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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

OPINION AND ORDER ISSUED IN THE MATTER OF **U.S. SECURITIES AND**  
**S.D. LEIDESDORF & CO., KENNETH LARSEN, AND EXCHANGE COMMISSION**  
**JOSEPH GRENDI**

The Commission issued its Opinion and Order in this proceeding under Rule 2(e) of its Rules of Practice on February 16. S.D. Leidesdorf & Co. (Leidesdorf), Kenneth Larsen and Joseph Grendi submitted offers of settlement in which they consented to the issuance of the Opinion and Order without admitting or denying any of the statements or conclusions set forth therein. The Commission's Opinion focuses upon Leidesdorf's auditing of financial statements issued by Tidal Marine International Corporation (Tidal) in 1971 and 1972. The Commission found that Leidesdorf and the individual respondents failed to conduct their examinations of Tidal's financial statements in accordance with generally accepted auditing standards.

The Commission ordered Leidesdorf to undergo a comprehensive examination of the manner in which the firm conducts its audit practice with respect to publicly held companies. This examination will be made by a Committee, the members of which will be agreed upon by Leidesdorf and the Commission, and a subsequent review of Leidesdorf's implementation of any recommendations made by the Committee will take place in 1978. The Commission also suspended Leidesdorf from accepting new SEC audit clients for a period of two months and ordered the firm to comply with certain undertakings set forth in its offer of settlement. The Commission additionally ordered Kenneth Larsen, a former partner of Leidesdorf who was the engagement partner on the Tidal audits, and Joseph Grendi, a partner at Leidesdorf who was the manager on those audits, to comply with undertakings restricting their activity.

This matter was referred to the Commission by the U.S. Attorney for the Southern District of New York, whose office had previously conducted an extensive investigation of Tidal which established that the company had falsified its financial statements. (Rel. 34-13268)

## COMMISSION ANNOUNCEMENTS

COMMISSION ACTION IN FREEDOM OF INFORMATION  
ACT APPEAL

The Commission had decided to grant, in part, a Freedom of Information Act request, made by Coleman S. Hicks, for manuals and other materials relating to Commission enforcement procedures. Access to these materials had previously been denied by the Commission in connection with the Freedom of Information Act appeal of Timothy W. Kenna. See FOIA Release No. 47, 10 SEC Docket 2 (July 9, 1976). (FOIA-49)

## COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES CANADIAN JAVELIN, LTD., OTHERS

The SEC announced the filing of an amended complaint in the U.S. District Court for the District of Columbia against Canadian Javelin Ltd., John C. Doyle, Raymond Bales-treri, Sarto Fournier, Manuel Paredes, Jean V. Allard and P. J. DeSantis. Each of the individual defendants except Doyle are officers and/or directors of Canadian Javelin. The Commission alleges that the defendants violated the reporting and antifraud provisions of the Securities Exchange Act of 1934 by failing to file, and causing the failure to file, timely and proper reports with the Commission, and by filing and causing to be filed false and misleading reports with the Commission. Among other things, the amended complaint alleges that these reports failed to disclose that Canadian Javelin was completely unable to account to its shareholders for approximately \$7.2 million expended by the company on a road construction project in Panama, an environmental study and the purchase of certain properties in Honduras and El Salvador.

The amended complaint seeks an order requiring the prompt and proper filing of reports with the Commission, injunctions against further violations, and the appointment of a receiver or special master to conduct a fraud audit. (SEC v. Canadian Javelin Ltd., et al., D.D.C., Civil Action No. 76-2070). (LR-7779)

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## INVESTMENT COMPANY ACT RELEASES

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### GOLD INCOME INVESTORS

An order has been issued on an application of Gold Income Investors, Inc., declaring that it has ceased to be an investment company. (Rel. IC-9648 - Feb. 15)

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## HOLDING COMPANY ACT RELEASES

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### EASTERN UTILITIES ASSOCIATES

An order has been issued releasing jurisdiction over fees and expenses incurred by Eastern Utilities Associates, a registered holding company, in connection with a sale of common stock. (Rel. 35-19886 - Feb. 16)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGE

The Municipal Securities Rulemaking Board (MSRB) has filed pursuant to Rule 19b-4 (SR-MSRB-77-2) an amendment to its proposed rule change to provide a procedure for the nomination and election of successor members of the MSRB. Publication of the proposal is expected to be made in the Federal Register during the week of February 21, and comments are requested by March 4. (Rel. 34-13264)

### APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by The Depository Trust Company (DTC) under Rule 19b-4 (SR-DTC-76-12) to permit DTC's participants to take advantage of Treasury bill roll-over options by book entry through DTC. (Rel. 34-13266)

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## SECURITIES ACT REGISTRATIONS

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### (S-1) UNITED MISSOURI BANK OF KANSAS CITY, N.A.

10th and Grand Ave., P.O. Box 226, Kansas City, Mo. 64141 - 295,000 units of participation for self-employed individuals in three pooled trust funds (an equity fund, a debt fund and an income fund). The three pooled trust funds are the investment medium for the contribution of self-employed individuals, and their employees, under Keogh type plans. Pursuant to these plans, contributions are invested in the pooled trust funds at the discretion of United Missouri Bank of Kansas City, N.A., as trustee, unless the employer or an individual employee directs the bank to otherwise invest his respective contribution. (File 2-58109 - Jan. 27)

### (S-2) DURA-PLEX INDUSTRIES, INC.

Rural Route #4, Metamora, Ill. 61548 - 8,000,000 common shares, to be offered for sale at a price of \$5.00 per share on a "best-efforts" basis. Dura-Plex manufactures and sells energy saving prefabricated building panels composed of fiberglass skins enclosing a polyurethane foam core. (File 2-58122 - Jan. 28)

### (S-7) INDIANA BELL TELEPHONE COMPANY, INCORPORATED

240 North Meridian St., Indianapolis, Ind. 46204 - \$130 million of forty-year debentures, due 2017, to be offered for sale at competitive bidding. The proceeds will be applied to repay short-term debt incurred to retire about \$56 million of its outstanding issue of \$80 million forty-year 10% debentures, due 2014, and toward the possible redemption on or about April 4, 1977 its outstanding issue of \$80 million of forty-year 9% debentures, due 2010. If such redemption does not occur, the balance of the proceeds will be applied toward repayment of interim debt and for other general corporate purposes. The company is engaged in the business of furnishing communications services, mainly local and toll telephone service. (File 2-58194 - Feb. 8)

(S-1) HADSON OHIO 1977 OIL AND GAS PROGRAM

1125 Fidelity Plaza, Oklahoma City, Okla. 73102 - \$6 million of limited partnership interests, to be offered for sale in amounts of \$10,000 or greater multiples of \$5,000 through White, Weld & Co. Inc., 91 Liberty Plaza, New York, N.Y. 10005, and other selected NASD members. The partnership will engage in oil and gas drilling, development and production operations. (File 2-58220 - Feb. 15)

(S-14) FIRST NATIONAL FINANCIAL CORPORATION

108 East Michigan Ave., Kalamazoo, Mich. 49007 - 1,784,719 shares of common stock. It is proposed to offer these shares in connection with the merger of American Bankcorp, Inc., with and into First National Financial Corporation at the conversion ratio of 1.485 First National Financial Corporation shares for each share of American Bankcorp, Inc., subject to the approval of the shareholders of each corporation and the Board of Governors of the Federal Reserve System. First National Financial Corporation is a registered multi-bank holding company which has 12 subsidiary banks throughout the State of Michigan, and American Bankcorp, Inc. is a registered multi-bank holding company which has five subsidiary banks throughout the State of Michigan. (File 2-58221 - Feb. 15)

(S-6) TAX-EXEMPT SECURITIES TRUST, SERIES 12

42 Wall St., New York, N.Y. 10005 - \$10 million of units. The Trust is one of a series of unit investment trusts created under a trust indenture and agreement among Loeb Rhoades & Co. Inc., Smith Barney, Harris Upham & Co. Inc. and Blyth Eastman Dillon & Co. Inc., as sponsors, United States Trust Company of New York, as trustee, and Standard & Poor's Corporation, as evaluator. The Trust consists of interest-bearing obligations of states, counties, territories, possessions and municipalities of the United States and authorities or political subdivisions thereof, the interest on which is, in the opinion of bond counsel, exempt from all Federal income tax under existing law. (File 2-58223 - Feb. 15)

(S-6) MUNICIPAL INVESTMENT TRUST FUND,  
SIXTY-SEVENTH 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 2-58224 - Feb. 15)

(S-1) HOP-IN FOOD STORES, INC.

4328 Salem Turnpike, N.W., Roanoke, Va. 24017 - 67,500 shares of common stock, 60,000 of which are to be offered for sale through underwriters represented by Scott & Stringfellow, Inc., 909 East Main St., Richmond, Va. 23219, and 7,500 of which are to be offered to participants in the company's Employee Stock Purchase Plan. The company operates a chain of 84 convenience food stores. (File 2-58225 - Feb. 15)

(S-7) UTAH POWER & LIGHT COMPANY

1407 West North Temple St., P.O. Box 899, Salt Lake City, Utah 84110 - 1,100,000 shares of common stock, to be issued and sold through competitive bidding. The company is engaged in the electric utility business. (File 2-58226 - Feb. 15)

In a second statement the company seeks registration of \$55 million of first mortgage bonds, due 2007, to be issued and sold through competitive bidding. (File 2-58227 - Feb. 15)

In a third statement the company seeks registration of 500,000 shares of common stock, to be sold pursuant to its Shareholders' Dividend Reinvestment and Stock Purchase Plan to all participating common stock holders at the reported closing price on the New York Stock Exchange on each dividend payment date. (File 2-58228 - Feb. 15)

STOCK PLANS FILED

The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

Genovese Drug Stores, Inc., Melville, N.Y. (File 2-58178 - Feb. 4) - 100,500 shares

Beech Aircraft Corp., Wichita, Kan. (File 2-58188 - Feb. 4) - 70,000 shares

Peabody International Corp., New York, N.Y. (File 2-58199 - Feb. 8) - 130,434 shares

Champion International Corp., Stamford, Conn. (File 2-58204 - Feb. 10) - 1,300,000 shares

Dayco Corp., Dayton, Ohio (File 2-58205 - Feb. 10) - 250,000 shares

Intersil, Inc., Sunnyvale, Cal. (File 2-58212 - Feb. 14) - 938,060 shares

Grantree Corp., Portland, Ore. (File 2-58213 - Feb. 14) - 150,000 shares

Perry Drug Stores, Inc., Pontiac, Mich. (File 2-58216 - Feb. 11) - 50,000 shares

#### REGISTRATIONS EFFECTIVE

Feb. 15: Weeden Tax-Exempt Bond Trust, Series 5, 2-58051.

Feb. 16: Dial Financial Corp., 2-58114; Hanover Petroleum Corp., 2-57887; Houston Industries Inc., 2-58113; Planet Corp., 2-58009; Texas Oil and Gas Corp., 2-58136; Western Union Corp., 2-58115 & 2-58116.

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.

#### 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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