

# sec news digest

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## RULES AND RELATED MATTERS

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### ADOPTION OF RULE 2a-5

### U.S. SECURITIES AND EXCHANGE COMMISSION

The Commission announced the adoption of Rule 2a-5 under the Investment Company Act declaring certain persons not deemed interested persons. (Rel. IC-9886)

### COMMENT PERIOD ON PROPOSED AMENDMENTS TO THE CONFIRMATION RULE EXTENDED

The Commission has extended the comment period to September 9 on the proposed amendments to Securities Exchange Act Rule 10b-10 which prescribes confirmation delivery and disclosure requirements. The comment period was originally scheduled to end on August 10. Interested persons are invited to submit written comments in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549, referring to File No. S7-654. (Rel. 34-13849)

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

### BARRY N. HANISH AND H. GEORGE POLLACK BARRED AND RESTITUTION ORDERED

Public administrative proceedings have been instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 against Barry N. Hanish of Panorama City, California and H. George Pollack of Los Angeles, California alleging that Hanish and Pollack willfully violated and willfully aided and abetted violations of the antifraud provisions of the securities laws in the distribution and sale of common stock of Unitax, Inc. during the period from May 1973 to June 1974 by means of a "boiler-room" sales campaign conducted while Hanish and Pollack were registered representatives employed by Fairman & Co., Inc. Simultaneously, the Commission has accepted an offer of settlement submitted by Hanish and Pollack. The Commission entered findings of willful violations by Hanish and Pollack, barred them from association with a broker, dealer or investment adviser, and ordered that they establish a \$150,000 trust fund from which restitution will be paid to public shareholders harmed by their illegal scheme. In applying for restitution pursuant to this plan, claimants will not be waiving any rights to otherwise pursue any legal remedies. Respondents submitted their offer of settlement without admitting or denying the allegations in the Commission's order for proceedings. (Rel. 34-13814 and 34-13816)

### SALOMON BROTHERS PROFIT SHARING PLAN EXEMPTION

The Commission has issued a memorandum opinion and order pursuant to Section 3(a)(2) of the Securities Act of 1933 exempting from the provisions of Section 5 thereof interests or participations in the profit sharing plan of Salomon Brothers. (Rel. 33-5852)

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## COMMISSION ANNOUNCEMENTS

### STAFF ACCOUNTING BULLETIN CONCERNING ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

The Division of Corporation Finance and the Office of the Chief Accountant have issued Staff Accounting Bulletin No. 15 concerning presentation of the allowance for funds used during construction on financial statements of public utility companies. The statement reflects presentation to be followed in light of recent amendments to the Federal Power Commission uniform systems of accounts. (SAB-15)

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## COURT ENFORCEMENT ACTIONS

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### PRELIMINARY INJUNCTION GRANTED AGAINST GREAT PLAINS MINERAL BYPRODUCTS, INC., OTHERS

The Denver Regional Office announced that on August 4 after a hearing, Judge Richard P. Matsch, for the District of Colorado, entered an order of preliminary injunction against Great Plains Mineral Byproducts, Inc., a Colorado corporation, Steven R. Omasko, David D. Duell, Wayne H. Duell, and Gerald L. Barker enjoining them from violating the registration provisions of the Securities Act of 1933 in transactions in the securities of Great Plains. The Commission's complaint, filed June 2, charged violations of the registration and antifraud provisions of the securities laws in the offer and sale of interest in Great Plains Mineral Byproducts, Inc., a company formed to extract precious metals from fly ash. (SEC v. Great Plains Mineral Byproducts, Inc., et al., USDC, Colorado, Civil Action No. 77-M-529). (LR-8062)

### CHARLES J. JOHNSON AND MILFORD A. SIMS PLEAD GUILTY

The Denver Regional Office announced that on May 12 two of the three defendants indicted by the U.S. Grand Jury on charges of violating the antifraud and broker-dealer reporting provisions of the Securities Exchange Act of 1934 have pled guilty to certain counts of the indictment. On July 26, Charles J. Johnson of Denver, Colorado pled guilty to two counts of the indictment charging him with violations of the antifraud provisions of the Exchange Act in the offer and sale of demand corporate notes of Westco Investment Corporation. On July 29, Milford A. Sims pled guilty to one count of the indictment charging him with violations of the antifraud provisions of the Exchange Act in the offer and sale of limited partnership units in Tanglewood Ranch 50-A, Ltd., a real estate limited partnership. The U.S. Attorney agreed to move at the time of sentencing to dismiss the remaining counts against the defendants. (U.S. v. Westco Financial Corporation, et al., USDC, Colo., 77-CR-158). (LR-8063)

### ABRAHAM B. GOLDBERG AND WILLIAM AXEL BERNHARD PLEAD GUILTY

The Denver Regional Office announced that on July 28 Abraham B. Goldberg and William Axel Bernhard, both of Denver, Colorado and officers and directors of Institutional Securities of Colorado, Inc. (ISOC) a registered broker-dealer in Denver, pled guilty to a three count information charging them with violating the antifraud and net capital provisions of the Securities Exchange Act of 1934, and with conspiracy to violate the antifraud, net capital, books and records and broker-dealer reporting provisions of the Exchange Act and Sections 1001, 1014, 1341, and 1343 of Title 18 of the U.S. Code. ISOC entered a plea of nolo contendere to one count charging a violation of the net capital provisions of the Exchange Act. The U.S. Attorney agreed to move at the time of sentencing to dismiss the 40 count indictment returned on April 15 against these three defendants. (U.S. v. Institutional Securities of Colorado, Inc., et al., USDC, Colo., 77-CR-128). (LR-8065)

### RICHARD P. CURRAN, OTHERS SENTENCED

The Denver Regional Office announced that on August 2 the Honorable Walter Craig, Chief Judge of the U.S. District Court for the District of Arizona, sentenced Richard P. Curran, Malibu, California; William Hetrick, Tustin, California; Hal Franklin Ely, Foster City, California; Robert Kenneth Lewkowitz, Phoenix, Arizona, certified public accountant; and Neal Henry Lidenberg, Mesa, Arizona to ten years imprisonment on their previous convictions by a jury of various counts of securities fraud, mail fraud and interstate transportation of money obtained by fraud in the purchase and sale of various interests in land contracts offered for sale and sold by Cochise College Park, Inc. Judge Craig suspended the sentence of Neal Henry Lidenberg and placed him on probation for two years and fined him \$10,000. Further Judge Craig sentenced Bemis Investment Co. to pay a \$10,000 fine on its convictions for the same offenses. (U.S. v. Richard P. Curran, et al., USDC, Ariz., CR-76-323). (LR-8064)

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## TRUST INDENTURE ACT RELEASES

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### CONDEC CORPORATION

A notice has been issued giving interested persons until September 3 to request a hearing on an application of Condec Corporation, a New York corporation, pursuant to Section 310(b)(1)(ii) of the Trust Indenture Act of 1939, declaring that the trusteeship of United States Trust Company under two indentures of the trust is not so likely to involve a material conflict of interest as to make it necessary to disqualify United States Trust Company from acting as trustee. (Rel. TI-480)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGE

The TAD Depository Corporation (TAD) has filed a proposed rule change pursuant to Rule 19b-4 (SR-TAD-77-2) to implement procedures for releasing stock certificates registered in TAD's nominee name to TAD participants. Publication of the proposal is expected to be made in the Federal Register during the week of August 15. (Rel. 34-13845)

The National Association of Securities Dealers, Inc. (NASD) has filed a proposed rule change under Rule 19b-4 (SR-NASD-77-9) to amend the NASD's Code of Arbitration Procedure to, among other things, liberalize the service requirements necessary to institute a proceeding, liberalize access provisions of the Code, and reduce the number of arbitrators in arbitration matters involving public customers in which the amount in controversy does not exceed \$20,000. Publication of the proposal is expected to be made in the Federal Register during the week of August 15. (Rel. 34-13847)

### APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved the extension of the time period within which the Commission must act on File Nos. SR-MSE-77-16 and SR-MSE-77-20). The rule changes prescribe circumstances under which the Exchange can summarily suspend special registrants. (Rel. 34-13848)

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## MISCELLANEOUS

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### PERMANENT SUSPENSION OF THE REGULATION B EXEMPTION OF DIVERSIFIED NATURAL RESOURCES CORPORATION

An order has been issued permanently suspending the Regulation B exemption from registration under the Securities Act of 1933 with regard to the public offering of fractional undivided interests in oil and gas leases in the following Diversified Natural Resources Corporation offering: Jaun Lease "Unit 22-P", Forest County, Pennsylvania. Without admitting or denying the allegations in the temporary suspension order Diversified Natural Resources Corporation consented to the indicated findings and entry of the permanent suspension order. (Rel. 33-5853)

### CORRECTION RE PLUS PRODUCTS

In the News Digest of August 11 under Miscellaneous, the name of the company was erroneously stated. The correct name of the company is Plus Products.

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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) CENTRAL TELEPHONE COMPANY OF VIRGINIA, 5725 East River Rd., Chicago, Ill. 60631 (312) 399-2500 - \$25 million of first mortgage sinking fund bonds, Series U, due 2007. Underwriters: Dean Witter & Co. Inc. and Bache Halsey Stuart Shields Inc. (File 2-59652 - Aug. 10)
- (S-8) TRUST COMPANY OF GEORGIA, Trust Company of Georgia Bldg., One Park Place, N.E., Atlanta, Ga. 30303 - 206,366 shares of common stock. (File 2-59653 - Aug. 10)
- (S-8) NEW ENGLAND ELECTRIC SYSTEM, 20 Turnpike Rd., Westborough, Mass. 01581 - 300,000 shares of common stock. (File 2-59654 - Aug. 10)
- (S-8) NIAGARA MOHAWK POWER CORPORATION, 300 Eire Blvd. West, Syracuse, N.Y. 13202 - 3,000,000 shares of common stock. (File 2-59655 - Aug. 10)
- (S-6) THE CORPORATE INCOME FUND, TENTH PREFERRED STOCK SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006 - 25,000 units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006, Bache Halsey Stuart Shields Inc. and Reynolds Securities Inc. (File 2-59656 - Aug. 10)

- (S-8) MYLAN LABORATORIES INC., 2040 One Oliver Plaza, Pittsburgh, Pa. 15222 - 73,716 shares of common stock. (File 2-59657 - Aug. 10)
- (S-16) NORTHWEST ENERGY COMPANY, 315 East 200 South Salt Lake City, Utah 84111 (801) 534-3600 - 69,824 shares of common stock. (File 2-59658 - Aug. 10)
- (S-7) UTAH POWER & LIGHT COMPANY, 1407 West North Temple St., P.O. Box 899, Salt Lake City, Utah 84110 (801) 350-3535 - 1,200,000 shares of cumulative preferred stock, Series H. (File 2-59659 - Aug. 10) and \$50 million of first mortgage bonds, due 2007. (File 2-59660 - Aug. 10)
- (S-8) MUNFORD, INC., 68 Brookwood Dr., N.E., Atlanta, Ga. 30309 - 275,000 shares of common stock. (File 2-59661 - Aug. 10) and 500,000 shares of common stock. (File 2-59663 - Aug. 10)
- (S-1) THE ROYAL GROUP, INC., 5030 Paradise Rd., Las Vegas, Nevada 89119 (702) 736-8928 - 1,200,000 shares of common stock. Underwriter: B. J. Leonard & Company. (File 2-59662 - Aug. 10)
- (S-8) RMIC CORPORATION, P.O. Box 2514, 411 N. Cherry St., Winston-Salem, N.C. 27101 - 13,000 shares of common stock. (File 2-59664 - Aug. 10)
- (S-5) OPPENHEIMER OPTION INCOME FUND, INC., One New York Plaza, New York, N.Y. 10004 - 2,000,000 shares of capital stock. Underwriter: A. G. Edwards & Sons, Inc. (File 2-59665 - Aug. 11)
- (S-14) TELECREDIT, INC., 1901 Avenue of the Stars, 3rd Floor, Los Angeles, Cal. 90067 (213) 277-4061 - 184,657 shares of common stock. (File 2-59666 - Aug. 11)
- (S-1) THE POWER COMPANY, 1655 N.E. 115th St., North Miami, Fla. 33161 - \$1 million of pre-formation limited partnership interests. (File 2-59667 - Aug. 10)
- (S-1) PENNSYLVANIA LIFE COMPANY, 3130 Wilshire Blvd., Santa Monica, Cla. 90406 - \$30 million of senior sinking fund debentures, due 1997. Underwriter: Bear, Stearns & Co. (File 2-59668 - Aug. 11)
- (S-16) UNIVERSAL FOODS CORPORATION, 433 East Michigan St., Milwaukee, Wis. 53202 (414) 271-6755 - 53,941 shares of common stock. (File 2-59669 - Aug. 11)
- (S-1) TWENTIETH COMPANY, 1350 Avenue of the Americas, New York, N.Y. 10019 - 50 units of pre-formation limited partnership interests. (File 2-59670 - Aug. 11)
- (S-1) NORIN CORP., 12100 N.E. 16th Ave., North Miami, Fla. 33161 - 1,000,000 shares of cumulative preferred stock. Underwriter: The First Boston Corporation. (File 2-59671 - Aug. 11)

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

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