

# sec news digest

Issue 77-14  
(SEC Docket, Vol. 11, No. 6 - February 1)

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JAN 24 1977

January 21, 1977

## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES AND  
EXCHANGE COMMISSION

ROBERT N. CAMPBELL, AN ACCOUNTANT, PERMANENTLY  
DISQUALIFIED FROM PRACTICE BEFORE THE COMMISSION

The decision of an administrative law judge permanently disqualifying Robert N. Campbell, a certified public accountant of Bismarck, North Dakota, from practice before the Commission has become final. The disqualification was based on an injunction entered against Campbell by the U.S. District Court for the District of North Dakota. That injunction, to which Campbell consented without admitting or denying the Commission's charges against him, permanently enjoined him from violating the antifraud provisions of the Securities Act of 1933.

According to the administrative law judge, Campbell's conduct constituted "a serious breach of the standards of his profession, and his professional responsibilities to the investing public." (Rel. 33-5797)

SUSPENSION OF REGULATION A EXEMPTION OF  
BERKLEY LAND AND INVESTMENT CORPORATION  
MADE PERMANENT

The Commission's order temporarily suspending the Regulation A exemption from the Securities Act's registration requirements claimed by Berkley Land and Investment Corporation of Falls Church, Virginia, with respect to a proposed public offering of its units has been made permanent. The temporary order alleged, and an administrative law judge found, that (1) Berkley's financial statements were out of date, (2) its offering circular was misleading in several respects, and (3) it failed to cooperate with the Commission's staff.

The Commission's opinion, summarily affirming the initial decision, pointed out that the hearing officer's initial decision was clearly correct. (Rel. 33-5795)

## COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES FORMER OFFICERS AND  
LEGAL COUNSEL OF GAC

The Commission announced the filing of a civil complaint in the U.S. District Court for the District of Columbia on January 19 which seeks to enjoin three former executive officers of GAC Corporation and its major subsidiaries, S. Hayward Wills, Russell E. Kemmerer, and Paul R. Stuken, and GAC's outside legal counsel, Marvin F. Hartung, from violations of the antifraud, reporting, proxy solicitation, tender offer and registration provisions of the securities laws. The complaint alleges that the defendants engaged in a scheme spanning over 18 months during 1974 and 1975 to impair and subvert the rights and interests of the public debentureholders of GAC's indirect subsidiary, GAC Properties Credit, Inc. (Credit) and to conceal the extent of financial deterioration of GAC and its subsidiaries, GAC Properties, Inc. and Credit. The GAC companies are presently involved in reorganization proceedings pursuant to Chapter X of the Federal Bankruptcy Act.

The Commission's allegations primarily concern the transfer of over \$39 million in cash by Credit to Properties in transactions out of the ordinary course of business and in violation of the provisions of the Indentures applicable to Credit's debentures and the Operating Agreement with Properties. The complaint alleges that these transfers enabled Properties and GAC to service their debt and thereby created a false and misleading appearance with respect to the financial condition of the GAC complex. The complaint alleges that the prospectus for an exchange offer made by Credit as well as reports and proxy materials filed with the Commission and disseminated to investors by GAC and Credit failed to make adequate disclosure concerning the foregoing and other activities. (SEC v. Hayward Wills, Russell E. Kemmerer, Paul R. Stuken, and Marvin F. Hartung, Civil Action No. 77-0097). (LR-7745)

COMPLAINT NAMES ENERGY RESERVE, INC.  
ALFRED SPRENGER, OTHERS

The Los Angeles Regional Office announced that on December 21 a complaint was filed in the U.S. District Court for the Central District of California against Energy Reserve, Inc., (Mericle Oil Company), Cooperative Oil Investments, Inc., Alfred Sprenger, Roger Sherer and Conrad Sprenger, all of Phoenix, Arizona, seeking a preliminary injunction from violations of the antifraud provisions of the securities laws and the appointment of a receiver. The Commission's complaint alleges that the defendants in connection with the offer and sale of fractional, undivided interests in oil wells made false and misleading statements to investors and omitted to state material facts including financial condition, failure to set up trust accounts for each well, commingling of investor funds and failure to disclose the existence of a prior permanent injunction involving the registration and antifraud provisions against several of the defendants. (SEC v. Energy Reserve, Inc., Alfred Sprenger, et al., D.C. CAL., C-76-3949 RMT). (LR-7737)

TRENDEX OIL COMPANY, INC., GERALD G. WILLIAMS ENJOINED

The Atlanta Regional Office announced that on January 7 the Honorable Walter L. Nixon, Jr. of the U.S. District Court for the Southern District of Mississippi at Biloxi issued an Order of Preliminary Injunction against Trendex Oil Company, Inc. and Gerald G. Williams, its president, both of Picayune, Mississippi, enjoining them from further violations of the registration and antifraud provisions of the securities laws. The defendants consented to the entry of the order without admitting or denying the allegations in the Commission's complaint. (SEC v. Trendex Oil Company, Inc. and Gerald G. Williams, Civil Action No. S76-224(N)). (LR-7738)

COURT UPHOLDS SENTENCE OF FRANCIS LUND, OTHERS

The Denver Regional Office announced that the Tenth Circuit Court of Appeals on January 4 issued an opinion upholding the conviction and sentencing by the Federal District Court in Salt Lake City, Utah of Francis Lund, Carl Powers and Virgil Redmond, all of Salt Lake City, Utah. Lund, Powers and Redmond were convicted by a federal jury on October 3, 1975 of eight counts of an indictment for fraud in connection with the sale of common stock of Rio de Oro Mining Company. On October 22, 1975, they were each sentenced to 18 years in prison and fined \$40,000 each. (U.S. v. Carl Powers, et al., D. Utah, CR-74-52). (LR-7739)

COURT UPHOLDS SENTENCE OF RICHARD T. CARDALL

The Denver Regional Office announced that the Tenth Circuit Court of Appeals on December 29, 1976, issued an opinion upholding the conviction and sentencing by the Federal District Court in Salt Lake City, Utah of Richard T. Cardall of Salt Lake City, Utah and Golden Rule Associates, a non-profit Utah corporation. They were convicted on October 14, 1975 by a federal jury in Salt Lake City, Utah on nine counts of fraud, failure to register with the Securities and Exchange Commission, and conspiracy in connection with the sale of the common stock of International Chemical Development Corporation. On October 22, 1975, Cardall and Golden Rule Associates were fined \$50,000 each and Cardall was sentenced to 18 years in prison. (U.S. v. Richard T. Cardall, et al., D. Utah, CR-74-53). (LR-7740)

WALTER WENCKE, SUN FRUIT LTD., OTHERS ENJOINED;  
SPECIAL MASTER APPOINTED

The Los Angeles Regional Office announced the issuance, on December 22, of a preliminary injunction, appointment of a special master, and other interim relief in SEC v. Walter Wencke.

On July 22, 1976, the Commission filed the complaint in this action which alleged that Walter Wencke, a San Diego lawyer-businessman, had engaged in a scheme to take over and loot Sun Fruit, Ltd., a Fresno, California-based public company. Sun Fruit was formerly known as Royal Executive Inns of America (and Rinn Corp.) and was, at one time, located in Provo, Utah.

On December 22, 1976, the Honorable Gordon Thompson, Jr. (of the Southern District of California) entered an order of preliminary injunction against Walter Wencke (Wencke), Cathryn Wencke (Wencke's wife), Time-Lenders, Inc. (a publicly-owned company controlled by Wencke), and numerous trust and corporate entities allegedly utilized by Wencke in his scheme. The preliminary injunction enjoined further violations of the antifraud, periodic reporting and various proxy provisions of the federal securities laws.

Judge Thompson also appointed a special master who was given "full supervisory power" over both Time-Lenders and the San Diego Environmental Charitable Trust (an entity to

which, according to the Commission, Wencke fraudulently transferred certain hotel assets of the publicly owned Sun Fruit). In a separate action (SEC v. Time-Lenders, Inc., S.D. Cal. 75-1032-GT), the Commission alleged that Wencke took Time-Lenders "private" in violation of the Exchange Act. That action is pending.

All other individual defendants previously consented to permanent injunctions and other relief without admitting or denying the allegations in the Commission's complaint. Those individual defendants include Richard Mets (of Fresno, California--a Sun Fruit director and officer), Paul Potter (of San Diego--a Sun Fruit director and officer), and John Dees (of Fresno, California--a certified public accountant and outside auditor for Sun Fruit). (SEC v. Walter Wencke, et al., S.D. Cal. 76-0783-GT). (LR-7741)

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## INVESTMENT COMPANY ACT RELEASES

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### THE WILLOW FUND

A notice has been issued giving interested persons until February 10 to request a hearing on an application filed by The Willow Fund, Inc., registered under the Act as an open-end investment company, for a temporary order exempting the Fund from the requirements of Section 10(b) of the Act from February 14, 1977, until the Fund's annual meeting of shareholders scheduled to be held not later than April 19, 1977. (Rel. IC-9612 - Jan. 18)

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## HOLDING COMPANY ACT RELEASES

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### OHIO POWER COMPANY

A notice has been issued giving interested persons until February 14 to request a hearing on a proposal by Ohio Power Company (Ohio), subsidiary of American Electric Power Company, Inc., that it amend its charter to cancel its authorized but unissued \$100 par preferred stock and to create a new class of \$25 par preferred stock and a new class of \$100 par preferred stock. An order has been issued authorizing Ohio to solicit proxies from its stockholders in connection with the proposals. (Rel. 35-19854 - Jan. 19)

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## RECENT 8K FILINGS

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Form 8K is a report which must be filed with the SEC by the 10th of the month after any of the following important events or changes: changes in control of the registrant; acquisition or disposition of assets; legal proceedings; changes in securities (i.e., collateral for registered securities); defaults upon senior securities; increase or decrease in the amount of securities outstanding; options to purchase securities; revaluation of assets; submission of matters to a vote of security holders.

The companies listed below have filed Form 8-K reports for the month indicated, responding to the item of the form specified. Photocopies may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An index of the captions of the items of the form was included in Monday's News Digest.

COMPANY	ITEM NO.	MONTH
TRANSAMERICA CORP	7,14	12/76
TRI SOUTH MORTGAGE INVESTORS	2,6,10,14	12/76
TRUNKLINE GAS CO	4,7,14	12/76
TRUS JOIST CORP	13	12/76
TRW INC	8	12/76
TURF PARADISE INC	1	12/76
TWIN CITY BARGE & TOWING CO	3,7,14	12/76
TYLER CORP	7,8	12/76
UB FINANCIAL CORP	7,13	12/76
UGI CORP	7,8,14	12/76
UMET TRUST	3,7,8,14	12/76
JNA CORP	13,14	12/76
UNARCO INDUSTRIES INC	3,14	12/76
UNION INVESTMENT CO	13,14	12/76

RECENT 8K FILINGS CONT.

UNION OIL CO OF CALIFORNIA	3,7,14	12/76
UNION PLANTERS CORP	10	12/76
UNITED AIRCRAFT PRODUCTS INC	7,14	12/76
UNITED BRANDS CO	14	12/76
UNITED CAROLINA BANCSHARES CCRP	10,14	12/76
UNITED DIVERSIFIED CORP	13,14	12/76
UNITED ENERGY RESOURCES INC	2,7,14	12/76
UNITED GAS PIPE LINE CO	14	12/76
UNITED GUARANTY CORP	7,14	12/76
UNITED ILLUMINATING CO	11,14	12/76
UNITED REFINING CO	2,14	12/76
UNITED STATES GYPSUM CO	3	12/76
UNITED STATES INDUSTRIES INC	8,13	12/76
UNITED STATES RADIUM CCRP	2,14	12/76
UNITED STATES STEEL CORP	3,14	12/76
UNITED TELEPHONE CO OF FLORIDA	7	12/76
UNITED TENNESSEE BANCSHARES CORP	13,14	12/76
UNIVAR CORP	7,14	12/76
UNIVERSAL DRILLING CO INC	2,3,13,14	12/76
UPJOHN CO	3,13	12/76
UT CREDIT CORP	13	12/76
UTICA BANCSHARES CORP	10	12/76
UV INDUSTRIES INC	7,8	12/76
VALHI INC	2,3,11,13	12/76
VARLEN CORP	8,13	12/76
VERMONT AMERICAN CORP	7,11,14	12/76
VF CORP	2,10,14	12/76
VICTORIA STATION INC	4,7,8,13,14	12/76
VULCAN MATERIALS CO	7,14	12/76
WALTER JIM CORP	11,13	12/76
WALTER REALTY INVESTORS	7,13,14	12/76
WARNACO INC	3	12/76
WARNER COMMUNICATIONS INC	2,3,8	12/76
WASHINGTON GROUP INC	2,10,14	12/76
WEATHERFORD INTERNATIONAL INC	7,14	12/76
WEBB RESOURCES INC	1	12/76
WEINGARTEN REALTY INC	7,8,14	12/76
WESPAC INVESTORS TRUST	2,7,14	12/76
WEST BAY FINANCIAL CORP	2	12/76
WEST KNITTING CORP	8	12/76
WEST POINT PEPPERELL INC	4,7,8,14	12/76
WESTERN ELECTRIC CO INC	10,14	12/76
WESTERN RESERVE TELEPHONE CO	7	12/76
WESTERN UNION CORP	8,14	12/76
WESTINGHOUSE CREDIT CORP	3	12/76
WESTINGHOUSE ELECTRIC CORP	3,13	12/76
WHEELING PITTSBURGH STEEL CORP	4,14	12/76
WHITE MOTOR CORP	3,13	12/76
WHITLOCK CORP	7,8,14	12/76
WHITTAKER CORP	4,7,8,14	12/76
WILLAMETTE INDUSTRIES INC	3	12/76
WILSON H J CO INC	3	12/76
WINCORP	8,13,14	12/76

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 10¢ per page plus postage (7 days) (\$3.50 minimum); 20¢ per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30¢ per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given on request. All other reference material is available in the SEC Docket.

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