

# sec news digest

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June 1, 1977

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## RULES AND RELATED MATTERS

### VALUATION OF DEBT INSTRUMENTS BY MONEY MARKET FUNDS AND CERTAIN OTHER OPEN-END INVESTMENT COMPANIES

U.S. SECURITIES AND EXCHANGE COMMISSION

The Commission has issued an interpretation with respect to the methods used by money market funds and certain other open-end investment companies in valuing debt instruments in their portfolios, indicating, generally, that it shall be considered inappropriate under the provisions of Rule 2a-4 adopted under the Act for such companies to value debt securities on an amortized cost basis, except in the case of securities with remaining maturities of 60 days or less. In addition, the interpretation states that such companies should calculate net asset values per share with sufficient accuracy to reflect changes in the values of their portfolios. (Rel. IC-9786)

### PROPOSED AMENDMENT TO FORM S-5

The Commission has proposed an amendment to Form S-5 which would require open-end management investment companies investing primarily in short-term securities to supplement their prospectuses quarterly. As proposed the supplement to the prospectus would consist of a current unaudited listing of portfolio securities and a table which contains historical information about investment return and portfolio composition including the average maturity of investments. Comments should be sent, in writing and in triplicate, to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549, on or before July 15, 1977. Reference should be made to File No. S7-700. All comments received will be available for public inspection. (Rel. 33-5830)

### COMMENT PERIOD EXTENDED

The SEC has extended the comment period from June 1 to July 1, 1977, for its proposed rule regarding reporting by institutional investment managers of information with respect to accounts over which discretion is exercised. (Rel. 34-13582)

## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

### A. H. SPEER CO. REVOKED

The Commission announced that it revoked the broker-dealer registration of A. H. Speer Co. (Speer) of Wichita, Kansas. The revocation was entered by default after Speer failed to file an answer to the Commission's Order of Proceedings. The Order was based on staff allegations that Speer had violated the registration, reporting, and antifraud provisions of the securities laws and on the entry of an Order of Permanent Injunction by Consent based upon such violations. (Rel. 34-13535)

## COMMISSION ANNOUNCEMENTS

### CERTAIN MATTERS CONCERNING INVESTMENT COMPANIES INVESTING IN TAX-EXEMPT SECURITIES

The Commission has published a release which states the views of the Division of Investment Management regarding certain regulatory and disclosure matters affecting investment companies which invest in tax-exempt securities. The release discusses the application of the diversification, concentration and company name provisions of the Investment Company Act to such companies and suggests appropriate disclosure concerning tax matters, special risks and quality ratings. (Rel. IC-9785)

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## COURT ENFORCEMENT ACTIONS

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### INDICTMENT AGAINST BRUCE BENNETT DISMISSED

The Fort Worth Regional Office announced that on May 20 a Federal District Judge at Fort Smith, Arkansas, dismissed the indictment against Bruce Bennett, El Dorado, Arkansas, a former Arkansas Attorney General. The indictment charged Bennett and three other individuals with violations of the registration and antifraud provisions of the securities laws, the mail fraud statute, the wire fraud statute, and the conspiracy statute, involving the offer and sale of common stock in bond investment certificates of Arkansas Loan and Thrift Corporation, Fort Smith. (U.S.A. v. Ernest A. Bartlett, Jr., et al., FS-69-CR-5, W/D Arkansas). (LR-7944)

### JOHN T. LENOIR SENTENCED

The Fort Worth Regional Office announced that on May 23 John T. Lenoir of Tulsa, Oklahoma, was sentenced to two years probation by Judge Jesse Curtis in Los Angeles, California. On February 10, 1975, Lenoir entered a guilty plea before Judge Curtis to two counts of a 39-count indictment by the Federal Grand Jury for the Central District of California. (U.S. v. Robert S. Trippett, et al., CR-74-1815-ALS; CR-75-234-ALS, Central District/California). (LR-7945)

### CURRAN AND OTHERS CONVICTED

The Denver Regional Office announced that on May 23 a federal jury in Phoenix, Arizona (U.S. District Court for the District of Arizona) returned guilty verdicts against Richard P. Curran, Malibu, California; William Hetrick, Tustin, California; Hal Franklin Ely, Foster City, California; Robert Kenneth Lewkowitz, Phoenix, Arizona, certified public accountant; and Neal Henry Lidenberg, Mesa, Arizona; and the following company-- Bemis Investment Co. of various counts of securities fraud and interstate transportation of money obtained by fraud in the purchase and sale of various interests in land contracts offered for sale and sold by Cochise College Park, Inc. Prior to trial, Adolph P. Neer of Scottsdale, Arizona entered a plea of guilty to an information charging Neer with one count of fraud in the sale of securities of Cochise College Park, Inc. The case against the remaining defendants is to be set for trial at a later date. (U.S. v. Richard P. Curran, et al., U.S.D.C. Ariz., CR-76-323). (LR-7946)

### DELGER CORPORATION ENJOINED

The San Francisco Branch Office announced that on May 20 the Honorable Spencer Williams, U.S. District Judge for the Northern District of California, signed an order permanently enjoining Delger Corporation (Delger) of Novato, California from further violations of the registration and antifraud provisions of the securities laws in the offer and sale of securities in the form of limited partnership interests issued by Capital Planning Associates, Inc. (Capital). Delger was formerly a subsidiary of Capital. Delger consented to the entry of the judgment without admitting or denying the allegations of the Commission's complaint. (SEC v. Capital Planning Associates, Inc., et al., N.D. Cal., Civil Action No. C-76-1198-SW). (LR-7947)

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## INVESTMENT COMPANY ACT RELEASES

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### FUND A PARTNERSHIP

An order has been issued on an application of Fund A Partnership, a registered non-diversified open-end investment company, declaring that it has ceased to be an investment company. (Rel. IC-9780 - May 27)

### SCUDDER MANAGED MUNICIPAL BONDS

An order has been issued on an application of Scudder Managed Municipal Bonds (Fund) declaring that Mrs. Hester L. Sargent shall not be deemed to be an "interested person" of the Fund, its investment adviser or principal underwriter by reason of her position as director of Boston Safe Deposit and Trust Company. (Rel. IC-9781 - May 27)

### PENNSYLVANIA TAX-FREE INCOME TRUST

A notice has been issued giving interested persons until June 24 to request a hearing on an application of Pennsylvania Tax-Free Income Trust (Trust), a common law trust organized in Pennsylvania, B&S Asset Management Corporation, and Butcher & Singer, Inc., pursuant to Section 10(f) of the Investment Company Act of 1940, for an order of the Commission exempting certain transactions of the Trust from Section 10(f) of the Act so as to permit the Trust to purchase municipal bonds in public offerings in

which affiliates of the Trust's investment adviser participate as a principal underwriter, subject to certain conditions specified in the application. (Rel. IC-9784)

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## HOLDING COMPANY ACT RELEASES

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### ARABIAN AMERICAN OIL COMPANY

An order has been issued declaring the Arabian American Oil Company (Aramco), a Delaware corporation, not to be an "electric utility company" pursuant to Section 2(a)(3) and granting an exemption pursuant to Section 3(a)(5). (Rel. 35-20053 - May 27)

### OHIO EDISON COMPANY

An order has been issued approving a proposal of Ohio Edison Company, to purchase the interest of Pennsylvania Power Company, its subsidiary, in Beaver Valley Unit No. 2, a nuclear generating facility. (Rel. 35-20054 - May 27)

### CONSOLIDATED NATURAL GAS COMPANY

An order has been issued authorizing Consolidated Natural Gas Company, a registered holding company, to issue and sell \$75 million of debentures at competitive bidding. (Rel. 35-20055 - May 31)

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## SECURITIES ACT REGISTRATIONS

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### (S-11) PARADISE HILLS DEVELOPMENT COMPANY

745 Fort St., Honolulu, Hawaii 96813 - \$131,200 of units of limited partnership interests, to be offered to current owners of unimproved land located near Las Vegas, Nevada. The company, a real estate limited partnership organized under the laws of the State of Hawaii, will be managed by Paradise Hills Corporation, a Nevada corporation. (File 2-59095 - May 26)

### (S-14) PIEDMONT BANKGROUP INCORPORATED

P. O. Box 4751, Martinsville, Va. 24112 - 798,164 shares of common stock. It is proposed that 738,164 of these shares will be offered in conversion of all outstanding common shares of Piedmont Trust Bank, Collinsville, Va., at the rate of one share of the issuer for each bank share, and that a maximum of 60,000 of these shares will be offered in conversion of all outstanding common shares of the Bank of Carroll, Hillsville, Va., at the rate of 1.2 shares of the issuer for each share of that bank. Piedmont BankGroup Incorporated is a proposed registered bank holding company. (File 2-59124 - May 26)

### (S-16) FINANCIAL GENERAL BANKSHARES, INC.

1701 Pennsylvania Ave., N.W., Washington, D.C. 20006 - 80,360 shares of common stock, are being offered for sale by certain shareholders at a price of \$12.50 per share. Financial General Bankshares, Inc. is a registered bank holding company. (File 2-59126 - May 26)

### (S-7) PUBLIC SERVICE ELECTRIC AND GAS COMPANY

80 Park Pl., Newark, N.J. 07101 - \$125 million of first and refunding mortgage bonds, Series H, due 2007, to be offered for sale at competitive bidding. The company is an operating public utility. (File 2-59127 - May 26)

### (S-7) PORTLAND GENERAL ELECTRIC COMPANY

621 S.W. Alder St., Portland, Ore. 97205 - \$50 million of first mortgage bonds, due 2007, to be offered for sale through underwriters managed by Blyth Eastman Dillon & Co. Inc., One Chase Manhattan Plaza, New York, N.Y. 10005 and Dean Witter & Co. Inc., 14 Wall St., New York, N.Y. 10005. Portland General Electric Company is an electric utility engaged in the generation, purchase, transmission, distribution and sale of electricity. (File 2-59129 - May 26)

### (S-1) TRANSCONTINENTAL EXPLORATION COMPANY, INC.

1400 First National Bank Tower, Shreveport, La. 71101 - \$15 million in pre-organization subscriptions for limited partnership interests in Trexco 1977-78 Drilling Program, to be offered for sale in units of \$1,000 each with a minimum subscription of five units

(\$5,000) on a best efforts basis through Petroleum Capital Corporation as dealer-manager of a group of selected NASD members. The program will consist primarily of the exploration for oil and natural gas. (File 2-59135 - May 27)

(S-6) NATIONAL MUNICIPAL TRUST,  
TWENTY-FIRST SERIES

\$7.5 million of units, to be offered for sale through underwriters headed by Thomson McKinnon Securities Inc., One New York Plaza, New York, N.Y. 10004. The Fund is a unit investment trust to be created by a trust agreement among Thomson McKinnon Securities Inc. and Piper, Jaffray & Hopwood Inc., as sponsors, United States Trust Company of New York, as trustee, and Standard & Poor's Corp., as evaluator. The objectives of the Fund are tax-exempt income and conservation of capital through an investment in a diversified portfolio of municipal bonds. (File 2-59136 - May 27)

(S-7) CREDITHRIFT FINANCIAL CORPORATION

601 N.W. Second St., Evansville, Ind. 47708 - \$30 million of senior notes, due 1987, to be offered for sale by several underwriters represented by Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006. CREDITHRIFT Financial Corporation, a wholly-owned subsidiary of CREDITHRIFT Financial, Inc., is a holding company whose subsidiaries are engaged primarily in the consumer finance business and in credit life and credit accident and health insurance and casualty insurance operations. (File 2-59144 - May 27)

(S-1) ARLINGTON CATTLE CO.

4851 East Washington St., Phoenix, Ariz. 85034 - \$21,300,000 of herds of breeding cattle combined with feed and maintenance contracts, to be offered for sale in herd units consisting of four animals each at an estimated price of \$2,840 per unit (minimum purchase is five herd units). Shaw, Hooker & Co., 111 Sutter St., San Francisco, Cal. 94104, is the managing underwriter. The company is principally engaged in the cattle feeding business. (File 2-59145 - May 27)

(S-7) HUMANA INC.

1800 First National Tower, Louisville, Ky. 40202 - \$10 million of subordinated notes, consisting of 2.5 million of 8-1/2% Series A, due 1982, and 7.5 million of 9-1/2% Series B, due 1987, to be offered for sale on a "best efforts, all or none" basis through J. C. Bradford & Co. Inc., 170 Fourth Avenue North, Nashville, Tenn. 37219 and Edward D. Jones & Co., 201 Progress Parkway, Hazelwood, Mo. 63043. The company operates 62 hospitals containing 8,692 beds. (File 2-59146 - May 27)

(S-1) THE FATE COMPANY

c/o Gottlieb Schiff Ticktin Fabricant & Sternklar, P.C., 555 Fifth Ave., New York City, N.Y. 10017 - \$800,000 in limited partnership interests. The offering consists of 50 units priced at \$16,000 per unit. The units are to be offered for sale by the general partners, Luther Davis and Pictures, Inc. The partnership is being formed for the purpose of presenting a dramatico-musical play titled "Fate" on the Broadway stage. (File 2-59147 - May 25)

(S-1) DELTA WESTERN 1977 DRILLING FUND

1000 City Center Bldg., Oklahoma City, Okla. 73102 - \$2,500,000 of limited partnership interests in an oil and gas drilling fund and consisting of 250 units of \$10,000 per unit, to be offered for sale through NASD members. Delta Western Funds, Inc., 4408 Gaston Ave., Dallas, Tex. 75246, is the general partner of the limited partnership, which proposes to acquire oil and gas leases and explore for oil and gas. (File 2-59148 - May 27)

(S-6) MUNICIPAL INVESTMENT TRUST FUND,  
SEVENTY-SECOND MONTHLY PAYMENT SERIES

\$40 million of units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006. The Fund, a unit investment trust, is to be created by a trust agreement among Merrill Lynch, Bache Halsey Stuart Inc. and Reynolds Securities Inc., as sponsors, The Bank of New York, as trustee, and Standard & Poor's Corp., as evaluator. The Fund's primary objective is providing tax exempt income through investment in a fixed portfolio of interest-bearing, long-term state, municipal and public authority bonds. (File 2-59149 - May 27)

(S-6) THE CORPORATE INCOME FUND,  
SIXTEENTH INTERMEDIATE TERM SERIES

\$20 million of units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 125 High St., Boston, Mass. 02110. The Fund, a unit investment trust, was created by a trust indenture among Merrill Lynch, Bache Halsey Stuart Inc. and Reynolds Securities Inc., as sponsors, The Bank of New York and Shawmut Bank of Boston, N.A., as trustees, and Interactive Data Services, Inc., as evaluator. The Fund's primary objective is providing a high level of current income through investment in a fixed portfolio of intermediate-term debt obligations, issued primarily by corporations and in units of previously-issued series of The Corporate Income Fund. (File 2-59150 - May 27)

REGISTRATIONS EFFECTIVE

May 17: Honeywell Inc., 2-58998; The Marcus Corp., 2-58394.  
May 20: John Blair & Co., 2-58899.  
May 23: American Electric Power Co. Inc., 2-58813; CCI Corp., 2-58725; Coastal States Gas Corp., 2-59027; Continental Telephone Corp., 2-58775; Crane Co., 2-59008; URS Corp. 2-58361; Warner Communications Inc., 2-58976.  
May 24: Energy Conversion Devices, 2-59100; Fidelity American Bankshares, Inc., 2-58712; Pacific Holding Corp., 2-58360 (40 days); Trans Union Corp., 2-59081.  
May 25: Amfac Mortgage Corp., 2-58426; Crompton & Knowles Corp., 2-58896; ENI Oil & Gas Identified Properties Program - 1977, 2-58353; Norton Co., 2-58912; Nuveen Income Fund, Series 3, 2-57996.

NOTE TO DEALERS. When applicable the 90-day period of time dealers are required to use the prospectus is noted above in parentheses after the name of the issuer. As to the other issuers, there may be no such requirement to use a prospectus, or the requirement may be for a period of only 40 days; see Section 4(3) of the Securities Act of 1933 and Rule 174 (17 CFR 230.174) thereunder.

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**RECENT 8K FILINGS**

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Form 8-K is used by companies to file current reports on the following events: <sup>\*/</sup>

- 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
BIOSPHERICS INC	12	05/11/77 *
CAN AM DRILLING PROGRAMS INC	7	04/77 *
CIRCLE ALARM CORP	2	05/16/77
CLAYTON CORP	5	05/23/77
CURTICE BURNS INC	2,6	05/09/77
DATA TECHNOLOGY CORP	5,6	05/09/77
DAYLIN INC	2,5,6	05/10/77
DERAND REAL ESTATE INVESTMENT TRUST	2,6	03/27/77
DOYLE DANE BERNBACH INC	5	05/77
DYNAMIC CLASSICS LTD	5	05/13/77
FIRST NEWPORT REALTY INVESTORS	2,5,6	05/23/77
FIRST VIRGINIA MORTGAGE & REAL ESTATE IN	5,6	05/13/77
GEO RESOURCES DRILLING FUND 1972 YEAR EN	4	03/24/77
GULF ENERGY & DEVELOPMENT CORP	5	05/77
INTERNATIONAL BANK	5,6	05/20/77
KAISER STEEL CORP	1	05/02/77
MOGUL CORP	1,2,6	05/09/77
PETRO SEARCH INCOME PROGRAM SERIES V	5	05/77
ROBERTS & PORTER INC	2	05/12/77
STRATEGIC MEDICAL RESEARCH CORP	5,6	04/18/77
UNITED SECURITY FINANCIAL CORP OF ILLINO	5	04/77
WESTERN MORTGAGE INVESTORS	2	02/77

RECENT 8K FILINGS CONT.

AMENDMENTS TO REPORTS ON FORM 8-K		
GEO RESOURCES DRILLING FUND 1971	4	03/24/77
GEO RESOURCES DRILLING FUND 1972	4	03/24/77
LENOX INC	14	10/76 *
NINETEEN FECTOR STREET ASSOCIATES	14	02/77 *
UNIFLEX INC	8,14	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:

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

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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