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RULES AND RELATED MATTERS

AGENCY TRANSACTIONS BY AFFILIATED PERSONS ON A SECURITIES EXCHANGE

U.S. SECURITIES AND
EXCHANGE COMMISSION

The Commission today issued for public comment proposed Rule 17e-2 under the Investment Company Act of 1940, which would deem a commission which is fair and reasonable (compared to that received by other brokers in comparable transactions for similar securities on a securities exchange) as not exceeding the usual and customary broker's commission. All comments should be sent in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549 on or before April 13 and should refer to File No. S7-773. (Rel. IC-10605)

FOR FURTHER INFORMATION CONTACT: William Randolph Thompson at (202) 755-1579

REMUNERATION PERMITTED AFFILIATED PERSONS OF REGISTERED INVESTMENT COMPANIES ACTING AS BROKERS IN OVER-THE-COUNTER TRANSACTIONS

The Commission today proposed for public comment the rescission of Rule 17e-1 under the Investment Company Act of 1940, which generally authorizes an affiliated broker in an over-the-counter transaction to receive a brokerage commission equalling the fixed minimum brokerage commission prescribed by specified securities exchanges. All comments should be sent in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. on or before April 13 and should refer to File No. S7-774. (Rel. IC-10606)

FOR FURTHER INFORMATION CONTACT: William Randolph Thompson at (202) 755-1579

INTERPRETATIVE RELEASE ON ACCOUNTING CHANGES BY OIL AND GAS PRODUCERS

The Commission announced the issuance of an interpretative release on accounting changes by oil and gas producers. These companies are required by the Commission's rules to adopt a specified form of successful efforts or full cost accounting for fiscal years ending after December 25, 1979. In cases where conforming to a specified method has a significant impact on the financial statements, a registrant may change to either method, but will generally be expected to adopt the method that more closely corresponds to its current practices. Any subsequent accounting changes between the two specified methods will not be considered to be in the interests of investors. (Rel. 33-6028)

FOR FURTHER INFORMATION CONTACT: James L. Russell at (202) 755-0222

WITHDRAWAL OF NOTICE OF PROPOSED RULEMAKING

The Commission announced the withdrawal of a proposed rule which would have required oil and gas producers following the full cost method of accounting to make supplemental disclosures of capitalized costs and costs incurred had the successful efforts method of accounting been followed. This rule had been proposed for comment in Rel. 33-5968 (August 31, 1978). (Rel. 33-6029)

FOR FURTHER INFORMATION CONTACT: James L. Russell at (202) 755-0222

CRIMINAL PROCEEDINGS

ROBERT H. MORTIMER AND FIVE OTHERS INDICTED

The Washington Regional Office and the Philadelphia Branch Office announced that on February 2 Robert H. Mortimer was charged in a fifteen count indictment alleging violations of the mail fraud statute for devising a scheme to obtain money by false pretenses by making false statements to prospective purchasers in oil and gas drilling programs offered by his firm, Equity Service Corporation (ESC). The indictment alleges that Mortimer, who raised approximately \$4 million through the sale of oil and gas programs between 1972 and 1973, misappropriated substantial sums of investors' monies to his personal use.

A second twelve count indictment charged Mortimer, Fred Fleischman, of Whitestone, New York, Robert Abramson, of South Natick, Massachusetts, William Speier of Erdenheim, Pennsylvania, and James P. Spillers of Lafayette, Louisiana, with violating the conspiracy and mail fraud statutes in that between August 1973 and March 1975, they concealed from investors, regulatory bodies and law enforcement agencies, that Mortimer had obtained investors' money under false pretenses in order that these defendants could continue to sell interests in oil and gas drilling programs.

A third one count indictment charged Fleischman with violating the mail fraud statute in the ESC oil and gas drilling programs by making false and fraudulent representations of material facts to investors. Abramson was charged in a separate information with one count of mail fraud and a conspiracy to commit mail fraud on the same basis as Fleischman.

On February 9 Fleischman pled guilty to one count of conspiracy and two counts of mail fraud. At the same time, Abramson pled guilty to one count of conspiracy and one count of mail fraud. Sentencing has been set for March 23 before the Honorable J. William Ditter, Jr., of the U.S. District Court for the Eastern District of Pennsylvania. (U.S. v. Robert H. Mortimer, CR No. 79-37; U.S. v. Fred Fleischman, et al., CR No. 79-36; U.S. v. Fred Fleischman, CR No. 79-34; U.S. v. Robert Abramson, CR No. 79-35., E.D. Pa.). (LR-8675)

INVESTMENT COMPANY ACT RELEASES

ASHLAND COAL AND COKE COMPANY

An order has been issued on an application of Ashland Coal and Coke Company, Poplar Creek Development Company and Sovereign Pocahontas Company, pursuant to Section 6(c), exempting them from all provisions of the Act. (Rel. IC-10601 - Feb. 23)

PILGRIM FORMULA SHARES, INC.

An order has been issued on an application of Pilgrim Formula Shares, Inc., declaring that it has ceased to be an investment company. (Rel. IC-10602 - Feb. 23)

ALLIANCE CAPITAL RESERVES, INC.

A notice has been issued giving interested persons until March 22 to request a hearing on an application of Alliance Capital Reserves, Inc., registered under the Investment Company Act of 1940 as an open-end, diversified management investment company, requesting an order pursuant to Section 6(c) of the Act, exempting Alliance from the provisions of Rules 2a-4 and 22c-1 under the Act to the extent necessary to permit Alliance to compute its asset value per share, for the purposes of effecting sales, redemptions and repurchases of its shares, to the nearest one cent on a share value of one dollar. (Rel. IC-10603 - Feb. 26)

ALLIANCE GOVERNMENT RESERVES, INC.

A notice has been issued giving interested persons until March 23 to request a hearing on an application of Alliance Government Reserves, Inc., a registered, open-end, diversified, management investment company, for an order permitting Alliance, subject to certain conditions, to compute its price per share for the purposes of sales, redemptions and repurchases of its shares, to the nearest one cent on a share value of one dollar. (Rel. IC-10604 - Feb. 26)

HOLDING COMPANY ACT RELEASES

ARKANSAS-MISSOURI POWER COMPANY

An order has been issued authorizing Arkansas-Missouri Power Company, subsidiary of Middle South Utilities, Inc., to issue and sell short-term notes to the First National Bank in Little Rock, Arkansas, for the account of a group of participating banks in the amount at any one time outstanding of not more than \$5,500,000. (Rel. 35-20930 - Feb. 23)

MIDDLE SOUTH ENERGY, INC.

A notice has been issued giving interested persons until March 19 to request a hearing on a proposal of Middle South Energy, Inc., subsidiary of Middle South Utilities, Inc., to privately place up to \$400 million of its first mortgage bonds. The proceeds of the sale will be used to reduce short-term borrowings and to finance construction of Middle South Energy's Grand Gulf Nuclear Electric Station. (Rel. 35-20932 - Feb. 23)

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-16) SPERRY RAND CORPORATION, 1290 Avenue of the Americas, New York, N.Y. 10019 (212) 956-2121 - 150,000 shares of common stock. (File 2-63626 - Feb. 23)
- (S-6) THE NORTH CAROLINA TAX-EXEMPT BOND FUND, SERIES ONE, 2400 First Union Tower, Charlotte, N.C. 28282 - 5,000 units. Depositor: First Charlotte Corporation. (File 2-63627 - Feb. 23)
- (S-11) WESPAC INVESTORS TRUST, 111 Fashion Lane, Tustin, Cal. 92680 - 3,500,000 shares of beneficial interest. The company is a real estate investment trust. (File 2-63628 - Feb. 23)
- (S-6) E. F. HUTTON TAX-EXEMPT TRUST, NATIONAL SERIES 41, One Battery Park Plaza, New York, N.Y. 10004 - 22,500 units. Depositor: E.F. Hutton & Company Inc. (File 2-63629 - Feb. 23)
- (S-14) THE CONTINENTAL GROUP, INC., 633 Third Ave., New York, N.Y. 10017 - 797,717 shares of common stock and 594,377 of \$2.10 cumulative convertible preference stock, Series B. (File 2-63630 - Feb. 23)
- (S-8) MCCORMICK & COMPANY, INCORPORATED, 11350 McCormick Rd., Hunt Valley, Md. 21031 (301) 667-7321 - 457,273 shares of common stock. The company manufactures and markets seasonings and flavorings. (File 2-63631 - Feb. 23)
- (S-6) THE CORPORATE INCOME FUND, EIGHTY-THIRD MONTHLY PAYMENT SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10080 - 25,000 units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10080, Bache Halsey Stuart Shields Inc. and Dean Witter Reynolds Inc. (File 2-63632 - Feb. 23)
- (S-8) LOUISVILLE GAS AND ELECTRIC COMPANY, P.O. Box 32010, Louisville, Ky. 40232 (502) 566-4011 - 300,000 shares of common stock. The company is engaged in the electric and gas business. (File 2-63633 - Feb. 23)
- (S-1) WEST END THEATRICALS, 470 West End Ave., New York, N.Y. 10024 - 50 units of pre-formation limited partnership interests. (File 2-63634 - Feb. 21)
- (S-1) KETTERING INDUSTRIES, INC., 570 Sylvan Ave., Englewood Cliffs, N.J. 07632 - 401,500 shares of common stock. Underwriter: Johnson, Lane, Space, Smith & Co., Inc. The company is engaged in the business of developing, designing, manufacturing and selling a wide range of point-of-purchase displays. (File 2-63635 - Feb. 23)



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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. When you are ordering more than one, we prefer that the documents be listed in alphabetical order to expedite service. The reproduction cost is 10c per page plus postage (\$3.50 minimum); 20c per page plus postage for expedited service (\$5.00 minimum) and 30c per page plus postage for priority service (\$5.00 minimum). Cost estimates are given or request. All other reference material is available in the SEC Docket.

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