

# sec news digest

Issue 77-197

October 12, 1977

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## ADMINISTRATIVE PROCEEDINGS

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### APPLICATION BY HARBINE FINANCIAL SERVICE FOR EXEMPTION OF PROPOSED INVESTMENT ADVISER FEE SCHEDULE DENIED

Administrative Law Judge Jerome K. Soffer has issued an initial decision denying the application under Section 205(1) of the Investment Advisers Act of 1940 of Harbine Financial Service, of Closter, New Jersey for an exemption from the provisions forbidding the charging of fees based upon a percentage of a client's net earnings including capital gains. The application was denied for the failure of Harbine to establish that the claimed exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. The decision is subject to review by the Commission on its own motion or on petition of a party.

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## COMMISSION ANNOUNCEMENTS

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### SCHEDULE OF WITNESSES FOR NEW YORK HEARINGS ON SHAREHOLDER COMMUNICATIONS, SHAREHOLDER PARTICIPATION IN CORPORATE ELECTORAL PROCESS AND CORPORATE GOVERNANCE

The Commission previously announced that it would hold public hearings in various cities on the subjects of shareholder communications, shareholder participation in the corporate electoral process and corporate governance. The hearings are scheduled to commence on October 18, 1977 at 26 Federal Plaza, New York, N.Y. in Room 208. Chairman Harold M. Williams will preside at the first day of hearings in New York. The following witnesses are scheduled to appear on the dates and at the times indicated:

#### Tuesday, October 18

- 10:00 a.m. - Professor David Ratner  
Cornell Law School
- 11:00 a.m. - Robert E. Greeley  
White, Weld & Co., Inc.  
on behalf of The Financial Analysts Federation
- 2:00 p.m. - Sister Regina Murphy  
Co-chairperson of the Coalition for Responsible Investment
- 3:00 p.m. - J. Wilson Newman,  
Retired Chairman of the Board of Dun & Bradstreet Cos.  
Chairman of Special Review Committee of Lockheed Aircraft Corp.
- 4:00 p.m. - Charles A. Boyce, Secretary and Associate General Counsel  
Gulf Oil Company

#### Wednesday, October 19

- 8:30 a.m. - C. Richard Lemon, Esq.  
Rutan & Tucker
- 9:30 a.m. - James B. Liberman, Esq.  
Berlack, Israels & Liberman  
on behalf of seven electric utility systems
- 10:30 a.m. - Richard S. Kaye  
Financial Community Relations
- 11:30 a.m. - Hans R. Reinisch, President  
National Shareholders Association

Wednesday, October 19 (continued)

- 2:00 p.m. - Wilma Soss, Chairman  
Federation of Women Shareholders in American  
Business, Inc.
- 2:45 p.m. - John J. Gilbert  
Investor and Co-publisher with Lewis D. Gilbert  
of the Annual Report of Stockholder Activities  
at Corporation Meetings
- 3:30 p.m. - Abraham Nad, Editor and Publisher  
Directors Publications, Inc.

Thursday, October 20

- 9:30 a.m. - Leonard Leiman, Esq.  
Chairman, Committee on Securities Regulation  
Association of the Bar of the City of New York
- 10:30 a.m. - John F. Geer, Esq.  
Chairman, Subcommittee on Federal Chartering  
Committee on Corporation Law  
Association of the Bar of the City of New York
- 11:30 a.m. - Joseph Silberman
- 2:00 p.m. - Roger R. Conant  
College Retirement Equities Fund
- 3:00 p.m. - Richard A. Ash, Esq.  
Lyman & Ash
- 4:00 p.m. - Winthrop C. Neilson, Director  
Stockholders of America

Friday, October 21

- 9:30 a.m. - Will Maslow, General Counsel  
American Jewish Congress
- 10:30 a.m. - J. Keith Loudon, President  
The Corporate Director Inc.
- 11:30 a.m. - Samuel K. White, Vice President and General Counsel  
Sun Company
- 2:00 p.m. - Robert Gintel, Senior Partner  
Gintel & Co.
- 3:00 p.m. - Michael A. Knoll, Executive Vice President  
Lynch, Jones & Ryan
- 4:00 p.m. - James G. Stier, Executive Vice President  
National Investor Relations Institute

Tuesday, October 25

- 9:30 a.m. - Vance R. Koven, Esq.  
Cabot Corporation
- 10:30 a.m. - Boris Yavitz, Dean  
Graduate School of Business  
Columbia University
- 11:30 a.m. - Jordan Harlan Eskin, Esq.
- 2:00 p.m. - Charles S. Crompton, Jr., Esq.  
Chairman, General Corporation Law Committee  
Delaware State Bar Association
- 3:00 p.m. - David Jones,  
Chairman, Finance and Investment Committee  
United Church Boards for World Ministries

Wednesday, October 26

- 9:30 a.m. - J. William Robinson  
Principal of Georgeson & Co.
- 10:30 a.m. - Pearl Meyer, Executive Vice President  
Handy Associates, Incorporated
- 2:00 p.m. - Professor Lee J. Seidler, Deputy Chairman  
Professor Jeremy Wiesen, Counsel  
Commission on Auditors' Responsibilities
- 3:00 p.m. - Gerald R. Hildebrandt, Chairman  
Boardroom Resources, Inc.

Thursday, October 27

- 9:30 a.m. - James W. Guedry, Corporate Counsel  
International Paper Company
- 10:30 a.m. - Kenneth W. Akeson, President  
John P. Fahy, Executive Vice President  
The Independent Election Corporation of America
- 2:00 p.m. - Robert E. Stroud, Esq.  
McGuire Woods & Battle  
on behalf of the General Assembly Mission Board  
of the Presbyterian Church in the United States

The hearings will continue outside of Washington, D.C. commencing on November 1, 1977 at its regional office in Chicago, Illinois. A schedule of witnesses for this hearing will be published in the near future.

Witnesses at the hearings will be asked to present oral statements in a number of areas, including whether the Commission should require additional disclosures in proxy materials relating to socially significant information, including environmental and equal employment matters, and whether the Commission should amend its rules relating to shareholder proposals. The Commission will also consider the advisability of affording shareholders access to management's proxy materials for the purpose of nominating persons to serve on the Board of Directors and the advisability of expanding disclosures in the proxy statement relating to the qualifications of director nominees. Additionally, in recognition of large amounts of securities held by institutional investors, such as bank trust departments, insurance companies, investment companies and pension funds, the Commission wishes to explore the proxy review policies and procedures presently employed by these institutions and to consider whether institutions, prior to exercising their voting power, should be required to obtain the views of owners of the economic interests in the securities. At the conclusion of these proceedings, the Commission will determine whether to propose amendments to the proxy rules and other applicable rules or to recommend legislation to Congress, such as a bill establishing federal minimum standards for corporate conduct.

FILES ON CORPORATE PAYMENTS MADE PUBLIC

The Commission, pursuant to requests under the Freedom of Information Act, has made available to the public certain previously non-public files in its possession relating to questionable corporate payments. Files concerning the following corporations were made available beginning October 11, 1977: BF Goodrich Co., Browning-Ferris Industries, Inc., Aero Systems Engineering Inc. and Imperial Chemical Industries, Ltd; and beginning October 12, 1977: Indonesian Enterprises Inc. These files, and others made available previously, may be inspected at the Commission's Public Reference Room, Room 6101, 1100 L Street, N.W., Washington, D.C., between the hours of 9 a.m. and 5 p.m. Persons wishing further information may call the Public Reference Room at (202) 523-5360.

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**COURT ENFORCEMENT ACTIONS**

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ADMINISTRATIVE PROCEEDING ORDERED AND INJUNCTIVE ACTION  
FILED AGAINST INCOME EQUITIES CORPORATION, OTHERS

The SEC announced the filing on October 7 of a civil injunctive action in the U.S. District Court for the Central District of California, seeking to enjoin Income Equities Corporation (IEC) several IEC corporate affiliates, A. Bruce Rozet, a principal of IEC, and John Kusmiersky, a former principal of IEC from violating the antifraud and registration provisions of the securities laws.

The Commission's complaint alleges that between 1971 and 1973 the defendants sold more than \$60 million in limited partnerships on the basis of offering circulars and other communications which failed to make proper disclosure concerning the use of proceeds and compensation to be taken by the defendants, including, among other things, the commingling of partnership funds and the use for purposes other than those of each particular partnership. It is further alleged that \$15 million of these interests were sold in violation of the registration requirements of the Securities Act.

Without admitting or denying the allegations in the complaint, all the defendants have consented to the entry by the Court of final judgments of permanent injunction and other relief enjoining them from violating the securities laws and ordering them to comply with certain undertakings, including the subordination by all of the defendants of their rights to debts owing to them from and their general and limited partnerships in limited partnerships which were promoted or managed by IEC or its affiliates (IEC partnerships) to the receipt by the investor limited partners of a cumulative 10 percent return on their investments. Also IEC and the other entity defendants have agreed (1) to furnish reports to investor limited partners of IEC partnerships, including reports on the operations for their last fiscal year and after their ends of succeeding fiscal years; and (2) not to consummate transactions between any of the defendants and any of the IEC partnerships unless independent counsel determines that the terms of such transactions are just and reasonable.

In a separate administrative proceeding, the Commission, with the consent of Rozet and based on the entry of the injunctive decree entered an order barring Rozet from being associated with any broker or dealer. Also in a separate administrative proceeding the Commission, on the basis of the injunctive decree and the consent of Kusmiersky, entered an order requiring Kusmiersky to comply with his undertaking not to become associated with a broker-dealer for two years except to the extent that he limits his activities to the offering of real estate and tax sheltered securities within the conditions and limitations contained in the undertakings in the civil action which are described above.

The Commission, in an administrative proceeding pursuant to Section 15(b) of the Exchange Act made findings, based on the facts alleged in SEC v. Income Equities Corporation, et al. that Frank Baldwin and H. Scott Fitzgerald violated the antifraud provisions of the securities laws and the registration provisions of the Securities Act. Baldwin and Fitzgerald consented to the findings and order without admitting or denying the Commission's allegations. The Commission in its order suspended Baldwin and Fitzgerald from being associated with any broker or dealer for 90 days and further provided that after the 90 day period, they be barred from association with any broker-dealer unless they complied with certain restrictions on their activities in connection with the offer and sale of securities. The order also requires them to comply with their undertakings, among other things, to subordinate their rights to any debts owing them from, and their general and limited partnership interest in, IEC affiliated limited partnerships in the same manner as the defendants in the civil action. (SEC v. Income Equities Corp., et al., Civil Action No. 77-3761). (Rel. 34-14040, 34-14041, 34-14042 and 34-14043)

SIPC TRUSTEE APPOINTED TO LIQUIDATE  
I.E.S. MANAGEMENT GROUP, INC.

The Washington Regional Office and the Philadelphia Branch Office announced that on September 21 Securities Investor Protection Corporation (SIPC) filed an application and order to show cause in the U.S. District Court for the District of New Jersey seeking an adjudication that the customers of The I.E.S. Management Group, Inc. (IES), a broker-dealer located in Irvington, New Jersey, are in need of the protection afforded by the Securities Investor Protection Act of 1970 (SIPA), and appointing a trustee for the liquidation of the business and property of IES in accordance with SIPA. On September 26 the Commission filed affidavits in support of SIPC's application which was consolidated with the Commission's complaint filed May 27, alleging violations of the net capital, bookkeeping and supplemental reporting provisions of the Securities Exchange Act of 1934. Prior to the scheduled hearing on the Commission's application for a temporary restraining order and appointment of a receiver, IES filed a petition in Bankruptcy Court for protection under Chapter XI, staying the Commission's action.

On September 27 a hearing was held before the Honorable Vincent P. Biunno, who entered an order adjudicating that (1) the customers of IES are in need of the protection afforded by SIPA, (2) Michael Griffinger be appointed trustee for the liquidation of the business of IES, (3) all creditors of IES and all other persons be enjoined and restrained from directly or indirectly removing, transferring, selling, pledging, assigning or otherwise disposing of, withdrawing or interfering with any assets or property owned, controlled, or in the possession of IES, and (4) pursuant to Section 6(c)(1) of SIPA, all creditors of IES and all other persons be enjoined and restrained for 21 days from enforcing valid, non-preferential liens or pledges against the property of IES. (SEC v. The I.E.S. Management Group, Inc., et al., Civil Action No. 77-1039, D.N.J. 1977). (LR-8145)

## 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 LIGHTING & POWER COMPANY, 611 Walker Ave., Houston, Tex. 77002 (713) 228-9211 - 500,000 shares of preferred stock. (File 2-60028 - Oct. 7)
- (S-8) NORTON SIMON, INC., 277 Park Ave., New York, N.Y. 10017 - 500,000 shares of common stock. (File 2-60036 - Oct. 7)
- (S-8) THE STANWICK CORPORATION, 1401 Wilson Blvd., Arlington, Va. 22209 - 138,600 shares of common stock. (File 2-60037 - Oct. 7)
- (S-7) IOWA ELECTRIC LIGHT AND POWER COMPANY, P.O. Box 351 Cedar Rapids, Iowa 52406 (319) 398-4446 - \$25 million of first mortgage bonds, Series R, due 2007. (File 2-60040 - Oct. 11)
- (S-7) RESERVE OIL AND GAS COMPANY, 1776 Lincoln St., Denver, Colo. 80217 (303) 861-7800 - 2,000,000 shares of cumulative convertible preferred stock. Underwriters: Dean Witter & Co. Inc. and Blyth Eastman Dillon & Co. Inc. (File 2-60043 - Oct. 11)
- (S-8) CAMPBELL SOUP COMPANY, Campbell Pl., Camden, N.J. 08101 - 78,873 shares of capital stock. (File 2-60039 - Oct. 11)
- (S-8) INTERNATIONAL MULTIFOODS CORPORATION, 1200 Multifoods Bldg., Minneapolis, Minn. 55402 (612) 340-3312 - 100,000 shares of common stock. (File 2-60044 - Oct. 11)
- (S-14) JAMES DOLE CORPORATION, 1400 Industrial Way, Redwood City, Cal. 94063 (415) 364-7440 - 847,868 shares of common stock. (File 2-60045 - Oct. 11)
- (S-6) MUNICIPAL INVESTMENT TRUST FUND, FIRST MINNESOTA SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006 - 15,000 units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006, Bache Halsey Stuart Shields Inc. and Reynolds Securities Inc. (File 2-60046 - Oct. 11)
- (S-7) ENSERCH CORPORATION, 301 South Harwood St., Dallas, Tex. 75201 (214) 651-8700 - \$60 million of sinking fund debentures, due 2002. Underwriters: Salomon Brothers and Goldman, Sachs & Co. (File 2-60047 - Oct. 11)
- (S-8) THE COLEMAN COMPANY, INC., 250 North St. Francis, Wichita, Kan. 67202 - 15,000 shares of common stock. (File 2-60048 - Oct. 7)
- (S-8) CENTRAL NATIONAL CORPORATION, Broad at Third St., P.O. Box 27602, Richmond, Va. 23261 - 30,000 shares of common stock. (File 2-60049 - Oct. 7)

## RECENT 8K FILINGS

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
ALABAMA BY PRODUCTS CORP	1	09/15/77
AMERICAN BOOK STRATFORD PRESS INC	5,6	09/27/77
BASIC FOOD INDUSTRIES INC	5,6	09/20/77
CAPITAL GENERAL CORP	1,2,13,14	09/30/77 *
CHAMPION HOME BUILDERS CO EMPLOYEES SAVI	5,6	09/19/77
CULLEN FROST BANKERS INC	5,6	08/31/77
DUDDYS INC	1,5	09/15/77
FED MART CORP	5	09/12/77
FIDELITY CORP	2,6	09/16/77
FIELDS PLASTICS & CHEMICALS INC	5,6	09/01/77
FIRST HARTFORD CORP	5	09/20/77
GAMBLE SKOGMO INC	5,6	09/20/77
GAMBLES CREDIT CORP	5	09/20/77
GENERAL SECURITY CORP	2,6	09/15/77
GENEVE CORP	2,6	08/31/77
HEALTH DELIVERY SYSTEMS INC	2,6	08/77
INLAND CONTAINER CORP	5	09/15/77
KUHNS BIG K STORES CORP	2,6	09/16/77
KUNSAGA	2,6	08/31/77
MARKET FACTS INC	5	09/22/77
MAYER OSCAR & CO INC	5,6	09/01/77
MOVIE STAR INC	5,6	09/21/77
NATIONAL MORTGAGE FUND	2	09/27/77
ORBIT INSTRUMENT CORP	5	08/02/77
PHOENIX LEASING PERFORMANCE FUND 1977	5	09/22/77
REX NORECO INC	5	08/31/77
SINNET INDUSTRIES INC	5	08/25/77
TIDEWATER INC	5	09/14/77
TYSON FOODS INC	2,6	08/22/77
UNIVERSITY REAL ESTATE TRUST	2,6	08/31/77
VANDERBILT ENERGY CORP	2,5	09/27/77
AMERICAN FAMILY CORP	5,6	09/01/77
AMERICAN QUASAR PETROLEUM CO	5	09/77
APL CORP	5	09/26/77
BABCOCK & WILCOX CO	1	09/01/77
CHEMINEER INC	2,6	09/19/77
COMMERCIAL TECHNOLOGY INC	5	08/01/77
COMMODITY RESOURCES INC	1,6	09/77
CROWN INDUSTRIES INC	2,6	10/03/77
CRYSTAL CIL CO	5,6	09/23/77
EMCOM INC	5	09/01/77
FANNING ENTERPRISES INC	2,6	09/01/77
FINANCIAL LAND CORP	2,6	09/19/77
GLOBE LIFE & ACCIDENT INSURANCE CO	4,6	09/19/77
GRI COMPUTER CORP	5	09/01/77
KELLY SERVICES INC	2,6	09/29/77
KINDER CARE LEARNING CENTERS INC	5	09/19/77
LYKES CORP	5	09/19/77
MCNEIL REAL ESTATE FUND VI LTD	2	09/12/77
MICHIGAN GENERAL CORP	5	09/01/77
REAL ESTATE INVESTMENT TRUST OF CALIFORN	3,6	09/27/77
SECURITY SAVINGS & LOAN	5	09/26/77
SEVERSKY ELECTRONATCM CORP	13	09/77 *
SIMON STORES INC EMPLOYEE STOCK PURCHASE	5,6	08/31/77

RECENT 8K FILINGS CONT.

UNITED STATES ENERGY CORP	5	09/01/77
UNITY BUYING SERVICE CO INC	13,14	09/77 *
WEATHERHEAD CO	1,6	09/01/77
WILLNER INDUSTRIES	5	08/01/77
WYOMING NATIONAL CORP	5	08/22/77
YOUNGSTOWN SHEET & TUBE CO	5	09/19/77
AMERACE CORP	4,6	09/09/77
EQUITY EDUCATORS ASSURANCE CO	14	07/31/77 *
HASBRO INDUSTRIES INC	2,5,6	08/29/77
INLAND CONTAINER CORP	5	09/07/77
KAISER INDUSTRIES CORP	5	09/07/77
LANE WOOD INC	2,6	08/01/77
MAXA CORP	2,6	06/30/77
NORTH POINT PIER INC	5	09/14/77
STRATFORD OF TEXAS INC (DEL)	2,6	09/09/77
TOWN ENTERPRISES INC	3	08/31/77
TRANE CO	5,6	09/16/77

AMENDMENTS TO REPORTS ON FORM 8-K

AZCON CORP	5	07/01/77
FIRST PARAMOUNT EQUITY CORP	4	07/19/77
VACU DRY CO	6	12/31/76
MASTER CRAFT LITHOGRAPHERS INC	1,8	01/01/77 *
SCHWERMANN TRUCKING CO	5	07/13/77

\*/ 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 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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SEC STATISTICAL BULLETIN is published monthly. Subscription rates: \$15.00/yr in

U.S. first class mail; \$18.75 elsewhere.

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