

sec news digest

SECURITIES EXCHANGE COMMISSION

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COURT ENFORCEMENT ACTIONS

LIBRARY

INVESTMENT DIVERSIFIED, LTD.,
DENNIS M. KEESE ENJOINED

The Chicago Regional Office announced that on April 6 a final judgment of permanent injunction and order granting ancillary relief by default was entered by the Honorable Alfred Y. Kirkland against Investment Diversified, Ltd. and Dennis M. Keese. The injunction was issued in connection with the fraudulent sale of unregistered limited partnership interests in Coastal Shellfish. Investment and Keese were enjoined from further violations of the registration and antifraud provisions of the securities laws. The defendants were also ordered to provide the court an accounting of all funds received from investors in connection with this offering, the uses to which such funds were put and the amount and location of any remaining funds. (SEC v. Investment Diversified, Ltd., et al., N.D. Illinois, Civil Action No. 76-C-4184). (LR-7866)

EIGHT INDICTED IN DEFRAUDING OF
ALL AMERICAN AND FINANCIAL FUND

The Los Angeles Regional Office announced that on February 24 a Federal Grand Jury sitting in Los Angeles, returned four indictments naming a total of eight persons alleging that the named defendants had defrauded All American Fund of Los Angeles and Financial Fund, Inc. of Seattle in connection with purchases by those funds of more than \$800,000 of securities issued by various companies. Named in the indictments were Robert Solomon, of Encino, California; Kay Harrison, of Los Angeles, California and the manager of the mutual funds; David Nemelka, of Salt Lake City, Utah; Kenneth Lindquist, of Logan, Utah; Benjamin Zitron, of New York City, president of Allied Management and Systems, Inc.; Theodore Brodsky, of Beverly Hills, California; James Dizon of Beverly Hills, California; and Peter Polland of Los Angeles, California.

The first two indictments alleged that Zitron, Dizon, Polland, Harrison, Solomon and Brodsky participated in a fraudulent scheme in connection with the sale of stock of Allied Management and Systems, Inc. and Cassette Sciences Corp. to both funds resulting in a kickback to Solomon and Harrison of approximately \$40,000.

The third indictment alleges that Polland and Dizon sold 9,000 shares of Torr Laboratories, Inc. stock to the All American Fund for \$112,500, and gave Mr. Solomon \$54,000 of the proceeds. Solomon, in turn, either shared the proceeds or gave other considerations to Harrison so that she would cause the All American Fund to purchase the stock, according to the indictment.

The last indictment alleges that Solomon and Harrison caused the mutual funds to purchase approximately 25,000 shares of Gas-N-Save stock for \$150,000. In connection therewith, Lindquist and Nemelka provided Solomon and Harrison with sufficient shares of Gas-N-Save so as to enable them to exercise control over the corporation. In addition, Dizon, Polland and Lindquist were each charged with giving false testimony to a Grand Jury. (U.S. v. Solomon, et al., Central District of Cal., 77-244, 245, 246, and 247). (LR-7867)

INVESTMENT COMPANY ACT RELEASES

LEXINGTON RESEARCH FUND

An order has been issued on an application of Lexington Research Fund, Inc., Lexington Growth Fund, Inc., and Lexington Income Fund, Inc. (Funds) and Piedmont Capital Corporation and Westamerica Financial Corporation, principal underwriters of the Funds (collectively Applicants), exempting Applicants from Section 22(d) of the Act to permit proceeds from life insurance or annuity contracts issued by certain life insurance companies to be used to purchase shares of the Funds at a reduced sales charge. (Rel. IC-9721 - Apr. 12)

**CENTRAL STATES, SOUTHEAST AND SOUTHWEST
AREAS PENSION FUND**

An order has been issued, pursuant to Sections 6(c) and 6(e) of the Act to extend, until the earlier of April 30 or the final International Revenue Service administrative determination of the Fund's status under Internal Revenue Code Section 401, the termination date of the order of the Commission in Investment Company Act Release No. 9687 (March 22, 1977) which exempted the Central States, Southeast and Southwest Areas Pension Fund from, in whole or part, specified provisions of the Act. (Rel. IC-9722 - Apr. 12)

**ASSOCIATION FOR INVESTMENT IN
UNITED STATES GUARANTEED ASSETS**

An order, pursuant to Section 6(c) of the Investment Company Act of 1940, has been issued on an application of the Association for Investment in United States Guaranteed Assets, Inc. (USGA), a registered face-amount certificate company; Huntoon, Paige & Co., Inc., a broker-dealer of mortgages and GNMA certificates; Huntoon, Paige Securities Corporation, a GNMA certificate dealer and specialist in odd-lot GNMA certificate transactions; United First Mortgage Corporation, a mortgage banker; and Huntoon Paige Holding Corporation, the parent of the above applicants, exempting certain loans that USGA proposes to make to the other applicants from the provisions of Sections 17(a) and 17(d) of the Act and Rule 17d-1 thereunder. The order, pursuant to Section 28(b) of the Act, also authorizes such loans as qualified investments for a face-amount certificate company, and permits such loans to be valued at cost. (Rel. IC-9723 - Apr. 12)

HOLDING COMPANY ACT RELEASES

APPALACHIAN POWER COMPANY

A notice has been issued giving interested persons until May 9 to request a hearing on a proposal of Appalachian Power Company, subsidiary of American Electric Power Company, Inc., that it amend its Charter to convert authorized \$100 par preferred shares into shares with no par value and to increase the authorized preferred stock from 3,000,000 to 8,000,000 shares. An order has been issued authorizing the solicitation of proxies in connection with this proposal. (Rel. 35-19980 - Apr. 12)

AMERICAN ELECTRIC POWER SERVICE CORPORATION

An order has been issued authorizing American Electric Power Service Corporation, subsidiary of American Electric Power Company, Inc. (AEP) and 19 other subsidiaries of AEP, an exemption from the \$10,000 limitation imposed by Rule 48(B)(1) with respect to loans made to transferred employees pursuant to the AEP System's Moving Policy. (Rel. 35-19981 - Apr. 12)

MIDDLE SOUTH UTILITIES

A supplemental order has been issued regarding Middle South Utilities, Inc., a registered holding company, its operating subsidiaries, and System Fuels, Inc., a subsidiary and the supplier of fuel for the Middle South holding-company system, authorizing the proposed issuance and sale by System Fuels, Inc., of up to \$40 million of bank notes outstanding at any one time for an additional period of one year. (Rel. 35-19982 - Apr. 13)

PENNSYLVANIA ELECTRIC COMPANY

An order has been issued authorizing Pennsylvania Electric Company, subsidiary of General Public Utilities Corporation, to issue and sell short-term notes to banks in the amount of \$92 million through December 31, 1977. (Rel. 35-19983 - Apr. 13)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGE

The American Stock Exchange, Inc. has filed a proposed rule change under Rule 19b-4 (SR-Amex-77-6) to permit a member the alternative of obtaining a customer's approval either before or after a transaction in which the member, as principal, fills a customer's agency order after attempting on the floor to obtain a better price for the customer. Publication of the proposal is expected to be made in the Federal Register during the week of April 11. (Rel. 34-13440)

SECURITIES ACT REGISTRATIONS

(S-1) MIDLAND-GUARDIAN CO.

111 East Fourth St., Cincinnati, Ohio 45202 - \$3 million of capital notes, to be offered for sale at par in denominations of \$1,000 and any integral multiple thereof, through the managing underwriter, The Ohio Company, 51 North High St., Columbus, Ohio 43215. The company and its subsidiaries engage in finance and related insurance activities. (File 2-58531 - Mar. 31)

(S-7) FUQUA INDUSTRIES, INC.

3800 First National Bank Tower, Atlanta, Ga. 30303 - 200,000 shares of common stock, which may be sold pursuant to Fuqua's Employees Stock Purchase Plan. Fuqua is a diversified manufacturing and distribution and service company. (File 2-58644 - Apr. 7)

(S-7) GOVERNMENT EMPLOYEES FINANCIAL CORPORATION (GEFCO)

7551 West Alameda Ave., P.O. Box 5555, Denver, Colo. 80217 - 115,000 units, consisting of \$100 of senior subordinated debentures, due 1987, and one share of common stock, Underwriters headed by Dillon, Read & Co. Inc., 46 William St., New York, N.Y. 10005, and Johnston, Lemon & Co. Inc., 900 Southern Bldg., Washington, D.C. 20005, will purchase from GEFCO and offer to the public any units not subscribed through the exercise of transferable subscription rights to be issued to the holders of GEFCO's common stock. It is anticipated that one unit will be offered for each eight shares of common stock outstanding on the effective date of the registration statement. GEFCO is a consumer finance company which, together with its wholly-owned subsidiaries, is engaged primarily in offering unsecured and secured loans and other financial services. (File 2-58661 - Apr. 12)

(S-7) SOUTH CAROLINA ELECTRIC & GAS COMPANY

328 Main St., Columbia, S.C. 29218 - \$50 million of first and refunding mortgage bonds, due 1982, to be offered for sale through underwriters headed by Kidder, Peabody & Co. Inc., 10 Hanover Sq., New York, N.Y. 10005. The company furnishes electric and gas service. (File 2-58662 - Apr. 12)

(S-1) THE COLORADO LIFE INSURANCE COMPANY

Grand Junction, Colo., c/o Hays, Patterson and Ambrose, Writer's Tower Bldg., Suite 909, 1660 South Albion St., Denver, Colo. 80222 - 750,000 shares of common stock, to be offered for sale by the company. No underwriting is involved. The company intends to become engaged in the business of selling life insurance. (File 2-58668 - Apr. 12)

(S-14) FIRST CITY BANCORPORATION OF TEXAS, INC.

1001 Main St., Houston, Tex. 77002 - 210,100 shares of common stock, of which 210,000 are to be issued in connection with the acquisition of The City National Bank of Bryan and 100 shares are issuable in connection with orders to purchase fractional shares in order to round out fractional interests to full shares. First City Bancorporation of Texas, Inc. is a Houston-based bank holding company which owns twenty-four banks. (File 2-58673 - Apr. 12)

(S-7) INDIANA & MICHIGAN ELECTRIC COMPANY

2101 Spy Run Ave., Fort Wayne, Ind. 46801 - 1,600,000 shares of cumulative preferred stock, to be offered for sale at competitive bidding. The company is an electric utility operating company. (File 2-58674 - Apr. 12)

REGISTRATIONS EFFECTIVE

April 12: El Paso Electric Co., 2-58366; Equitec Fund, Inc., 2-57030; Investors Syndicate of America, Inc., 2-58081 & 2-58082; Kentucky Utilities Co., 2-58427; Liberty National Corp., 2-58567; McCormick & Co. Inc., 2-58415; Municipal Investment Trust Fund, Tenth Intermediate Term Series, 2-58143; Nationwide Homes, Inc., 2-58331;

REGISTRATIONS EFFECTIVE CONT.

Pacific Gas and Electric Co., 2-58467; Xerox Corp., 2-58368.

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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