

# sec news digest

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Issue 79-45

March 7, 1979

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## CRIMINAL PROCEEDINGS

### U.S. SECURITIES AND EXCHANGE COMMISSION

#### CRIMINAL CONTEMPT ACTION AGAINST FUTURISTIC FOODS, INC.

The Commission announced that it has presented two Orders to show cause to U.S. District Judge William C. Conner in the Southern District of New York with respect to Futuristic Foods, Inc., Future Mart, Inc., Arthur Shevack, Dennis Shevack, Peter Cancilla and Richard Mulligan. By the first application, the Commission seeks to hold the above named defendants in criminal contempt of an injunction entered on consent on June 18, 1976. Judge Conner set March 1 for arraignment and April 16 as the date of trial. The second application seeks additional injunctive and ancillary relief against the defendants and various subsidiary corporations including Mind Trek, Inc., Isis Industries, Inc., Juval Properties, Inc. and Success Advertising, Inc. Judge Conner has reserved decision as to the civil application.

Alleging that the defendants have engaged and are engaging in a continuous course of violation of the June 18, 1976 injunction, the following relief, in addition to criminal sanction, has been requested: (a) an injunction directing the defendants to halt the sale of securities in the form of franchises, distributorships or similar instruments; (b) the appointment of receiver for the corporate defendants; and (c) an order directing the defendants to produce all financial records relating to all defendants. (SEC v. Futuristic Foods, Inc., et al., 74 CIV. 3655 [WCC] and U.S. ex rel SEC v. Futuristic Foods, Inc., et al., S.D.N.Y.). (LR-8683)

## CIVIL PROCEEDINGS

#### GULF CITIES GAS CORPORATION ENJOINED

The Commission announced on March 6 the filing of a complaint in the U.S. District Court for the District of Columbia seeking injunctive and other equitable relief against Gulf Cities Gas Corporation, its president, chairman of the board and principal shareholder, Morris Birnbaum and M.S. Wien & Co., Inc., a broker-dealer registered with the Commission. Gulf Cities, with headquarters in Middletown, New York, was formerly engaged in the construction and sale of single family houses and lots. Final Judgments of Permanent Injunction were entered against each of the defendants for the relief requested. The District Court enjoined the defendants from violating various sections of the Securities Exchange Act of 1934 and rules thereunder, ordered Gulf Cities and M.S. Wien to make payments totalling \$3.00 per share to all persons who tendered Gulf Cities Class A stock to M.S. Wien during the period of the alleged tender offer and ordered Gulf Cities to inform its shareholders of the allegations in the complaint and terms of the Final Judgment against it. The defendants consented to entry of the Final Judgments without admitting or denying the allegations in the complaint.

The Commission's complaint alleged that from about January 1, 1975 to the present, as part of a violative course of conduct, Gulf Cities, acting under the direction of Birnbaum, engaged in a repurchase program of its Class A stock by means of open market and privately negotiated purchases, a tender offer and reverse stock split. The complaint alleged that the repurchase program was designed to reduce the number of holders of Gulf Cities Class A stock to below 300, with the result of "going private" and eliminating its reporting obligations under the Exchange Act. Further, the Commission charged that materially false and misleading filings were made with the Commission and materially false and misleading information was disseminated to Gulf Cities shareholders. The complaint also alleged that Birnbaum failed to file ownership reports with the Commission as required. (SEC v. Gulf Cities Gas Corporation, et al., U.S.D.C. D.C., Civil Action No. 79-0719). (LR-8684)

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## HOLDING COMPANY ACT RELEASES

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### NEW ENGLAND ELECTRIC SYSTEM

A notice has been issued giving interested persons until March 29 to request a hearing on a proposal of New England Electric System, a registered holding company, and four of its subsidiaries, concerning their short-term financing arrangements through March 31, 1980. (Rel. 35-20944 - Mar. 6)

### AMERICAN ELECTRIC POWER COMPANY

A notice has been issued giving interested persons until March 29 to request a hearing on a proposal of American Electric Power Company, Inc., a registered holding company, that it act as surety for its subsidiary, Ohio Power Company, in connection with the latter's rate proceeding. (Rel. 35-20945 - Mar. 6)

### APPALACHIAN POWER COMPANY

A notice has been issued giving interested persons until March 29 to request a hearing on a proposal of Appalachian Power Company, subsidiary of American Electric Power Company, Inc., that Appalachian extend the period in which it may have unsecured short-term debt exceeding 10% total capitalization. (Rel. 35-20946 - Mar. 6)

### WEST TEXAS UTILITIES COMPANY

A notice has been issued giving interested persons until March 29 to request a hearing on a proposal of West Texas Utilities Company, subsidiary of Central and South West Corporation (CSW), that it change the method of calculating earned surplus available for dividends under its supplemental indentures and that it pay a \$15 million extraordinary dividend to CSW. (Rel. 35-20947 - Mar. 6)

### CENTRAL AND SOUTH WEST CORPORATION

A notice has been issued giving interested persons until March 29 to request a hearing on a proposal of Central and South West Corporation (CSW), a registered holding company, that CSW give a capital contribution to Southwestern Electric Power Company, subsidiary of CSW. (Rel. 35-20948 - Mar. 6)

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## LISTING, DELISTING AND UNLISTED TRADING ACTIONS

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### WITHDRAWALS GRANTED

Orders have been issued granting the applications requesting withdrawal of the common stocks of the following companies from listing and registration on the American Stock Exchange, Inc.: Community Psychiatric Centers (par value \$1.00); Filmways, Inc. (par value \$.25); Hartfield-Zodys, Inc. (par value \$1.00; and Van Dorn Company (no par value). (Rel. 34-15598)

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## SELF-REGULATORY ORGANIZATIONS

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### APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by the Chicago Board Options Exchange, Inc. (SR-CBOE-78-36) which will make the CBOE Appeals Committee an appointive rather than an elective committee and removes the former requirements that both on-floor and off-floor members be represented on the Appeals Committee. (Rel. 34-15618)

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## MISCELLANEOUS

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### PEACHTREE DOORS, INC.

An order has been issued granting the application of Peachtree Doors, Inc. for an exemption, pursuant to Section 12(h) of the Securities Exchange Act of 1934, from the reporting requirements of Section 15(d) of that Act. It appears to the Commission that the exemption is consistent with the public interest and the protection of investors, in view of the fact that the company no longer has any public shareholders. (Rel. 34-15599)

AMERICAN TELECOMMUNICATIONS CORPORATION

An order has been issued granting the application of American Telecommunications Corporation, pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting American from the reporting requirements of Sections 13 and 15(d) of the Act. It appears to the Commission that the requested exemption is not inconsistent with the public interest or the protection of investors, in view of the fact that none of American's securities are held publicly. (Rel. 34-15600)

GLOBE-UNION, INC.

An order has been issued granting the application of Globe-Union, Inc., a Delaware corporation, under Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Globe-Union from the provisions of Sections 13 and 15(d) of the Act. It appears to the Commission that the requested exemption is not inconsistent with the public interest or the protection of investors, and no significant benefit will accrue to either investors or the public if Globe-Union is required to file the subject reports. (Rel. 34-15601)

SYCOR, INC.

An order has been issued granting the application of Sycor, Inc., under Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Sycor from the provisions of Sections 13 and 15(d) of the Act. It appears to the Commission that the requested exemption is not inconsistent with the public interest or the protection of investors, and no significant benefit will accrue to either investors or the public if Sycor is required to file the subject reports. (Rel. 34-15602)

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## SECURITIES ACT REGISTRATIONS

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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-1) SEARCH 1979 DRILLING PROGRAM, 250 N. Rock Rd., Wichita, Kan. 67206 - 7,200 units of preformation limited partnership interests. Underwriter: First Mid America Inc. (File 2-63693 - Mar. 6)
- (S-11) ORION PROPERTIES LTD., 11611 San Vicente Blvd., Suite 860, Los Angeles, Cal. 90049 - 10,000 limited partnership interest. (File 2-63694 - Mar. 6)
- (S-16) INTERSTATE POWER COMPANY, 1000 Main St., Dubuque, Iowa 52001 (319) 582-5421 - 25,000 shares of common stock. The company is engaged in the generation, purchase, transmission, sale and distribution of electricity. (File 2-63695 - Mar. 6)
- (S-8) NEXUS INDUSTRIES, INC., 950 Third Ave., New York, N.Y. 10022 (212) 421-6300 - 150,000 shares of common stock. (File 2-63696 - Mar. 6)
- (S-14) COLONIAL AMERICAN BANKSHARES CORPORATION, 10 Franklin Rd., S.E., Roanoke, Va. 24011 (703) 982-3245 - 104,000 shares of common stock. (File 2-63697 - Mar. 6)
- (S-12) MORGAN GUARANTY TRUST COMPANY OF NEW YORK, 30 West Broadway, New York, N.Y. 10015 - 100,000 American Depositary Receipts for ordinary shares of BTR Limited. (File 2-63698 - Mar. 6)
- (S-1) SOLAR DEVELOPMENT, INC., 3323 Moline St., Aurora, Colo. 80010 - 3,250,000 shares of common stock. Underwriter: American Western Securities, Inc., 360 So. Monroe, Suite 600, Denver, Colo. 80209. The company is engaged in the design, manufacture and sale of solar heating systems. (File 2-63699 - Mar. 6)
- (S-1) PARK CITY CONSOLIDATED MINES COMPANY, 68 South Main, Salt Lake City, Utah 84101 (801) 532-6587 - 1,196,100 shares of common stock and 666,667 convertible notes. (File 2-63700 - Mar. 6)
- (S-14) SYNTEX CORPORATION, 3401 Hillview Ave., Palo Alto, Cal. 94304 - 1,471,729 shares of Class B preferred stock, 1,471,729 shares of Class C preferred stock and 250,000 shares of common stock. (File 2-63701 - Mar. 6)



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