

# sec news digest

Issue 79-91

May 10, 1979

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## COMMISSION ANNOUNCEMENTS

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### COMMENTS REQUESTED ON NASD RULE AMENDMENT GOVERNING PRACTICES WITH RESPECT TO FIXED PRICE OFFERINGS OF SECURITIES; HEARINGS ANNOUNCED

The Commission has published notice of a proposed rule change filed by the National Association of Securities Dealers, Inc. which would amend its Rules of Fair Practice governing member practices with respect to fixed price offerings of securities. In view of the importance and complexity of the issues associated with that proposed rule change, the Commission has determined to solicit additional written submissions of data, views and arguments from interested persons, particularly in response to the discussion contained in the release. The issues associated with the proposed rule change are commonly identified by reference to the judicial decision in the case of Papilsky v. Berndt. In addition, the Commission is announcing that it intends to hold public hearings on this subject during September 1979.

Written comments should be submitted and hearing appearances noted not later than August 1, 1979; public hearings are expected to commence on September 10, 1979. All submissions should refer to Commission File No. SR-NASD-78-3 and be delivered, together with 30 copies, to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol St., Washington, D.C. 20549. Copies of all written submissions and hearings transcripts will be made available at the Commission's Public Reference Room, 1100 L Street, N.W., Washington, D.C. (Rel. 34-15807)

FOR FURTHER INFORMATION CONTACT: Richard T. Chase, (202) 755-7620.

### COMMENTS REQUESTED ON AMENDMENT TO ITS PLAN

The Commission has issued a release soliciting public comment on a request by the participants in the Intermarket Trading System (ITS) that the Commission approve an amendment to the ITS Plan which would establish procedures for allocating the costs of various telecommunications lines among the participants in the ITS. Interested persons are invited to submit their views and comments in writing to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549, within 30 days from the date of publication in the Federal Register. All such communications should refer to File No. 4-208. (Rel. 34-15805)

FOR FURTHER INFORMATION CONTACT: Brandon Becker, (202) 755-8749.

### DELEGATION OF AUTHORITY TO DIRECTOR OF DIVISION OF MARKET REGULATION

The Commission has amended its regulations to delegate authority to the Director of Market Regulation to issue supplemental orders modifying the terms upon which self-regulatory organizations are authorized to act jointly in planning, developing, operating, or regulating facilities of a national market system in accordance with the terms of amendments to plans, which plans have been previously approved by the Commission under Section 11A(a)(3)(B) of the Securities Exchange Act of 1934. (Rel. 34-15806)

FOR FURTHER INFORMATION CONTACT: Brandon Becker, (202) 755-8749).

### NOTICE OF DELEGATION OF AUTHORITY TO DIRECTOR OF MARKET REGULATION

The Commission has issued a release amending its rules to delegate authority to the Director of the Division of Market Regulation to approve amendments to plans filed by self-regulatory organizations to implement the FOCUS reporting system. (Rel. 34-15776)

FOR FURTHER INFORMATION CONTACT: Elizabeth S. York, (202) 376-8137.

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## CRIMINAL PROCEEDINGS

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### JAMES JOHN CURTIS SENTENCED

The San Francisco Branch Office announced that on April 5 the Honorable Cecil F. Poole, U.S. District Judge for the Northern District of California, sentenced James John Curtis to one year imprisonment. The sentence was based upon Curtis' guilty plea to one count of fraud on an investment advisory client in violation of Section 206 of the Investment Advisers Act of 1940. The indictment had charged Curtis, formerly the president of San Francisco Investment Company (SFIC), a registered broker-dealer and investment advisor, with eight counts of securities fraud in violation of the Securities Exchange Act of 1934, one count of investment adviser fraud, and one count of devising a scheme to defraud in violation of Title 18 Section 2314 of the National Stolen Property Act. The indictment was based upon allegations that Curtis had converted approximately \$190,000 in funds and securities from the customers of SFIC. In exchange for his guilty plea, the remaining nine counts of the indictment were dismissed. (U.S. v. James John Curtis, CR-78-506; N.D. Cal.). (LR-8745)

### SEVEN FORMER CENCO EMPLOYEES INDICTED

The Chicago Regional Office announced that on April 24 a Federal Grand Jury returned a 33 count indictment against seven individuals on securities and mail fraud violations, conspiracy and for making false filings with the SEC.

The indictment resulted from an investigation of the financial statements and other SEC filings of Cenco Incorporated, a Chicago based corporation from 1970 through April 1975. Indicted were Ralph Read of Chicago, Illinois, former president of Cenco; Ronald Spiegel of Oak Brook, Illinois, the former executive vice-president of Cenco and president of Cenco Medical Health (CMH), a former subsidiary of Cenco; Howard Swiger of Downers Grove, Illinois, the former treasurer of a Cenco division and an officer of CMH; Russell Rabjohns of Chicago, Illinois, formerly employed in various capacities at Cenco, including national operations manager for CMH; Bernard Magdovitz of South Hampton, England, former treasurer of Cenco and president of CMH; Jack Coulson of Bartlett, Illinois, former national sales manager for CMH; and Robert Smith of New York, N.Y., former president of J.P. Drug, Inc., a former subsidiary of Cenco. Each defendant was charged with securities fraud, mail fraud and conspiracy. Defendants Read, Spiegel, Swiger and Smith were charged with one or more counts of false SEC filings.

The indictment charges that from 1970 through 1974 approximately \$25 million in false profit figures were reported by Cenco. It is alleged that a variety of devices were used to create this false profit including the inflation of the inventory of CMH. It is further alleged that in late 1974 and 1975 a scheme was entered into to create the appearance that non-existent inventory was destroyed. (SEC v. Cenco Inc., Civil Action No. 76c 3258). (LR-8747)

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## INVESTMENT COMPANY ACT RELEASES

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### NEA MUTUAL FUND, INC.

A notice has been issued giving interested persons until May 30 to request a hearing on an application of NEA Mutual Fund, Inc. (Applicant), registered under the Act as an open-end, diversified, management investment company, declaring that Applicant has ceased to be an investment company. (Rel. IC-10686 - May 9)

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## HOLDING COMPANY ACT RELEASES

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### APPALACHIAN POWER COMPANY

An order has been issued authorizing a proposal by Appalachian Power Company, subsidiary of American Electric Power Company, Inc., that it issue and sell at competitive bidding up to \$70 million of first mortgage bonds and up to 1,600,000 shares of a new series of preferred stock having an involuntary liquidation value of \$25 per share. (Rel. 35-21040 - May 7)

### WEST TEXAS UTILITIES COMPANY

A memorandum opinion and order has been issued authorizing a proposal by West Texas Utilities Company, subsidiary of Central and South West Corporation (CSW), that it

change the method of calculating earned surplus available for dividends under its supplemental indentures and that it pay a special \$15 million dividend to CSW. (Rel. 35-21041 - May 9)

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## MISCELLANEOUS

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### WJA REALTY

A notice has been issued giving interested persons until May 25 to request a hearing on an application by WJA Realty, successor to World Jai-Alai, Inc., pursuant to section 12(h) of the Securities Exchange Act of 1934, for an order exempting World from the provisions of Sections 13 and 15(d) of that Act. A wholly-owned subsidiary of WJA was merged with and into World on November 22, 1978 and World was thereafter liquidated. (Rel. 34-15782)

### THE CITY OF MILAN

A notice has been issued giving interested persons until May 25 to request a hearing on an application by The City of Milan, pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting the applicant from the reporting requirements of Section 13 of that Act. The applicant no longer has any securities outstanding which subject it to the reporting requirements of the 1934 Act, other than securities for which payment has already been reserved but which have not yet been presented for redemption. (Rel. 34-15783)

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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; and File number and date filed.

- (S-1) J. EDMUND & CO., 99 State St., Boston, Mass. 02110 - \$1 million of Edmund Limited Price Put and Call Option Contracts. (File 2-64417 - May 7)
- (S-7) MISSOURI PUBLIC SERVICE COMPANY, 10700 East 50 Highway, Kansas City, Missouri 64138 (816-353-5008) - 300,000 shares of common stock. Underwriter: Merrill Lynch White Weld Capital Markets Group. The company generates, transmits and sells electric energy and sells natural gas. (File 2-64419 - May 9)
- (S-8) NORTHWEST ENERGY COMPANY, 315 East 200 South, Salt Lake City, Utah 84111 - 100,000 shares of common stock. (File 2-64420 - May 9)
- (S-16) G. D. SEARLE & CO., P.O. Box 1045, Skokie, Ill. 60076 - 9,000 shares of common stock. (File 2-64421 - May 9)
- (S-1) EMPIRE PETROLEUM FUND, LTD. - 1979, 242 Homewood Rd., P.O. Box 49807, Los Angeles, Cal. 90049 (213-472-9586) - 2,500 units of limited partnership interests. Units will be sold through selected NASD members. (File 2-64422 - May 8)
- (S-6) EMPIRE STATE MUNICIPAL EXEMPT TRUST, SERIES 13 - 18,000 units. Depositors: Clickenhaus & Co., 522 Fifth Ave., New York, N.Y. 10036; Moseley, Hallgarten, Estabrook & Weeden Inc.; and Lebenthal & Co., Inc. (File 2-64424 - May 9)
- (S-1) THE LTV CORPORATION, 1600 Pacific Ave., P.O. Box 225003, Dallas, Tex. 75265 - 1,000,000 shares of common stock salable by participants in certain savings and investment plans; 65,189 shares of common stock salable by certain security holders; 603,923 shares of common stock and 27,808 shares of Series 1 participating convertible preference stock issuable upon exercise of certain stock options assumed by The LTV Corporation. (File 2-64426 - May 9)
- (S-8) CURTISS-WRIGHT CORPORATION, One Passaic St., Wood-Ridge, New Jersey 07075 - 400,000 shares of common stock. (File 2-64427 - May 9)
- (S-7) WASHINGTON ENERGY COMPANY, 815 Mercer St., Seattle, Wash. 98111 (206-622-6767) - 600,000 shares of common stock. Underwriters: Dean Witter Reynolds Inc. and Kirkpatrick, Pettis, Smith, Polian Inc. (File 2-64428 - May 9)

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