

sec news digest

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RULES AND RELATED MATTERS

U.S. SECURITIES AND EXCHANGE COMMISSION

DELEGATION OF AUTHORITY TO THE DIRECTOR OF THE DIVISION OF MARKET REGULATION UNDER RULE 15b10-9

The Commission announced the amendment of its Rules of Organization to delegate to the Director of the Division of Market Regulation limited authority to exempt SECO broker-dealers from the provisions of Securities Exchange Act Rule 15b10-9. That rule governs the participation of a SECO broker-dealer in the public offering of its own securities or those of an affiliate. The delegation of authority will extend only to exemptions for public offerings of debt securities issued by an affiliate of a SECO broker-dealer. (Rel. 34-14570)

FOR FURTHER INFORMATION CONTACT: Charles M. Horn at (202) 755-8747

DELAY IN EFFECTIVE DATE OF RULE 10b-10

The Commission has postponed until August 1, 1978, the effective date of its Rule 10b-10, prescribing delivery and disclosure requirements for confirmations sent to customers by brokers and dealers. The confirmation rule was to become effective on April 1, 1978, with the exception of certain paragraphs which had previously become effective on June 1, 1977. The Commission has postponed that effective date in order to coordinate implementation of the new rule with the possible adoption of amendments to that rule currently under consideration. (Rel. 34-14573)

FOR FURTHER INFORMATION CONTACT: Richard Chase at (202) 755-7621

ADMINISTRATIVE PROCEEDINGS

INITIAL DECISION ISSUED SANCTIONING CHARLES MICHAEL WEST

Administrative Law Judge Sidney Ullman has filed an initial decision barring Charles M. West, of Memphis, Tennessee, from being associated with a broker or dealer. The decision provides, however, that after six months West may apply to the Commission to become so associated in a non-supervisory capacity upon a satisfactory showing that he will be appropriately supervised.

The decision is based upon findings that West, in selling municipal bonds during the period October 1974 thru December 1975 for Shelby Bond Service Corporation, a now-defunct municipal bond dealer of Memphis, engaged in wilful violations of the Exchange Act and the Securities Act. It was held that West defrauded customers in the sale of low quality municipal bonds without adequate basis for the transactions and without providing adequate information; also that he obtained unfair and excessive markups from purchasers of such municipal bonds.

The decision is subject to Commission review on petition of a party to the proceedings or on the Commission's own initiative.

COURT ENFORCEMENT ACTIONS

LANCE, OTHERS ENJOINED

On March 18 the U.S. District Court for the District of Columbia entered judgments of permanent injunction restraining and enjoining eleven defendants from violations of Section 13(d) of the Securities Exchange Act of 1934 and Rules 13d-1 and 13d-2 and Schedule 13D promulgated thereunder, and ordering ancillary relief. The alleged violations concerned transactions in securities of Financial General Bankshares, Inc. (FGB), a Washington, D.C. based bank holding company. The defendants consented to the entry of the judgments without admitting or denying the allegations in the Commission's complaint.

The Commission's complaint alleged that certain of the defendants failed to make the required Schedule 13D filings with the Commission and in connection therewith, certain of the defendants acting together, engaged in a series of acquisitions of approximately 20% of FGB outstanding common stock through open market purchases and privately negotiated purchases often at a premium over the then market price for such securities, from substantial shareholders of FGB. This course of business was structured by certain of the defendants in such a manner to avoid public disclosure of their activities. As a result of these purchases, as well as other FGB securities held by the defendants, these defendants controlled approximately 28% of the outstanding common stock of FGB.

Named as defendants in the action were Bank of Credit and Commerce, International, S.A., Agha Hasan Abedi, Kamal Adham, Faisal Saud al-fulaij, Sheikh Sultan bin Zaid alNahyan, Abdullah Darwaish, T. Bertram Lance, Eugene J. Metzger, J.W. Middendorf, II, Stephens, Inc. and Jackson T. Stephens.

The Commission obtained injunctive relief against each of the defendants. In connection with the settlement, certain of the defendants represented that they intended to make a tender offer for all outstanding shares of FGB common stock at \$15 per share in cash, subject to obtaining certain approvals. (SEC v. Bank of Credit and Commerce International, S.A., et al., U.S.D.C. D.C., Civil Action No. 78-0469). (LR-8336)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

DELISTING GRANTED

Orders have been issued granting the applications of the following stock exchanges to strike from listing and registration the specified securities of the following companies: American Stock Exchange, Inc. - Film Corporation of America, common stock, 10¢ par value. (Rel. 34-14572) New York Stock Exchange, Inc. - Pittsburg, Bessemer and Lake Erie Railroad Company, first mortgage 2-7/8% bonds, Series A, due 12/1/96. (Rel. 34-14574)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGE

The Pacific Stock Exchange, Inc. has filed a proposed rule change under Rule 19b-4 (SR-PSE-78-4) which reduces the fee for cabinet transactions. Publication of the proposal is expected to be made in the Federal Register during the week of March 20. (Rel. 34-14575)

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-7) THE CINCINNATI GAS & ELECTRIC COMPANY, 139 East Fourth St., Cincinnati, Ohio 45202 (513) 381-2000 - 400,000 shares of common stock. The company is engaged in providing electric and gas service. (File 2-60960 - Mar. 17) and \$75 million of first mortgage bonds, due 2008. (File 2-60961 - Mar. 17)
- (S-7) OCCIDENTAL PETROLEUM CORPORATION, 10889 Wilshire Blvd., Los Angeles, Cal. 90024 (213) 879-1700 - 3,000,000 shares of cumulative preferred stock. Underwriters: Kidder, Peabody & Co. Inc., Blyth Eastman Dillon & Co. Inc., Dean Witter Reynolds Inc. The company is engaged in exploring for and developing and producing natural resources. (File 2-60962 - Mar. 17)
- (S-1) EMPLOYEE BENEFITS INC., 66 East Rosemary St., San Jose, Cal. 95112 - 715,000 shares of common stock. Underwriter: Smith Barney, Harris Upham & Co. Inc. The company is engaged in underwriting worker's compensation insurance. (File 2-60963 - Mar. 17)
- (S-14) DAYCO CORPORATION, 333 West First St., Dayton, Ohio 45402 (513) 226-7000 - 647,783 shares of common stock. (File 2-60964 - Mar. 17)

- (S-6) THE TRUST FOR GNMA MORTGAGE-BACKED SECURITIES, SERIES 2, 140 Broadway, New York, N.Y. 10005 - 20,000 units. Depositor: Paine, Webber, Jackson & Curtis Inc. (File 2-60965 - Mar. 17)
- (S-7) ATLANTIC CITY ELECTRIC COMPANY, 1600 Pacific Avenue, Atlantic City, N.J. 08404 (609) 645-4100 - 100,000 shares of common stock. The company is engaged in the generation, transmission, distribution and sale of electric energy. (File 2-60966 - Mar. 17)
- (S-7) NORTHWEST ENERGY COMPANY, 315 East 200 South Salt Lake City, Utah 84111 (801) 534-3600 - 523,674 shares of common stock. Underwriter: Loeb Rhoades, Hornblower & Co. (File 2-60967 - Mar. 17)
- (S-7) DELMARVA POWER & LIGHT COMPANY, 800 King St., P.O. Box 231, Wilmington, Del. 19899 (302) 429-3011 - \$50 million of first mortgage and collateral trust bonds, due 2008. The company provides electric service. (File 2-60968 - Mar. 17)
- (S-6) TAX EXEMPT SECURITIES TRUST, SERIES 18, 14 Wall St., New York, N.Y. 10005 - 15,000 units. Depositors: Loeb Rhoades, Hornblower & Co., 14 Wall St., New York, N.Y. 10005, Smith Barney, Harris Upham & Co. Inc. and Blyth Eastman Dillon & Co. Inc. (File 2-60971 - Mar. 17)
- (S-8) JEWEL COMPANIES, INC., 4725 N. East River Rd., Chicago, Ill. 60631 (312) 693-6000 - 55,000 participations. (File 2-60972 - Mar. 17)
- (S-8) HUFFY CORPORATION, 7701 Byers Rd., Miamisburg, Ohio 45342 - 40,000 shares of common stock. (File 2-60973 - Mar. 16)
- (S-5) FIRST MULTIFUND FOR DAILY INCOME INC., 32 East 57th St., New York, N.Y. 10022 - 4,660,591 shares of common stock. (File 2-60974 - Mar. 17)
- (S-5) FIRST MULTIFUND OF AMERICA INC., 32 East 57th St., New York, N.Y. 10022 - 59,382 shares of common stock. (File 2-60975 - Mar. 17)

REGISTRATIONS EFFECTIVE

Mar. 15: Computer Network Corp., 2-60258; Connecticut Light and Power Co., 2-60306; Consolidated Foods Corp., 2-60720; Kansas City Power & Light Co., 2-60737; Torotel Inc., 2-59996.

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.

REGISTRATIONS WITHDRAWN

Mar. 15: Cambridge Associates, Inc., 2-59357.

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