

# sec news digest

Issue 80-133

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July 9, 1980

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EXCHANGE COMMISSION

## 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 - TUESDAY, JULY 15, 1980 - 10:00 A.M.

The subject matter of the July 15 closed meeting will be: Formal orders of investigation; Settlement of injunctive action; Settlement of administrative proceedings of an enforcement nature; Freedom of Information Act appeal; Institution of injunctive actions; Institution of administrative proceeding of an enforcement nature; Institution and settlement of administrative proceedings of an enforcement nature; Personnel matter; Opinion.

### OPEN MEETING - THURSDAY, JULY 17, 1980 - 10:00 A.M.

The subject matter of the July 17 open meeting will be:

- (1) Consideration of whether to grant the request of Joel Seligman, Associate Professor of Law at the Northeastern University School of Law in Boston, to read and copy the "Chairmen's Files" of the chairmen of the Commission from 1946-1964, through the chairmanship of William Cary. FOR FURTHER INFORMATION CONTACT Theodore Bloch at (202) 272-2454.
- (2) Consideration of whether to issue a release inviting comment on proposed Rules 14 and 15 under the Public Utility Holding Company Act of 1935 which would exempt from the application requirements of Sections 9(a)(2) and 10 of the Act certain acquisitions of interests in electric generation or transmission companies by electric utility companies which are not otherwise subject to the Act, and which would provide such electric utilities with a basis for exemption as "holding companies" under Section 3(a)(2) of the Act. FOR FURTHER INFORMATION CONTACT Aaron Levy at (202) 523-5691.
- (3) Consideration of whether to propose for comment amendments to Rule 72(b) under the Public Utility Holding Company Act of 1935 to provide that the rules adopted under Sections 16(a) and (b) of the Securities Exchange Act of 1934 shall apply equally to any duty or liability imposed under Section 17(a) or (b) of the Act with respect to any security of a registered holding company or subsidiary thereof. FOR FURTHER INFORMATION CONTACT Grant G. Guthrie at (202) 523-5156.

(4) Consideration of whether to authorize transmittal of a voluntary survey questionnaire to approximately 1,100 corporate issuers to obtain information with regard to underwriting, research and market-making support provided by broker-dealers. FOR FURTHER INFORMATION CONTACT Joseph A. Meiburger at (202) 272-2850.

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

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## **RULES AND RELATED MATTERS**

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### **AMENDMENTS TO GUIDES FOR STATISTICAL DISCLOSURE BY BANK HOLDING COMPANIES**

The Commission has authorized the Division of Corporation Finance to publish various amendments to existing Guides 61 and 3, "Statistical Disclosure by Bank Holding Companies." The amendments to the Guides were designed to reduce the volume of disclosure, to lower compliance costs, and to make certain statistical disclosure adjustments requested by the staff, and preparers and users of statistical information. (Rel. 33-6221)

FOR FURTHER INFORMATION CONTACT: William H. Carter at (202) 272-2604

### **PROPOSED AMENDMENTS TO RULE 10a-1**

The Commission announced that it is proposing amendments to Rule 10a-1 under the Securities Exchange Act of 1934. If approved, the amendments would (a) permit a market maker, under certain specified circumstances, to effect short sales of a security at a price equal to that market maker's most recently communicated offer for that security and (b) provide a new definition of the term "third market maker." Persons wishing to submit written views should file three copies thereof with George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549, on or before August 31 and should refer to File No. S7-842. All submissions will be available for public inspection. (Rel. 34-16964)

FOR FURTHER INFORMATION CONTACT: Bruce Beatt at (202) 272-2888

### **AMENDMENT TO RULES 17a-1 AND RULE 17a-6**

The Commission is proposing for public comment amendments to Rules 17a-1 and 17a-6 under the Securities Exchange Act of 1934 to extend the record retention, production and destruction requirements embodied therein to registered clearing agencies and the Municipal Securities Rulemaking Board. Persons wishing to submit comments should file six copies with George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C., on or before August 15 and should refer to File No. S7-843. All submissions will be available for public inspection. (Rel. 34-16966)

FOR FURTHER INFORMATION CONTACT: Judith Axe at (202) 272-2415

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## **ADMINISTRATIVE PROCEEDINGS**

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### **PROCEEDINGS INSTITUTED AND ORDER ENTERED AGAINST PEABODY INTERNATIONAL CORPORATION FOR DEFICIENT FILINGS**

The Commission announced the issuance of an Order Instituting Proceedings pursuant to Section 15(c)(4) of the Securities Exchange Act of 1934 and Findings and Order of the Commission against Peabody International Corporation, a Delaware corporation with headquarters in Stamford, Connecticut. Peabody is engaged in the production of pollution control equipment, the manufacture of solid waste and material handling equipment and services related to the energy industry. Peabody, under the terms of its offer of settlement, consented to the entry of the Order without admitting or denying any of the findings or conclusions contained therein.

In its Order, the Commission found that Peabody failed to comply in several material respects with Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder in connection with an Annual Report on Form 10-K for its fiscal year ended September 30, 1979 and Quarterly Report on Form 10-Q for the quarter ended December 31, 1979. The Commission found that Peabody did not have a sufficient basis upon which to defer certain contract costs attributable to an alleged breach of contract or avoid recognition of the anticipated future costs on this contract and, by reason of the accounting treatment employed, overstated its income in filings with the Commission. Further, the Commission found that Peabody's disclosures concerning these matters in filings with the Commission were misleading and that Peabody omitted to disclose material matters.

The Commission ordered Peabody to comply with the reporting requirements of the Exchange Act, to amend its reports currently on file with the Commission and to comply with certain undertakings. Peabody undertook to, among other things, restate certain financial statements and amend its filings accordingly; to release immediately a release concerning the proceeding and setting out the restated figures; and to develop appropriate procedures and policies concerning the deferral of certain costs. Peabody also undertook to defer costs only if in accordance with generally accepted accounting principles, approved by its audit committee and disclosed in specified filings and reports to shareholders. (Rel. 34-16938)

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## TRADING SUSPENSIONS

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### TRADING SUSPENDED IN SUNDANCE GOLD MINING AND EXPLORATION, INC.

The Commission announced the temporary suspension of over-the-counter trading in the securities of Sundance Gold Mining and Exploration, Inc., a Delaware corporation located in New York, New York, for the ten-day period beginning on July 9 and terminating at midnight on July 18, 1980.

The Commission suspended trading in view of the recent unusual and unexplained market activity in that security between March 25 and June 6, 1980. During that period, there was no publicly available information which would have justified this market activity. In addition, since June 9, questions have been raised about the adequacy and accuracy of publicly disseminated information about joint ventures in which Sundance Gold is a participant.

If any broker-dealer or other person has any information which may relate to this matter, the Division of Enforcement of the SEC should be telephoned at (212) 264-1600. (Rel. 34-16971)

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## CIVIL PROCEEDINGS

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### COMPLAINT NAMES JACK M. CATAIN, JR., AND RUSCO INDUSTRIES, INC.

The Commission announced on July 8 the filing of a civil injunctive action in the U.S. District Court for the Central District of California seeking to enjoin Jack M. Catain, Jr. and Rusco Industries, Inc. from further violations of the antifraud, reporting and proxy provisions of the Securities Exchange Act of 1934 and Rules 10b-5, 12b-20, 13a-1, 13a-11, 14a-3 and 14a-9 thereunder. The Commission's complaint alleges that between 1974 and the present, Catain has engaged in a course of conduct in which Rusco corporate funds were used in connection with transactions in which Catain and/or certain of his friends or associates had an undisclosed interest for the benefit of Catain and his friends and associates without regard to the interests of Rusco, and its public shareholders. The complaint alleges that full, accurate and/or timely disclosure relating to the matters alleged in the Commission's complaint has never been made to Rusco shareholders or investing public in any of Rusco's periodic or annual reports, or proxy solicitation materials.

Without admitting or denying the allegations contained in the Commission's complaint, both Catain and Rusco have consented to the entry of permanent injunctions prohibiting future violations of the antifraud, reporting and proxy provisions of the Exchange Act. Moreover, Catain and Rusco have agreed to certain undertakings which, among other things, require Catain to immediately resign as Chairman of

the Board and Chief Executive Officer of Rusco and repay any monies found to be due and owing Rusco from the activities complained of in the Commission's complaint and other related matters to be investigated by the Rusco audit committee. Catain's undertaking further provides that Catain shall not be an officer or director of a public company without making an appropriate showing to the Court that matters as alleged in the Commission's complaint will not recur.

Rusco has undertaken to restructure its Board of Directors and audit committee with the former consisting of a majority of outside independent directors and the latter to be composed entirely of outside independent directors. Among its other responsibilities, an audit committee will conduct a search for a new chief executive officer and under the supervision of a special counsel conduct a comprehensive investigation, to be filed with the Commission, of Catain's activities as alleged in the Commission's complaint. Rusco has also agreed to correct all past inaccurate or incomplete filings currently on file with the Commission. (SEC v. Jack M. Catain, Jr. and Rusco Industries, Inc., U.S.D.C. C.D. Cal., Civil Action No. 80-02947). (LR-9129)

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## INVESTMENT COMPANY ACT RELEASES

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### ENERGY FUND INCORPORATED

An order has been issued, subject to certain conditions, on an application filed by Energy Fund Incorporated, Guardian Mutual Fund, Inc., and The Partners Fund, Inc. (collectively Funds), each registered under the Investment Company Act of 1940 as a diversified, open-end, management investment company, and Neuberger & Berman (N&B), sub-adviser and principal underwriter for each of the Funds: (1) pursuant to Section 17(b) of the Act, exempting from the provisions of Section 17(a) of the Act proposed portfolio securities loans by the Funds to N&B; (2) pursuant to Section 17(d) of the Act and Rule 17d-1 thereunder, permitting the Funds and N&B to enter into a joint arrangement with respect to certain portfolio securities loans; and (3) pursuant to Section 6(c) of the Act, exempting the Funds' portfolio securities loans from the provisions of Section 18(f) of the Act to the extent that such loans might be deemed to result in the creation of "senior securities." (Rel. IC-11249 - July 3)

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## HOLDING COMPANY ACT RELEASES

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### INDIANA & MICHIGAN ELECTRIC COMPANY

A notice has been issued giving interested persons until August 6 to request a hearing on a proposal by Indiana & Michigan Electric Company (I&M), subsidiary of American Electric Power Company, Inc., and Blackhawk Coal Company, subsidiary of I&M, that (1) I&M transfer its interests in certain coal mines, reserves, and related assets to Blackhawk, and (2) Blackhawk spend up to \$13 million between December 31, 1980 and June 30, 1981, on mine improvements if a contemplated sale of such assets to non-affiliated parties is not consummated before December 31, 1980. (Rel. 35-21652 - July 8)

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## SELF-REGULATORY ORGANIZATIONS

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### APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by Pacific Stock Exchange Incorporated (SR-PSE-80-7) concerning the attendance requirements for Market Makers. (Rel. 34-16965)

## 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-18) SUNSAV, INC., 640 South Union St., Lawrence, Mass 01843 - 6,050,000 shares of common stock. Underwriter: First Jersey Securities, Inc. The company intends to design, assemble, market and install solar thermal collectors and solar systems. (File 2-68097 - June 30) (Br. 9)
- (S-1) H. & VAL J. ROTHSCHILD, INC., 410 Degree of Honor Bldg., St. Paul, Minn. 55101 - \$15 million of six month investment certificates. The company is engaged in the mortgage banking business. (File 2-68392 - July 7) (Br. 1)
- (S-11) REPUBLIC SAVINGS AND LOAN ASSOCIATION OF WISCONSIN, 8200 West Brown Deer Rd., Milwaukee, Wis. 53223 - 2,000 mortgage-backed pass-through certificates. (File 2-68393 - July 7) (Br. 2)
- (S-6) MUNICIPAL INVESTMENT TRUST FUND, THIRTIETH NEW YORK SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10080 - an indefinite number of units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10080, Bache Halsey Stuart Shields Incorporated, Dean Witter Reynolds Inc. and Shearson Loeb Rhoades Inc. (File 2-68396 - July 7) (Br. 18)
- (S-6) THE EQUITY INCOME FUND, FOURTH UTILITY COMMON STOCK SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10080 - an indefinite number of units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, N.Y., Bache Halsey Stuart Shields Incorporated, Dean Witter Reynolds Inc. and Shearson Loeb Rhoades Inc. (File 2-68397 - July 7) (Br. 18)
- (S-14) WICKES COMPANIES, INC., 1010 Second Ave., San Diego, Cal. 92101 (714) 238-0304 - 15,385,229 shares of common stock. (File 2-68398 - July 7) (Br. 10)
- (S-14) FIRST BANKSHARES CORP. OF S.C., 1401 Main St., Columbia, S.C. 29201 (803) 771-3511 - 185,000 shares of common stock. (File 2-68399 - July 7) (Br. 1)
- (S-7) THE PARKER PAN COMPANY, 219 East Court St., Janesville, Wis. 53545 (608) 755-7000 - 1,030,505 shares of common stock. Underwriters: Morgan Stanley & Co. Incorporated and Robert W. Biard & Co. Incorporated. The company is engaged in the manufacture and sale of high quality writing instruments. (File 2-68400 - July 7) (Br. 6)
- (S-1) XEDAR CORPORATION, 2500 Central Ave., Boulder, Colo. 80301 - 58,443 shares of common stock. The company is engaged in the design, development and fabrication of high technology electro-optical equipment and related other equipment. (File 2-68402 - July 3) (Br. 7)
- (S-11) GLENDALE CENTRE, LTD., Suite 1240, Cherry Creek Plaza II, 650 South Cherry St., Denver, Colo. 80222 - 10,000 units of limited partnership interest. (File 2-68404 - July 8) (Br. 6)
- (S-8) DINNER BELL FOODS, INC., West High St., Defiance, Ohio 43512 (216) 241-1880 - 75,000 shares of common stock. (File 2-68405 - July 7) (Br. 4)
- (S-8) GENERAL TELEPHONE & ELECTRONICS CORPORATION, One Stamford Forum, Stamford, Conn. 06904 (203) 357-2000 - 3,000,000 shares of common stock. (File 2-68409 - July 8)
- (S-16) KNOGO CORPORATION, 100 Tec St., Hicksville, N.Y. 11801 (516) 822-4200 - 50,000 common shares. (File 2-68410 - July 8) (Br. 9)
- (S-7) AMAREX, INC., 15 North Robinson St., P.O. Box 1678, Oklahoma City, Okla. 73101 (405) 272-9201 - \$30 million of subordinated debentures, due 2000. Underwriter: Donaldson, Lufkin & Jenrette Securities Corporation. The company is engaged in the exploration for, and development and production of, gas and oil. (File 2-68411 - July 8) (Br. 3)

- (S-14) FIRST & MERCHANTS CORPORATION, F&M Center, 1111 East Main St., Richmond, Va. 23261 (804) 788-2000 - 90,000 shares of common stock. (File 2-68412 - July 8) (Br. 1)
- (S-7) VAGABOND HOTELS, INC., 1810 State St., San Diego, Cal. 92101 (714) 232-6274 - \$15 million of subordinated sinking fund debentures, due 2000. Underwriter: E. F. Hutton & Company Inc. The company owns and operates motor inns. (File 2-68413 - July 8) (Br. 5)
- (S-16) THE PROCTOR & GAMBLE COMPANY, 301 East Sixth St., Cincinnati, Ohio 45202 (513) 562-1100 - 600,000 shares of common stock. Underwriter: Goldman, Sachs & Co., 55 Broad St., New York, N.Y. The company is a manufacturer and distributor of household products. (File 2-68417 - July 9) (Br. 1)

## ACQUISITIONS OF SECURITIES

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 June 13 - 16, 1980. 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>
* NOA, Inc. Valhi, Inc. Contran Corporation Flight Proficiency Service, Inc. Harold C. Simmons	National City Lines, Inc. (Denver, CO) Common Stock - 254,500 shs. (13.1%)	6-13-80
* De Rance, Inc.	Nationwide Real Estate Investors Trust (Columbus, OH) Shares of Beneficial Interest - 72,000	6-13-80
* De Rance, Inc.	Pennsylvania Real Estate Investment Trust (Wyncote, PA) Shares of Beneficial Interest - 127,800	6-13-80
* De Rance, Inc.	Stewart Sandwiches, Inc. (Norfolk, VA) Common Stock - 115,200 shs.	6-13-80
* De Rance, Inc.	Superior Surgical Manufacturing, Inc. (Seminole, FL) Common Stock - 100,900 shs.	6-13-80
Libora Company, N.V. (Netherlands Antilles) Uzi Ruskin (Israel) Igal Dimont (Israel), et al	United Merchants & Manufacturers, Inc. (NYC) Common Stock - 545,650 shs.	6-13-80
Health & Tennis Corp. of America Frank Bond Harris Holding Corp. Fitness Centers Management Co. Donahue L. Wildman	U. S. Health & Recreation, Inc. (Towson, MD) Common Stock - 2,372,764 shs. (70.13%)	6-13-80
* De Rance, Inc.	Wells Fargo Mortgage & Equity Trust (San Francisco, CA) Common Stock - 251,100 shs.	6-13-80
* Lester Shapiro Nathan Shapiro Robert Shapiro Norton Shapiro, et al	Baldwin & Lyons, Inc. (Indianapolis, IN) Common Stock - 239,600 shs.	6-16-80

ACQUISITION REPORTS CONT.

* Sun Chemical Corporation	Chromalloy American Corp. (St. Louis, MO) Common Stock - 3,096,717 shs. (22.5%)	6-16-80
* Altius Corporation Movieworld Industries, Inc. Jack Berlin Todd Blum, et al	Flamemaster Corp. (Sun Valley, CA) Common Stock - 95,200 shs. (14%)	6-16-80
* Harry B. Leslie	Industralease Corporation (Lake Success, NY) Common Stock - 26,650 shs.	6-16-80
* Stone Mountain Acceptance Corp. Valhi, Inc. Contran Corporation Flight Proficiency Service, Inc. Harold C. Simmons	LLC Corporation (St. Louis, MO) Common Stock - 612,100 shs. (22.88%)	6-16-80



**NOTICE**

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*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. When you are ordering more than one, we prefer that the documents be listed in alphabetical order to expedite service. The reproduction cost is 10c per page plus postage (\$3.50 minimum); 20c per page plus postage for expedited service (\$5.00 minimum) and 30c per page plus postage for priority service (\$5.00 minimum). Cost estimates are given on request. All other reference material is available in the SEC Docket.*

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