATIONS EFFECTIVE

Dec. 1: American Medical International, Inc., 2-88158; Destiny Slender-Me International, Inc., 2-85982-IA; Diagnostek, Inc., 2-86120; Doyle Dane Bernbach International Inc., 2-88016; F.A. Bankshares, Inc., 2-87771; First Bankers Corporation, 2-87314; Intermagnetics General Corporation, 2-86089; Jet America Airlines, Inc., 2-87315; K-Med Centers, Inc., 2-85363-FW; Martel Micro Systems Inc., 2-85457-NY; Merrill Lynch Institutional Tax-Exempt Fund, 2-85900; Q-Med Inc., 2-86653-NY; Shelby Williams Industries, Inc., 2-87169; Signal Finance Corporation, 2-88034; Southtrust Corporation, 2-87983; Superior Oil Company, 2-88121; Universal Trading Exchange, Inc., 2-86768-NY; Volt Information Sciences Inc., 2-88018.