

# sec news digest

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## COMMISSION ANNOUNCEMENTS

## U.S. SECURITIES AND EXCHANGE COMMISSION

### COMMISSIONER KARMEK SPEAKS BEFORE THE MUTUAL FUNDS AND INVESTMENT MANAGEMENT CONFERENCE

Commissioner Karmel spoke before the Mutual Funds and Investment Management Conference in Tucson, Arizona on Thursday, March 16, 1978. The title of her address was "Mutual Fund Advertising."

## COURT ENFORCEMENT ACTIONS

### COMPLAINT NAMES TEXAS INTERNATIONAL COMPANY

The Chicago Regional Office announced that on March 7 a civil injunctive complaint was filed in Federal Court in Chicago against Texas International Company, Oklahoma City, Oklahoma, alleging violations of certain reporting and antifraud provisions of the securities laws in a cash tender offer for certain claims which are exchangeable for stock of Phoenix Resources Company, a reorganized company, formerly known as King Resources Company. (SEC v. Texas International Company, N.D. Ill., Civil Action No. 78-C-847). (LR-8330)

### TYRONE P. GRAY FOUND GUILTY AND SENTENCED

The Atlanta Regional Office announced that a Montgomery County, Alabama Circuit Court Jury found Tyrone P. Gray, of Montgomery, Alabama, guilty on State charges of securities fraud in the offer and sale of common stock in the United Memorial National Bank (In Organization). Gray was sentenced on March 6 to three years imprisonment, with two of the three years suspended provided that Gray makes restitution of the investors' monies. Charges of sale of unregistered securities and embezzlement remain against Gray. (State of Alabama v. Tyrone P. Gray, C.C.-77-950). (LR-8331)

### GEORGE MARISCAL INDICTED

The Denver Regional Office announced that on March 9 a Federal Grand Jury returned a 23 count indictment charging George Mariscal of Phoenix, Arizona with various counts of interstate transportation of securities obtained by fraud and mail fraud in a \$1,200,000 industrial revenue bond issue in the name of the City of Las Cruces, New Mexico. The indictment charges that, as part of a scheme to defraud, Mariscal would and did, by fraudulent representations obtain disbursement checks for payment of plant construction expenses from which he diverted substantial amounts of the monies to his own use and benefit. (U.S. v. George Mariscal, USDC, Arizona CR-78-80). (LR-8332)

### PETER J. BONASTIA, OTHERS ENJOINED

The Washington Regional Office and the Philadelphia Branch Office announced that on March 13, simultaneous with the filing of a civil injunctive action, final judgments of permanent injunction by consent was issued in the U.S. District Court for the District of New Jersey enjoining Peter J. Bonastia, Thomas C. Gaffney, Monte Craviss, John T. Heine, Robert A. Petrallia, Robert Turk, Robert DiConsiglio, Lawrence J. Stern and Barry Simner from violating the registration and antifraud provisions of the securities laws. In addition, the final judgments of permanent injunction entered against Bonastia, Gaffney and Craviss enjoined each of them from aiding and abetting further violations of the customer protection rule (Rule 15c2-4) and the financial responsibility requirements (Rule 15c3-3) under the Securities Exchange Act of 1934. All defendants consented to the entry of the judgments without admitting or denying the allegations in the Commission's complaint. (SEC v. Peter J. Bonastia, et al., U.S.D.C. New Jersey, Civil Action No. 78-496). (LR-8333)

## GEORGE A. MILANO CONVICTED

The Washington Regional Office announced that on March 9 George A. Milano entered a plea of guilty in U.S. District Court for the Eastern District of Virginia, Alexandria Division, before Judge Richard Kellam, to a criminal information charging violation of the registration provisions of the Securities Act of 1933 through use of the mails in delivery after sale of securities of Trade Passport Corporation (TPC) as to which no registration statement was in effect with the Commission.

Milano, of Scottsdale, Arizona, was indicted on February 6 by a federal grand jury sitting in Alexandria, Virginia, for 5 counts of mail fraud and 2 counts of securities fraud in the offer and sale of TPC securities, including promissory notes, royalty rights from sales of passport cards (which allowed card holders discounts on cash purchases from participating merchants) and common stock and options to purchase common stock of TPC, a Delaware corporation, and TPC-affiliated corporations in several states. The indictment was dismissed after Milano entered the plea of guilty to violation of the registration provisions of the Securities Act. The criminal prosecution of Milano was based on facts obtained during the course of investigations by the Washington Regional Office, the Denver Regional Office, and the U.S. Attorney's Office for the Eastern District of Virginia. Sentencing will take place in several weeks, following completion of a pre-sentencing report. (U.S. v. George A. Milano, U.S.D.C. E.D. Va., Criminal No. 78-28-A). (LR-8334)

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## LISTING, DELISTING AND UNLISTED TRADING ACTIONS

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### LISTING ACTIONS

Orders have been issued, pursuant to Section 12(d) of the Securities Exchange Act of 1934, granting the applications of the following companies to list the specified securities on the following stock exchanges: New York Stock Exchange, Inc. - Crocker National Corp., 8.60% debentures, due 2002; Caesars World Inc., 11-1/4% senior sinking fund debentures, due 1997 (both effective as of February 13, 1978); Patrick Petroleum Co., 8-1/2% convertible subordinated debentures, due 1992 (effective as of February 15, 1978); RLC Corp., common stock (effective as of February 16, 1978); Alabama Power Co., depository receipts, depository preferred shares and 8.72% preferred stock; Reliance Financial Services Corp., 9-5/8% sinking fund debentures, due 1997; Snap-On Tools Corp., common stock; Connecticut Natural Gas Corp., common stock, \$6.25 par value (all effective as of February 21, 1978); ICI North America, Inc., 8-7/8% guaranteed sinking fund debentures, due January 15, 2003 (effective as of February 23, 1978); The Western Union Telegraph Co., 9-1/4% sinking fund debentures, due December 1, 1997 (effective as of February 24, 1978); Hospital Affiliates International, Inc. (NEW), 10% senior debentures, due November 1, 1999 and 10% subordinated sinking fund debentures, due December 1, 1999 (effective as of February 27, 1978); Tenneco, Inc., \$7.40 cumulative preference stock, NPV; Fairchild Industries, Inc., 9-3/4% subordinated debentures, due 1998; El Paso Natural Gas Co., 9.40% cumulative preferred stock, Series of 1978 (\$100 par value) and preferred shares, each representing 1/4th share of 9.40% cumulative preferred stock (all effective as of March 1, 1978). American Stock Exchange, Inc. - Jensen Industries, common stock; Duplex Products, Inc., cumulative preferred shares, Series A; Stanwood Corp., common stock and 6-1/2% convertible subordinated debentures, due March 15, 1989 (all effective as of February 21, 1978); Emerson Radio Corp., common shares and 11% senior sinking fund debentures, due 1992 (effective as of February 22, 1978). Pacific Stock Exchange, Inc. - Caesars World Inc., 11-1/4% senior sinking fund debentures, due 1997 (effective as of February 16, 1978).

The Commission has also announced that the specified securities of the following company has become listed on the following stock exchange: American Stock Exchange, Inc. - Wincorp Industries Inc., capital stock (effective as of January 30, 1978).

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE AND APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved, on an accelerated basis, proposed rule changes filed by the New York Stock Exchange, Inc. (SR-NYSE-78-11) which amends NYSE Rule 104.50 relating to specialists' income records. (Rel. 34-14568); and (SR-NYSE-78-14) which modifies the NYSE's restrictions on the ability of members to effect agency transactions, over-the-counter, in certain classes of securities listed thereon. (Rel. 34-14569)

Publication of the above proposals are expected to be made in the Federal Register during the week of March 20.

## EXTENSION OF TIME ON A PROPOSED RULE CHANGE

The Commission has extended the time for action on a rule change filed by the Chicago Board Options Exchange, Inc. (SR-CBOE-77-29) to April 6. The rule change would permit market-makers who are temporarily absent from the exchange floor to transmit option orders from off the exchange floor when such transactions hedge previously established options positions. (Rel. 34-14571)

## 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) ARA SERVICES, INC., Independence Square, West, Philadelphia, Pa. 19106 (215) 574-5000 - 300,000 shares of common stock. The company is engaged in providing management and consumer services. (File 2-60956 - Mar. 16)
- (S-16) COLLINS FOODS INTERNATIONAL, INC., 12731 West Jefferson Blvd., Los Angeles, Cal. 90066 (213) 390-6241 - 62,500 shares of common stock. (File 2-60957 - Mar. 16)
- (S-7) ITEL CORPORATION, One Embarcadero Center, San Francisco, Cal. 94111 (415) 955-0000 - 75,000 units, each consisting of \$1,000 of subordinated debentures, due 1998. Underwriter: Blyth Eastman Dillon & Co. Inc. The company markets and leases capital equipment. (File 2-60958 - Mar. 16)
- (S-7) AMERICAN TELEPHONE AND TELEGRAPH COMPANY, 195 Broadway, New York, N.Y. 10007 (212) 393-9800 - 11,000,000 shares of common stock. (File 2-60959 - Mar. 16)

### REGISTRATIONS EFFECTIVE

Mar. 13: Allied Technology, Inc., 2-60557; Bristol-Myers Co., 2-60828; Entropy Ltd., 2-60403 (90 days); Equitable Petroleum Corp., 2-59972 (90 days); Futures Fund, Ltd., 2-60133; Leonard Silver International Inc., 2-60843; McCormick 1978 Oil & Gas Program, 2-60198 (90 days); Sedco Inc., 2-60842.

Mar. 14: The Corporate Income Fund, First GNMA Series, 2-60271; Earle M. Jorgensen Co., 2-60892; The GNMA Fund Investment Accumulation Program, Inc., 2-60367; Kansas Gas and Electric Co., 2-60777; Tandem Computers Inc., 2-60788; Texas Utilities Co., 2-60783.

**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.

### 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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