

sec news digest

Issue 78-20

January 30, 1978

ADMINISTRATIVE PROCEEDINGS

DECISION SUSPENDING STRATEGIC MANAGEMENT, INC., OTHERS FINAL

The decision of an administrative law judge suspending for 90 days the investment adviser registration of Strategic Management, Inc. (SMI), of Dallas, and the broker-dealer registration of Preferential Brokerage, Inc. (PBI), also of Dallas, has become final. Also final is the law judge's 90-day suspension of Leroy S. Brenna, president of both firms, from association with any broker-dealer or investment adviser, and the 90-day suspension of all three respondents from association in any capacity with a registered investment company. The suspensions are effective February 13.

SMI is investment adviser to Strategic Investments Fund, Inc. (Fund), a registered investment company. PBI executes portfolio transactions for Fund, and SMI, PBI and Brenna are all "affiliated persons" of Fund as defined in the Investment Company Act.

According to the initial decision, PBI, acting as principal, sold securities to Fund although the Act prohibits such sales by an affiliated person of an investment company unless an exemption has first been obtained from the Commission. In addition, PBI received commissions on Fund transactions which exceeded the statutory limit of 1% of the price of the securities purchased. It was also found that Fund's net asset value was improperly computed, causing Fund to sell and redeem securities at improper prices, and that failure to disclose the unlawful sales and improper pricing rendered Fund's prospectus false and misleading. (Rel. 34-14398)

PETER E. AARON SANCTIONED

The Commission has determined to accept an offer of settlement by Peter E. Aaron in which he consented to the adoption of the findings of fact contained in Administrative Law Judge Ralph Hunter Tracy's initial decision in this matter and consented to the issuance of an order barring him from association with any broker, dealer or investment company provided that after one year he may apply to become reassociated in a non-supervisory capacity upon a showing that he will be adequately supervised and further, that after twenty one months he may apply to become reassociated in any capacity. (Rel. 34-14399)

CHARLES E. BACH

The Commission has ordered the institution of public administrative proceedings against Charles Edmund Bach, a Wisconsin resident. Bach was formerly a vice-president and branch office manager of a member firm of a number of national securities exchanges. The proceedings have been instituted to determine what remedial action should be taken based upon alleged violations of the recordkeeping and fraud and misrepresentation provisions of the Securities Exchange Act of 1934 resulting from the diversion of customers' funds by Bach to his own use.

Bach, through his attorney, has submitted an unsolicited offer of settlement, which the Commission has accepted, in which Bach consents to the issuance of an order by the Commission without admitting or denying the allegations of that order. Accordingly, it is ordered that Bach is barred from association with any broker or dealer or investment adviser or investment company or any affiliate of a broker or dealer or investment adviser or investment company. (Rel. 34-14401)

INVESTMENT COMPANY ACT RELEASES

ARCS EQUITIES CORP.

A notice has been issued giving interested persons until February 21 to request a hearing on an amended application of Arcs Equities Corp. for an order temporarily exempting it from certain provisions of the Act until the earlier of June 30, 1978, or such time as its status has been determined pursuant to its original application under Sections 3(b)(2) and 6(c) of the Act. (Rel. IC-10105 - Jan. 27)

PENN STATE TAX EXEMPT INVESTMENT TRUST, SERIES 1

An order has been issued on an application of Penn State Tax Exempt Investment Trust, Series 1 (and Subsequent Series), a registered unit investment trust, exempting the trust from the initial net worth requirements of Section 14(a) and from the limitations on the distributions of capital gains contained in Rule 19b-1 and exempting from Rule 22c-1 the proposed secondary market operation of the trust's sponsors. (Rel. IC-10106 - Jan. 27)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED NEW RULE

The New York Stock Exchange, Inc. has filed a proposed new rule and implementing resolution pursuant to Rule 19b-4 (SR-NYSE-77-33) regarding the collection of regulatory fees. Publication of the proposal is expected to be made in the Federal Register during the week of January 30. (Rel. 34-14412)

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) HOUSTON INDUSTRIES INCORPORATED, 611 Walker Avenue, Houston, Tex. 77002 (713) 228-2474 - 600,000 shares of common stock. The company is a holding company. (File 2-60673 - Jan. 27)
- (S-8) DRESSER INDUSTRIES, INC., The Dresser Bldg., 1505 Elm Street, Dallas, Tex. 75201 (214) 745-8000 - 500,000 shares of common stock. The general purpose of the Plan is to assist eligible employees of Dresser and qualifying subsidiaries to acquire and accumulate shares of common stock of Dresser. (File 2-60674 - Jan. 27)
- (S-7) SOUTHWESTERN PUBLIC SERVICE COMPANY, SPS Tower, 6th and Tyler Streets, Amarillo, Tex. 79170 (806) 378-2842 - \$45 million of first mortgage bonds, due 2008. Underwriter: Dillon, Read & Co. Inc., New York, N.Y. (File 2-60675 - Jan. 27) and 1,729,206 shares of common stock. Underwriter: same as above. (File 2-60676 - Jan. 27)
- (S-7) HOUSTON INDUSTRIES INCORPORATED, 611 Walker Avenue, Houston, Tex. 77002 (713) 228-2474 - 2,000,000 shares of common stock. Underwriters: Morgan Stanley & Co. Inc., Dean Witter Reynolds Inc. and Kidder, Peabody & Co. Inc. (File 2-60677 - Jan. 27)
- (S-6) NUVEEN TAX EXEMPT BOND FUND, SERIES 104, 209 South LaSalle St., Chicago, Ill. 60604 - 110,000 units. Depositor: John Nuveen & Co. Incorporated. (File 2-60678 - Jan. 26)
- (S-14) TMC MORTGAGE INVESTORS, Pan Am Bldg., Hato Rey, Puerto Rico 00918 - 800,000 shares of common stock. (File 2-60679 - Jan. 27)
- (S-1) ASSOCIATED GROCERS, INC., 3301 Norfolk St., P.O. Box 3763, Seattle, Wash. 98124 - 5,010 shares of common stock, 769,500.00 of 5% 25-year subordinated registered debenture notes, first series, 709,500.00 of 5% 25-year subordinated registered debenture notes, second series, \$1,014,000.00 of 6% 25-year subordinated registered multiple store certificates, first series, and \$250,000.00 of 5% serial coupon bearer debentures, fourth series. The company is engaged in business as operators of retail groceries. (File 2-60680 - Jan. 27)
- (S-5) CML ACCUMULATION ANNUITY ACCOUNT E, 140 Garden St., Hartford, Conn. 06115 - \$20 million of variable annuity contracts. (File 2-60681 - Jan. 27)
- (S-14) INTERCO INCORPORATED, Ten Broadway, St. Louis, Mo. 63102 (314) 231-1100 - 326,667 shares of common stock. (File 2-60682 - Jan. 27)
- (S-6) THE CORPORATE INCOME FUND, SEVENTIETH 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 2-60684 - Jan. 27)

(S-6) TAX EXEMPT SECURITIES TRUST, SERIES 17, 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 2-60685 - Jan. 27)

RECENT 8-K FILINGS

Form 8-K is used by companies to file current reports on the following events: ^{*/}

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Bankruptcy or Receivership.
- Item 4. Changes in Registrant's Certifying Accountant.
- Item 5. Other Materially Important Events.
- Item 6. Financial Statements and Exhibits.

The companies listed below have filed 8-K reports for the date indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Section (in ordering, please give the date of the report). An invoice will be included with the requested material when mailed.

| COMPANY | ITEM NO. | DATE |
|---|----------|------------|
| SYSTEMS ASSOCIATES INC | 3 | 01/01/78 * |
| TRIUMPH INDUSTRIES INC | 5 | 12/01/77 |
| CANAVERAL INTERNATIONAL CORP | 2 | 12/29/77 |
| CONTINENTAL OIL LTD | 2,5 | 12/01/77 |
| DOLLAR GENERAL CORP | 2,5 | 12/30/77 |
| DORCHESTER GAS CORP | 2,14 | 11/28/77 * |
| GENERAL CAPITAL CORP | 2,5,6 | 10/11/77 |
| GOLDEN STATE BANCORPORATION | 5 | 12/01/77 |
| INTERCONTINENTAL DIVERSIFIED CORP | 2,5 | 12/15/77 |
| INTERISLAND RESORTS LTD | 2,6 | 12/01/77 |
| LEXTON ANCIRA REAL ESTATE FUND LTD 1972 | 2,6 | 12/30/77 |
| MID WEST STEEL FABRICATING CORP | 4 | 12/20/77 |
| PHILADELPHIA MORTGAGE TRUST | 5,6 | 12/01/77 |
| ROHR INDUSTRIES INC | 2,6 | 01/03/78 |
| SPERTI DRUG PRODUCTS INC | 4,5 | 12/01/77 |
| AMERICAN HEALTH SERVICES INC | 5 | 12/01/77 |
| ANCORP NATIONAL SERVICES INC | 5 | 12/01/77 |
| BARNES ENGINEERING CO | 5 | 12/16/77 |
| CALIFORNIA REAL ESTATE INVESTMENT TRUST | 5 | 12/01/77 |
| CARBORUNDUM CO | 1 | 01/04/78 |
| GAYNOR STAFFORD INDUSTRIES INC | 5,6 | 12/29/77 |
| GIANT FOOD INC | 5 | 01/01/78 |
| GLOBAL MARINE INC | 5 | 12/01/77 |
| NEW JERSEY NATURAL GAS CO | 5,6 | 12/01/77 |
| SCIENTIFIC EXPLORATION INC | 1,2,6 | 01/03/78 |
| TIME HOLDINGS INC | 5,6 | 01/06/78 |
| UNIVERSAL LEAF TOBACCO CO INC EMPLOYEES | 5 | 12/31/77 |
| ALLEGHENY AIRLINES INC | 5 | 12/30/77 |
| AMERICAN FINANCE SYSTEM INC | 2,5,6 | 12/15/77 |
| AMERICAN HEALTH SERVICES INC | 5 | 12/01/77 |
| ANCORP NATIONAL SERVICES INC | 5 | 12/01/77 |
| AZL RESOURCES INC | 2,5 | 01/03/78 |
| BARNES ENGINEERING CO | 5 | 12/16/77 |
| BELL & HOWELL CO | 2,6 | 12/29/77 |
| BELLANCA AIRCRAFT CORP | 5 | 12/27/77 |
| BROADVIEW FINANCIAL CORP | 5 | 12/30/77 |
| BULOVA WATCH CO INC | 5 | 12/15/77 |
| CALIFORNIA JOCKEY CLUB | 5 | 12/01/77 |
| CALIFORNIA REAL ESTATE INVESTMENT TRUST | 5 | 12/01/77 |
| CANADIAN HYDROCARBONS LTD | 2 | 01/01/78 |
| CARBORUNDUM CO | 1 | 01/04/78 |
| CARLYLE REAL ESTATE LTD PARTNERSHIP 71 | 2,6 | 12/09/77 |
| CARLYLE REAL ESTATE LTD PARTNERSHIP 72 | 2,6 | 12/27/77 |
| CONTINENTAL INVESTORS LIFE INSURANCE CO | 1,2,6 | 12/30/77 |
| CRONUS INDUSTRIES INC | 2,5,6 | 12/30/77 |
| EL DORADO INTERNATIONAL INC | 5 | 01/01/78 |
| GAYNOR STAFFORD INDUSTRIES INC | 5,6 | 12/29/77 |

RECENT 8K FILINGS CONT.

| | | |
|---|-------|------------|
| GIANT FOOD INC | 5 | 01/01/78 |
| GLOBAL MARINE INC | 5 | 12/01/77 |
| INTERNATIONAL HARVESTER CO | 5,6 | 01/13/78 |
| INTERSTATE BRANDS CORP | 5,6 | 01/10/78 |
| MATTHIESSEN & HEGELER ZINC CO | 13 | 12/01/77 * |
| MCNEIL REAL ESTATE FUND VI LTD | 5 | 12/31/77 |
| MCNEIL REAL ESTATE FUND VII LTD | 5 | 12/31/77 |
| MRI PROPERTIES INC | 5 | 01/13/78 |
| NEW JERSEY NATURAL GAS CO | 5,6 | 12/01/77 |
| NORSTAN INC | 2,6 | 01/04/78 |
| NUMAC OIL & GAS LTD | 2 | 12/29/77 |
| ODYSSEY INC | 5,6 | 01/06/78 |
| PENTRON INDUSTRIES INC | 2,6 | 12/29/77 |
| PHOENIX CANDY CO INC | 5,6 | 01/11/78 |
| REYNOLDS SECURITIES INTERNATIONAL INC | 5 | 01/03/78 |
| SCIENTIFIC EXPLORATION INC | 1,2,6 | 01/03/78 |
| STP CORP | 5 | 12/29/77 |
| TIME HOLDINGS INC | 5,6 | 01/06/78 |
| TOBIN PACKING CO INC | 1 | 01/01/78 |
| TRIPLE CHECK INC | 5,6 | 12/31/77 |
| UNIVERSAL LEAF TOBACCO CO INC EMPLOYEES | 5 | 12/31/77 |
| UNIVERSAL MORTGAGE & REALTY TRUST | 1,5,6 | 01/03/78 |
| WASHBURN WIRE CO | 2,6 | 06/01/77 |
| WASHBURN WIRE CO | 5,6 | 08/01/77 |
| WASHBURN WIRE CO | 5,6 | 12/01/77 |
| WISCONSIN ELECTRIC POWER CO | 5 | 12/01/77 |
| WISCONSIN MICHIGAN POWER CO | 5 | 12/01/77 |
| AMENDMENTS TO REPORTS ON FORM 8-K | | |
| AMERICAN BIOMEDICAL CORP | 5 | 12/20/77 |
| FUNDING SYSTEMS CORP | 6 | 10/20/77 |
| GLADIEUX FOOD SERVICES INC | 5 | 11/01/77 |

/ The Form 8-K was amended (Rel. 34-13156, January 13, 1977) effective for all events which occur subsequent to February 28, 1977. Those companies above which are noted with an asterisk () have filed pursuant to the old Form 8-K; the captions of the item numbers under which such reports are filed are as follows:

| | |
|---|---|
| Item 1. Changes in Control of Registrant | Item 9. Options to Purchase Securities |
| Item 2. Acquisition or Disposition of Assets | Item 10. Extraordinary items, other material charges and credits and capital restatements |
| Item 3. Legal Proceedings | Item 11. Submission of Matters to a Vote of Security Holders |
| Item 4. Changes in Securities | Item 12. Changes in Registrant's Certifying Accountant |
| Item 5. Changes in Security for Registered Securities | Item 13. Other Materially Important Events |
| Item 6. Defaults upon Senior Securities | Item 14. Financial Statements and Exhibits |
| Item 7. Increase in Amount of Securities Outstanding | |
| Item 8. Decrease in Amount of Securities Outstanding | |

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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