

sec news digest

Issue 83-250

December 29, 1983

ADMINISTRATIVE PROCEEDINGS

INITIAL DECISION FINDS CHARLES SCHWAB & CO., INC., FAILED TO PROPERLY SUPERVISE A FORMER EMPLOYEE

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U.S. SECURITIES AND EXCHANGE COMMISSION

Administrative Law Judge David J. Markun filed an initial decision finding that Charles Schwab & Co., Inc., a broker-dealer registered with the Commission, failed to properly supervise a former employee during 1980 in its Newport Beach, California branch office, within the meaning of Section 15(b)(4)(E) of the Securities Exchange Act of 1934. The employee, the decision finds, fraudulently sold about \$845,000 of fictitious "discounted securities" to 31 investors during 1980 in a Ponzi-type scheme.

The decision also finds that supervisory inadequacies occurred both at the branch office and the home office and included failures to establish proper supervisory procedures or systems to apply them and failures to properly discharge the duties and obligations incumbent under such procedures and systems.

Judge Markun concluded, on the basis of various considerations, that the appropriate sanction called for in the public interest is a limitation upon Schwab's activities in the form of a 30-calendar-day restriction on its ability to open or service new accounts. This sanction, however, is subject to a proviso that affords Schwab an opportunity to avoid incurrence of the sanction if it elects to and can successfully show by a prescribed date through an independent study conducted by a certified public accountant that its current supervisory procedures and systems are consistent with statutory requirements for preventing the kind of fraud that occurred.

The decision is subject to review by the Commission on its own motion or on petition of a party.

CRIMINAL PROCEEDINGS

PAUL J. KIEPURA SENTENCED

The U.S. Attorney for the Northern District of Illinois and the Chicago Regional Office announced that on December 9 Judge Marvin E. Aspen, U.S. District Court for the Northern District of Illinois, sentenced Paul J. Kiepura to three years probation and 200 hours of public service work based on his plea of guilty to a two-count felony information. The information charged Kiepura, formerly a registered representative of Blunt, Ellis & Loewi in Schaumburg, Illinois, with both securities and mail fraud in his unauthorized transfers of customer funds and misappropriation of customer cash deposits. Before the sentencing, Kiepura and his family made restitution for losses he caused. (U.S. v. Paul J. Kiepura, N.D. IL, 83 CR 807). (LR-10246)

DEFENDANTS PLEAD GUILTY

The Seattle Regional Office and the U.S. Attorney for the Southern District of California announced that by December 15 the five defendants in U.S. v. Kostanenos Nick Hronopoulos pled guilty to various felony securities fraud violations and misdemeanors. Kostanenos Hronopoulos of New York City, New York pled to two counts of the indictment, conspiracy to violate the securities laws and tax evasion. Paul F. Schiebe of San Diego, California and Richard Parker of Phoenix, Arizona pled to a felony registration and antifraud violations, respectively. George Hronopoulos of San Diego and Howard Blumenthal of Los Angeles each pled to misdemeanors. Sentencing is set for January 30, 1984. (U.S. v. Kostanenos Nick Hronopoulos, et al., USDC SDCA, CR-0159-G). (LR-10247)

HOLDING COMPANY ACT RELEASES

HOLYOKE WATER POWER COMPANY

An order has been issued authorizing Holyoke Water Power Company (HWP), subsidiary of Northeast Utilities, to enter into a loan agreement with the City of Holyoke, Massachusetts (Issuer). The Issuer would then loan the proceeds of the issuance and sale of \$15 million of pollution control bonds to HWP. HWP would make payments to the Issuer of the principal, interest and premium, if any, on the bonds as they become due. The bonds would be remarketable and HWP would enter into an agreement with Citibank, N.A. under which Citibank would remarket the bonds. HWP would also enter into a Letter of Credit Agreement with Citibank to secure the loan agreement. (Rel. 35-23179 - Dec. 27)

WEST TEXAS UTILITIES COMPANY

An order has been issued authorizing West Texas Utilities (WTU) and Southwestern Electric Power Company (SWEPCO), subsidiaries of Central and South West Corporation, to solicit proxies from the holders of their outstanding preferred stock in their proposed amendment of their articles of incorporation to increase their authorized preferred stock (\$100 par value). WTU and SWEPCO propose to increase their authorized preferred stock from 310,000 shares to 810,000 and from 1,460,000 to 1,860,000, respectively. (Rel. 35-23180 - Dec. 27)

MONONGAHELA POWER COMPANY

An order has been issued authorizing Monongahela Power Company, The Potomac Edison Company, and West Penn Power Company, subsidiaries of Allegheny Power System, Inc., to issue short-term notes to banks and to a commercial paper dealer at \$209 million outstanding at any one time through June 30, 1985. (Rel. 35-23181 - Dec. 27)

YANKEE ATOMIC ELECTRIC COMPANY

An order has been issued authorizing Yankee Atomic Electric Company, subsidiary of New England Electric System and Northeast Utilities, to issue and sell up to \$12 million of short-term notes to banks and commercial paper to dealers through December 31, 1984. (Rel. 35-23182 - Dec. 27)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until January 19, 1984 to comment on the application of The Ryland Group, Inc. to withdraw its common stock (\$1 par value) from listing and registration on the American Stock Exchange, Inc. (Rel. 34-20515)

SELF-REGULATORY ORGANIZATIONS

EFFECTIVENESS OF PROPOSED RULE CHANGE

A rule change filed by the National Securities Clearing Corporation (SR-NSCC-83-13) has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. The proposed rule change enables NSCC to add an additional step to its trade comparison process for OTC transactions. (Rel. 34-20516)

SECURITIES ACT REGISTRATIONS

The following registration statements have been filed with the SEC under 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; File number and date filed; Assigned Branch; If the registration statement is a New Issue; and [S] denoting SHELF REGISTRATION under Rule 415.

- (S-2's) AMPAL-AMERICAN ISRAEL CORPORATION, 10 Rockefeller Plaza, New York, NY 10020 (212) 586-3232 - \$20 million of ten-year, 12% redeemable debentures, Series WW, due 1993; \$31,250,000 of ten-year, 12% discount debentures, Series VV, zero coupon. Underwriter: Ampal Securities Corporation. The company finances, through loans and equity investments, industrial, financial, advanced technology, commercial and agricultural enterprises. (File 2-88580; 2-88582 - Dec. 22) (Br. 1)
- (S-1) DEAN WITTER CORNERSTONE FUNDS, One World Trade Center, 59th Floor, New York, NY 10048 (212) 524-5510 - 30,000 units of limited partnership interest. (File 2-88587 - Dec. 23) (Br. 1 - New Issue) [S]
- (S-11) CENTENNIAL MORTGAGE INCOME FUND, 282 S. Anita Dr., Orange, CA 92668 - 35,000 limited partnership units, \$1,000 per unit. (File 2-88588 - Dec. 23) (Br. 5 - New Issue)
- (S-11) AUGUST INCOME/GROWTH FUND VI, 3545 Long Beach Blvd., Fifth Floor, Long Beach, CA 90807 - 25,000 limited partnership units, \$1,000 per unit. (File 2-88589 - Dec. 23) (Br. 5 - New Issue)
- (S-14) BANCTEC, INC., 4435 Spring Valley Rd., Dallas, TX 75234 (214) 387-3584 - 640,000 shares of common stock. (File 2-88590 - Dec. 23) (Br. 10)
- (S-8/S-3) ZYMOS CORPORATION, 477 North Mathilda Ave., Sunnyvale, CA 94086 (408) 730-8800 - 445,525 shares of common stock. (File 2-88591 - Dec. 23) (Br. 7)
- (S-1) PACIFIC CONSTRUCTION CORPORATION, 828 Fort St., Honolulu, HI 96813 (808) 521-7861 - 1,425,000 shares of common stock. Underwriter: A. G. Becker Paribas Incorporated. The company is engaged in general building construction. (File 2-88592 - Dec. 23) (Br. 10 - New Issue)
- (S-14) MEDICAL 21 CORP., 15110 Dallas Pkwy., Dallas, TX 75240 (214) 980-9970 - 3,014,195 shares of common stock. (File 2-88593 - Dec. 23) (Br. 6)
- (S-3) AMERICAN GENERAL CORPORATION, 2727 Allen Pkwy., Houston, TX 77019 (713) 522-1111 - 11,252,427 shares of common stock. (File 2-88595 - Dec. 23) (Br. 10) [S]
- (S-14) CONTINENTAL STATES CORPORATION, 300 Frederica St., Owensboro, KY 42301 (502) 926-9900 - 2,498,824 shares of common stock. (File 2-88596 - Dec. 23) (Br. 9 - New Issue)
- (S-1) OTISVILLE BIOTECH, INC., RD #1, Sanatorium Rd., Otisville, NY 10963-0567 (914) 386-2891 - 800,000 units. Underwriter: Jesup & Lamont Securities Co., Inc. The company develops, produces and markets biological products. (File 2-88597 - Dec. 23) (Br. 4 - New Issue)
- (S-1) GREAT HORN MINING, INC., 576 Fifth Ave., New York, NY 10036 (212) 819-0600 - 1,400,000 shares of common stock. Underwriter: Walford, DeMaret & Co., Inc. The company is engaged in exploration. (File 2-88598 - Dec. 23) (Br. 5 - New Issue)
- (S-3) FALCONBRIDGE LIMITED, P.O. Box 40, Commerce Court West, Toronto, Ontario, Canada M5L 1B4 (416) 863-7000 - 200,000 common shares. (File 2-88600 - Dec. 22) (Br. 5)
- (S-6) FREEDOM INCOME TRUST, NATIONAL AND SPECIAL STATES SERIES 6, 120 Broadway, New York, NY 10271 - 10,000 units. Depositor: Tucker, Anthony & R. L. Day, Inc. (File 2-88601 - Dec. 23) (Br. 17 - New Issue)
- (S-6) NATIONAL MUNICIPAL TRUST, SPECIAL TRUSTS, FIRST PUT SERIES, One New York Plaza, New York, NY 10004 - 13,000 units. Depositor: Thomas McKinnon Securities Inc. (File 2-88602 - Dec. 23) (Br. 18 - New Issue)
- (S-14) PARDEE LAND COMPANY, c/o Walter L. Foulke, 1510 Two Girard Plaza, Philadelphia, PA 19102 (215) 568-4100 - 19,737 partnership shares. (File 2-88603 - Dec. 23) (Br. 3 - New Issue)
- (S-3) ALASKA AIRLINES, INC., 19300 Pacific Highway South, Seattle, WA 98188 (206) 433-3200 - \$10 million of 9% convertible subordinated debentures, Series B, due 2003. Underwriter: The First Boston Corporation. The company provides air transportation services. (File 2-88604 - Dec. 23) (Br. 3) [S]
- (S-1) STRATOTECH CORPORATION, 1820 North Glenville, Suite 100, Richardson, TX 75081 (214) 669-1010 - 800,000 units. Underwriter: I.M. Simon & Co., Inc. The company is completing the development and initiating the manufacture and marketing of telecommunications equipment. (File 2-88606 - Dec. 23) (Br. 7 - New Issue) [S]

- (S-6) SEPARATE ACCOUNT ONE OF THE MANUFACTURERS LIFE INSURANCE COMPANY OF AMERICA, 2 Penn Center, Philadelphia, PA 19102 - an undetermined amount or units of variable life insurance policies. Depositor: The Manufacturers Life Insurance Company of America. (File 2-88607 - Dec. 23) (Br. 20 - New Issue)
- (N-1) BULL & BEAR MUNICIPAL SECURITIES, INC., 11 Hanover Sq., New York, NY 10005 (212) 785-0900 - an indefinite number of shares. (File 2-88608 - Dec. 23) (Br. 16 - New Issue)
- (S-11) BRAUVIN REAL ESTATE FUND L.P. 4, 11 South LaSalle St., Suite 1710, Chicago, IL 60603 - 12,000 units. Underwriters: A.G. Edwards & Sons, Inc. and Brauvn Realty Securities, Inc. (File 2-88609 - Dec. 23) (Br. 6 - New Issue)
- (S-1's) AEQUITRON MEDICAL, INC., 14130 Twenty-Third Avenue North, Minneapolis, MN 55441 (612) 559-2012 - 917,500; 1,770,828 shares of common stock. Underwriter: Bear, Stearns & Co. The company designs, manufactures and markets apnea-related medical electronic equipment. (File 2-88610; 2-88611 - Dec. 23) (Br. 8 - New Issue-2-88610)
- (S-14) SEAHAWK OIL INTERNATIONAL, INC., 660 Newport Center Circle, Suite 750, Newport Beach, CA 92660 (714) 644-4444 - 550,000 shares of common stock. (File 2-88612 - Dec. 23) (Br. 3)
- (S-1) GRAY AND COMPANY PUBLIC COMMUNICATIONS INTERNATIONAL, INC., The Power House, Washington, DC 20007 (202) 333-7400 - 600,000 shares of common stock. Underwriter: Johnston, Lemon & Co. Incorporated. The company provides public communications services. (File 2-88613 - Dec. 23) (Br. 5 - New Issue)
- (S-11) CENTURY PROPERTIES FUND XX, 2755 Campus Dr., Suite 300, San Mateo, CA 94403 - \$65 million of qualified plan notes, and \$35 million of investor units. Underwriter: Fox & Carskadon Securities Corporation. (File 2-88615 - Dec. 27) (Br. 5 - New Issue)
- (S-6's) NUVEEN TAX-EXEMPT BOND FUND, SERIES 292; MULTI-STATE, SERIES 122, 209 South LaSalle St., Chicago, IL 60604 - an indefinite number of units (each Series). Depositor: John Nuveen & Co. Incorporated. (File 2-88616; 2-88618 - Dec. 22) (Br. 18 - New Issues)
- (S-8) EASTMAN KODAK COMPANY, 343 State St., Rochester, NY 14650 (716) 724-4666 - 1,500,000 shares of common stock. (File 2-88620 - Dec. 27) (Br. 3)
- (S-8) COMPUTERCRAFT, INC., 1616 South Voss Rd., Suite 900, Houston, TX 77057 (713) 977-8419 - 250,000 shares of common stock. (File 2-88621 - Dec. 27) (Br. 2)
- (S-6's) INVESTORS' QUALITY TAX-EXEMPT TRUST, 12th MULTI-SERIES; PENNSYLVANIA INSURED MUNICIPALS-INCOME TRUST SERIES 32; 30; 31; CALIFORNIA INSURED MUNICIPALS-INCOME TRUST SERIES 5; 6; 7, 1901 North Naper Blvd., Naperville, IL 60566 - 1,000 units (each). Depositor: Van Kampen Merritt Inc. (File 2-88623; 2-88624; 2-88628; 2-88629; 2-88625; 2-88626; 2-88627 - Dec. 23) (Br. 18 - New Issues)
- (S-1) PAN EXPLORATION 1984 OIL AND GAS PROGRAM, Suite 205, MidAmerican Bank Bldg., 4700 West 50th Terrace, Shawnee Mission, KS 66201 (913) 722-5958 - 3,000 units of preformation limited interests. (File 2-88631 - Dec. 23) (Br. 3 - New Issue) [S]
- (S-1) AGRIPOST, INC., 990 S.W. First St., Suite 100, Miami, FL 33130 (305) 324-8298 - 825,000 shares of common stock. Underwriter: American Investors of Pittsburgh, Inc. The company develops the CONVERTIT system for processing solid waste and converting it to a soil conditioner. (File 2-88632 - Dec. 22) (Br. 8)

REGISTRATIONS EFFECTIVE

Dec. 5: Instructional Computer Services, Inc., 2-86817-D.
 Dec. 6: Corestates Capital Corp./Corestates Financial Corp., 2-88059.
 Dec. 7: AMCA International Limited, 2-87678; Import Dynamics, Inc., 2-84316-NY; Pan American World Airways, Inc., 2-88277; Stone Container Corporation, 2-88235; T.G.I.F. Texas, Inc., 2-87337-FW.
 Dec. 8: Athlone Industries, Inc., 2-88060; Arkansas Best Corporation, 2-87716; CTG, Inc., 2-86794; Care Plus, Inc., 2-86042; Certified Collateral Corporation, 2-86787; The Cherokee Group, 2-86876; The Citizens and Southern Corporation, 2-88045; The Clothestime Inc., 2-86537; Commerce Bancshares, Inc., 2-88178; The Detroit Edison Co., 2-87927; Family Medical Treatment Centers of America, Inc., 2-86643; General Bancshares Corporation, 2-88112; Gerber Scientific, Inc., 2-87978; Gibraltar Fund, Inc., 2-82446; Health Care Development Co., 2-76650-C; Jefferson Bankshares, Inc., 2-86877; Mercantile Stores Company, Inc., 2-88204; Motorola, Inc., 2-88127; Mutual Benefit Secured Mortgage Investors, 2-81902; Nantucket Industries, Inc., 2-87229.