

sec news digest

Issue 78-131

July 7, 1978

JUL 10 1978

ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES
EXCHANGE COMMISSION

E. E. THORNWELL AND N. C. NAPIER NAMED

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934, the Investment Company Act of 1940, and the Investment Advisers Act of 1940 against: Thornwell Investment Management, Inc. (TIM), a Georgia corporation and an investment adviser registered with the Commission; Earle English Thornwell (Thornwell), president and sole owner of TIM; Nathan Campbell Napier, an investment adviser registered with the Commission; and Southeastern Advisory Service, Inc. (SAS), a Georgia corporation owned by Napier. The Commission's order for proceeding alleges that TIM, Thornwell, Napier and SAS violated or aided and abetted violations of the antifraud, recordkeeping and reporting provisions of the Advisers Act and that Thornwell, Napier, and SAS violated or aided and abetted violations of the antifraud provisions of the Exchange Act, Securities Act and the compensation provisions of the Advisers Act. A hearing will be scheduled in order to take evidence on the allegations and to afford respondents an opportunity to offer any defenses. (Rel. IA-632)

TRADING SUSPENSIONS

TRADING SUSPENDED IN FRIGITEMP CORP.

The SEC announced the single ten-day suspension of exchange and over-the-counter trading in the securities of Frigitemp Corp., a New York corporation located in New York, New York, for the period beginning on July 7 and terminating at midnight (EDT) on July 16. The Commission suspended trading at the request of the company and has also taken this action because there are questions concerning the adequacy, accuracy and reliability of certain prior Frigitemp financial statements and because Frigitemp is delinquent in filing its Form 10-K for the fiscal year ending December 31, 1977 and its Form 10-Q for the quarter ending March 31, 1978. (Rel. 34-14941)

COURT ENFORCEMENT ACTIONS

EDDIE J. ROBBINS, OTHERS SENTENCED

The Denver Regional Office announced that on June 8 Eddie J. Robbins of Omaha, Nebraska, was sentenced in the U.S. District Court for the District of Nebraska before the Honorable Robert V. Denney, U.S. District Court Judge, to three years imprisonment after entering a plea of guilty on March 15 to one count of an indictment charging him with, among other things, a violation of the antifraud provisions of the Securities Act of 1933 in the offer and sale of the stock of Diversified Industries, Inc., Omaha, Nebraska. Robbins, who will be incarcerated for six months of his three year sentence and will be placed on supervisory probation for the remaining two and half years, was assessed the costs of prosecution. Robbins who was indicted on July 14, 1977 by a federal grand jury in Omaha will begin serving his sentence on June 30.

James R. Willoughby and Richard J. Mathews, also named as defendants in the indictment, and both of Omaha, had each entered a plea of guilty to one count of selling unregistered stock of Diversified Industries, Inc. and were sentenced by Judge Denney on January 31 and March 22, respectively. Mathews was sentenced to three years imprisonment, which was suspended, and placed on probation for a period of two years. Willoughby was sentenced to five years imprisonment, which was suspended, and placed on probation for a period of three years. (U.S. v. Eddie Robbins, et al., USDC Nebraska, Criminal Action No. 77-0-55). (LR-8455)

JERRY W. THARP SENTENCED

The Chicago Regional and St. Louis Branch Offices announced that on June 30 Jerry W. Tharp of St. Louis, Missouri, was ordered imprisoned for a period of three years by Federal District Judge H. Kenneth Wangelin. Execution of sentence was suspended for 34 months of this period, during which Tharp will be on probation, following 60 days of confinement in a work release program.

This imposition of sentence was pursuant to a plea of guilty entered by Tharp on February 27 to one count of a seven-count indictment. The count to which Tharp pled guilty charged him with violating the antifraud provisions of the Securities Act of 1933 by engaging in a scheme and artifice to defraud a customer of the brokerage firm with which he had previously been employed through "churning" the account, making unauthorized transactions and by including numerous short-term mutual fund transactions. (U.S. v. Jerry W. Tharp, E.D. Mo. #77-272 CR 2). (LR-8454)

NINTH CIRCUIT AFFIRMS ROBERT BROWN'S CONVICTION

The Denver Regional Office announced that on June 1 the U.S. Court of Appeals for the Ninth Circuit affirmed the conviction of Robert Edwin Brown of ten counts of securities fraud and one conspiracy count. Brown's principal contention on appeal insofar as the securities fraud counts are concerned was that the government was obligated to prove beyond a reasonable doubt that he knew that the items sold were securities within the meaning of the Securities Act of 1933. The Court held that "the government is required to prove specific intent only as it relates to the actions constituting fraudulent, misleading or deceitful conduct, but not as to the knowledge that the instrument used is a security under the Securities Act. The government need only prove that the object sold or offered is in fact a security; it need not be proved that the defendant had specific knowledge that the object sold or offered was a security." The bond of Robert Edwin Brown, who had previously been sentenced to ten years imprisonment and a \$10,000 fine, was to be revoked forthwith. (U.S. v. Robert Edwin Brown, et al., D. Ariz., CR-76-356-TUC). (LR-8455)

INVESTMENT COMPANY ACT RELEASES

FEDERATED EXCHANGE FUND, LTD.

An order has been issued on an application of Federated Exchange Fund, Ltd. (Applicant), registered under the Act as an open-end, diversified, management investment company, exempting Applicant's proposed quarterly distributions of long-term capital gains from the provisions of Section 19(b) of the Act and Rule 19b-1 thereunder. (Rel. IC-10309 - July 6)

HOLDING COMPANY ACT RELEASES

OHIO EDISON COMPANY

An order has been issued authorizing a proposal of Ohio Edison Company, a registered holding company, that it acquire promissory notes from its customers in connection with its residential insulation loan program required under Ohio law. (Rel. 35-20617 - July 6)

MIDDLE SOUTH UTILITIES

A second supplemental order has been issued authorizing a proposal of Middle South Utilities, Inc., a registered holding company, and its subsidiary, Arkansas Power & Light Company, to extend for one year the period during which Arkansas may issue and sell to Middle South the remaining 1,200,000 shares of common stock at a price of \$12.50 per share or \$15 million. (Rel. 35-20618 - July 6)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

DELISTING GRANTED

An order has been issued granting the application submitted by the American Stock Exchange, Inc. to strike from listing and registration the common stock (par value \$2) of Nelly Don, Inc. (Rel. 34-14940)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGE

The following stock exchanges have filed proposed rule changes pursuant to Rule 19b-4: The Boston Stock Exchange, Inc. (SR-BSE-78-7) to amend Chapter V, Section 3 of the BSE Rules to clarify that the rules of the registered clearing agency through which clearing and settlement are to take place govern the settlement of contracts for delivery of securities. (Rel. 34-14934); The New York Stock Exchange, Inc. (SR-NYSE-78-40) to conform NYSE Rule 410 to the requirements of Securities Exchange Act Rule 17a-4; to establish standards for the Exchange's authority to request information from members and member organizations (NYSE Rule 416); and to delete the income and expense report required of members and member organizations (NYSE Rule 425). (Rel. 34-14935) and The Philadelphia Stock Exchange, Inc. (SR-PHLX-78-13) to add By-Law Section 12-1(f) which would establish a non-participating status for regular memberships. (Rel. 34-14937)

Publication of the above proposals are expected to be made in the Federal Register during the week of July 10.

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved proposed rule changes filed by the following stock exchanges: The Philadelphia Stock Exchange, Inc. (SR-PHLX-78-9) amending PHLX Rule 1030 to exclude affiliates of issuers from the prohibition in Rule 1030 concerning the sale of call option contracts relating to the underlying stock; and amends PHLX Rule 1031 to facilitate the acceptance of permissible options orders by PHLX member firms and, where appropriate, permit margining of such options on a covered basis with "restricted stock." (Rel. 34-14936); the American Stock Exchange, Inc. (SR-Amex-78-9) amending its Rule 174 to eliminate the requirement that a specialist, upon request, disclose the names of buying and selling member organizations in completed Exchange transactions, and to make clear that such information, when disclosed, must also be disclosed on request to any eligible person. (Rel. 34-14938); and the Pacific Stock Exchange Inc. (SR-PSE-78-9) amending PSE Rule VI by adding Section 86 to provide a definitive date wherein payment of floor brokerage charges for trading of options contracts must be paid. (Rel. 34-14939)

MISCELLANEOUS

NORTHWEST PRODUCTION CORPORATION

An order has been issued granting the application of Northwest Production Corporation (Applicant), a Delaware corporation, pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an exemption from the reporting requirements of Section 15(d) of the Act. It appeared to the Commission that granting the requested exemption would not be inconsistent with the public interest or the protection of investors in view of the fact that Applicant has no outstanding securities in the hands of the public. (Rel. 34-14922)

UNITEK CORPORATION

A notice has been issued giving interested persons until July 25 to request a hearing on an application of Unitek Corporation (Applicant), pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Applicant from the provisions of Section 15(d) of the Act. (Rel. 34-14923)

CONTINENTAL TELEPHONE COMPANY OF VIRGINIA

A notice has been issued giving interested persons until July 25 to request a hearing on an application of Continental Telephone Company of Virginia (Applicant), for an order exempting Applicant from filing an annual report on Form 10-K and all other reports required to be filed by Sections 13 and 15(d) of the Securities Exchange Act of 1934. Applicant is a wholly-owned subsidiary of Continental Telephone Corporation. The only class of securities issued by Applicant which is subject to the reporting requirements of the Act is its 7.25% convertible subordinated debentures, due May 1, 1990. (Rel. 34-14924)

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-1) CHERRY ELECTRICAL PRODUCTS CORPORATION, 3600 Sunset Ave., Waukegan, Ill. 60085 (312) 689-7600 - 850,000 shares of common stock. Underwriter: Smith Barney, Harris Upham & Co. Inc. The company is engaged in the design, development, manufacture and marketing of electro-mechanical products. (File 2-62065 - July 6)
- (S-16) RESORTS INTERNATIONAL, INC., 915 N.E. 125th St., N. Miami, Fla. 33161 (305) 891-2500 - 67,268 shares of Class A common stock. The company is principally engaged in the ownership, development and operation of tourist and resort facilities. (File 2-62066 - July 6)
- (S-14) HUMANA INC., 1800 First National Tower, Louisville, Ky. 40202 (502) 589-3790 - \$148,500,000 of 11.70% sinking fund subordinated debentures, due 1998. (File 2-62067 - July 6)
- (S-8) CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., 4 Irving Pl., New York, N.Y. 10003 - 1,000,000 shares of common stock. (File 2-62068 - July 6)
- (S-8) PENNSYLVANIA ENTERPRISES, INC., 39 Public Sq., Wilkes-Barre, Pa. 18711 - 12,000 shares of common stock. (File 2-62069 - July 6)
- (S-7) ALLEGHENY AIRLINES, INC., Washington National Airport, Washington, D.C. 20001 - 1,000,000 shares of cumulative convertible senior preferred stock, Series A. Underwriter: Lehman Brothers Kuhn Loeb Inc. (File 2-62070 - July 6)
- (S-16) CITICORP, 399 Park Ave., New York, N.Y. 10043 (212) 559-0349 - \$250 million of floating rate notes, due 1998. Underwriter: The First Boston Corporation. (File 2-62071 - July 6)
- (S-8) AMERICAN MICROSYSTEMS, INC., 3800 Homestead Rd., Santa Clara, Cal. 95051 - 27,892 shares of common stock. (File 2-62073 - July 6)

REGISTRATIONS EFFECTIVE

June 29: Allied Products Corp., 2-61376 & 2-61594; Analytic Optioned Equity Fund, Inc., 2-60792; The Chase Manhattan Corp., 2-61874; City National Corp., 2-61095; Lucky Stores, Inc., 2-61747; McDonald's Corp., 2-61707; Martin Processing Inc., 2-61903; The Municipal Investment Trust Fund, Eighty-Eighth Monthly Payment Series, 2-61794; National Government Securities Reinvestment Program, Inc., 2-61548; National Government Securities Trust, First GNMA Series, 2-61549; Northwest Bancorp., 2-61836; Storage Technology Corp., 2-61785; Syntex Corp., 2-61792; United States Filter Corp., 2-61537.

NOTE TO DEALERS. When applicable the 90-day period of time dealers are required to use the prospectus is noted above in parentheses after the name of the issuer. As to the other issuers, there may be no such requirement to use a prospectus, or the requirement may be for a period of only 40 days; see Section 4(3) of the Securities Act of 1933 and Rule 174 (17 CFR 230.174) thereunder.

REGISTRATIONS WITHDRAWN

June 19: Member's Investment For Growth Fund, Ltd., 2-38347.

SIGNIFICANT NO-ACTION AND INTERPRETIVE LETTERS

The following is a list of significant no-action and interpretative letters recently issued by the Division of Corporation Finance, 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 CORPORATION FINANCE

<u>COMPANY</u>	<u>ACT/SECTION/RULE OR RELEASE</u>	<u>DATE MAILED</u>	<u>PUBLIC AVAILABILITY DATE</u>
United Technologies Corp.	'33 Act/§2(3)	4/10/78	4/10/78
California First Bank	'33 Act/§3(a)(2)	4/3/78	5/3/78
Compech Telecommunications Corp.	'34 Act/Rule 16b-3	4/13/78	5/15/78
American Telephone & Telegraph Co.	'34 Act/Rule 16b-3	4/6/78	5/8/78
Union Home Loans/Union Financial Corp.	'33 Act/§3(a)(11)	5/31/78	7/3/78
L. E. Myers Co.	'33 Act/Form S-8	5/5/78	6/5/78
Tulstar Factors, Inc.	'33 Act/§10(a)(3)	5/22/78	6/22/78
Automation Industries, Inc.	'34 Act/§14	5/5/78	5/5/78
Real Estate Investment Trust of America	'34 Act/§14	5/8/78	5/8/78
Houdaille Industries, Inc.	'34 Act/Rule 16b-3	5/8/78	5/8/78

DIVISION OF INVESTMENT MANAGEMENT

<u>COMPANY</u>	<u>ACT/SECTION/RULE OR RELEASE</u>	<u>DATE MAILED</u>	<u>PUBLIC AVAILABILITY DATE</u>
Tsai & Company, Inc.	IAA'40/§§202(a)(11) 203(b)(3)	5/16/78	6/15/78

DIVISION OF MARKET REGULATION

<u>COMPANY</u>	<u>ACT/SECTION/RULE OR RELEASE</u>	<u>DATE MAILED</u>	<u>PUBLIC AVAILABILITY DATE</u>
Citicorp	'34 Act/§10(b)/ Rule 10b-6	11/9/77	11/9/77
Pier 1 Imports, Inc.	'34 Act/§10(b)/ Rule 10b-6	11/22/77	11/22/77
Pacific Stock Exchange, Inc.	'34 Act/§15(c)(3)/ Rule 15c3-1	12/5/77	1/5/78

DIVISION OF MARKET REGULATION CONT.

American Institute of Certified Public Accountants	'34 Act/§15(c)(3)/ Rule 15c3-3	12/28/77	1/27/78
Compass Asset Management, Inc.	'34 Act/§15(c)(3) Rules 15c3-1 and 15c3-3	1/5/78	2/6/78
Stone & Youngberg Investment Securities	'34 Act/§15(c)(3)/ Rule 15c3-1	1/6/78	2/6/78
Continental Stock Transfer & Trust Company	'34 Act/§17(f)/ Rule 17f-1	1/12/78	2/13/78
Federal Reserve Bank of St. Louis	'34 Act/§17(f)/ Rule 17f-1	1/12/78	2/13/78
Houston Natural Gas Corporation	'34 Act/§10(b)/ Rule 10b-6	1/24/78	1/24/78
American District Telephone Company	'34 Act/§10(b)/ Rule 10b-6	1/26/78	1/26/78
European American Bank & Trust Company	'34 Act/§17(f)/ Rule 17f-1	1/26/78	2/27/78
National Association of Securities Dealers, Inc.	'34 Act/§15(c)(3)/ Rule 15c3-1	2/8/78	3/10/78
Stoeber Glass & Co.	'34 Act/§15(c)(3)/ Rule 15c3-3	2/8/78	3/10/78
Waste Management, Inc.	'34 Act/§10(b)/ Rule 10b-6	2/16/78	3/30/78
Komatsu Ltd.	'34 Act/§10(b)/ Rule 10b-6	2/26/78	3/28/78
Whiteside & Company	'34 Act/§17(f)/ Rule 17f-1	2/27/78	3/29/78
United Technologies Corporation	'34 Act/§10(b)/ Rules 10b-6 and 10b-13	4/10/78	4/21/78
Mr. Ghaith R. Pharaon -- National Bank of Georgia	'34 Act/§10(b)/ Rule 10b-13	5/26/78	6/26/78

RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events: ^{*/}

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Bankruptcy or Receivership.
- Item 4. Changes in Registrant's Certifying Accountant.
- Item 5. Other Materially Important Events.
- Item 6. Financial Statements and Exhibits.

The companies listed below have filed 8-K reports for the date indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Section (in ordering, please give the date of the report). An invoice will be included with the requested material when mailed.

COMPANY

ITEM NO.

DATE

RECENT 8K FILINGS CONT.

ASSOCIATED HOSTS INC	5	02/10/78
CENTURY PROPERTIES FUND XII	2	05/17/78
GUARDSMAN LEASE PLAN INC	5	05/09/78
JENOA INC	5	02/27/78
MEDCOM INC	5	05/17/78
REPUBLIC CORP	4,6	12/01/77
SEEBURG INDUSTRIES INC	2,6	03/16/78
TYSON FOODS INC	5	02/16/78
SUSQUEHANNA CORP	1,5,6	05/22/78
TANNETICS INC	5,6	05/01/78
TELEDYNE INC	5	05/01/78
TEXACO CANADA LTD	2,6	05/23/78
TEXAS COMMERCE BANCSHARES INC	6	05/31/78
TEXAS ELECTRIC SERVICE CO	5	05/30/78
TEXAS UTILITIES CO	5	05/30/78
THALHIMER BROTHERS INC	5	05/09/78
TIDEWATER GROUP INC	5,6	05/17/78
TREADOR ROYALTY CORP	5	06/01/78
TRANS DELTA CORP	1,5	05/30/78
TRANSWORLD SERVICES INC	2	05/25/78
UIP CORP	5	05/31/78
UNION INVESTMENT CO	5	05/31/78
UNITED NEW JERSEY RAILROAD & CANAL CO	6	06/15/78
UNITRODE CORP	5,6	05/24/78
UOP INC	5	05/01/78
VALHI INC	5,6	06/06/78
VANGUARD DIVERSIFIED INC	5	05/01/78
WALGREEN CO	5	06/01/78
WEBB DEL E CORP	5	05/01/78
WESTERN AMERICA ENERGY CORP	2,6	05/01/78
WESTERN PACIFIC INDUSTRIES INC	5	06/01/78
WILEY JOHN & SONS INC	5	05/09/78
WOODS CORP	5	05/18/78
ZENITH UNITED CORP	5	05/29/78

AMENDMENTS TO REPORTS ON FORM 8-K

ADDOE OIL & GAS CORP	6	12/19/77
AYDIN CORP	5	05/19/78
COMPUTER INVESTORS GROUP INC	4	03/27/78
DENTALLOY INC	4	12/01/77
FIRST INTERNATIONAL BANCSHARES INC	6	04/01/78
G&K SERVICES INC	6	01/23/78
HELIX TECHNOLOGY CORP	6	01/12/78
MCNEIL PACIFIC INVESTORS FUND 1972	5	02/06/78
MCNEIL REAL ESTATE FUND VII LTD	2,6	03/16/78
ENVIRCORP INC	6	08/02/77
NCN COMMISSIONED OFFICERS LIFE INSURANCE	5	11/10/77
PETRO LEWIS FUNDS INC	2,6	02/01/78
LEASEFAC CORP	4	09/29/77
PETRO LEWIS CIL INCOME PROGRAM VI	2,6	12/01/77



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NOTICE

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