

# sec news digest

U.S. SECURITIES & EXCHANGE COMMISSION

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

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RICHARD PINTO BARRED

The Commission has barred Richard Pinto of Brooklyn, New York, from association with any broker, dealer, investment adviser or investment company. After two years, Pinto may apply to the Commission for permission to become so associated in a non-supervisory, non-proprietary capacity.

The sanction was based on findings that, during the period from about September 1972 through March 1973, Pinto engaged in a manipulative scheme involving the securities of The Bolton Group, Ltd. Most of a public offering of Bolton securities was withheld from public sale and sold to a small group of scheme participants through nominee accounts, causing the aftermarket to open at an artificially inflated premium. Later, Pinto sold withheld stock at prices which had been highly inflated by the various manipulative practices in which he and others had engaged, and made fraudulent representations to purchasers.

It was also found that, during the same period, Pinto committed additional violations of antifraud provisions in connection with his activities involving a public offering of the common stock of EKG Service Corp. Substantial amounts of that offering were placed in nominee accounts, and a false appearance of the market for the stock was created. Pinto falsely represented to purchasers that all of the offering had been sold, and made material misrepresentations concerning the price at which the stock would trade, the demand for the stock, and the amount available for sale. He also violated registration provisions by unlawfully selling unregistered Bolton and EKG securities, and caused false entries to be made in a broker-dealer's books and records.

The Commission's order was based on an offer of settlement in which Pinto, without admitting or denying the charges against him, consented to the above findings and sanction. (Rel. 34-11235)

TRI-STATE ENERGY, INC., CHARLES W. DEATON AND  
EUGENE GOLDENBERG BARRED; LEONARD JAMES SUSPENDED

The Commission has barred Tri-State Energy, Inc. of Whitesburg, Kentucky, and its executive vice president, Charles W. Deaton, of Cranbury, New Jersey, from being associated with any broker or dealer. In the same order, it suspended Tri-State's president, Leonard James, of Stamford, Connecticut, for one year from being associated with any broker-dealer, registered investment company or investment adviser. After the suspension, James is barred from being so associated in a supervisory or proprietary capacity. In addition, the Commission barred Eugene Goldenberg of Brooklyn, New York, formerly president of North American Planning Corporation, once a registered broker-dealer doing business in New York City but now in liquidation under the Securities Investor Protection Act, from being associated with any broker-dealer, registered investment company or investment adviser. After two years, Goldenberg may apply to the Commission to become so associated in a non-supervisory capacity.

The sanctions were based on findings that during the period from about March 1972 to April 1973, Tri-State, Deaton and James of All States Insurance Company of Alabama violated both the registration and the antifraud provisions of the securities laws in the offer and sale of the common stock of All States Insurance Company of Alabama. It was also found that Goldenberg and the other three respondents aided and abetted violations of the net capital requirements, and that Goldenberg aided and abetted violations of the recordkeeping, reporting and credit extension provisions of the securities laws and rules thereunder.

The Commission's action was based on offers of settlement of James and Goldenberg in which they consented without admitting or denying the charges against them, to the above findings and indicated sanctions. Tri-State and Deaton failed to appear at a hearing, and were deemed in default. (Rel. 34-11240)

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## ORDERS FOR PUBLIC PROCEEDINGS

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### BACHE & CO., INC.

Public Administrative Proceedings have been ordered against Bache & Co., Incorporated, New York, New York; Melvyn B. Mason, a former Bache vice president; Lewis Maniloff, a former Bache registered representative; Howard J. Bleznak, a registered representative with another firm; Steven C. Kraus, a former Bache director, vice president and regional manager; and Jacob B. Petrosky, a Bache vice president and office manager of Bache's Philadelphia office. These proceedings are based upon allegations that Bache, Maniloff and Bleznak aided and abetted Mason's violations of the antifraud provisions of the securities laws in the offer and sale of securities, including, among others, investment contracts in fictitious real estate ventures and stocks and bonds as part of a Ponzi Type Scheme perpetrated by Mason from approximately 1963. Additionally, it has been alleged that Bache, Petrosky and Kraus failed reasonably to supervise persons subject to their supervision to prevent the aforesaid violations. (Rel. 34-11259)

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## COMMISSION ANNOUNCEMENTS

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### ADVISORY COMMITTEE ON THE IMPLEMENTATION OF A CENTRAL MARKET SYSTEM MEETINGS ANNOUNCED

The SEC Advisory Committee on the Implementation of a Central Market System will conduct open meetings on March 6 and 7, 1975, at 500 North Capitol St., Washington, D.C. 20549, in Room 776, beginning at 9:00 a.m. and on April 10 and 11, 1975 in Dallas, Texas. The summarized agenda for the March meeting is the completion of discussion of written comments received in response to the Committee's Preliminary Statement (Rel. 34-11131, December 11, 1974). The summarized agenda for and the location of the April meeting will be published in the Federal Register approximately fifteen days prior to the meeting. Further information may be obtained by writing Andrew P. Steffan, Director, Office of Policy Planning, Securities and Exchange Commission, Washington, D.C. 20549.

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## COURT ENFORCEMENT ACTIONS

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### COMPLAINT NAMES MELVYN B. MASON

The Washington Regional Office announced the filing of a complaint on February 10 in the U.S. District Court for the Eastern District of Pennsylvania, seeking to enjoin Melvyn B. Mason, a former vice president of Bache & Co., Incorporated, from violations of the registration and antifraud provisions of the securities laws. The alleged violations involve the offer and sale by Mason of approximately \$5,200,000 in securities including, among others, investment contracts and profit sharing agreements in fictitious real estate ventures, and stocks and bonds in connection with a Ponzi Type Scheme allegedly perpetrated by Mason from approximately 1963. (SEC v. Melvyn B. Mason, U.S.D.C. PA.). (LR-6738)

### DAVID R. HAND ENJOINED

The Washington Regional Office announced that on February 10 the federal district court in Roanoke, Virginia, permanently enjoined David R. Hand of Lakeland, Florida from violations of the antifraud provisions of the securities laws involving a scheme to purchase Petro-Lewis common stock for himself and others based upon material non-public information and when such persons did not have the financial resources to pay for such purchases.

The defendant consented to the final judgment without admitting or denying the allegations of the Commission's complaint. (SEC v. David R. Hand, U.S.D.C., W.D. Va., Roanoke Division, Civil Action No. 74-232). (LR-6741)

### CLIFFORD ALTON KNIFFIN SENTENCED

The Denver Regional Office announced that on February 14 the Honorable Sherman G. Finesilver, U.S. District Court Judge at Denver, Colorado, sentenced Clifford Alton Kniffin of Crossville, Tennessee, to four months imprisonment following his plea of guilty to a misdemeanor charged in a one-count information alleging criminal contempt. The charges are based on a final judgment of permanent injunction entered in 1969 against Kniffin. (U.S. v. Clifford Alton Kniffin, D. Colo. 74-CR-30). (LR-6742)

R. L. WHITNEY, INC. ENJOINED

The New York Regional Office announced that on February 6 an injunctive action was commenced against R. L. Whitney, Inc., seeking to enjoin the defendant from violations of the net capital provisions of the Securities Exchange Act of 1934. On the same day U.S. District Court Judge Morris E. Lasker, upon the consent of the defendant, signed a final judgment of permanent injunction enjoining the defendant from violating the net capital rule and ordered the appointment of a trustee under the Securities Investor Protection Act of 1970. (SEC v. R. L. Whitney, Inc., S.D.N.Y.). (LR-6743)

CASH SHOAF & CO., INC. ENJOINED

The Washington Regional Office announced that on February 10 the federal district court in Roanoke, Virginia permanently enjoined Cash Shoaf & Co., Inc., a Roanoke, Virginia broker-dealer, from violations of the net capital rules and the reserves and custody requirements for customers' fully paid securities under the securities laws. The defendant consented to the final judgment without admitting or denying the allegations of the Commission's complaint. (SEC v. Cash Shoaf & Co., Inc., W.D. Va., Roanoke Division, Civil Action No. 73-C-123R). (LR-6744)

JAMES WALLACE WHITE, ANNE WHITE, ENJOINED

The Fort Worth Regional Office announced that Federal District Judge Robert M. Hill at Dallas, Texas on January 28 entered orders of permanent injunction by consent against James Wallace White and Anne White, also known as Anne R. Kenny, also known as A. K. Petro, of Twentynine Palms, California. The defendants consented to the injunctive orders without admitting or denying the allegations in the Commission's complaint which had charged violations of the registration and antifraud provisions of the securities laws in the offer and sale of the common stock of American Educational Specialists, Inc., Tronics Corporation, U.S. Environmental Systems, Inc., Erie-Niagara, Ltd. and Med-Peds, Inc. (SEC v. American Educational Specialists, Inc., et al., N.D. Tex.). (LR-6745)

FRANK SATENSTEIN, OTHERS, ENJOINED

The New York Regional Office announced that consent judgments of permanent injunction had been entered against Frank Satenstein, Harold Rothberg, Melvin Harris, Allan Harris, Donald Aronow, Jerry Katz, Henri Moreault, Alfonso Simon and Marvin Satenstein. All nine defendants consented to the entry of the permanent injunctions without admitting or denying the allegations of the Commission's complaint. In addition, the defendants consented to disgorge realized and unrealized profits resulting from their transactions. Jerome M. Weinberg, Esq., was appointed Trustee to administer the fund created and return the funds to the defendant investors. (SEC v. Frank Satenstein, et al.). (LR-6746)

M. FRED TOMS PLEADS GUILTY

The SEC announced that on February 10 the Honorable John A. Reed, U.S. District Judge for the Middle District of Florida accepted the guilty plea of M. Fred Toms of Kissimmee, Florida, to a charge of criminal contempt arising from violation of a permanent injunction previously entered against him. Judge Reed suspended imposition of sentence and placed Toms on three years probation during which time he is prohibited from directly or indirectly engaging in the sale of any security. (U.S., ex. rel, SEC v. Toms, M.D. Fla., Crim No. 74-165-ORL-CR-R). (LR-6747)

ARTHUR K. SHEALEY PLEADS GUILTY AND IS SENTENCED

The Los Angeles Regional Office announced that on February 10 Arthur K. Shealey of Buena Park, California, was sentenced to serve four months in prison and three years on probation after pleading guilty to one count of securities fraud and one count of making false and fraudulent statements in Forms X-17A-11 submitted to the Commission. The indictment alleged that Shealey, as proprietor of Buena Park Securities, Inc., a registered broker-dealer, engaged in "bucketing", and filed false forms with the Commission to conceal his illegal activities. The indictment and conviction followed a Commission injunctive action filed on September 13, 1973, in which Shealey and Buena Park Securities consented to the entry of a permanent injunction. Upon the application of the Securities Investor Protection Corporation in that action, the Court appointed a trustee for Buena Park Securities to pay customer claims. (U.S. v. Arthur K. Shealey, C.D. CA., CR-74-1526 EAC). (LR-6748)

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## INVESTMENT COMPANY ACT RELEASES

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### TAX EXEMPT MUNICIPAL TRUST

An order has been issued on an application of Tax-Exempt Municipal Trust, a registered unit investment trust, exempting the trust from initial net capital requirements and exempting the secondary market operations of the trust's sponsor from daily pricing requirements. (Rel. IC-8677 - Feb. 18)

### MOBIL ALASKA PIPELINE COMPANY

An order has been issued on an application of Mobil Alaska Pipeline Company, a Delaware corporation, exempting it from all provisions of the Act. (Rel. IC-8678 - Feb. 19)

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## HOLDING COMPANY ACT RELEASES

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### BLACKSTONE VALLEY ELECTRIC COMPANY

An order has been issued authorizing Blackstone Valley Electric Company, subsidiary of Eastern Utilities Associates, to borrow up to \$25 million from a bank. (Rel. 35-18817 - Feb. 19)

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## SECURITIES ACT REGISTRATIONS

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### (S-7) PUBLIC SERVICE COMPANY OF NEW MEXICO

414 Silver Ave., S. W., Albuquerque, N.M. 87102 - \$25 million of first mortgage bonds, due 2005, and 100,000 shares of cumulative preferred stock, 1975 Series (\$100 par), to be offered for sale separately through underwriters headed by Kidder, Peabody & Co. Incorporated, 10 Hanover Sq., New York, N.Y. 10005. The company is a public utility which principally generates, distributes and sells electricity. (File 2-52832 - Feb. 14)

### (S-1) EUROFIMA (EUROPEAN COMPANY FOR THE FINANCING OF RAILROAD ROLLING STOCK)

20 Rittergasse, Basel 4001, Switzerland - \$50 million of notes, due 1982, to be offered for sale through underwriters headed by Smith, Barney & Co. Incorporated, 1345 Avenue of the Americas, New York, N.Y. 10019. The company is engaged in the financing of railroad rolling stock. (File 2-52836 - Feb. 14)

### REGISTRATIONS EFFECTIVE

Feb. 19: Arizona Public Service Co., 2-52778; Bowne & Co., Inc., 2-52780; The Cleveland Electric Illuminating Co., 2-52738; Kansas Gas and Electric Co., 2-52686; Lionel D. Edie Ready Assets Trust, 2-52711; McCulloch Oil Corp., 2-52222; Mobil Alaska Pipeline Co., 2-52719; Montreal Urban Community, 2-52754; National Standard Co., 2-52808; Nortrust Corp., 2-52800; Southwestern Public Service Co., 2-52724, 2-52723; Tax-Exempt Municipal Trust, First New York Series, 2-52590.

### 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 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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