

sec news digest

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Issue 80-13

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JAN 21 1980

RULES AND RELATED MATTERS

U.S. SECURITIES AND
EXCHANGE COMMISSION

ADOPTION OF RULE 242, FORM 242, AND
RELATED AMENDMENTS TO RULE 144

The Commission announces the adoption of a small issue exemptive rule, Rule 242, under Section 3(b) of the Securities Act of 1933 which allows certain domestic and Canadian corporate issuers to offer and sell up to \$2,000,000 per issue of their securities in any six-month period to an unlimited number of accredited persons (including certain institutional-type purchasers, purchasers of at least \$100,000 of securities, and executive officers and directors of the issuer) and to 35 other persons, provided certain conditions relating to the manner of offering, the information provided to purchasers, and the filing of notices of sales are met. (Rel. 33-6180)

FOR FURTHER INFORMATION CONTACT: Gail Gordon Alkire at (202) 272-2644

ADMINISTRATIVE PROCEEDINGS

NASD ACTION AGAINST PAUL F. KENDRICK AFFIRMED

The Commission has affirmed the NASD's imposition of censure, a \$5,000 fine, and a bar from association with any NASD member on Paul F. Kendrick, of San Francisco. Kendrick was president of Paul Kendrick & Co., Inc., formerly an NASD member firm.

The Commission found, as had the NASD, that Kendrick was responsible for his firm's operation with net capital deficiencies, attempts to conceal those deficiencies, violations of reporting, recordkeeping, customer protection and credit extension provisions, and for the sale of stock in a public offering at a price below the offering price.

In affirming the sanctions imposed by the NASD, the Commission stressed the pattern of deliberate deception that Kendrick practiced on regulatory authorities. Kendrick engaged in repeated efforts to conceal his firm's net capital deficiencies. He "parked" securities in customers' accounts, failed to record a securities purchase on his firm's books, and filed a series of false reports with the NASD. In addition, he forged two affidavits from customers in whose accounts he had parked securities, and introduced those affidavits into evidence before the NASD. (Rel. 34-16475)

CIVIL PROCEEDINGS

LINK-UP + 1 SECURITIES, INC. ENJOINED

The Denver Regional Office announced that on January 4 the Honorable Richard H. Matsch of the U.S. District Court for the District of Colorado entered a Final Judgment of Permanent Injunction against Link-Up + 1 Securities, Inc., Jerome A. Bernstein, Lawrence Bernstein, Bernstein and Bernstein, Inc., and Jerome A. Bernstein and Lawrence Bernstein, doing business as Continental Concepts. The defendants consented to the entry of said Final Judgment without admitting or denying the allegations of the Commission's complaint. The order enjoined the defendants from violating the registration and antifraud provisions of the securities laws and the registration, bookkeeping, and capital provisions of the securities laws applicable to broker-dealers in securities.

The Commission filed its complaint on May 17, 1979. The court granted a Temporary Restraining Order on May 18 and a Preliminary Injunction on May 25, 1979. The court also appointed the National Association of Securities Dealers as a receiver

for Link-Up + 1 Securities, Inc. in both the Temporary Restraining Order and Preliminary Injunction. Thereafter, on August 9, 1979, the court appointed a SIPC Trustee for Link-Up in the U.S. District Court for the District of Colorado (79-M-1018). The SIPC Trusteeship is continuing under 79-M-1018. (SEC v. Link-Up + 1 Securities, Inc., et al., USDC, District of Colorado, Civil Action No. 79-M-581). (LR-8973)

HOLDING COMPANY ACT RELEASES

CENTRAL AND SOUTH WEST CORPORATION

A supplemental order has been issued authorizing Central and South West Corporation to amend its dividend reinvestment and stock purchase plan. (Rel. 35-21396 - Jan. 17)

ARKANSAS-MISSOURI POWER COMPANY

A notice has been issued giving interested persons until February 15 to request hearings on post-effective amendments to a declaration filed by Arkansas-Missouri Power Company, subsidiary of Middle South Utilities, regarding the issuance and sale of short-term notes to Worthen Bank & Trust Company and The First National Bank, in Little Rock, Arkansas, for the account of a group of participating banks in the amount at any one time outstanding of not more than \$5,500,000, respectively. Arkansas-Missouri will apply the net proceeds received from the new borrowings to the payment of outstanding bank borrowings previously authorized in this proceeding (estimated at that time to aggregate \$5 million and \$4 million, respectively) and to the company's construction programs. (Rel. 35-21397 & 21398 - Jan. 17)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until January 30 to comment upon the following issuers' applications for withdrawal of their common stock from listing and registration on the: American Stock Exchange, Inc. - Hi-Shear Industries, Inc., \$.10 par value; Vulcan, Inc., \$1.50 par value and Napco Industries, Inc., \$1 par value. Philadelphia Stock Exchange, Inc. - Vulcan, Inc., \$1.50 par value. Boston Stock Exchange, Inc. - Dynamics Research Corp., \$.10 par value. (Rel. 34-16509)

UNLISTED TRADING SOUGHT

The Commission gives notice that the national securities exchanges listed below have applied, pursuant to Section 12(f)(1)(B) of the Securities Exchange Act of 1934, for unlisted trading privileges in the following common stocks that are listed on one or more national securities exchanges: Midwest Stock Exchange, Inc. - Valero Energy Corp., formerly Coastal States Gas Producing Co., \$1 par value; Gelco Corp., \$.50 par value; and Modern Merchandising, Inc., \$.10 par value. Boston Stock Exchange, Inc. - APL Corp., \$.10 par value; AZL Resources, Inc., no par value; Alaska Airlines, Inc., \$1 par value; Amrep Corp., \$.10 par value; Bancal Tri-State Corp., \$15 par value; Bandag, Inc., \$1 par value; Bangor Punta Corp., \$1 par value; Craig Corp., \$.25 par value; DWG Corp., \$1 par value; Deltona Corp., \$1 par value; Mobil Corp., \$7.50 par value; and Moore McCormack Resources, Inc., \$2.50 par value. Pacific Stock Exchange, Inc. - Resorts International, Inc., Class A common stock, \$1 par value and Class B common stock, \$1 par value.

Comments and/or request for hearing are to be submitted on or before January 28. (Rel. 34-16510)

DELISTING GRANTED

An order has been issued granting the application of the Pacific Stock Exchange, Inc. to strike all call option contracts respecting the common stock of Sambos Restaurants, Inc. from listing and registration thereon. (Rel. 34-16511)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGES

The following have filed proposed rule changes pursuant to Rule 19b-4: The Philadelphia Stock Exchange, Inc. (SR-PHLX-79-10) to provide listing and delisting standards for securities listed or admitted in trading on the PHLX. (Rel. 34-16505); The New York Stock Exchange, Inc. (SR-NYSE-79-49) to amend its rules regarding the distribution of the proceeds from the transfer of the membership of an equity member of the NYSE. (Rel. 34-16507); National Association of Securities Dealers, Inc. (SR-NASD-79-14) which provides that an Association member which is a participant in a registered clearing agency with a continuous net settlement capability shall have no further liability for an over-the-counter transaction that the member has submitted to the clearing agency if the transaction does not compare within fifteen business days after the trade date. (Rel. 34-16508); and Options Clearing Corporation, Inc. (SR-OCC-80-1) deleting obsolete provisions from OCC rules that deal with the assignment and allocation of exercise notices and adding a provision that would exempt from the assignment of an exercise notice short positions for which closing of transactions had been executed. (Rel. 34-16512)

Publication of the above proposals are expected to be made in the Federal Register during the week of January 21.

APPROVAL OF PROPOSED RULE CHANGES

The Commission has approved proposed rule changes filed by the following: The American Stock Exchange, Inc. (SR-AMEX-79-15) which adopts the Uniform Code of Arbitration. (Rel. 34-16502); The Midwest Stock Exchange, Inc. (SR-MSE-79-17) which adopts the Uniform Code of Arbitration. (Rel. 34-16503); and The Cincinnati Stock Exchange (SR-CSE-79-6) which provides criteria for delisting securities by issuers. (Rel. 34-16504)

NOTICE OF EFFECTIVENESS OF PROPOSED RULE CHANGES

The Philadelphia Stock Exchange, Inc. has filed a proposed rule change which became effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934 (SR-PHLX-79-14) to prohibit smoking and alcoholic beverages from its options trading floor at specified hours of the day. Publication of the proposal is expected to be made in the Federal Register during the week of January 21. (Rel. 34-16506)

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) BIOFUEL, INC., 1503 South Coast Drive, Suite 104, Costa Mesa, Cal. 92626 - 20,000,000 shares of common stock. Underwriter: Blinder, Robinson & Co., Inc. The company is engaged in the retail sale of gasoline. (File 2-66359 - Jan. 2)
- (S-16) PUBLIC SERVICE COMPANY OF INDIANA, INC., 1000 East Main St., Plainfield, Ind. 46168 (317) 839-9611 - 500,000 shares of cumulative preferred stock (par value \$100 per share). Underwriters: Morgan Stanley & Co., Inc. and Dean Witter Reynolds Inc. The company is engaged in the production, transmission, distribution and sale of electric energy. (File 2-66435 - Jan. 16)
- (S-14) OLD REPUBLIC INTERNATIONAL CORPORATION, 307 North Michigan Ave., Chicago, Ill. 60601 (312) 346-8100 - 877,418 shares of common stock. (File 2-66438 - Jan. 17)
- In a separate statement the company seeks registration of 833,574 shares of common stock. (File 2-66439 - Jan. 17)
- (S-16) ILLINOIS POWER COMPANY, 500 South 27th St., Decatur, Ill. 62525 (217) 424-6600 - 2,000,000 shares of common stock. (File 2-66440 - Jan. 17)

- (S-8) PURECYCLE CORPORATION, 1668 Valtec Lane, Boulder, Colo. 80301 (303) 449-6530 - 855,625 shares of common stock. (File 2-66441 - Jan. 17)
- (S-6) MONTANA TAX EXEMPT INCOME TRUST, SERIES 1, Davidson Bldg., P.O. Box 5015, Great Falls, Montana 59403 - 5,500 units of beneficial interest. Depositor: D.A. Davidson & Co. (File 2-66442 - Jan. 17)
- (S-8) COMPUGRAPHIC CORPORATION, 80 Industrial Way, Wilmington, Mass. 01887 (617) 944-6555 - 250,000 shares of common stock. (File 2-66443 - Jan. 17)
- (S-12) CHEMICAL BANK, 55 Water St., New York, N.Y. 10041 - 100,000 American Depository Receipts for ordinary shares of The National Bank of Australasta Limited. (File 2-66445 - Jan. 17)
- (S-8) EMERSON ELECTRIC CO., 8100 West Florissant Ave., St. Louis, Mo. 63136 (314) 553-2536 - 7,000 of participations and 250,000 shares of common stock. (File 2-66446 - Jan. 17)
- (S-6) TAX EXEMPT SECURITIES TRUST, SERIES 33, 1345 Avenue of the Americas, New York, N.Y. 10019 - 15,000 units. Depositors: Smith Barney, Harris Upham & Co., Inc., 1345 Avenue of the Americas, New York, N.Y. 10019 and Drexel Burnham Lambert Inc. (File 2-66447 - Jan. 17)
- (S-7) CAROLINA POWER & LIGHT COMPANY, 411 Fayetteville St., Raleigh, N.C. 27602 (919) 836-6111 - 4,500,000 shares of common stock. Underwriter: Merrill Lynch White Weld Capital Markets Group. The company is engaged in the generation, transmission, distribution and sale of electricity. (File 2-66448 - Jan. 17)
- (S-B) HYDRO-QUEBEC, 17 West 50th St., Rockefeller Center, New York, N.Y. 10020 - \$100 million of debentures, Series DT, due 1987 and \$200 million of debentures, Series DT, due 2010. Underwriters: The First Boston Corporation, Merrill Lynch White Weld Capital Markets Group, Salomon Brothers, Kidder, Peabody & Co., Inc. and A. E. Ames & Co., Inc. The company is engaged in the generation, transmission, distribution and sale of electrical energy. (File 2-66449 - Jan. 17)

REGISTRATION EFFECTIVE

Jan. 15: General Instrument Corp., 2-66150.

SIGNIFICANT NO-ACTION AND INTERPRETIVE LETTERS

The following is a list of significant no-action and interpretative letters recently issued by the Division of Market Regulation and the Division of Investment Management. These letters express the view of the Division with respect to novel or important questions arising under the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, and the Investment Advisers Act of 1940. Copies of these letters may be obtained by writing to the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549, or by making a request in person at the Public Reference Section, 1100 L Street, N.W., Room 6101, Washington, D.C., stating the name of the subject company, the Act and the Section of the Act to which it relates, and the public availability date. Copies cost 10 cents per page.

DIVISION OF INVESTMENT MANAGEMENT

COMPANY	ACT/SECTION/RULE OR RELEASE	DATE MAILED	PUBLIC AVAILABILITY DATE
Bank of Oregon	ICA '40/§§3(a)(1),3(a)(3), 2(a)(38)	11/20/79	12/20/79
Maryland National Bank Group Trusts	ICA '40/§3(c)(11)	12/10/79	1/09/80
United National Bank	ICA '40/§§2(a)(36),3(a)(1)	11/20/79	12/20/79

SIGNIFICANT NO-ACTION AND INTERPRETIVE LETTERS CONT.

DIVISION OF MARKET REGULATION

<u>COMPANY</u>	<u>ACT/SECTION/RULE OR RELEASE</u>	<u>DATE MAILED</u>	<u>PUBLIC AVAILABILITY DATE</u>
Thomson McKinnon, Inc.	'34 Act/\$13(e)/ Rule 13e-4	11/21/79	12/21/79
The British Petroleum Company Limited	'34 Act/\$10b/ Rule 10b-6	10/31/79	11/30/79
Mr. Robert M. Bishop, Senior Vice President, New York Stock Exchange	'34 Act/\$15(c)/ Rule 15c3-3	12/13/79	12/13/79

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 (Form 13-G) may in lieu of filing a Schedule 13D file a Form 13-G 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 January 10, 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 sent forth for each beneficial owner. *Amended Acquisition Reports.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER & NUMBER OF SHARES</u>	<u>DATE FILED</u>
* Gulf & Western Industries, Inc. Charles G. Bluhdorn Capitol Life Insurance Co. Providence Capital Investments Co., et al	Amfac, Inc. (Honolulu, HI) Common Stock - 2,600,000 shs. (20.6%)	1-10-80
* Paul Schwartz, Individually and Co-Trustee John W. Norris, Trustee Comity Corp., et al	Banks of Iowa, Inc. (Cedar Rapids, IA) Common Stock - 409,234 shs. (19.37%)	1-10-80
* SFIC Holding Corp. (Wholly-owned subsidiary of Santa Fe International) Santa Fe International Corp.	C F Braun & Co (Alhambra, CA) Common Stock - 3,261,752 shs. (64.5%)	1-10-80
* Loews Corporation	CNA Financial Corp. (Chicago, IL) Common Stock - 41,873,092 shs. (86.5%) Common Stock - 5,833,231 shs. on conversion of Preferred Stock	1-10-80
* George Wm. Erikson	Cerberonics, Inc. (Falls Church, VA) Class A Common Stock - 90,855 shs. (19.1%)	1-10-80
* De Rance, Inc.	Dataram Corp. (Cranbury, NJ) Common Stock - 56,710 shs.	1-10-80
* Federated Reinsurance Corp. (Wholly-owned subsidiary of Federated Development Co.)	Drexel Utility Shares (Philadelphia, PA) Common Stock - 63,600 shs. (11.2%)	1-10-80

ACQUISITION REPORTS CONT.

HCI Holding Ltd. (Canada)	Hiram Walker-Gooderham & Worts Ltd.	1-10-80
Zumasa Investments Ltd. (Canada)	(Walkerville, Ontario, Canada)	
J.P.S. Mackenzie Ltd. (Canada)	Class A and Class B Common Stock - 1,003,075 shs.	
* Cable Investments, Inc.	Kansas State Network, Inc. (Wichita, KS)	1-10-80
	Common Stock - 574,073 shs. (30.5%)	
* American Financial Corp.	Kenton Corp. (NYC)	1-10-80
Carl H. Lindner	Common Stock - 181,600 shs.	
Robert D. Lindner	Common Stock - 242,802 shs. on exercise of Warrants	
AEG-Telefunken Aktiengesell- schaft (West Germany)	Modular Computer Systems, Inc. (Fort Lauderdale, FL)	1-10-80
	Common Stock - 1,083,369 shs. (25%)	
John J. Robinson	Natmar, Inc. (Cincinnati, OH)	1-10-80
	Preferred Stock - 1,624 shs. (20%)	
	Common Stock - 401,130 shs. (10%)	
Robert E. Bidwell	Natmar, Inc. (Cincinnati, OH)	1-10-80
	Preferred Stock - 5,476 shs. (67%)	
	Common Stock - 1,364,395 shs. (35%)	
Bradley Eugene Ragan, Jr., Individually and Executor	Brad Ragan, Inc. (Spruce Pine, NC)	1-10-80
	Common Stock - 1,025,276 shs. (45%)	

Companies and individuals making a tender offer must have on file at the time the tender offer commences a Schedule 14D-1. The following companies or individuals filed Schedule 14D-1's during the period January 4 - 11, 1980. *Amended Tender Offers.

<u>OFFER TO PURCHASE BY:</u>	<u>ISSUER & NUMBER OF SHARES TO BE PURCHASED</u>	<u>DATE FILED</u>
Penacook Supply Co., Inc.	Merrimack Farmers' Exchange, Inc. (Bow, NH) Common Stock - All outstanding shares for cash at \$25.00 net per share	1-4-80
Société des Maisons Phénix (France)	U. S. Home Corp. (Houston, TX) Common Stock - 1,500,000 shs. (14.2%) for cash at \$17.50 net per share	1-4-80
* Trelain Corporation (Wholly-owned subsidiary of TRE Corp.) TRE Corporation	Wylain, Inc. (Dallas, TX) Common Stock - 2,400,000 shs. (63%) for cash at \$27.00 net per share (Amended offer increased the price from \$21.00 net per share.)	1-4-80
* MWY, Inc. (Wholly-owned subsidiary of Marley Company) Marley Company	Wylain, Inc. (Dallas, TX) Common Stock - 2,400,000 shs. for cash at \$30.00 net per share (Amended offer increased the number of shares from 1,710,000 and the price from \$25.00 net per share.)	1-11-80

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