

# sec news digest

Issue 81-45

March 9, 1981

MAR 11 1981

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## RULES AND RELATED MATTERS

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U.S. SECURITIES AND  
EXCHANGE COMMISSION

### ADOPTION OF INTERIM RULES RELATING TO BUSINESS DEVELOPMENT COMPANIES

The Commission has adopted, on a permanent basis, two interim rules under the Investment Company Act of 1940 which relate to business development companies. Rule 57b-1 permits any person controlled by a business development company, and certain affiliated persons of that person, to enter into transactions with the business development without obtaining prior Commission approval. Rule 60a-1 permits a business development company to acquire the securities of and operate a wholly-owned small business investment company. (Rel. IC-11675)

FOR FURTHER INFORMATION CONTACT: Marshal Gilman at (202) 272-3036

### ISSUANCE OF LETTERS CONCERNING TRANSACTIONS IN LISTED OPTIONS DURING UNDERWRITINGS OF THE UNDERLYING STOCK

The Commission authorized the Divisions of Corporation Finance and Market Regulation to issue "no-action" and interpretive letters concerning transactions in listed options during registered offerings of the underlying stock. The letters addressed the application of Section 2(11) and 5 of the Securities Act of 1933 and Rule 10b-6 under the Securities Exchange Act of 1934 to certain option and option-related transactions by underwriters and their customers. (Rel. 33-6297 and 34-17609)

FOR FURTHER INFORMATION CONTACT: Peter Romeo at (202) 272-2573 with respect to the Securities Act of 1933; and M. Blair Corkran at (202) 272-2853 with respect Securities Exchange Act of 1934

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## ADMINISTRATIVE PROCEEDINGS

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### VANGUARD FUNDS' PLAN FOR ASSUMPTION OF DISTRIBUTION EXPENSES APPROVED

The Commission has approved the application of the Vanguard group of investment companies to assume financial and administrative responsibility for the promotion and distribution of their own shares, functions previously performed by the funds' investment adviser.

Under the arrangement approved by the Commission, which has been in effect since January 1, 1980 pursuant to the Commission's interim approval, each participating fund in the Vanguard complex will make a two-part quarterly contribution to distribution expenses, one-half based on the fund's relative net assets during the preceding quarter, and one-half based on the fund's relative sales of new shares during the preceding 24 months.

The Commission concluded that the Vanguard arrangement benefited each participating fund within a reasonable range of fairness; promoted a healthy and viable mutual fund complex within which each fund could better prosper; enabled the funds to realize substantial savings from advisory fee reductions; promoted savings from economies of scale; and provided the funds with direct and conflict-free control over distribution functions.

The Commission observed that the Vanguard plan would further the objectives of the Investment Company Act by ensuring that the funds' directors, with more specific information at their disposal concerning the cost and performance of each service rendered the funds, would be better able to evaluate the quality of those services. It also found that the arrangement would foster improved disclosure to shareholders, enabling them to make a more informed judgment as to the funds' operations.

Finally, the Commission determined to permit the Vanguard funds to characterize themselves as "no-load." It further stated that no-load funds that elect to use fund assets to finance distribution costs in compliance with the recently adopted Rule 12b-1 under the Act may continue to use that term. The Commission stated that appropriate disclosure must be made concerning any such assessments against fund assets. (Rel. IC-11645)

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## CIVIL PROCEEDINGS

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### THOMAS R. JAGER ENJOINED

The Washington Regional Office announced that on March 3 a complaint was filed in the U.S. District Court for the District of Columbia against Thomas R. Jager of Davenport, Iowa, charging him with violations of the periodic reporting provisions of the Securities Exchange Act of 1934. The complaint alleged that Jager, a former officer of a Clarke Corporation subsidiary, caused Clarke Corporation to file Quarterly Reports on Form 10-Q for interim period in 1977 which contained omissions and untrue statements of material facts.

Simultaneously with the filing of the Commission's complaint Jager consented to the entry of a Final Judgment of Permanent Injunction without admitting or denying the allegations in the complaint. (SEC v. Thomas R. Jager, U.S.D.C. D.C., Civil Action No. 81-0505). (LR-9315)

### JAMES E. CORR, III, AND NEICA L. CORR, ENJOINED

On March 6, James E. Corr, III, and his wife, Neica L. Corr, both consented to the entry of a Final Judgment of Permanent Injunction by the U.S. District Court for the District of Columbia restraining them from engaging in fraudulent or manipulative activities or from failing to timely file statements containing the information required by Schedule 13D. The Court's order also prohibits them from buying or selling the securities of issuers whose securities are publicly traded, except under certain specified circumstances.

The Commission's complaint charged that Corr and his wife engaged in fraudulent activities in connection with the purchase and sale of CHB Foods Stock and manipulated its price on the American Stock Exchange during the period from May, 1978, through February, 1979. The Corrs were also alleged to have violated the requirement to timely disclose holdings of more than 5 percent of a class of equity securities. (SEC v. James E. Corr, III, et al., U.S.D.C. D.C., Civil Action No. 81-0545). (LR-9316)

### FINAL ORDER ENTERED AGAINST FINAMERICA CORPORATION, JORGE E. CARNICERO

The Commission announced that on March 6 the U.S. District Court for the District of Columbia entered Final Orders against FinAmerica Corporation and its President, Jorge E. Carnicero. The complaint alleged that Carnicero, while a director of Riggs National Bank of Washington, D.C., purchased Riggs common stock for FinAmerica, then the largest shareholder of Riggs, without disclosing to the sellers information concerning negotiations for the sale of the Riggs stock held by FinAmerica and others at a substantial premium. It was also alleged that Carnicero's Administrative Assistant also purchased Riggs common stock on Carnicero's recommendation without disclosing material, non-public information then in her possession concerning the results of the negotiations. The complaint also alleged that Carnicero also recommended that stock to a third person who purchased the stock prior to announcement of the signing of an option agreement on the stock. It was alleged that Carnicero undertook to include this stock and the stock purchase by his Administrative Assistant and others in any sale of Riggs stock held by FinAmerica at a premium and that such stock was sold at a substantial premium in January 1981. The defendants, both of whom consented to entry of

the Final Order without admitting or denying the allegations in the complaint, were ordered not to engage in acts and practices in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and to disgorge profits of about \$149,000. (SEC v. FinAmerica Corporation and Jorge E. Carnicero, U.S.D.C. D.C., Civil Action No. 81-0553). (LR-9317)

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## CRIMINAL PROCEEDINGS

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### JAMES E. CORR, III, SENTENCED

On March 6 Judge Aubrey E. Robinson of the U.S. District Court for the District of Columbia sentenced James E. Corr, III to a term of four years and a fine of \$10,000. Mr. Corr had previously pled guilty to an information charging him with fraud in connection with transactions in the stock of CHB Foods on the American Stock Exchange in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. (U.S. v. James E. Corr, III, D.D.C., 80 Crim. D.C. 503). (LR-9316)

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## INVESTMENT COMPANY ACT RELEASES

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### DREYFUS LIQUID ASSETS, INC.

A notice has been issued giving interested persons until March 30 to request a hearing on an application filed by Dreyfus Liquid Assets, Inc. (Applicant), requesting an order of the Commission amending an earlier order of the Commission dated November 30, 1978 (Rel. IC-10501), which, pursuant to Section 6(c) of the Investment Company Act of 1940, exempted Applicant from the provisions of Rules 2a-4 and 22c-1 under the Act to the extent necessary to permit Applicant to compute its price per share to the nearest one cent on a share value of one dollar. The amended order, pursuant to Section 6(c) of the Act, would exempt Applicant from the provisions of Section 2(a)(41) of the Act and Rules 2a-4 and 22c-1 thereunder to the extent necessary to permit Applicant to value its portfolio securities using the amortized cost method of valuation. (Rel. IC-11670 - Mar. 6)

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## HOLDING COMPANY ACT RELEASES

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### CONSOLIDATED NATURAL GAS COMPANY

A supplemental notice has been issued correcting an error in file number 70-6559 designated in the notice of a voluntary plan pursuant to Section 11(e) filed by Consolidated Natural Gas Company, a registered holding company, and its subsidiaries, CNG Producing Company and CNG Development Company Ltd., which would result in the divestiture of most of CNG Producing Company's Canadian production properties in the Province of Alberta. The notice issued March 2, 1981 (Rel. 35-21943) recited an incorrect captioned file number of 70-6556. The file number should have read 70-6559. (Rel. 35-21943A - Mar. 6)

### WESTERN MASSACHUSETTS ELECTRIC COMPANY

A supplemental notice has been issued correcting an error in file number 70-6571 designated in the notice of a proposal by Western Massachusetts Electric Company, subsidiary of Northeast Utilities, to issue and sell an additional \$10 million of notes to two banks pursuant to an amended loan agreement. The notice issued March 3, 1981 (Rel. 35-21945) recited an incorrect captioned file number of 70-6511. The file number should have read 70-6571. (Rel. 35-21945A - Mar. 6)

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## LISTING, DELISTING AND UNLISTED TRADING ACTIONS

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### WITHDRAWAL GRANTED

An order has been issued granting the application of Air Express International Corporation to withdraw its common stock (\$.01 par value) from listing and registration on the Boston Stock Exchange, Inc. (Rel. 34-17606)

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## DELISTINGS GRANTED

Orders have been issued granting applications of the following stock exchanges to strike the specified securities from listing and registration thereon:  
New York Stock Exchange - Pamida, Inc., common stock (\$.50 par value). (Rel. 34-17610); and Pacific Stock Exchange - Speciality Restaurants Corporation, common stock (\$1 par value). (Rel. 34-17611)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGE

The Pacific Stock Exchange, Inc. has filed a proposed rule change under Rule 19b-4 (SR-PSE-81-4) to amend Article VI, Section I, of its Constitution, relating to eligibility for membership. Publication of the proposal is expected to be made in the Federal Register during the week of March 9. (Rel. 34-17607)

### NOTICE OF EFFECTIVENESS OF PROPOSED RULE CHANGE

The Midwest Stock Exchange, Incorporated has filed a proposed rule change which became effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934 (SR-MSE-81-2) to amend Article XX, Rule 8 of its rules regarding the application of the Commission's short sale rule under the Securities Exchange Act of 1934. Publication of the proposal is expected to be made in the Federal Register during the week of March 9. (Rel. 34-17608)

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## SECURITIES ACT REGISTRATIONS

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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) NOVAR ELECTRONICS CORPORATION, 24 Brown St., Barberton, OH 44203 - 350,000 common shares. Underwriter: McDonald & Company. The company designs, develops, manufactures and markets a line of electronic crime deterrent systems under the name Novar. (File 2-71071-C - Feb. 27) (Br. 8 - New Issue)
- (S-18) BUSINESS CONCEPTS MARKETING CORPORATION, 203 Long Beach Rd., Island Park, NY 11558 - 2,000,000 common shares. Underwriter: Patten Securities Corp. The company is engaged in manufacturing and distributing the Hotel Guest Guide, a plastic loose-leaf display device that attaches to telephones and motel and hotel rooms. (File 2-71125 - Mar. 4) (Br. 1 - New Issue)
- (S-14) INDEPENDENT BANSHARES OF OREGON, INC., Suite 1100, One S.W. Columbia, Portland, OR 97258 (503) 226-0226 - 1,000,000 shares of common stock. (File 2-71133 - Mar. 5) (Br. 1 - New Issue)
- (S-1) IGE INVESTMENTS, INC., P.O. Box 305, 832 Black Hrose Pike, Blackwood, NJ 08012 - 4000 units of limited partnership. (File 2-71134 - Mar. 5) (Br. 3 - New Issue)
- (S-1) DETONICS SMALL ARMS LIMITED, 2500 Seattle Tower, Third and University, Seattle, WA 98101 - 3,650 units of limited partnership interests. (File 2-71136 - Mar. 5) (Br. 6 - New Issue)
- (S-16) GENERAL TELEPHONE COMPANY OF CALIFORNIA, 100 Wilshire Blvd., Santa Monica, CA 90401 (213) 393-9311 - \$100 million of first mortgage bonds, % Series FF, due April 1, 2011. (File 2-71140 - Mar. 5) (Br. 7)

In a separate statement the company seeks registration of \$50 million of first mortgage bonds, % Series GG, due April 1, 1991. (File 2-71141 - Mar. 5)

- (S-16) ATLANTIC RICHFIELD COMPANY, 515 South Flower St., Los Angeles, CA 90071 (213) 486-3511 - \$250 million of 8 debentures, due 2011. Underwriters: Salomon Brothers and Merrill Lynch White Weld Capital Markets Group. The company is engaged in the exploration for, and the development, production, purchase, transportation and sale of, crude petroleum, natural gas liquids and natural gas. (File 2-71142 - Mar. 6) (Br. 4)
- (S-16) UNIVERSAL RESOURCES CORPORATION, 1000 Carillon Tower East, 13601 Preston Rd., Dallas, TX 75240 - 1,000,000 shares of common stock. Underwriters: Drexel Burnham Lambert Incorporated and Blyth Eastman Paine Webber Incorporated. The company is engaged in onshore oil and gas exploration, development, and production. (File 2-71143 - Mar. 6) (Br. 3)
- (S-11) DE ANZA PROPERTIES-XII, LTD., 9171 Wilshire Blvd., Suite 627, Beverly Hills, CA 92010 - 36,000 limited partnership interests. Underwriter: Merrill Lynch Pierce Fenner & Smith Inc. (File 2-71144 - Mar. 6) (Br. 5 - New Issue)
- (S-6) MUNICIPAL SECURITIES TRUST, SERIES 9, 55 Water St., New York, NY 10041 - 12,000 units. Depositor: Bear, Stearns & Co. (File 2-71145 - Mar. 6) (Br. 16 - New Issue)
- (S-14) TRANSCON INCORPORATED, 101 Continental Blvd., El Segundo, CA 92045 (213) 640-1800 - 3,132,701 shares of common stock. (File 2-71146 - Mar. 6) (Br. 3 - New Issue)
- (S-15) OLD KENT FINANCIAL CORPORATION, One Vandenberg Center, Grand Rapids, MI 49503 (616) 774-5000 - \$7,800,000 of 10% installment notes, and 5-1/4% promissory notes. (File 2-71147 - Mar. 6) (Br. 1)
- (S-1) RANDADO OIL & MINERALS, INC., 4200 Westheimer, Suite 290, Houston, TX 77027 (713) 840-8705 - 1,500,000 shares of common stock. The company is engaged in exploring for oil and gas. (File 2-71148 - Mar. 6) (Br. 3)
- (S-1) INTERTEC DATA SYSTEMS CORPORATION, 2300 Broad River Rd., Columbia, SC 29210 (803) 798-9100 - 1,650,000 shares of common stock. Underwriter: Bear, Stearns & Co. The company designs, manufactures and markets general purpose desk-top micro-computers. (File 2-71149 - Mar. 6) (Br. 10 - New Issue)
- (S-14) KASCO FINANCIAL CORPORATION, 27248 Van Dyke Ave., Warren, MI 48093 (313) 758-3500 - 137,028 shares of common stock. (File 2-71150 - Mar. 6) (Br. 1 - New Issue)

#### REGISTRATIONS EFFECTIVE

- Feb. 26: The Municipal Bond Trust, Series 79, 2-69624.  
Mar. 3: Municipal Investment Trust Fund, One Hundred Sixty-Sixth Monthly Payment Series, 2-70983; United Continental Growth Investment Programs, 2-70998.  
Mar. 5: The Corporate Income Fund, One Hundred First Short Term Series, 2-70594.

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## ACQUISITIONS OF SECURITIES

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Companies and individuals must report to the Commission within 10 days on Schedule 13D if after the acquisition of equity securities of a public company their beneficial interest therein exceeds 5%. Persons eligible to use the short form (Schedule 13G) may in lieu of filing a Schedule 13D file a Schedule 13G within forty-five days after the end of the calendar year in which the person became subject to Section 13(d)(1). The following companies or individuals filed Schedule 13D's during the period February 3 - 6, 1981. The number of shares of the security which are beneficially owned, and the number of shares concerning which there is a right to acquire are set forth for each beneficial owner. \*Amended Acquisition Reports.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER &amp; NUMBER OF SHARES</u>	<u>DATE FILED</u>
Leon Joseph	First Wisconsin Mortgage Trust (Chicago, IL) Shares of Beneficial Interest - 95,685	2-3-81
Harris Associates, Inc.	Gulfstream Banks, Inc. (Boca Raton, FL) Common Stock - 255,100 shs.	2-3-81

ACQUISITION REPORTS CONT.

Norman S. Sherwood	Inflight Services, Inc. (NYC) Common Stock - 158,700 shs.	2-3-81
Harris Associates, Inc.	International Rectifier Corp. (Los Angeles, CA) Common Stock - 181,900 shs.	2-3-81
* Central Park Limited (Hong Kong)	U. S. Realty Investments (Cleveland, OH) Shares of Beneficial Interest - 563,300 (17%)	2-3-81
William N. Demas	Washington Corporation (Chevy Chase, MD) Common Stock - 160,317 shs. (14.7%) Common Stock - 92,960 shs. on exercise of options	2-3-81
GW Properties, a Joint Venture between Goldberg, Inc. and WI Investments, Inc.	Affiliated Capital Corporation (Houston, TX) Common Stock - 125,000 shs. (11.3%) (Above shares were acquired pursuant to the Tender Offer.)	2-4-81
* Neil S. Leist Pro-Met Trading Company Susanne B. Leist Alan W. Drew	American Bakeries Company (Chicago, IL) Common Stock - 306,089 shs. (14.95%)	2-4-81
* Sun Chemical Corporation	Chromalloy American Corp. (St. Louis, MO) Common Stock - 3,832,258 shs. (27.6%)	2-4-81
* Fiduciary & General Corp., Parent Florida General Financial Services Corp.	Exchange Investment Corp. (Peoria, IL) Class A Common Stock - 665,560 shs. (28.2%) (Florida General will purchase 231,461 of above shares.)	2-4-81
* Michael Goodstein	Gaynor-Stafford Industries, Inc. (NYC) Common Stock - 368,381 shs. Common Stock - 4,732 shs. on conversion of Preferred Stock	2-4-81
Lola Goodstein	Gaynor-Stafford Industries, Inc. (NYC) Common Stock - 201,941 shs. (18.4%)	2-4-81
Fiduciary & General Corp., Parent Florida General Financial Services Corp. Florida General Life Insurance Co., et al	Independent Liberty Life Insurance Co. (Grand Rapids, MI) Common Stock - 90,000 shs.	2-4-81
Reich & Tang, Inc.	Kampgrounds of America, Inc. (Billings, MT) Common Stock - 480,454 shs. (36.9%)	2-4-81
* Abraham D. Gosman Bedros Beharian David B. Heard Marion C. McCulloch, et al (Shareholder Committee)	Multibank Financial Corp. (Quincy, MA) Common Stock - 382,618.2 shs. (24.6%)	2-4-81
* Abraham D. Gosman	Multibank Financial Corp. (Quincy, MA) Common Stock - 353,241 shs. (22.7%)	2-4-81
* Kentucky Bitulithic, Inc. Ashland Oil Holdings, Inc. Ashland Oil, Inc., Parent	United States Filter Corp. (NYC) Common Stock - 7,409,898 shs. (92.8%) Common Stock - 200,000 shs. on conversion of Note	2-4-81
* Life Investors Insurance Company of America	American Equity Investment Trust (Cedar Rapids, IA) Shares of Beneficial Interest - 291,536 (11.66%)	2-5-81
* Darby Drug Co., Inc.	Barth-Spencer Corp. (Valley Stream, NY) Common Stock - 617,525 shs. (53.6%)	2-5-81

ACQUISITION REPORTS CONT.

Chase Manhattan Bank, N.A. (Wholly-owned subsidiary of Chase Manhattan Corp.)	Buffet Crampon International Inc. (Melville, NY) Common Stock - 292,644 shs. on conversion of Class A Common Stock	2-5-81
* OPI Holding Corporation (Wholly-owned subsidiary of Occidental Petroleum Corp.)	Crestmont Oil & Gas Co. (San Marino, CA) Common Stock - 3,211,066 shs. (93.68%)	2-5-81
* Alfred Koplin	Flick-Reedy Corporation (Bensenville, IL) Common Stock - 175,022 shs. (15.3%)	2-5-81
Warner Communications Inc.	Harcourt Brace Jovanovich, Inc. (NYC) Common Stock - 380,000 shs.	2-5-81
* Curtiss-Wright Corporation	Lynch Corporation (Detroit, MI) Common Stock - 290,641 shs. (22.2%)	2-5-81
* Masco Corporation	Mechanical Technology Inc. (Latham, NY) Common Stock - 1,030,000 shs. (36.6%)	2-5-81
* Pioneer International Corporation	AIC Photo, Inc. (Carle Place, NY) Common Stock - 293,044 shs. (21.2%)	2-6-81
Newport Partners UAD 1/26/81	Angeles Corporation (Los Angeles, CA) Common Stock - 200,000 shs. (34.5%)	2-6-81
* Gulf + Western Industries, Inc. Charles G. Bluhdorn	Brunswick Corporation (Skokie, IL) Common Stock - 1,634,700 shs. Common Stock - 122,120 shs. on conversion of Preferred Stock	2-6-81

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 Branch, 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. Cost estimates are given on request. Two types of service are available through the Public Reference Branch, one of which (priority service) is also available directly from the SEC's service contractor.

**REGULAR SERVICE** — The regular service reproduction cost is 10c 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, forwarded from the Public Reference Branch. 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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