

# sec news digest

Issue 75-139  
(SEC Docket, Vol. 7, No. 8 - July 29)

July 18, 1975

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

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GORDON T. KREKOW AND RICHARD M. BALDWIN  
SANCTIONED

The Commission has suspended Gordon T. Krekow, of Mercer Island, Washington, and Richard M. Baldwin, of Bellevue, Washington, from association with any broker or dealer for respective periods of 30 and 15 days effective July 21. After their suspensions, Krekow and Baldwin, who were, respectively, president and a registered representative of the former broker-dealer firm of Securities Northwest, Inc. (SNI), are barred from acting as a director, financial officer or compliance officer of a broker-dealer, and prohibited from owning more than 5% of a broker-dealer's voting stock. After two years, Krekow and Baldwin may apply to the Commission for permission to become associated with a broker-dealer in a financial position or additional proprietary capacity.

The sanctions were based on findings that, during the period from June 1 to June 24, 1975, Krekow and Baldwin violated antifraud provisions in that they induced customers to purchase SNI stock and to make subordinated loans of securities to SNI on the basis of assurances that SNI would not lose its initial capitalization and would return the securities loaned to it, and material misstatements and omissions concerning the unusually high risk of loss, SNI's financial condition, structure and future prospects for success, the future value of its stock, the amount and sources of SNI's initial capitalization and its sufficiency for projected needs, and losses suffered by persons who had made subordinated loans of securities to SNI's predecessor.

The Commission's action was based on an offer of settlement in which Krekow and Baldwin, without admitting or denying the charges against them, consented to the above findings and the indicated sanctions. (Rel. 34-11531)

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## COMMISSION ANNOUNCEMENTS

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STOCK TRANSACTIONS OF SELECTED FINANCIAL  
INSTITUTIONS AND FOREIGN INVESTORS, FIRST  
QUARTER 1975

According to estimates released by the SEC, private noninsured pension funds, open-end investment companies, life insurance companies, and property-liability insurance companies purchased \$8.9 billion of common stock and sold \$7.6 billion during the first three months of 1975, resulting in net purchases of \$1.2 billion. During the first quarter of 1974, their gross purchases were \$8.2 billion; gross sales were \$7.5 billion; and net purchases were \$0.7 billion. For details, see the August issue of the Statistical Bulletin.

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## TRADING SUSPENSIONS

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TRADING SUSPENDED IN MATTEL, INC.

The SEC announced the temporary suspension of exchange and over-the-counter trading in the securities of Mattel, Inc. located in Hawthorne, California, for the ten-day period beginning July 17 and terminating at midnight (EDT) on July 26, 1975.

The suspension was initiated because of the lack of current financial information concerning Mattel. Mattel has not filed with the Commission the required annual report on Form 10-K due May 2, 1975, for its fiscal year ended February 1, 1975 or otherwise published its financial results for that year. The company has advised the Commission that it will be unable to file the Form 10-K or publish the financial results until after the completion and filing with the U.S. District Court for the Central District of California and submission to the Commission of the report of the Mattel Special Counsel and Special Auditor.

The suspension is being imposed solely because of Mattel's present inability to publish current financial information and is not the result of any new information. (Rel. 34-11539)

#### ADDITIONAL ACTION ON TWO TRADING SUSPENSIONS

The SEC has announced the suspension of (a) over-the-counter trading in the securities of Continental Vending Machine Corp. for the further ten-day period July 19 - 28, inclusive; and (b) over-the-counter trading in the securities of Royal Properties, Inc. for the further ten-day period July 22 - 31, inclusive.

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### COURT ENFORCEMENT ACTIONS

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#### COMPLAINT NAMES FRANCIS D. DUVAL, OTHERS

The Seattle Regional Office filed a complaint on July 3 in Federal District Court, Great Falls, Montana seeking to enjoin Francis D. Duval, Vance D. McCarty, Estelle H. Duval, and Wayne L. Sanders, all of the Spokane, Washington area, from violations of the registration and antifraud provisions of the securities laws.

The alleged violations stem from the sale and acquisition of unregistered shares of common stock of Gold Reserve Corp., a Montana corporation. The complaint alleges untrue statements about the use of proceeds from the stock sale and omission to state material facts when acquiring some of the Gold Reserve Corp. stock. In addition to injunction, the complaint seeks ancillary relief in the form of disgorgement of illegal profits. (SEC v. Francis D. Duval, et al., District of Montana, Great Falls Division, CV-7535 GF). (LR-6989)

#### ROBERT L. BAEHLER ENJOINED

The Chicago Regional Office announced that on July 7 the Honorable William C. Stuart entered a final judgment permanently enjoining Robert L. Baehler from violating the antifraud provisions of the securities laws in the offer and sale of promissory notes (thrift certificates) of Investors Mortgage & Finance Co. (IMF). This order was issued after the Court granted the Commission's motion for summary judgment, finding misrepresentations and omissions of material facts concerning IMF's financial condition and the use of the proceeds of IMF thrift certificates. (SEC v. Robert L. Baehler, 75-2-i (LR-6990)

#### ORDERS ENTERED AGAINST EDWARD COX AND FRANK MCCRACKEN

The Chicago Regional Office announced that on June 27 the Honorable Prentice H. Marshall, U.S. District Judge for the Northern District of Illinois, entered an undertaking by and order as to defendants Edward A. Cox and Frank H. McCracken. The undertakings and orders were entered by consent without admitting or denying the allegations of the complaint.

The defendants had been charged with violating the antifraud "insider trading" provisions of the securities laws in connection with the purchase by Cox of 40,000 shares of Reliance Group, Inc. immediately prior to a tender offer by Reliance for its stock. The complaint alleged that Cox received the inside information from his uncle, Frank McCracken, who was a director of Reliance at the time.

The defendants agreed not to violate the "insider trading" prohibitions of the securities laws and Cox agreed to return the \$74,803.32 profit to those investors whose stock he purchased. (SEC v. Edward Cox and Frank McCracken, N.D. Ill., 74-C-3363). (LR-69

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### INVESTMENT COMPANY ACT RELEASES

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#### CARDINAL TAX-EXEMPT BOND FUND

A notice has been issued giving interested persons until August 8 to request a hearing on an application of Cardinal Tax-Exempt Bond Fund, First Series (Fund), a registered unit investment trust, and The Ohio Company, sponsor of the Fund (Sponsor), for an order (a) exempting the Fund (and future Series) from the minimum initial capital requirements of the Act; (b) permitting capital gains distributions by the Fund (and by future series) more frequently than once per year; and (c) exempting the secondary market operations of the Sponsor from the daily pricing requirements of Rule 22c-1 under the Act. (Rel. IC-8856 - July 16)

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## HOLDING COMPANY ACT RELEASES

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### THE SOUTHERN COMPANY

An order has been issued authorizing The Southern Company, a registered holding company, to issue and sell up to 3,000,000 shares of common stock to its shareholders under a dividend reinvestment and stock purchase plan. (Rel. 35-19089 - July 16)

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## SECURITIES ACT REGISTRATIONS

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### (S-1) NUS CORPORATION

4 Research Pl., Rockville, Md. 20850 - 2,983 shares of Class A common stock, to be offered for sale from time to time by certain shareholders at prices current at the time of sale. The company provides scientific and engineering services in environmental measurement and control, nuclear energy and other technical and managerial fields. (File 2-54079 - June 30)

### (S-7) PUGET SOUND POWER & LIGHT COMPANY

Puget Power Bldg., Bellevue, Wash. 98009 - 750,000 shares of common stock, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006 and Dean Witter & Co. Incorporated, 45 Montgomery St., San Francisco, Cal. 94106. The company is a public utility engaged in the production and sale of electric energy. (File 2-54195 - July 15)

### (S-6) NUVEEN TAX-EXEMPT BOND FUND, SERIES 76

209 South LaSalle St., Chicago, Ill. 60604 - \$10 million of units, to be offered for sale at net asset value. The Fund is one of a series of unit investment trusts created under a trust indenture between John Nuveen & Co. Incorporated as sponsor and United States Trust Company of New York as trustee. It consists of a portfolio of interest-bearing obligations issued by or on behalf of states, counties, municipalities and territories of the United States and authorities and political subdivisions thereof, the interest on which is, in the opinion of bond counsel, exempt from all Federal income tax under existing law. (File 2-54202 - July 16)

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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
ACCELERATORS INC	3	06/75
ACOUSTICON SYSTEMS CORP	4,14	06/75
AMERICAN CYANAMID CO	3	06/75
AMERICAN GREETINGS CORP	11	06/75
AMERICAN THERMAL RESOURCES INC	3	06/75
AMMEST GROUP INC	3	06/75
ARMSTRONG CORK CO	3	06/75
ASHLAND OIL INC	3,14	06/75
ATLANTIC CITY ELECTRIC CO	13	06/75
BLESSINGS CORP	10	06/75
BON AIRE INDUSTRIES INC	2	06/75

RECENT 8K FILINGS CONT.

CAPITOL RECLAMATION CORP	2,11,14	06/75
CATERPILLAR TRACTOR CO	8	06/75
CELLU CRAFT INC	11,14	06/75
CENTRAL ILLINOIS PUBLIC SERVICE CO	7	06/75
CESSNA AIRCRAFT CO	13	06/75
CHAMPION PARTS REBUILDERS INC	13	06/75
CHART HOUSE INC	11,14	05/75
CHARTER CO	11,14	06/75
CLEVELAND CLIFFS IRON CO	7,14	05/75
COAST CATAMARAN CORP	13	06/75
COLLEGE PLUMBING SUPPLIES LTD	7,8,14	06/75
DANA CORP	13,14	06/75
DECORATOR INDUSTRIES INC	14	06/75
ELECTRONIC ASSISTANCE CORP	7,8	06/75
FIDELITY CORP OF OKLAHOMA	3,14	06/75
FIRST & MERCHANTS CORP	3,13,14	06/75
FIRST INTERNATIONAL BANCSHARES INC	3,7	06/75
GREAT ATLANTIC & PACIFIC TEA CO INC	3,11,14	06/75
HAGER INC	11	06/75
HALLIBURTON CO	3	06/75
INTERNATIONAL BANK & TRUST LTD	3	06/75
INTERNATIONAL GENERAL INDUSTRIES INC	3	06/75
INVENT INC	11	06/75
KEDCO MANAGEMENT CORP	7	06/75
LCA CORP	3	06/75
LEHIGH VALLEY INDUSTRIES INC	6	06/75
LEISURE DYNAMICS INC	13,14	05/75
LIBERIAN IRON ORE LTD	11,14	06/75
MCCULLOCH PROPERTIES CREDIT CORP	2,13,14	06/75
MOSINEE PAPER CORP	3	06/75
NATIONAL ANN ARBOR CORP	8	06/75
NATIONAL KINNEY CORP	7,14	06/75
NCR CORP	8	06/75
DAKRIDGE HOLDINGS INC	11	06/75
PACESETTER BUILDING SYSTEMS INC	13	06/75
PARKWAY DISTRIBUTORS INC	9,13,14	06/75
PENN METAL FABRICATORS INC	13	01/75
PENNSYLVANIA POWER & LIGHT CO	3,13	06/75
PIZZA INN INC	7	06/75
PRF CORP	7,8,11	06/75
PRUDENT REAL ESTATE TRUST	2,14	06/75
PUBCO CORP	6,11,13	06/75
QUANTRONIX CORP	7,14	06/75
READE WALTER ORGANIZATION INC	6,7,14	06/75
RICHFORD INDUSTRIES INC	11	05/75
RUCKER CO	3,13	06/75
SCOTS INN MANAGEMENT CO	2,3,14	06/75
SOUTHERN ELECTRIC GENERATING CO	13	06/75
TDA INDUSTRIES INC	7	06/75
TEXAS GAS TRANSMISSION CORP	13	06/75
TEXAS INTERNATIONAL CO	2,14	06/75
TRIDAIR INDUSTRIES	10	06/75

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 15¢ per page plus postage (42¢ minimum) and 30¢ per page plus postage for expedited handling (45¢ minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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