

sec news digest

U.S. SECURITIES AND
EXCHANGE COMMISSION

Issue 81-5

JAN 9 1981

January 8, 1981

LIBRARY

NOTICE OF COMMISSION MEETINGS

Following is a schedule of Commission meetings which will be conducted pursuant to provisions of the Government in the Sunshine Act. In general, the Commission expects to follow a schedule of holding closed meetings on Tuesdays, and open meetings on Thursday morning. Meetings on Wednesday, and if necessary on Thursday afternoons, will be either open or closed according to the requirements of agenda items under consideration. The Commission will not normally meet on Mondays or Fridays.

Visitors are welcome at all open meetings, insofar as space is available.

Meetings will be held in the Commission Meeting Room on the eighth floor of the Commission's headquarters building at 500 North Capitol Street, Washington, D.C. All visitors are required to sign in and obtain passes at the Reception Desk in the lobby. Persons wishing to photograph or videotape Commission meetings must obtain permission in advance from the Secretary of the Commission. Persons wishing to tape record a Commission meeting should notify the Secretary's office 48 hours in advance of the meeting.

CLOSED MEETING - MONDAY, JANUARY 12, 1981 - 9:30 A.M.

The subject matter of the January 12 closed meeting will be: Regulatory matter bearing enforcement implications.

CLOSED MEETING - TUESDAY, JANUARY 13, 1981 - 10:00 A.M.

The subject matter of the January 13 closed meeting will be: Access to investigative files by Federal, State, or Self-Regulatory authorities; Litigation matters; Formal orders of investigation; Settlement of injunctive action; Institution of administrative proceedings of an enforcement nature; Settlement of injunctive action and institution of administrative proceeding of an enforcement nature; Institution of administrative proceedings of an enforcement nature; Administrative proceeding of an enforcement nature; Freedom of Information Act appeal.

AT TIMES CHANGES IN COMMISSION PRIORITIES REQUIRE ALTERATIONS IN THE SCHEDULING OF MEETING ITEMS. FOR FURTHER INFORMATION AND TO ASCERTAIN WHAT, IF ANY, MATTERS HAVE BEEN ADDED, DELETED OR POSTPONED, PLEASE CONTACT: Paul Lowenstein at (202) 272-2092

ADMINISTRATIVE PROCEEDINGS

PROCEEDINGS INSTITUTED AND SANCTIONS IMPOSED AGAINST ELZA J. CORTES

The Commission has announced the institution of public administrative proceedings against Elza J. Cortes, doing business as The Market Watchdog (Respondent), a sole proprietor registered investment adviser. The Commission simultaneously announced the settlement of these proceedings and the issuance of findings and an order imposing remedial sanctions. Without admitting or denying the findings therein, Respondent consented to findings that she wilfully violated Sections 204, 206(1), 206(2) and 206(4) and Rules 204-1(a), 204-2(a)(2) and 206(4)-2(a)(5) thereunder of the Advisers Act by receiving compensation from certain brokers for directing advisory-client brokerage to them without disclosing the receipt of such compensation to clients; failing to cause a surprise audit to be made of customer assets over which Respondent had custody; failing to maintain a liability account for deferred income for fees received in advance from clients; and failing to file with Respondent's amended Form ADV, an audited balance sheet reflecting her personal, as well as her business, assets and liabilities.

Pursuant to the Offer of Settlement, the Commission ordered Respondent to comply with her undertakings to refrain from entering any transactions which results in the payment of remuneration to anyone purchasing a service from her; refrain for a period of 18 months from rendering any advice to clients concerning new real estate limited partnership investments; maintain on her books a liability account reflecting deferred income for pre-paid advisory fees; comply with the requirements of Rule 206(4)-2 under the Advisers Act with respect to clients' bank, savings and loan, and mutual fund accounts over which she maintains a power-of-attorney to withdraw or redeem assets; and file within 60 days an amended Form ADV which includes an audited balance sheet reflecting Respondent's personal, as well as business, assets and liabilities, or in the alternative, a balance sheet of a corporation which succeeds Respondent's business. The Commission also ordered Respondent to comply with her undertaking that any corporation succeeding to Respondent's business be bound by the terms of the Order. (Rel. IA-743)

UNITED STATES FILTER CORPORATION CITED

The Commission has entered an Order Instituting Proceedings pursuant to Section 15(c)(4) of the Securities Exchange Act of 1934, Findings and Opinion and an Order of the Commission with respect to United States Filter Corporation, a Delaware corporation engaged primarily in the engineering, technology and manufacturing fields. The Commission found that Filter failed to comply with Section 13(d) of the Securities Exchange Act of 1934 and the rules and regulations thereunder by failing to file an amendment to its Schedule 13D promptly after a material change occurred in its purpose with respect to its investment in Main Central Railroad Company. The Commission ordered that Filter file such amendments to its Schedule 13D setting forth the material changes that occurred in the facts and circumstances pertinent to its acquisition of Main Central Railroad Company's stock. The Commission's action was taken pursuant to an offer of settlement in which Filter consented to the issuance of the Commission's order, without admitting or denying the Commission's findings set forth therein. (Rel. 34-17425)

CIVIL PROCEEDINGS

UNITED FINANCIAL OPERATIONS, OTHERS ENJOINED

The Seattle Regional Office announced the filing of a complaint in the U.S. District Court for the District of Colorado on December 22, 1980 seeking injunctive and other equitable relief against United Financial Operations, Inc. (UFO), a Colorado corporation, William A. Kilpatrick, Declan J. O'Donnell, Paul J. Ketrick, Leonard W. Allen, Modern Fuels and Chemicals Corporation, a Colorado corporation, Stanley R. Drizin, International Fuel Development Corporation, International Block Construction Company and Marlborough Investments, Limited, all Cayman, B.W.I. corporations.

The complaint alleges that the defendants violated the registration and antifraud provisions of the securities laws in a "secret process" methanol production process promoted as a tax shelter program. The complaint alleged fraudulent misrepresentations and omissions concerning such matters as the payment of undisclosed promotional fees; conflicts of interest of defendant Kilpatrick; the relationship of Cayman Islands companies involved in the program and the representation that research on the process was successful.

Ancillary relief requested in the complaint includes distribution of the complaint and Court Orders to all investors, general partners and salesmen; appointment of a special officer to conduct an accounting to disclose the source and use of funds; and disgorgement by defendants of funds received as a result of the securities violations alleged. Without resolution of the ancillary relief requested and without admitting or denying the allegations in the complaint, UFO, Kilpatrick, O'Donnell, Ketrick, Allen and Modern Fuels and Chemicals Corporation have consented to the entry of an Order of Permanent Injunction prohibiting further violations of the registration and antifraud provisions of the securities laws. (SEC v. United Financial Operations, Inc., et al., U.S.D.C., Dist. of Colorado, Civil Action No. 80-P-1771). (LR-9270)

STIPULATION OF SETTLEMENT AND FINAL ORDER ENTERED AS TO ROCKY H. AOKI

The Commission announced on January 7 the entry of a Stipulation of Settlement and Final Order as to Rocky H. Aoki, previously pending in the U.S. District Court for the Southern District of New York. The Commission commenced the action on July 23, 1980, when it filed a complaint against Aoki and a second defendant for violations

of various provisions of the Securities Exchange Act of 1934. The Commission alleged in its complaint that Aoki purchased common stock of Hardwicke Companies Incorporated in July 1978, on the basis of material non-public information concerning the potential management by Hardwicke of a hotel and gambling casino to be developed by Aoki and others in Atlantic City, New Jersey. It was also alleged in the complaint that Aoki passed such information to certain of his family members and a friend, who thereafter also purchased Hardwicke common stock. In the Stipulation of Settlement and Final Order as to Aoki, which terminated the action with respect to Aoki, without making any findings of violations, the court ordered Aoki not to purchase or sell securities while in the possession of material non-public information concerning such securities or the issuer thereof, without disclosing such information to those persons from whom he is purchasing or to whom he is selling the securities.

The second defendant had previously consented to the entry of a similar Stipulation and Order at the time the Commission filed its complaint. [See LR-9139/July 23, 1980] (SEC v. Rocky H. Aoki, U.S.D.C. S.D.N.Y., Civil Action No. 80-4208). (LR-9269)

CRIMINAL PROCEEDINGS

JURY CONVICTS DANIEL R. GIBB AND WILLIAM H. MARTZ

The Denver Regional Office announced that on December 19, 1980 a federal trial jury in Fargo, North Dakota, convicted Daniel R. Gibb and William H. Martz of all nine counts of an indictment which had charged violations of the antifraud provisions of the securities acts in the sale of debentures of Mother Lode Mines, Inc. Also charged were violations of 18 U.S.C. 2314 (interstate transportation of money and securities obtained by fraud) and 7 U.S.C. 136J(a) (Federal Insecticide, Fungicide and Rodenticide Act). (U.S. v. Daniel R. Gibb and William H. Martz, USDC N.D., Criminal No. C-280-38). (LR-9268)

INVESTMENT COMPANY ACT RELEASES

ALGEMENE BANK NEDERLAND N.V.

An order has been issued denying a request for a hearing on an application filed by Algemene Bank Nederland N.V. (Applicant), a Dutch commercial bank whose principal office is located in Amsterdam, The Netherlands, and conditionally exempting Applicant, pursuant to Section 6(c) of the Investment Company Act of 1940, from all the provisions of the Act. The order will have the effect of enabling Applicant to make a public offering of commercial paper in the United States. (Rel. IC-11536 - Jan. 6)

NEW YORK LIFE FUND, INC.

An order has been issued on an application of New York Life Fund, Inc., registered under the Investment Company Act of 1940 as a diversified, open-end, management investment company, pursuant to Section 6(c) of the Act, granting a further exemption from the provisions of Section 17(f) of the Act and Rule 17f-2 thereunder, to the extent necessary, to permit limited access to the securities and other similar investments of the Fund maintained in the custody of New York Life Insurance Company. (Rel. IC-11537 - Jan. 6)

A.T.A. INDUSTRIES, INC.

An order has been issued by the Commission on its own motion pursuant to Section 8(f) of the Investment Company Act of 1940 declaring that A.T.A. Industries, Inc., a small business investment company registered under the Act as a closed-end, non-diversified, management investment company, has ceased to be an investment company. (Rel. IC-11538 - Jan. 7)

THE COLWYN RISK FUND, INC.

An order has been issued by the Commission on its own motion pursuant to Section 8(f) of the Investment Company Act of 1940 declaring that The Colwyn Risk Fund, Inc., registered under the Act as a closed-end, non-diversified, management investment company, has ceased to be an investment company. (Rel. IC-11539 - Jan. 7)

INVESTMENT GROWTH FUND, INC.

An order has been issued by the Commission on its own motion pursuant to Section 8(f) of the Investment Company Act of 1940 declaring that Investment Growth Fund, Inc., registered under the Act as a closed-end, diversified, management investment company, has ceased to be an investment company. (Rel. IC-11540 - Jan. 7)

HOLDING COMPANY ACT RELEASES

ARKANSAS-MISSOURI POWER COMPANY

A supplemental order has been issued authorizing Arkansas-Missouri Power Company, subsidiary of Middle South Utilities, Inc., to issue and sell short-term notes in an amount at any one time outstanding of not more than \$5 million. (Rel. 35-21879 - Jan. 7)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until January 28 to comment on the application of AAR Corp. to withdraw its common stock, \$1 par value, from listing and registration on the American Stock Exchange, Inc. (Rel. 34-17417)

DELISTING GRANTED

An order has been issued granting the application of the American Stock Exchange to strike the common stock (\$.20 par value) of Marshall Foods, Inc. from listing and registration thereon. (Rel. 34-17421)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF EFFECTIVENESS OF A PROPOSED RULE CHANGE

A rule change filed by National Securities Clearing Corporation pursuant to Rule 19b-4 (SR-NSCC-80-6) has become effective in accordance with Section 19(b)(3)(A) of the Securities Exchange Act of 1934. NSCC has made permanent the procedures, previously in effect on a temporary basis, relating to its stock borrow program. Publication of the proposal is expected to be made in the Federal Register during the week of January 12. (Rel. 34-17422)

TRUST INDENTURE ACT RELEASES

UNION TANK CAR COMPANY

An order has been issued under the Trust Indenture Act of 1939 on an application by Union Tank Car Company that the trusteeship of Manufacturers Hanover Trust Company under two indentures of Union Tank Car is not so likely to involve a material conflict of interest as to make it necessary to disqualify Manufacturers from acting as trustee under one of such indentures. (Rel. TI-604)

MISCELLANEOUS

ERNST & WHINNEY

A notice has been issued giving interested persons until February 2 to request a hearing on an application of Ernst & Whinney, an accounting firm organized as a partnership under the laws of the State of Ohio, for an order, pursuant to Section 3(a)(2) of the Securities Act of 1933, exempting from the registration requirements of the Act participations or interests issued in connection with the Ernst & Whinney Pension Plans. (Rel. 33-6278)

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; File number and date filed; Assigned Branch; and whether the registration statement is a New Issue.

- (S-18) GREASE MONKEY HOLDING CORPORATION, 811 Lincoln St., Suite 500, Denver, CO 80203 (303) 839-1222 - 6,666,667 shares of common stock. Underwriter: General Bond & Share Company, 933 South Euclid Way, Denver, CO 80209 (303) 733-8437. The company engages in the business of franchising and leasing automotive quick lubrication centers. (File 2-70410-D - Dec. 29, 1980) (Br. 4 - New Issue)
- (S-16) NAPCO INDUSTRIES, INC., 1600 Second Street South, Hopkins, MN 55343 (612) 931-2424 - 50,000 shares of common stock. (File 2-70443 - Jan. 6) (Br. 6)
- (S-16) GENERAL DATACOMM INDUSTRIES, INC., One Kennedy Ave., Danbury, CT 06810 (203) 797-0711 - 500,000 shares of common stock. Underwriters: Shearson Loeb Rhoades Inc. and Hambrecht & Quist. The company designs, manufactures, markets, installs and services data communications equipment and networks which transmit data. (File 2-70165 - Jan. 7) (Br. 8)
- (S-16) COMMONWEALTH EDISON COMPANY, 37th Floor, One First National Plaza, P.O. Box 767, Chicago, IL 60690 (312) 294-4321 - \$150 million of first mortgage bonds, Series 41. The company is engaged in the production, purchase, transmission, distribution and sale of electricity. (File 2-70476 - Jan. 6) (Br. 7)
- (S-1) GRAND BANKS 81, LTD., 600 Gihls Tower West, Midland, TX 79701 - 5,000 limited partnership units. (File 2-70479 - Jan. 7) (Br. 4 - New Issue)
- (S-13) SANTA MONICA BANK, 1251 Fourth St., Santa Monica, CA 90401 - 985,802 voting trust certificates. (File 2-70480 - Jan. 7) (Br. 1 - New Issue)
- (S-16) CONOCO INC., High Ridge Park, Stamford, CT 06904 (203) 329-2300 - \$300 million of debentures, due 2011. The company is engaged in exploring for, developing and producing crude oil and natural gas. (File 2-70481 - Jan. 7) (Br. 3)
- (S-16) TENNECO INC., Tenneco Bldg., Houston, TX 77002 (713) 757-2131 - \$200 million of notes, due 1991. Underwriters: Morgan Stanley & Co. Incorporated and Merrill Lynch White Weld Capital Markets Group. The company is engaged in all phases of integrated oil and gas operations, including oil and gas exploration and production and processing, refining and marketing of oil and gas and refined petroleum products. (File 2-70482 - Jan. 7) (Br. 6)
- (S-1) PRAIRIE PRODUCING COMPANY, 2200 Houston Natural Gas Bldg., Houston, TX 77002 (713) 658-8413 - 2,500,000 shares of common stock. Underwriters: Blyth Eastman Paine Webber Incorporated and Rotan Mosle Inc. The company is engaged in oil and gas exploration, development and production. (File 2-70483 - Jan. 7) (Br. 4 - New Issue)
- (S-14) CENTRAL TEXAS BANCORP, INC., Ninth and Washington, Taco, TX 76701 (817) 756-2151 - 23,960 shares of common stock. (File 2-70484 - Jan. 5) (Br. 2 - New Issue)
- (S-1) IPMC DIVERSIFIED COMMODITIES FUND, LTD., 1101 Colony Plaza, Bldg., 6451 North Federal Highway, Fort Lauderdale, FL 33308 - 10,000 units of limited partnership interest. The company will engage in speculative trading of commodity futures contracts and foreign currency forward contracts. (File 2-70485 - Jan. 7) (Br. 2 - New Issue)
- (N-1EL24) THE SECURITIES GROUPS MONEY FUND, INC., 500 Park Ave., New York, NY 10022 (212) 888-0500 - an indefinite number of securities. (File 2-70486 - Jan. 7) (Br. 18 - New Issue)
- (S-16) EQUITABLE GAS COMPANY, 420 Blvd. of the Allies, Pittsburgh, PA 15219 (412) 471-7600 - \$50 million of convertible subordinated debentures, due 2006. Underwriter: The First Boston Corporation. (File 2-70487 - Jan. 7) (Br. 7)

- (S-16) SOUTHERN CALIFORNIA EDISON COMPANY, 2244 Walnut Grove Ave., P.O. Box 800, Rosemead, CA 91770 (213) 572-1212 - 8,000,000 shares of common stock. Underwriters: Dean Witter Reynolds Inc., Blyth Eastman Paine Webber Incorporated, E.F. Hutton & Company Inc. and Merrill Lynch White Weld Capital Markets Group. The company is engaged in supplying electric energy. (File 2-70488 - Jan. 7) (Br. 8)
- (S-16) TECHNICAL OPERATIONS, INCORPORATED, One Beacon St., Boston, MA 02108 (617) 523-2030 - 133,000 shares of common stock. (File 2-70489 - Jan. 7) (Br. 9)
- (S-3) SOLV-EX CORPORATION, 2610 San Mateo Blvd., Albuquerque, NM 87110 (505) 883-5560 - 4,000,000 shares of common stock. The company is engaged in the development of a prototype plant and prototype process for the extraction of "bitumen" from "tar sands." (File 2-70490 - Jan. 7) (Br. 5 - New Issue)
- (S-1) REEF ENERGY CORPORATION, 13685 West Bay Short Dr., Traverse City, MI 49684 (616) 946-1473 - 350,000 units, 700,000 shares of common stock and 350,000 common stock purchase warrants. Underwriter: Ladenburg, Thalmann & Co. Inc. The company is engaged in investing in oil and gas exploration and production. (File 2-70491 - Jan. 7) (Br. 3 - New Issue)
- (S-1) HERITAGE COMMUNICATIONS, INC., 2195 Ingersoll Ave., Des Moines, Iowa 50312 (515) 245-7585 - 1,351,000 shares of common stock. Underwriters: E. F. Hutton & Company Inc., Warburg Paribas Becker and R. G. Dickinson & Co. The company owns and operates cable television systems. (File 2-69997 - Jan. 7) (Br. 7)

REGISTRATIONS EFFECTIVE

Dec. 31: New Plan Realty Trust, 2-69682.
Jan. 5: Hungry Tiger Inc., 2-70068.

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, registration statements, and other filings may be ordered by writing to the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549. When you are ordering more than one, we prefer that the documents be listed in alphabetical order by registrant name to expedite service. Two types of service are available.

REGULAR SERVICE — *The regular service reproduction cost is 10¢ per page, including applicable sales taxes, plus postage (\$5.00 minimum order). Regular service orders will be shipped within seven calendar days of the receipt by the SEC's service contractor of your request. Slight delays may occur if the materials to be copied are not already in the contractor's master files.*

PRIORITY SERVICE — *Copies of documents may be ordered by telephone directly from the SEC's service contractor by calling 301/951-1350. The priority reproduction cost is 35¢ per page plus postage and applicable sales taxes (\$10.00 minimum order). Priority service orders will be shipped by 4:00 PM of the working day following the day of your telephoned request for materials already in the contractor's master files. Cost estimates are given on request.*

All other reference material is available in the SEC Docket.

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