

sec news digest

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NOTICE OF COMMISSION MEETINGS

U.S. SECURITIES AND EXCHANGE COMMISSION

Following is a schedule of Commission meetings which will be conducted pursuant to provisions of the Government in the Sunshine Act. In general, the Commission expects to follow a schedule of holding closed meetings on Tuesdays, and open meetings on Thursday mornings. Meetings on Wednesday, and if necessary on Thursday afternoons, will be either open or closed according to the requirements of agenda items under consideration. The Commission will not normally meet on Mondays or Fridays.

Visitors are welcome at all open meetings, insofar as seating is available.

Meetings will be held in the Commission Meeting Room on the eighth floor of the Commission's headquarters building at 500 North Capitol Street, Washington, D.C. All visitors are required to sign in and obtain passes at the Reception Desk in the lobby. Persons wishing to photograph or tape record Commission meetings must obtain permission in advance from the Secretary of the Commission.

CLOSED MEETING - MONDAY, NOVEMBER 21, 1977 - 9 A.M.

The subject matter of the November 21 closed meeting will be: Formal orders of investigation; Referral of investigative files to Federal, State, or Self Regulatory authorities; Institution of injunctive actions; Settlement of injunctive actions; Institution of administrative proceedings; Settlement of administrative proceedings; Freedom of Information Act appeals; Other litigation matters.

OPEN MEETING - TUESDAY, NOVEMBER 22, 1977 - 10 A.M. UNTIL 1 P.M. AND 2:30 P.M. UNTIL 5 P.M.

The subject matter of the November 22 open meeting will be:

Meeting with Professor Louis Loss of Harvard Law School to discuss the draft American Law Institute Federal Securities Code.

OPEN MEETING - WEDNESDAY, NOVEMBER 23, 1977 - 10 A.M.

The subject matter of the November 23 open meeting will be:

(1) Offer of settlement submitted by Lakelands Racing Association, Inc., relating to a previously filed application for exemption from certain reporting requirements under the Securities Exchange Act of 1934.

(2) Consideration of the delegation of authority to the Director of the Division of Corporation Finance to issue releases listing those foreign issuers which appear to be current in submitting information and, therefore, exempt from certain registration requirements.

(3) Proposed ratification by the Commission of a notice of filing and designation of date for hearing concerning a plan filed by Eastern Utilities Associates pursuant to Section 11(e) of the Public Utility Holding Company Act of 1935.

(4) Consideration of a more simplified program relating to institutional disclosure under Section 13(f) of the Securities Exchange Act of 1934.

(5) Request by the Municipal Securities Rulemaking Board (MSRB) for Commission approval of Mr. William E. Sweeny as a public member of the MSRB, who was selected to fill a vacancy.

(6) Further consideration of proposed amendments to Rule 15c3-1, the uniform net capital rule, which would: (1) eliminate present exemption of certain specialists in listed options and would require them to maintain net capital of at least \$25,000 and prescribe early warning and surveillance reports by firms that carry such specialists accounts and (2) proposed adjustments in the calculation of net capital with respect to specialists positions in options.

(7) Delegation to the Secretary of the Commission the authority to designate officers of the Commission to serve notices and orders for administrative proceedings and decisions and orders in such proceedings.

FOR FURTHER INFORMATION CONTACT: Lawrence A. Horn at (202) 755-1286 or Linda Schneider at (202) 755-1118.

ADMINISTRATIVE PROCEEDINGS

SHELBY CULLOM DAVIS & CO., OTHERS SANCTIONED

The Commission has issued an order: (1) censuring Shelby Cullom Davis & Co. (Registrant) Shelby Cullom Davis (Davis), Registrant's managing general partner; Kenneth Cooper Ebbitt, a general partner; and Richard G. Allgaier, Registrant's comptroller; and (2) suspending Registrant's broker-dealer registration for a period of 30 days, and suspending Davis, Ebbitt, and Allgaier from being associated with any broker or dealer for successive ten-day periods provided that said suspensions will be suspended and not be imposed and will remain suspended upon the condition that, should Registrant cease to maintain an arrangement by which it clears its securities transactions through another registered broker-dealer, Registrant shall: (1) submit to the Commission's New York Regional Office for its approval a program of procedures designed to achieve compliance with the rules and regulations applicable to registered broker-dealers; and (2) select and retain an independent public accountant to prepare four semi-annual reports concerning Registrant's compliance with the above approved compliance procedures.

If the semi-annual reports are not timely filed, or if any such report states that Registrant has failed to follow the compliance procedures, the suspension of the above suspensions shall be terminated.

The sanctions are based upon findings that: (1) Registrant wilfully violated, and Davis and Ebbitt wilfully aided and abetted the violation of, the margin requirements, borrowing requirements, hypothecation rule, short sales rule, customer protection rule, employment questionnaire rule, and the quarterly securities count rule under the Securities Exchange Act of 1934; (2) Allgaier wilfully aided and abetted violations of the margin requirements borrowing requirements, hypothecation rule, customer protection rule, and the quarterly securities count rule under the Exchange Act; and (3) Davis and Ebbitt failed reasonably to supervise Allgaier with a view to preventing violations of the Exchange Act.

The respondents consented to the above findings and sanctions in an offer of settlement, solely for the purpose of this proceeding and without admitting or denying the charges against them. (Rel. 34-14138)

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES JOHN VALO

The New York Regional Office announced that on November 9 a civil complaint was filed in the U.S. District Court for the Southern District of New York, charging John Valo of Fords, New Jersey, with violating Section 17(a) of the Securities Act of 1933, and Sections 7(f) and 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and Regulation X promulgated by the Board of Governors of the Federal Reserve System, pursuant to Section 7(f) of the Exchange Act.

In its complaint, the Commission requested that: (1) a preliminary injunction and a permanent injunction be entered against Valo enjoining him from violations of the above sections and rules; and (2) an order be entered directing Valo to report to the Commission all transactions in securities for two years from the date of the entry of the order.

The Commission's complaint alleged that Valo engaged in a scheme whereby he sold securities in cash accounts, which he had opened and was maintaining at several broker-dealers, without informing the broker-dealers through whom the sales transactions were effected that he did not own the securities, and would only deliver-in the securities if a favorable movement in the price of the security occurred between the date of the sale and the date the securities were due to be delivered-in. In addition, the Commission's complaint alleges that, in order to effect the scheme outlined above, Valo made misrepresentations of material facts, and omitted to state material facts necessary to make the statement made, in light of the circumstances under which they were made, not misleading. (SEC v. John Valo, 77 Civil 5436[LPG] S.D.N.Y.). (LR-8191)

INVESTMENT COMPANY ACT RELEASES

NEWTON INCOME FUND

An order has been issued on an application of Newton Income Fund, Inc. (Income), Newton Select Fund, Inc. (Select), both registered open-end, diversified management investment companies, and Heritage Investment Advisors, Inc., the investment adviser to Income and Select, pursuant to Sections 17(b) and 17(d) of the Act and Rule 17d-1 thereunder, exempting the proposed merger of Select into Income, and pursuant to Section 6(c) of the Act, exempting the issuance of Income shares from the provisions of Section 22(c) of the Act and Rule 22c-1 thereunder. (Rel. IC-10012 - Nov. 14)

STATE MUTUAL LIFE ASSURANCE COMPANY OF AMERICA

An order has been issued on an application of State Mutual Life Assurance Company of America, pursuant to Section 17(d) of the Act and Rule 17d-1 thereunder, permitting its proposed acquisition of certain notes. (Rel. IC-10013 - Nov. 15)

HOLDING COMPANY ACT RELEASES

LOUISIANA POWER AND LIGHT COMPANY

A notice has been issued giving interested persons until December 9 to request a hearing on a proposal of Louisiana Power & Light Company, subsidiary of Middle South Utilities, Inc., to increase the authorized amount of its short-term notes to banks and commercial paper from \$85 million to \$100 million outstanding at any one time. (Rel. 35-20257 - Nov. 14)

OHIO EDISON COMPANY

A notice has been issued giving interested persons until December 9 to request a hearing on a proposal of Ohio Edison Company, a registered holding company, that it issue and sell up to 1,000,000 shares of its common stock pursuant to a Dividend Reinvestment and Stock Purchase Plan and that it be granted an exemption from competitive bidding in connection therewith. (Rel. 35-20258 - Nov. 15)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF RECEIPT OF AMENDMENT TO PLAN FILED PURSUANT TO RULE 17a-15

The Commission released for public comment a description of an amendment to Section X(a) of the joint industry plan for the reporting of prices and volume of completed transactions in listed securities, jointly submitted to the Commission on July 21, 1977 by the American, Midwest, New York, Pacific and Philadelphia Stock Exchanges and the National Association of Securities Dealers, Inc. The amendment would revise the operational procedures to be followed whenever the primary market for any eligible security halts or suspends trading in such security because of disclosures of other regulatory problems. (Rel. 34-14168)

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-7) PATRICK PETROLEUM COMPANY, 744 West Michigan Ave., Jackson, Mich. 49201 (517) 787-6633 - \$11 million of convertible subordinated debentures, due 1992. Underwriter: Bateman Eichler, Hill Richards Inc. (File 2-60301 - Nov. 14)
- (S-1) NAUM BROS., INC., 2373 West Ridge Rd., Rochester, N.Y. 14626 (716) 225-4800 - 5,000 units, \$5 million of subordinated debentures, due 1997 and 175,000 shares of common stock. Underwriter: Hoppin, Watson Inc. (File 2-60303 - Nov. 14)

- (S-14) FARINON CORPORATION, 411 Borel Ave., San Mateo, Cal. 94402 (415) 574-7801 - 300,155 shares of common stock. (File 2-60305 - Nov. 15)
- (S-14) DUPLEX PRODUCTS INC., 228 W. Page St., Sycamore, Ill. 60178 (815) 895-2101 - 506,000 shares of cumulative convertible preferred stock, Series A. (File 2-60306 - Nov. 15)
- (S-11) MCNEIL REAL ESTATE FUND VIII, LTD., 2200 Sand Hill Rd., Menlo Park, Cal. 94025 - 70,000 units of limited partnership interest. (File 2-60308 - Nov. 15)
- (S-7) SHEARSON HAYDEN STONE INC., 767 Fifth Ave., New York, N.Y. 10022 (212) 350-0500 - 18,300 junior preferred stock 5% cumulative convertible series and 600,000 shares of common stock. (File 2-60309 - Nov. 15)

REGISTRATIONS EFFECTIVE

Nov. 11: Cal-Maine Foods, Inc., 2-60069; Connelly Containers, Inc., 2-59977; Inter-financial Inc., 2-59300; Nicor Inc., 2-60062.

Nov. 14: Compo Industries, Inc., 2-59943; Inforex Inc., 2-59816; Lifetime Communities, Inc., 2-60272; North American Mortgage Investors, 2-59878; Recognition Equipment Inc., 2-59805; Spartan Food Systems, Inc., 2-60066; The Stanley Works, 2-59946; Wyly Corp., 2-59892.

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

Oct. 11: W.R. Grace & Co., 2-59900.

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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