

2

LIBRARY

FEB 3 1978

U.S. SECURITIES AND  
EXCHANGE COMMISSION

# sec news digest

Issue 78-23

February 2, 1978

---

## COMMISSION ANNOUNCEMENTS

---

### REPLACEMENT COST DISCLOSURES

The staff of the Commission has issued an interpretive release providing guidance to registrants in disclosing replacement cost data. The release presents the staff's view that registrants have flexibility in changing the methods and assumptions used in estimating the required replacement cost information from those used in the prior year and that disclosures of replacement cost information, including those in material pertaining to proposed business combinations, should avoid simplistic presentations of the information. (Rel. SAB-20)

FOR FURTHER INFORMATION CONTACT: Gary A. Zell at (202) 376-8019 or Richard C. Adkerson at (202) 755-1671

---

## COURT ENFORCEMENT ACTIONS

---

### ALBERT L. ROSEN AND ELMER I. PAULL ENJOINED

The Chicago Regional Office and the Cleveland Branch Office announced that on January 23 the Honorable William Thomas, U.S. District Judge for the Northern District of Ohio, Eastern Division, signed orders of permanent injunction against Albert L. Rosen and Elmer I. Paull. The injunctions enjoined Rosen and Paull from further violating the registration provisions of the securities laws in the offer and sale of investment contracts in the form of limited partnership interests in limited partnerships known as H. P. Yankee and Oak Ridge Associates. Rosen and Paull both consented to the entry of the orders of permanent injunction without admitting or denying the allegations of the Commission's complaint, which was filed on October 19, 1976. (SEC v. Edward Ginsberg, et al., N.D. Ohio, Civil Action No. C-76-1116). (LR-8273)

### JOSEPH B. ERNI PLEADS GUILTY

The Denver Regional Office announced that on January 23, at Milwaukee, Wisconsin, Joseph B. Erni of Thornton, Colorado entered a plea of guilty to one count of an indictment which charged him with fraud in the sale of securities of Western Armon Systems, Inc., a Wisconsin corporation. The remaining eight counts of the indictment were dismissed on a motion by the government. (U.S. v. Joseph B. Erni, U.S.D.C. Wisconsin, Criminal No. 77-CR-149). (LR-8274)

### RONALD M. GOTTFRIED AND RONALD M. GOTTFRIED, INC. ENJOINED

The Chicago Regional Office and the Cleveland Branch Office announced that on January 23 the Honorable William Thomas, U.S. District Judge for the Northern District of Ohio, Eastern Division, signed orders of permanent injunction against Ronald M. Gottfried and Ronald M. Gottfried, Inc. The injunctions enjoined both defendants from further violating the registration provisions of the securities laws in the offer and sale of investment contracts in the form of limited partnership interests in limited partnerships known as Las Casitas II, Del Lago, Las Colinas, River Del Rey II, Las Colinas II, Phoenix Phase I, River Del Rey III and Las Colinas III. Ronald M. Gottfried and Ronald M. Gottfried, Inc. both consented to the entry of the orders of permanent injunction without admitting or denying the allegations of the Commission's complaint, which was filed on October 19, 1976. (SEC v. Edward Ginsberg, et al., N.D. Ohio, Civil Action No. C-76-1116). (LR-8275)

**COMPLAINT NAMES ARTHUR J. BAUM, OTHERS**

The Commission announced the filing of a complaint in the U.S. District Court for the Central District of California on January 31 seeking injunctive and other equitable relief against Arthur J. Baum of Pasadena, California and Dr. William M. Wilson of Downey, California. The complaint charges Baum and Wilson with violations of the anti-fraud and reporting provisions of the securities laws.

The Commission's complaint alleges that Baum and Wilson, Chairman of the Board of Golden State Bancorporation (Bancorp) and a Director of Bancorp, respectively, purchased shares of Bancorp in the open market and in private transactions from September, 1975 through January, 1977, while the sale of Bancorp's sole subsidiary, Golden State Bank, was being negotiated by Baum and the Bancorp Board of Directors. The Commission's complaint alleges that Baum and Wilson purchased a total of 7211 and 7488 shares, respectively, on the basis of inside information concerning the sale of Golden State Bank, in violation of the antifraud provisions of the securities laws. The complaint also alleges that during the period September, 1975 through November, 1976, Baum and Wilson, beginning January, 1976, did not timely file and filed false and misleading stock ownership reports on Form 4 with the Commission concerning these purchases in violation of the reporting requirements of the securities laws.

The Commission announced that the Court entered a judgment of permanent injunction restraining and enjoining Baum from further violations of the antifraud and reporting provisions of the securities laws, and ordering certain other relief. The judgment incorporates a procedure whereby Baum is to offer to rescind each purchase of Bancorp shares charged in the complaint as unlawful, is to offer shares to Bancorp for purchases which are not rescinded, and to file corrected stock ownership reports with the Commission. Baum consented to the entry of the judgment without admitting or denying the allegations in the Commission's complaint. (SEC v. Arthur J. Baum, et al., U.S.D.C. Central District of California, Civil Action No. 78-00439 [H. Pregerson, J.]). (LR-8276)

**MISCELLANEOUS**

**THE COVINGTON AND BURLING RETIREMENT PLAN**

An order has been issued on an application of Covington and Burling exempting from the registration requirements of the Securities Act of 1933 participations or interests issued in connection with The Covington and Burling Retirement Plan. (Re: 33-5902)

**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-1) INVESTORS SYNDICATE OF AMERICA, INC., IDS Tower, Minneapolis, Minn. 55402 - \$24,839,970 of single payment certificates, Series S-78. (File 2-60701 - Jan. 26) and \$39 million of single payment certificates, Series SP-78. (File 2-60702 - Jan. 26)
- (S-8) PEABODY INTERNATIONAL CORPORATION, 4 Landmark Sq., Stamford, Conn. 06901 - 315,000 shares of common stock. (File 2-60703 - Jan. 31)
- (S-7) CARTER HAWLEY HALE STORES, INC., 550 South Flower St., Los Angeles, Cal. 90071 (213) 620-0150 - 9,500,000 shares of common stock. Underwriter: Morgan Stanley & Co. Inc. The company is engaged in the retail business. (File 2-60704 - Feb. 1)
- (S-8) THE SOUTHLAND CORPORATION, 2828 North Haskell Ave., Dallas, Tex. 75204 - \$15 million of interests. (File 2-60705 - Feb. 1)
- (S-2) SUNTEC SYSTEMS, INC., 21405 Hamburg Ave., Lakeville, Minn. 55044 - 800,000 shares of common stock. Underwriter: Engler & Budd Company. The company is engaged in the development, manufacture and sale of a solar energy collector system. (File 2-60706 - Jan. 31)

- (S-1) HANOVER PETROLEUM CORPORATION, 211 North Ervay, Suite 1400, Dallas, Tex. 75201 - 1,200 units. Underwriter: Hanover Planning Company, Inc. (File 2-60708 - Feb. 1)
- (S-1) USERS INCORPORATED, 1250 Drummers Lane, Valley Forge, Pa. 19481 - 1000 shares of common stock. The company is engaged in providing data processing and automated accounting services to credit unions. (File 2-60709 - Feb. 1)

**REGISTRATIONS WITHDRAWN**

- Jan. 25: Great Plains Futures Fund, 2-55459.  
Jan. 26: MLBCO Limited Partnership 1977-1, 2-59363; Vornado, Inc., 2-59868.

**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
ADA FINANCIAL SERVICE CORP	5	12/01/77
ALASKA AIRLINES INC	5	12/29/77
AMERICAN COMMONWEALTH FINANCIAL CORP	1	12/29/77
DILLINGHAM CORP	5	12/01/77
FIRST BANCSHARES OF FLORIDA INC	5,6	12/01/77
GROW CHEMICAL CORP	5,6	12/30/77
HALLCRAFT HOMES INC	5,6	12/30/77
INARCO CORP	5	12/29/77
LIFE OF PENNSYLVANIA FINANCIAL CORP	2	12/01/77
OVERNITE TRANSPORTATION CO	5	01/09/78
PUBLICKER INDUSTRIES INC	5	12/02/77
REPUBLIC NATIONAL LIFE INSURANCE CO	5,6	12/30/77
RLC CORP	5	12/01/77
TEXARKANA NATIONAL BANCSHARES INC	5	12/29/77
TICOR	2,6	12/28/77
AMENDMENTS TO REPORTS ON FORM 8-K		
DIONICS INC	6	11/08/77
MCNEIL REAL ESTATE FUND VII LTD	6	10/04/77
MCNEIL REAL ESTATE FUND VII LTD	2,6	10/12/77
BABCOCK INDUSTRIES INC	5	11/01/77

CHANGE OF ADDRESS FORM

NAME—FIRST, LAST		
COMPANY NAME OR ADDITIONAL ADDRESS LINE		
STREET ADDRESS		
CITY	STATE	ZIP CODE
PLEASE PRINT OR TYPE		(or) COUNTRY

Mail this form to: NEW ADDRESS

Superintendent of Documents  
 Government Printing Office SSOM  
 Washington, D.C. 20402

Attach last subscription label here.

SUBSCRIPTION ORDER FORM

SUBSCRIPTION ORDER FORM

ENTER MY SUBSCRIPTION TO:

@ \$ Domestic; @ \$ Foreign.

NAME—FIRST, LAST		
COMPANY NAME OR ADDITIONAL ADDRESS LINE		
STREET ADDRESS		
CITY	STATE	ZIP CODE
PLEASE PRINT OR TYPE		(or) COUNTRY

- Remittance Enclosed (Make checks payable to Superintendent of Documents)
- Charge to my Deposit Account No. ....

MAIL ORDER FORM TO:  
 Superintendent of Documents  
 Government Printing Office  
 Washington, D.C. 20402

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 on request. All other reference material is available in the SEC Docket.

SEC NEWS DIGEST is published daily. Subscription rates: \$64.45/yr in U.S. first class mail; \$80.60 elsewhere.  
 SEC DOCKET is published weekly. Subscription rates: \$43.70/yr in U.S. first class mail; \$54.65 elsewhere.  
 SEC STATISTICAL BULLETIN is published monthly. Subscription rates: \$15.00/yr in U.S. first class mail; \$18.75 elsewhere.  
 The News Digest, the Docket, and the Statistical Bulletin are for sale by the superintendent of Documents, Government Printing Office, Washington, D.C. 20402.