

# sec news digest

U.S. SECURITIES & EXCHANGE COMMISSION

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## RULES AND RELATED MATTERS

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### SELF-REGULATORY ORGANIZATIONS

#### LIBRARY

The Commission announces submission of a proposed rule change under Rule 19b-4 by the National Association of Securities Dealers, Inc., relating to fees of the organization and, in part, their application to municipal securities brokers and dealers which become members of the organization. (Rel. 34-11711)

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

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### KENNETH BOVE, PRESIDENT OF BROKER-DEALER, OTHERS BARRED

The Commission has barred Kenneth Bove, of New York City, formerly president of a registered broker-dealer, Irwin Gretzcko, of the Bronx, and Calvin Schwell, of Bayside, New York, securities salesmen, and Jack Gompers, of Whitestone, New York, formerly a clerk for a registered broker-dealer, from association with any broker, dealer, investment company or investment adviser.

The sanctions were based on findings that respondents violated the antifraud provisions of the securities laws. Respondents consented to the findings and sanctions without admitting or denying the charges against them. (Rel. 34-11706)

### NASD ACTION AGAINST ALBERT H. HARRIS AFFIRMED

The Commission has affirmed the NASD's imposition of censure and \$1,000 on Albert H. Harris of Tiburon, California.

In April 1971, the firm, for which Harris was then a salesman, participated in a distribution of a public offering, which advanced to an immediate premium in the after-market. It was thus a "hot issue." The Commission found, as had the NASD, that Harris sold 50 units of those securities to his mother's trust account. In so doing, Harris failed to comply with the NASD's interpretation regarding free-riding and withholding. The interpretation is designed to assure that NASD members make a bona fide offering of a securities issue to the public at the public offering price. (Rel. 34-11687)

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## ORDERS FOR PUBLIC PROCEEDINGS

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### ORDER CITES EDWARD STANSFIELD

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against Edward Stansfield of Mechanicsburg, Pennsylvania. The proceedings are based upon alleged violations of the registration and antifraud provisions of the securities laws. Among other things, it is alleged that in the offer and sale of the common and preferred stock and convertible subordinated notes and warrants of Uxbridge Professional Services, Inc. (Uxbridge), Stansfield made false and misleading statements concerning the speculative nature and risk factors of Uxbridge securities, a prospective rise in the price of Uxbridge common stock and Uxbridge's financial condition. A hearing will be scheduled by further order on the charges against the respondent. (Rel. 34-11705)

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## COURT ENFORCEMENT ACTIONS

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### EUGENE H. BAY, OTHERS ENJOINED

The Washington Regional Office announced that on September 26 the U.S. District Court for the Eastern District of Virginia, Alexandria Division, entered a permanent order of injunction, by consent, against Eugene H. Bay of Jersey Shore, Pennsylvania, chairman of the board of Global Dynamics Corporation, and Jan Brzozowy of Lock Haven, Pennsylvania, former executive vice-president of American Trustee and Loan Association, Inc., enjoining them from violations of the registration and antifraud provisions of the securities laws. (SEC v. American Trustee and Loan Association, Inc., et al., E.D. Va., Alex. Div., Civil Action No. 75-536-A). (LR-7111)

### ROBERT L. ARATA SENTENCED

The Fort Worth Regional Office announced that on October 3 in State District Court at Dallas, Texas, Robert L. Arata, Garland, Texas, was sentenced to five years imprisonment. On September 29 Arata pleaded guilty to one count of a three count state indictment charging him with the sale of unregistered securities, sale of securities without being a registered dealer, and fraud in the offer and sale of securities.

After a four day trial on the issue of punishment, the sentence was imposed by the jury which denied Arata's application for probation. (State of Texas v. Robert L. Arata, Dallas County, Texas). (LR-7112)

### ROBERT W. HERKO AND BERNARD B. HERMAN SENTENCED

On September 29 U.S. District Judge Robert J. Ward imposed a sentence of three months imprisonment upon Robert W. Herko of New York City, president, a director and a principal stockholder of Saxon Securities Corp., a registered broker-dealer of New York City, and on October 1 Judge Ward sentenced Bernard B. Herman of Lawrence, New York, secretary-treasurer, a director, and a principal stockholder of Saxon to a fine of \$500 and probation for one year. Herko's prison term is to commence on October 16. Upon their pleas of guilty, Herko and Herman were convicted of criminal contempt of Court on August 18 for violating a temporary restraining order (TRO) and permanent injunction issued on January 24 and January 31, 1975, respectively, by Judge Ward in SEC v. Saxon Securities Corp., et al., 75 Civil 377 (SDNY). The above TRO and permanent injunction prohibited Saxon, Herko and Herman from violating the net capital, segregation, bookkeeping, supplemental reporting and antifraud provisions of the securities laws. The Commission, in its application, alleged that Saxon, in violation of the above TRO and permanent injunction, executed eighteen transactions on behalf of public customers while Saxon was not in compliance with the net capital and/or customer segregation provisions, failed to keep its books and records in a current and accurate manner, failed to notify the Commission of its non-compliance with both the net capital and bookkeeping requirements, failed to file the required follow-up reports to the above notification, and held itself out to the public as a broker-dealer in compliance with the securities laws. The Court found that Herko and Herman, in their capacities as officers and directors of Saxon and as individuals who had been restrained and subsequently enjoined, were in criminal contempt of Court in that they (1) failed to insure Saxon's compliance with the TRO and permanent injunction, and (2) personally participated in certain contumacious securities transactions. (SEC v. Saxon Securities Corp., et al.). (LR-7109)

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## INVESTMENT COMPANY ACT RELEASES

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### C. I. DIRECT PLACEMENT FUND

An order has been issued declaring that C. I. Direct Placement Fund, Inc., has ceased to be an investment company. (Rel. IC-8972 - Oct. 7)

### CAPITAL INVESTORS GROWTH FUND

An order has been issued declaring that Capital Investors Growth Fund, Inc., has ceased to be an investment company. (Rel. IC-8973 - Oct. 7)

### E. F. HUTTON CORPORATE INCOME FUND

A notice has been issued giving interested persons until October 30 to request a hearing on an application of E. F. Hutton Corporate Income Fund, First Series (and Subsequent Series) a registered unit investment trust, for an order (a) exempting the

Fund from the minimum initial capital requirements of the Act; (b) permitting capital gains distributions more frequently than once per year; and (c) exempting the secondary market operations of the Fund's sponsor from the daily pricing requirements of Rule 22c-1. (Rel. IC-8974 - Oct. 7)

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## TRUST INDENTURE ACT RELEASES

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### GENERAL AMERICAN TRANSPORTATION CORPORATION

A notice has been issued giving interested persons until October 28 to request a hearing on an application of General American Transportation Corporation for a finding that the trusteeships of Irving Trust Company under an existing indenture dated September 15, 1971, which is qualified under the Trust Indenture Act of 1939, and a new indenture to be qualified under that Act, are not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify Irving Trust Company from acting as trustee under both indentures. (Rel. TI-412)

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## SECURITIES ACT REGISTRATIONS

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### (S-7) PENNSYLVANIA ELECTRIC COMPANY

1001 Broad St., Johnstown, Pa. 15907 - 320,000 shares of cumulative preferred stock, Series K, to be offered for sale at competitive bidding. The company is a public utility supplying electric service. (File 2-54498 - Aug. 27)

### (S-6) MICHIGAN TAX EXEMPT BOND FUND, INSURED SERIES A

\$4 million of units of beneficial interest, to be offered for sale by First of Michigan Corporation, Buhl Bldg., Detroit, Mich. 48226. The Fund, a unit investment trust, is to be created by a trust agreement among First of Michigan Corporation, as sponsor, United States Trust Company of New York, as trustee, and Standard & Poor's Corporation, as evaluator. The payment of principal and interest on the bonds has been insured by independent insurance companies. The Fund's primary objective is providing tax exempt income through investment in a fixed portfolio of interest-bearing, long-term state, municipal and public authority bonds. (File 2-54566 - Sept. 8)

### (S-1) BELL FIDELITY CORPORATION

Suite 1000, Avco Center, 10850 Wilshire Blvd., Los Angeles, Cal. 90024 - 343,996 shares to be issued under stock option plans. The company is engaged in the sale of life insurance and mutual funds and related programs. (File 2-54570 - Sept. 8)

### (S-1) WARD FOODS, INC.

1000 Skokie Blvd., Wilmette, Ill. 60091 - 250,000 shares of common stock, to be offered for sale pursuant to exercises of warrants covering 100,000 shares, and pursuant to exercises of options covering 150,000 shares under employee stock option plan. No underwriting is involved. The company produces and distributes bakery, candy, dessert, snack food and dairy products and processes and distributes various meats, seafood and grain products. (File 2-54580 - Sept. 10)

### (S-1) KEYSTONE INTERNATIONAL, INC.

5325 Kirby Dr., Houston, Tex. 77005 - 350,000 shares of common stock, of which 200,000 shares are to be offered for sale by the company and 150,000 shares by selling shareholders through underwriters managed by E. F. Hutton & Company Inc., One Battery Park Plaza, New York, N.Y. 10004. The company designs, manufactures and markets industrial products used to control the flow of liquids, solids and gases. (File 2-54581 - Sept. 11)

### (S-16) MCDONALD'S CORPORATION

Oak Brook, Ill. 60521 - 39,474 shares of common stock, to be offered for sale from time to time by certain stockholders at prices current at the time of sale. The company is a nationwide developer, licensor and operator of fast food restaurants. (File 2-54583 - Sept. 11)

(S-7) BOATMEN'S BANCSHARES, INC.

300 North Broadway, St. Louis, Mo. 63102 - \$10 million of notes, due 1985, to be issued in denominations of \$1,000 and any integral multiple thereof through underwriters headed by Kuhn, Loeb & Co., 40 Wall St., New York, N.Y. 10005. The company is a multi-bank holding company which presently owns all of the outstanding shares (other than directors' qualifying shares) of fourteen banks in the State of Missouri. The company also owns all of the outstanding shares of two Missouri corporations engaged in the mortgage banking business. (File 2-54625 - Sept. 19)

(S-1) MISSISSIPPI CHEMICAL CORPORATION

P.O. Box 388, Yazoo City, Miss. 39194 - 100,000 shares of common stock, to be offered for sale by the company on a best efforts basis. The company manufactures and distributes chemical fertilizers primarily to stockholder/patrons on a cooperative basis. (File 2-54652 - Sept. 24)

(S-7) MEDIA GENERAL, INC.

301 East Grace St., Richmond, Va. 23219 - 144,357 shares of Class A common stock, to be issued upon exercise of options granted pursuant to the company's 1966 Selected Employees' Stock Option Plan and 1971 Unqualified Stock Option Plan. The company is engaged in the newspaper publishing, broadcasting and newsprint manufacturing businesses. (File 2-54696 - Sept. 29)

(S-1) MICHIGAN FINANCIAL CORPORATION

101 West Washington St., Marquette, Mich. 49855 - \$2,500,000 of subordinated debentures, due 1985. No underwriter is involved. The company is a registered bank holding company with seven banking subsidiaries. (File 2-54714 - Sept. 30)

REGISTRATIONS EFFECTIVE

Oct. 1: American Telephone and Telegraph Co., 2-54535; Central Illinois Light Co., 2-54500; Epsco Inc., 2-54365; Exhibitors Production and Distribution Cooperative (90 days), 2-53934; Liggett & Myers Inc., 2-54560; PK Management Corp., 2-54255; Pacific Gamble Robinson Co., 2-54620; Pacific Gas and Electric Co., 2-54302; S & S Corp., 2-54596; Twin Fair Inc., 2-54577; Xerox Corp., 2-54137 & 2-54647.

Oct. 2: City Stores Co., 2-54191; Florida Power Corp., 2-54525; King's Department Stores Inc., 2-54529; Peterson, Howell & Heather, Inc., 2-54614; Philadelphia Suburban Corp., 2-53647; Standard Oil Company (Ohio), 2-54639; Wilson Delaware Inc., 2-54011; Zions Utah Bancorp., 2-54368.

Oct. 3: Frawley Enterprises Inc., 2-52309; Joslyn Corp., 2-54649; May Petroleum Inc., 2-54069; Royal Apex Silver Inc., (90 days) 2-52237; National Detroit Corp., 2-54549.

NOTE TO DEALERS. 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 (17 230.174) thereunder.

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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