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July 18, 1978

U.S. SECURITIES AND
EXCHANGE COMMISSION

Issue 78-138

RULES AND RELATED MATTERS

PROPOSED RULES RELATING TO SHAREHOLDER COMMUNICATIONS, SHAREHOLDER PARTICIPATION IN THE CORPORATE ELECTORAL PROCESS AND CORPORATE GOVERNANCE

The Commission today published for comment proposed rule, form and schedule amendments intended to provide investors with information concerning the structure, composition and functioning of corporate boards of directors, the terms of settlements of proxy contests, and the voting policies and procedures of institutions which are subject to the Commission's proxy rules and which exercise voting rights with respect to equity securities held either for their own accounts or for the accounts of others. Additionally, the Commission has requested comments on a proposed rule which would give a shareholder who has a proposal included in a company's proxy materials an opportunity to review management's statement in opposition to the proposal before the proxy soliciting materials are mailed. These proposals represent the first step of the Commission's response to issues which have been raised in connection with its ongoing re-examination of its rules relating to shareholder communications, shareholder participation in the corporate electoral process and corporate governance generally. Comments should be sent in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549 on or before September 18, 1978, and should refer to File No. S7-747. All submissions will be made available for public inspection. (Rel. 34-14970)

FOR FURTHER INFORMATION CONTACT: Barbara L. Leventhal at (202) 755-1750 or Richard B. Nesson at (202) 755-1754 or Jennifer A. Sullivan at (202) 376-8090

TRADING SUSPENSIONS

TRADING SUSPENDED IN LTV CORPORATION AND ITS SUBSIDIARIES

The SEC announced the single ten day suspension of exchange and over-the-counter trading for the period beginning on July 17 and terminating at midnight (EDT) on July 26, 1978 of all securities of The LTV Corporation (LTV), Dallas, Texas, and its subsidiaries, including Jones & Laughlin Steel Corporation (J&L), Pittsburgh, Pennsylvania, and Lykes Corporation (Lykes), New Orleans, Louisiana, and its subsidiaries. The Commission has taken its action because there are questions concerning the adequacy, accuracy and reliability of certain prior financial statements of LTV and J&L. Lykes has a proposed merger agreement pending with LTV and LTV requested the Commission to suspend trading in its securities.

Lykes has taken no position with respect to these trading suspensions. LTV has issued the following press release:

"The LTV Corporation said today that as a result of developments in the previously-announced private investigation by the Securities and Exchange Commission of recent financial statements of LTV and its wholly-owned subsidiary, Jones & Laughlin Steel Corporation, LTV has requested the New York Stock Exchange and the Commission to suspend trading in securities of LTV and its subsidiaries. As a result, trading in such securities was suspended today. Because of the proposed merger between LTV and Lykes Corporation, trading of Lykes' common stock has also been suspended."

"The primary focus of the investigation, which was announced by LTV in November 1977 and subsequently reported in LTV's 1977 annual report to shareholders and in its Form 10-K report filed with the Commission, relates to various aspects of J&L Steel's accounting for inventories in 1975 and 1976 and how such inventory accounting affected earnings of J&L Steel and of LTV for such years. J&L Steel has for many years utilized principally a 'last in first out' (LIFO) method of accounting for inventories."

"The company said, 'it now appears that adjustments may be required in the LIFO value of J&L Steel inventories at year-end 1976 and probably in earlier years which would have a materially adverse impact on the reported results of operations of J&L Steel and of LTV. The precise effect of such impact on and any restatement of reported earnings that will be required has not been determined. At the present time it does not appear that there will be any material effect on the pre-tax results of operations reported by J&L Steel and LTV for periods subsequent to 1976. However, in the event of a restatement of prior years, retained earnings of the companies would be adversely affected, and certain deferred tax credits reflected in the 1977 after-tax reported results may be utilized in those prior years, and therefore would no longer be available in 1977, which would increase the reported net loss for 1977. The directors and management of LTV believe that in view of all the circumstances, suspension of trading in its securities is an appropriate step to take at this time.'"

In its statements, LTV reported that it will continue to cooperate with the SEC and that it will make a further report as soon as it is in a position to do so."

"The proposed merger, which was announced in November 1977, recently received the approval from an antitrust standpoint of the Department of Justice. LTV has been advised by Chester H. Ferguson, the Vice Chairman of Lykes, that, subject to reviewing with the Board of Directors all the facts when they become available, he did not believe that the developments in the investigation would prevent the parties from continuing to prepare for the merger." (Rel. 34-14967)

COURT ENFORCEMENT ACTIONS

SCHEER FINANCIAL CORP. AND LAWRENCE M. SCHEER ENJOINED

The Chicago Regional Office announced that on June 28 Final Judgments of Permanent Injunction were entered against Scheer Financial Corporation and Lawrence M. Scheer by the Honorable John F. Grady, U.S. District Judge. The Permanent Injunctions enjoined the defendants from violating the antifraud and reporting provisions of the Securities Exchange Act of 1934 in connection with the securities of Seaboard Life Insurance Company of America or the securities of any other issuer. (SEC v. Scheer Financial Corporation, et al., Civ. No. 76-C-3567, N.D. Ill.) (LR-8465)

THOMAS R. ALCOCK, DIVERSIFIED SECURITIES, INC., ENJOINED

The Atlanta Regional Office announced that on June 29, Judge Neese of the U.S. District Court for the Eastern District of Tennessee signed a final judgment of permanent injunction from further violation of the antifraud provisions of the securities laws against Thomas R. Alcock of Hingham, Mass., and Diversified Securities, Inc., a New York corporation. The complaint, which was filed on February 18, 1977, alleges that Alcock, Diversified, and five other defendants participated in the fraudulent issuance, offer, and sale of municipal securities of the Washington County Utility District. Alcock and Diversified consented to the entry of the permanent injunctions without admitting or denying the allegations of the Commission's complaint. (SEC v. Washington County Utility District, C-2-77-15). (LR-8466)

CORRECTION RE INCOME BUILDERS, INC.

In the News Digest dated July 10, 1978, an item appeared announcing the filing of complaints in two related civil injunctive actions in Federal District Courts in Houston, Texas and Tacoma, Washington, concerning The Income Builders, Inc., Delbert K. Burkhart, Douglas F. Brown Financial Services, Inc., Brown Management Services Inc. and Douglas F. Brown. The item was incorrectly captioned "The Income Builders, Inc., Others Enjoined." The individuals were not enjoined. The caption should have read, "Complaint Names The Income Builders, Inc., Others."

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-8) KENAI CORP., 477 Madison Ave., New York, N.Y. 10022 (212) 688-6600 - 200,000 shares of common stock. (File 2-62124 - July 14)
- (S-1) MCGRAW-EDISON COMPANY PROFIT SHARING PLAN, 333 West River Rd., Elgin, Ill. 60120 - 300,000 shares of common stock. The company is a manufacturer of a wide variety of products which transmit, control and use electricity. (File 2-62125 - July 14)
- (S-16) HOUDAILLE INDUSTRIES, INC., One Financial Plaza, Fort Lauderdale, Fla. 33394 - 318,600 shares of common stock. (File 2-62126 - July 14)
- (S-8) FORD MOTOR COMPANY, The American Rd., Dearborn, Mich. 48121 (313) 323-4670 - 1,150,000 shares of common stock and \$5 million of participations. The company is engaged in the manufacture, assembly and sale of cars and trucks, and related parts and accessories. (File 2-62127 - July 14)
- (S-16) ALLERGAN PHARMACEUTICALS, INC., 2525 Dupont Dr., Irvine, Cal. 92713 (714) 752-4500 - 30,000 shares of common stock. The company is a developer, manufacturer and distributor of prescription and non-prescription pharmaceutical products. (File 2-62128 - July 17)
- (S-8) INTEL CORPORATION, 3065 Bowers Ave., Santa Clara, Cal. 95051 (408) 987-8080 - 12,000 shares of capital stock. (File 2-62129 - July 17)
- (S-16) TUCSON GAS & ELECTRIC COMPANY, 220 West Sixth St., Tuscon, Ariz. 85702 (602) 622-6661 - 800,000 shares of common stock. The company is engaged in supplying electric and gas service. (File 2-62130 - July 17)
- (S-16) DELHI INTERNATIONAL OIL CORPORATION, 3500 First International Bldg., Dallas, Tex. 75270 (214) 742-7362 - 650,000 common shares. (File 2-62131 - July 17)
- (S-8) ASHLAND OIL, INC., Ashland Dr., Russell, Ky. 41169 (606) 329-3333 - 700,000 shares of common stock. (File 2-62132 - July 17)
- (S-1) GREENWOOD 1978 - 1979 OIL AND GAS PROGRAM, 7503 Marin Dr., Englewood, Colo. 80111 - 8,000 units of limited partnership interests. Underwriter: American Western Securities Inc., 360 S. Monroe, Denver, Colo. 80209. (File 2-62133 - July 17)
- (S-8) MARATHON OIL COMPANY, 539 South Main St., Findlay, Ohio 45840 (419) 422-2121 - \$2,800,000 of participations. (File 2-62134 - July 17)
- (S-14) ACADEMY INSURANCE GROUP, INC., One Valley Forge Plaza, P.O. Box 807, Valley Forge, Pa. 19482 (215) 337-1400 - 760,686 shares of preferred shares and 1,521,372 shares of common shares. (File 2-62135 - July 17)
- (S-16) TEXASGULF INC., High Ridge Park, Stamford, Conn. 06904 (203) 358-5000 - 1,000,000 shares of common stock. The company is engaged in finding, developing, mining and processing natural resources and in the sale of natural resource products. (File 2-62136 - July 18)

REGISTRATIONS EFFECTIVE

June 15: New England Gas and Electric Association, 2-61103.

June 30: CML Accumulation Annuity Account E, 2-60681.

July 12: Allergan Pharmaceuticals, Inc., 2-61449; American Tax-Exempt Bond Trust, Series 27, 2-61392; Duke Power Co., 2-61895; Filmways, Inc., 2-61831; First Security Corp., 2-61897; Huyck Corp., 2-61595 & 2-61657; INA Corp., 2-61971; Med General, Inc., 2-57934.

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.



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NOTICE

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. The reproduction cost is 10c per page plus postage (7 days) (\$3.50 minimum); 20c per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30c per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given or request. All other reference material is available in the SEC Docket.

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SEC DOCKET is published weekly. Subscription rates: \$43.70/yr in U.S. first class mail; \$54.65 elsewhere.

SEC STATISTICAL BULLETIN is published monthly. Subscription rates: \$15.00/yr in U.S. first class mail; \$18.75 elsewhere.

The News Digest, the Docket, and the Statistical Bulletin are for sale by the superintendent of Documents, Government Printing Office, Washington, D.C. 20402.