

sec news digest

LIBRARY
SEP 22 1983

Issue 83-183

September 21, 1983

RULES AND RELATED MATTERS

U.S. SECURITIES AND
EXCHANGE COMMISSION

FULL COST ACCOUNTING ISSUES

The Commission announces the adoption of revised rules for determining when costs may be excluded from immediate amortization under the full cost method of accounting by oil and gas producing companies. The revised rules permit the general exclusion of all unevaluated costs from immediate amortization. Rules are also being adopted to require more specific disclosure as to the category and age of such excluded costs. (FRR-14)

The Commission is also issuing for public comment proposed rules for income recognition under the full cost method. These rules would generally prohibit the recognition of income on sales or transfers of properties by companies following the full cost method. The comment period for these proposed rules expires December 15, 1983. All comments should refer to File No. S7-992 and be submitted to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549. (Rel. 33-6484)

FOR FURTHER INFORMATION CONTACT: John W. Albert or Lawrence S. Jones at (202) 272-2130.

CORRECTION OF RELEASE NUMBER FOR ADOPTION OF AMENDMENTS TO RULE 206(3)-2

In the News Digest dated September 9, 1983, it was reported that Rule 206(3)-2 had been adopted. The release number cited, IA-864, was incorrect. The correct release number is IA-881.

CRIMINAL PROCEEDINGS

THREE PENNSYLVANIA MEN CHARGED WITH OBSTRUCTION OF SEC INVESTIGATION, FALSE STATEMENTS AND STOCK FRAUD

The New York Regional Office and the U.S. Attorney for the Eastern District of Pennsylvania announced that a Federal Grand Jury has returned a 23 count indictment charging three Pennsylvania men with conspiracy, mail fraud and wire fraud by manipulating the stock of Brad Regan, Inc. The indictment charged that defendants Richard Shanahan, David P. DiGirolamo (D. DiGirolamo) and his brother Fred DiGirolamo (F. DiGirolamo) opened brokerage accounts in a fictitious name and ordered stock purchases with no intention of paying for the securities. At the same time, Shanahan and D. DiGirolamo sold shares of the same stock at artificially inflated prices. Also, the indictment charged the DiGirolamo brothers with obstruction of agency proceedings and false statements which occurred after the Securities and Exchange Commission initiated an investigation of the fraudulent transactions.

Shanahan was charged in 20 counts of the indictment. He pleaded guilty on one count of mail fraud, one count of conspiracy to manipulate the stock market and to commit mail and securities fraud, and two counts of wire fraud. On August 30, 1983, he was sentenced to two years suspended jail term, four years probation and fined \$1,500. D. DiGirolamo was charged in 21 counts. He pleaded guilty to two counts of conspiracy, two counts of mail fraud and two counts of wire fraud. Sentencing is scheduled for September 23, 1983. F. DiGirolamo was charged in three counts. He pleaded guilty to one count of conspiracy. Sentencing is scheduled for September 28, 1983. (U.S. v. Richard Shanahan, Fred DiGirolamo, David P. DiGirolamo a/k/a David Day, Criminal No. 83-00255, E.D.P. CRW.) (LR-10126)

FORMER OFFICERS OF GENERAL DYNAMICS AND FRIGITEMP INDICTED

William Tandy, Acting U.S. Attorney for the Southern District of New York, and Donald N. Malawsky, Regional Administrator of the New York Regional Office, announced that on September 6 a federal grand jury returned a 17 count indictment charging two former

executives of General Dynamics Corporation and two former executives of Frigitemp Corporation with conspiring to commit securities fraud and other charges arising from a \$2.7 million kickback scheme to obtain subcontracts on liquid natural gas tanker ships and nuclear submarines built at General Dynamics shipyards.

The indictment charges P. Takis Veliotis of Milton, Massachusetts and James H. Gilliland, of Vancouver, Canada, both General Dynamics executives from 1973 to 1982, with receiving kickbacks from 1974 to 1979 in connection with subcontracts awarded to the now bankrupt Frigitemp Corporation, which was in the marine subcontracting business, and a private company called IDT Corporation. The other two men named in the indictment were Gerald E. Lee, of Dublin, Ireland, former Chairman of the Board and Chief Executive Officer of Frigitemp, and George G. Davis, of Fort Lauderdale, Florida, Senior Vice President of Frigitemp and later President of IDT Corporation, a Fort Lauderdale, Florida company.

The four men were charged with conspiracy to participate in the affairs of an enterprise through a pattern of racketeering activity (RICO), conspiracy to commit securities fraud and other crimes, ten counts of causing false and fraudulent claims to be filed against the Government in connection with the Maritime Administration subsidies on the LNG tankers, and bankruptcy fraud in connection with the transfer of the General Dynamics subcontracts from Frigitemp to IDT. In addition, Veliotis and Gilliland were each charged with obstruction of justice in connection with their testimony during the Frigitemp bankruptcy proceedings and Veliotis was charged with giving false testimony in that proceeding. (U.S. v. P. Takis Veliotis, et al., 83 Cr. 00551, S.D.N.Y.) (LR-10127)

CIVIL PROCEEDINGS

COMPLAINT NAMED INTERSCIENCE SYSTEMS, INC.
AND SUMMIT SYSTEMS, INC.

On September 20, 1982, the Commission filed a civil injunctive action in the U.S. District Court for the District of Columbia against Interscience Systems, Inc. and Summit Systems, Inc. The Commission alleges that Interscience and Summit, as part of a continuing course of violative conduct extending over several years, failed to file: their Annual Reports on Form 10-K for their fiscal years ended March 31, 1982 and 1983, and their Quarterly Reports on Form 10-Q for their fiscal quarters ended June 30, 1983, September 30, and December 31, 1983; required Notifications of Late Filing on Form 12b-25 with respect to certain of their late periodic reports; and Current Reports on Form 8-K relating to a change in principal accountants. The Commission requests that the Court order Interscience and Summit to file their delinquent Annual and Quarterly Reports and enjoin Interscience and Summit from further violations of the reporting provisions of the federal securities law. (SEC v. Interscience Systems, Inc., and Summit Systems, Inc., D.D.C., Civil Action No. 83-2765.) (LR-10128)

INVESTMENT COMPANY ACT RELEASES

E.F. HUTTON & COMPANY INC.

A notice has been issued giving interested persons until October 14, 1983 to request a hearing on an application by Hutton Telephone Trust, First Tax-Free Exchange Series and Subsequent Series, a registered unit investment trust, and E.F. Hutton and Company Inc., its sponsor, exempting them from the provisions of Sections 7(c), 14(a), 17(e)(2)(C), and 19(b) of the Investment Company Act of 1940 and Rule 19b-1 thereunder. (Rel. IC-13514 - Sept. 19)

HOLDING COMPANY ACT RELEASES

AEP GENERATING COMPANY

An order has been issued authorizing AEP Generating Company, subsidiary of American Electric Power Company, Inc., to no longer reduce bank commitments under its Revolving Credit Agreement by the amount of borrowings made under its Term Loan Agreement in the case of notes issued under the Term Loan Agreement which mature prior to June 30, 1987. A reduction of such commitments had been contemplated at the time of the Commission's prior order in this proceeding. (Rel. 35-23063 - Sept. 19)

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; if the registration statement is a New Issue; and [S] denoting SHELF REGISTRATION pursuant to Rule 415.

- (S-18) COAST R.V., INC., 1723 Junction Ave., San Jose, CA 95112 (408-297-0471) - 1,070,000 shares of common stock. Underwriter: First Wilshire Securities Management, Inc. The company is a wholesale distributor of recreational vehicle replacement parts, supplies and accessories. (File 2-86420-LA - Sept. 8) (Br. 4 - New Issue)
- (S-18) PNEUMATIC TRANSPORTATION SYSTEMS, INC., 10200 W. 44th Ave., Denver, CO 80033 (303-422-5781) - 15,000,000 shares of common stock. Underwriters: Vantage Securities of Colorado, Inc., Englewood, CO; and A.L. Havens Securities, Inc., New York, NY. The company will design, develop and market pneumatic transportation systems. (File 2-86424-D - Sept. 8) (Br. 9 - New Issue)
- (S-18) DATAKEY, INC., 12281 Nicollet Ave., Burnsville, MN 55337 - 802,500 shares of common stock. Underwriter: Craig-Hallum, Inc. The company manufactures and markets personal portable information systems. (File 2-86484-C - Sept. 13) (Br. 9 - New Issue)
- (S-18) JEROME ENTERPRISES, INC., 6500 N.W. 15th Ave., Ft. Lauderdale, FL 33309 (305-973-7500) - 685,000 shares of common stock. Underwriter: Alan Bush Brokerage Co., Boca Raton, FL. The company develops, produces and markets audio cassette tape recordings. (File 2-86487-A - Sept. 7) (Br. 3 - New Issue)
- (S-14) PEOPLES BANKSHARES INCORPORATED, Corner of Walnut and Jefferson Sts., Eatonton, GA 31024 (404-485-8542) - 3,000 shares of common stock. (File 2-86568 - Sept. 16) (Br. 1 - New Issue)
- (S-18) SAN SABA NU-TECH, INC., 1035 Shoshone St., North, Twin Falls, ID 83301 (208-734-7885) - 40,000,000 shares of common stock. Underwriter: Norbay Securities, Inc., Bayside, NY. The company will manufacture solid state touch sensitive electronic devices and manufacture and market a patented water conservation toilet apparatus. (File 2-86569 - Sept. 16) (Br. 8 - New Issue)
- (S-11) ONE WATERFRONT PLAZA PARTNERS, Suite 2200, 2255 Kuhio Ave., Honolulu, HI 96815 - 464,633 units of limited partnership interest. The partnership will purchase all of the leasehold condominium apartments in a low-rise commercial condominium to be developed. (File 2-86571 - Sept. 19) (Br. 6 - New Issue)
- (S-8) VLSI TECHNOLOGY, INC., 1101 McKay Dr., San Jose, CA 95131 (408-942-1810) - 700,000 shares of common stock; 600,000 shares of Series B common stock. (File 2-86600 - Sept. 19) (Br. 7)
- (N-1) DMC TAX-FREE BOND FUND, INC., 10 Penn Center Plaza, Philadelphia, PA 19103 (215-741-2921) - an indefinite number of its shares. Investment Manager and General Distributor: Delaware Management Company, Inc. The fund is a diversified open-end investment company. (File 2-86606 - Sept. 19) (Br. 16 - New Issue)
- (S-2) THE GIBSON-HOMANS COMPANY, 1755 Enterprise Parkway, Twinsburg, OH 44087 (216-425-3255) - 1,045,000 shares of common stock. Underwriters: Wertheim & Co., Inc. and Prescott, Ball & Turben, Inc. The company manufactures protective coatings, adhesives and sealants. (File 2-86613 - Sept. 20) (Br. 2)
- (S-1) RELIABLE INVESTORS CORPORATION, 3321 West Beltline Highway, Madison, WI 53713 (608-274-0108) - 2,476 of Series B debentures; 138,327 of Series B preferred stock; and 5,264,240 shares of common stock. (Exchange offer.) (File 2-86616 - Sept. 20) (Br. 10)
- (S-8) AMGEN, 1900 Oak Terrace Lane, Thousand Oaks, CA 91320 (805-499-5725) - 1,249,736 shares of common stock. (File 2-86618 - Sept. 20) (Br. 8)
- (S-3) APPLIED SOLAR ENERGY CORPORATION, 15251 East Don Julian Rd., City of Industry, CA 91749 (415-788-4646) - 56,000 shares of common stock. (File 2-86619 - Sept. 20) (Br. 9) [S]

ACQUISITIONS OF SECURITIES

Companies and individuals must report to the Commission within ten days on Schedule 13D if after the acquisition of equity securities of a public company their beneficial interest therein exceeds five percent. Persons eligible to use the short form (Schedule 13G) may in lieu of filing a Schedule 13D file a Schedule 13G within 45 days after the end of the calendar year in which the person became subject to Section 13(d)(1). Companies and individuals making a tender offer must have on file at the time the tender offer commences a Schedule 14D-1.

Below is a list of recent filings of Schedules 13D and 14D, which includes the following information: Column 1 - the company purchased (top), and the name of the purchaser; Column 2 - the type of security purchased; Column 3 - the type of form filed; Column 4 - the date the transaction occurred; Column 5 - the current number of shares (in 000's) owned (top) and the current percent owned; Column 6 - the CUSIP number (top) and the prior percent owned; and Column 7 - the status of the filing, i.e., new, update, or revision.

	FORM	EVENT DATE	SHRS (000) / % OWNED	CUSIP / PRIOR %	FILING STATUS
ACF INDS INC ICAHN CARL C ET AL	COM 13D	9/ 6/83	1,126 13.6	00080010 0.0	NEW
AW COMPUTER SYS INC AMBRUS NICHOLAS	CL A 13D	9/ 6/83	351 17.0	00244810 18.1	UPDATE
AW COMPUTER SYS INC WELCH CHARLES	CL A 13D	9/ 6/83	383 18.6	00244810 19.3	UPDATE
B & M INVESTMENT INC CHARTWELL INDS INC ET AL	COM 13D	9/ 9/83	1,203 86.3	05558099 83.1	NEW
BROADVIEW FINL CORP ZIMMERMAN OSCAR ET AL	COM 13D	8/25/83	35 1.2	11132510 5.1	UPDATE
ENSTAR CORP DEL TESORO PETROLEUM CORP	COM 13D	9/ 9/83	1,461 9.5	29358210 9.5	UPDATE
GEARHART INDS INC GENERAL ELEC VENT CAP	COM 13D	9/ 9/83	3,525 22.3	36829810 20.3	UPDATE
HARKEN OIL & GAS INC PAYONIS LTD ET AL	COM 13D	9/ 1/83	515 11.4	41255210 5.8	UPDATE
IDEAL BASIC INDS INC ANSCHUTZ CORP ET AL	COM 13D	9/12/83	3,186 23.2	45154210 19.2	UPDATE
MATHEMATICAL APPL GROUP INC MITTELMAN EDWARD R	COM 13D	9/ 6/83	413 24.7	57671810 14.4	UPDATE
MATHEMATICAL APPL GROUP INC MITTELMAN PHILLIP S	COM 13D	9/ 6/83	413 24.7	57671810 12.7	UPDATE
NATIONAL COMM BANCORPORATION MCGEEHEE JAMES E JR ET AL	COM 13D	5/ 6/83	535 17.3	63544910 0.0	RVSDION
NATIONAL COMM BANCORPORATION NATIONAL BK OF COMMERCE ESDP	COM 13D	5/ 6/83	255 8.2	63544910 5.9	RVSDION
NORTHWEST ENERGY CO SEEMALA CORP ET AL	COM 13D	9/12/83	1,523 8.4	66744610 5.9	UPDATE
PEABODY INTL CORP CHESAPEAKE INS CO LTD ET AL	COM 13D	9/ 8/83	2,571 24.5	70456210 22.6	UPDATE
SHOPWELL INC ROSENGARTEN GLEN	COM 13D	8/17/83	107 6.6	82510110 4.9	UPDATE