

sec news digest

Issue 78-11

January 17, 1978

NOTICE OF COMMISSION MEETINGS

Following is a schedule of Commission meetings which will be conducted pursuant to provisions of the Government in the Sunshine Act. In general, the Commission expects to follow a schedule of holding closed meetings on Tuesdays, and open meetings on Thursday mornings. Meetings on Wednesday, and if necessary on Thursday afternoons, will be either open or closed according to the requirements of agenda items under consideration. The Commission will not normally meet on Mondays or Fridays.

Visitors are welcome at all open meetings, insofar as seating is available.

Meetings will be held in the Commission Meeting Room on the eighth floor of the Commission's headquarters building at 500 North Capitol Street, Washington, D.C. All visitors are required to sign in and obtain passes at the Reception Desk in the lobby. Persons wishing to photograph or tape record Commission meetings must obtain permission in advance from the Secretary of the Commission.

CLOSED MEETING - TUESDAY, JANUARY 24, 1978 - 10 A.M.

The subject matter of the January 24 closed meeting will be: Referral of investigative files to Federal, State or Self-Regulatory authorities; Formal orders of investigation; Institution of injunctive actions; Institution of administrative proceedings; Settlement of administrative proceedings; Other litigation matters.

OPEN MEETING - TUESDAY, JANUARY 24, 1978 - 3:30 P.M.

The subject matter of the January 24 open meeting will be:

The Commission will meet with representatives of the Association of Corporate Secretaries to discuss current issues and developments of mutual concern.

OPEN MEETING - WEDNESDAY, JANUARY 25, 1978 - 10 A.M.

The subject matter of the January 25, 10 a.m. open meeting will be:

(1) The issuance of a release conforming the expiration date of January 31, 1978, with regard to Rule 15c2-11(f)(4)(T) concerning information required for initiation or resumption of quotations. (The expiration date for this rule has been previously extended by the Commission several times).

(2) Further consideration of soliciting public comments on proposed Rule 206(4)-3 under the Investment Advisers Act of 1940 which would set forth guidelines pursuant to which investment advisers can make cash payments to persons who solicit clients for such investment advisers.

(3) The issuance of a release announcing the Commission's preliminary response to the recommendations of the Advisory Committee on Corporate Disclosure.

OPEN MEETING - WEDNESDAY, JANUARY 25, 1978 - 2:30 P.M.

The subject matter of the January 25, 2:30 open meeting will be:

Oral argument in the matter of Allen Mansfield concerning an appeal from disciplinary action taken against him by the National Association of Securities Dealers, Inc.

OPEN MEETING - THURSDAY, JANUARY 26, 1978 - 2 P.M.

The subject matter of the January 26 open meeting will be:

The Commission will meet with interested persons who wish to express their views concerning the valuation of portfolio securities by money market funds.

FOR FURTHER INFORMATION CONTACT: Judy L. Chesser at (202) 376-8065 or Margaret Topps at (202) 376-8003

COURT ENFORCEMENT ACTIONS

FRANCISCO VALLES, OTHERS ENJOINED

The SEC announced that on January 16 Judge Thomas A. Flannery of the U.S. District Court for the District of Columbia signed an order of default judgment of permanent injunction against Francisco Valles, Dieter Heinemann, and Heinz Schwake on January 4, and signed an order of default judgment of permanent injunction against Hans Dittmar on January 9.

The judgments permanently enjoin Valles, Heinemann, Schwake and Dittmar, and, among other things, their agents, from violating or aiding and abetting violations of the stock ownership reporting provisions of the Securities Exchange Act of 1934 and, among other things, prohibit the four individuals from transferring, pledging, receiving dividends or capital return or other economic benefit from, and from voting shares of the common stock of General Semiconductor Industries Inc. (GSI) owned by them, pending their compliance with Section 13(d) of the Exchange Act and the rules and regulations thereunder. The judgments also require the four individuals to file with the Commission and send to GSI within ten days of the date of the respective court orders Schedules 13D and required amendments thereto reflecting, among other things, their transactions in GSI common stock. Judge Flannery finds in his judgments that the four individuals since at least November 22, 1976, as members of a group, have acquired more than five percent of the outstanding GSI common stock without complying with the stock ownership reporting provisions of Section 13(d) of the Exchange Act.

Valles is a registered representative with Dean Witter Reynolds Organization Inc. in Frankfurt, West Germany. Schwake, Heinemann and Dittmar are self-employed specialists on the Frankfurt, West Germany Stock Exchange. GSI is a Tempe, Arizona manufacturer of semiconductor products whose common stock is registered with the Commission. (SEC v. Bethmann Bank, et al., U.S.D.C. D.C., Civil Action No. 77-0872). (LR-8254)

INJUNCTIVE ACTION AND 21(a) REPORT ANNOUNCED IN NATIONAL TELEPHONE COMPANY, INC.

The Commission announced (a) the filing of a civil injunctive action in the U.S. District Court for the District of Columbia, and (b) the issuance of a Report pursuant to Section 21(a) of the Securities Exchange Act, all as a result of the Commission's non-public investigation, In the Matter of National Telephone Company, Inc. The injunctive action names as defendants Sheldon L. Hart, Mark I. Lurie, John W. Phelps, Donald J. Porter, and Price Waterhouse & Co. The complaint alleges violations of the anti-fraud and reporting provisions of the securities laws in connection with false and misleading financial statements and fraudulent communications with the public concerning National Telephone Company's serious financial situation. All of the defendants except Sheldon Hart consented to the entry of final judgments and other relief, without admitting or denying the allegations in the Commission's complaint.

The 21(a) Report discusses the conduct of National Telephone Company's outside directors. (SEC v. Sheldon L. Hart, et al., D.D.C.). (LR-8255)

INJUNCTIVE ACTION AND RULE 2(e) OPINION AND ORDER ANNOUNCED IN CONTINENTAL MORTGAGE INVESTORS

The Commission announced (a) the filing of a civil injunctive action in the U.S. District Court for the District of Columbia, and (b) the issuance of an opinion and order pursuant to Rule 2(e) of the Commission's Rules of Practice, both as a result of the Commission's non-public investigation, In the Matter of Continental Mortgage Investors. The injunctive action names as defendants Continental Advisers, Durand A. Holladay, Monte J. Wallace, Neil W. Wallace, Theodore C. Miller, S. Davidson Herron, Jr., and Price Waterhouse & Co. The complaint alleges violations of the antifraud, proxy, and reporting provisions of the securities laws in connection with false and misleading financial statements and other reports to the Commission and the public concerning CMI's financial condition. Theodore C. Miller and Price Waterhouse & Co. consented to the entry of final judgments and other relief, without admitting or denying the allegations of the Commission's complaint.

Without admitting or denying the Commission's findings, Paul N. Conner, a financial officer of CMI, consented to the entry of an Opinion and Order pursuant to Rule 2(e) of the Commission's Rules of Practice. (SEC v. Continental Advisers, et al., D.D.C.). (LR-8256)

HOLDING COMPANY ACT RELEASES

ALABAMA POWER COMPANY

An order has been issued authorizing Alabama Power Company, subsidiary of The Southern Company, to issue and sell at competitive bidding \$100 million of first mortgage bonds. (Rel. 35-20383 - Jan. 13)

NATIONAL FUEL GAS COMPANY

An order has been issued authorizing a proposal of National Fuel Gas Company, a registered holding company, and two of its subsidiaries, regarding the proposed issuance and sale of bank notes and/or commercial paper by the holding company and the issuance and sale of short-term notes to the holding company by the subsidiaries. (Rel. 35-20384 - Jan. 13)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

DELISTING GRANTED

An order has been issued granting the application of the American Stock Exchange, Inc. to strike from listing and registration the following securities of Guardian Mortgage Investors: 8% convertible subordinated debentures, due March 1, 1985; and 6-3/4% subordinated debentures, due July 15, 1986. (Rel. 34-14375)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF EFFECTIVENESS OF A RULE CHANGE

The Depository Trust Company (DTC) submitted a proposed rule change pursuant to Rule 19b-4 (SR-DTC-77-13) to authorize its Board of Directors to set the date for DTC's annual meeting sometime within the first three months of the calendar year. Currently, the date for DTC's annual meeting is the fourth Wednesday in March. Notice of the proposed rule change was published in the Federal Register on January 11. On January 10 DTC submitted Amendment No. 1 which changed the status of the proposed rule change from one filed under Section 19(b)(2) of the Act to one filed under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. DTC's reason for the amendment is that the proposed rule change is concerned solely with the administration of DTC. Publication of the proposal is expected to be made in the Federal Register during the week of January 16. (Rel. 34-14379)

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by the Midwest Stock Exchange, Inc. The rule change (SR-MSE-77-35) provides that transfers of membership, whereby the transferor retains reacquisition rights, will not be processed unless the transferor is current in all filings and payments of dues, fees and charges related to that membership. (Rel. 34-14376)

MISCELLANEOUS

TRIDAIR INDUSTRIES

A notice has been issued giving interested persons until February 10 to request a hearing on an application of Tridair Industries (Tridair), pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Tridair from filing the reports required by Section 13 of the Act. Tridair believes that, since it is now a wholly-owned subsidiary, the filing of the report is not necessary for the public interest or the protection of investors. (Rel. 34-14377)

CUMMINS INTERNATIONAL FINANCE CORPORATION

A notice has been issued giving interested persons until February 6 to request a hearing on an application of Cummins International Finance Corporation, under Section 12(h) of the Securities Exchange Act of 1934, for an exemption from the provisions of Sections 13 and 15(d), commencing with the Quarterly Report on Form 10-Q for the period ended September 31, 1977.

Applicant believes that the filing of the reports is not necessary for the public interest or the protection of investors in view of the fact that Applicant is a wholly-owned subsidiary of Cummins Engine Company, a company subject to Section 13 reporting requirements; the only publicly-held securities of Applicant were its \$5 subordinated guaranteed convertible debentures, due 1988, which were guaranteed by Cummins Engine Company and convertible into the parent-guarantor's common stock; and there has been negligible trading in the debentures. (Rel. 34-14378)

SECURITIES ACT REGISTRATIONS

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-8) ALCO STANDARD CORPORATION, Valley Forge, Pa. 19482 - 200,000 shares of common stock. (File 2-60630 - Jan. 13)
- (S-6) MUNICIPAL INVESTMENT TRUST FUND, EIGHTEENTH INTERMEDIATE TERM SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006 - 25,000 units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006, Bache Halsey Stuart Shields Inc. and Dean Witter Reynolds Inc. (File 2-60631 - Jan. 13)
- (S-16) UMC INDUSTRIES, INC., High Ridge Park, Stamford, Conn. 06904 (203) 348-4477 - 200,000 shares of common stock. (File 2-60632 - Jan. 16)
- (S-6) THE CORPORATE INCOME FUND, TWENTY-SECOND INTERMEDIATE TERM SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006 - 25,000 units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006, Bache Halsey Stuart Shields Inc. and Dean Witter Reynolds Inc. (File 2-60633 - Jan. 16)
- (S-8) SCIENTIFIC COMPUTERS, INC., 10101 Bren Road East, Minnetonka, Minn. 55343 - 96,000 shares of common stock. The company is engaged in providing data processing services to commercial customers. (File 2-60634 - Jan. 16)
- (S-8) CUBIC CORPORATION, 9233 Balboa Ave., San Diego, Cal. 92123 - 96,335 shares of common stock. (File 2-60635 - Jan. 16)
- (S-8) MOUNTAIN STATES FINANCIAL CORPORATION, 2808 Central Avenue, S.E., Albuquerque, New Mexico 87106 - 62,900 shares of common stock. (File 2-60636 - Jan. 16)
- (S-8) PETERSON, HOWELL & HEATHER, INCORPORATED, 11333 McCormick Rd., Hunt Valley, Md. 21031 - 350,000 shares of common stock. (File 2-60637 - Jan. 16)
- (S-7) GENERAL MOTORS ACCEPTANCE CORPORATION, 767 Fifth Ave., New York, N.Y. 10022 (212) 486-3824 - \$150 million of notes, due 1988, and \$150 million of debentures, due 2008. Underwriter: Morgan Stanley & Co. Inc. The principal business of the company is to finance the acquisition by dealers for resale of various new automotive and nonautomotive products. (File 2-60638 - Jan. 17)

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 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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