

sec news digest

Issue 78-247

December 22, 1978

CIVIL PROCEEDINGS

ADVANCED FUEL SYSTEMS, INC., BURN CERSLEY ENJOINED

The Seattle Regional Office announced that on December 6 a complaint was filed in the Western District of Washington against Advanced Fuel Systems, Inc., of Washington, and Burn Cersley of Seattle, Washington, president of the corporation, alleging violations of the registration and antifraud provisions of the Federal securities laws in connection with the sale of Advanced common stock. Without admitting or denying the allegations of the complaint, the defendants consented to the entry of a decree of permanent injunction against them and to providing known and ascertainable shareholders with a copy of the complaint and Decree. (SEC v. Advanced Fuel Systems, Inc., and Burn Cersley, Western District of Washington, Northern Division, Civil Action No. C78-759M). (LR-8621)

BRUCE PAUL, ASPEN FUND II AND MONARCH FUND FOUND IN VIOLATION OF THE ANTIFRAUD PROVISIONS

The New York Regional Office announced that on November 28 the Honorable Charles E. Stewart, Jr., Judge of the U.S. District Court for the Southern District of New York, issued a decision after a trial in SEC v. F.L. Salomon & Co., et al., holding that defendants Bruce Paul, Aspen Fund II and Monarch Fund, the only defendants remaining in the action, violated the antifraud provisions of the securities laws by purchasing shares of Bio-Medical Sciences, Inc. while in possession of material non-public information. The decision also held that an injunction and disgorgement were appropriate. Noting that seven years had passed since the violations occurred, Judge Stewart nevertheless found that, based upon all the evidence, there was a reasonable likelihood of future violations. (SEC v. F.L. Salomon & Co., et al., S.D.N.Y., Civil Action No. 73-3926 CES). (LR-8623)

MALETTE MARTIN, MARTIN OIL & GAS COMPANY AND MIDWEST MINERALS, INC. ENJOINED

The Los Angeles Regional Office announced that on December 4, U.S. District Judge C.A. Meucke, entered final judgments of permanent injunction against Mallette Martin and Martin Oil & Gas Company of Phoenix, Arizona for violations of the registration and antifraud provisions of the Federal securities laws and Midwest Minerals, Inc. for violations of the registration provisions of the Federal securities laws. The defendants consented to the entry of the permanent injunctions without admitting or denying the allegations in the Commission's complaint. The Commission's complaint, filed on December 1, 1978 in the Federal district court in Phoenix, Arizona, charged that Mallette Martin and Martin Oil & Gas Co. violated the registration and antifraud provisions of the Federal securities laws in connection with the offer and sale of interests in oil and gas drilling and production investment programs. The complaint alleged that the interests in the programs were offered and sold to more than 200 investors, raising approximately \$6,900,000, utilizing offering circulars and other sales materials which omitted to disclose material facts, concerning, among other things, the commingling of investors' funds, the anticipated return from an investment in the investment program, the borrowing of funds and pledging oil leases belonging to investors in the investment programs, performing drilling services for the investment programs by related companies without disclosing the nature, cost, terms, and profits to Martin for such services, paying undisclosed sales commissions and maintaining inadequate books and records.

Mallette Martin and Martin Oil & Gas Co. also consented to other equitable relief including establishing and maintaining a bookkeeping system with respect to Martin Oil and Gas Company and each oil and gas drilling and production program satisfactory to an independent certified public accounting firm to be engaged by Martin and Martin Oil & Gas Company; establishing and maintaining separate sets of books and records for Martin Oil & Gas Company and each investment program; documenting all accounting policies and procedures; separating Mallette Martin's personal financial records and transactions from those of Martin Oil & Gas Company and each investment program; and

engaging in independent certified public accounting firm to conduct an annual limited audit to assess the integrity of investors' interest in each investment program. (SEC v. Malette Martin, et al., District of Arizona, CIV 78-918 PHX CAM). (LR-8624)

CRIMINAL PROCEEDINGS

GERALD GREENSPAN CHARGED WITH CRIMINAL CONTEMPT

The New York Regional Office announced that on December 1 the Honorable Edward Weinfeld, U.S. District Judge for the Southern District of New York, issued an Order to Show Cause why Gerald Greenspan should not be punished for criminal contempt. The Order is based upon allegations by the Commission that Greenspan violated two Orders of Permanent Injunction. The first order enjoined Greenspan from violating the anti-fraud provisions of the Federal securities laws; the second order enjoined Greenspan from violating both the antifraud and anti-manipulative provisions of the Federal securities laws. The contemptuous violations are alleged to have occurred in connection with transactions effected by Greenspan in the common stock of Family Record Plan, Inc. on the American Stock Exchange during July through November, 1977. (United States of America ex rel SEC v. Gerald Greenspan, 78 Cr. Misc. #1, Page 41, S.D.N.Y.). (LR-8622)

HOLDING COMPANY ACT RELEASES

THE CONNECTICUT LIGHT AND POWER COMPANY

An order has been issued authorizing a proposal of The Connecticut Light and Power Company (CL&P), The Hartford Electric Light Company (HELCO), and Western Massachusetts Electric Company (WMECO), all subsidiaries of Northeast Utilities, to extend for an additional five year period current authorizations of said companies to incur short-term indebtedness. (Rel. 35-20839 - Dec. 21)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

DELISTING GRANTED

Orders have been issued granting the applications submitted by the New York Stock Exchange, Inc. to strike the common stocks of the following companies from listing and registration: Sonesta International Hotels Corporation (\$.80 par value) and Tishman Realty & Construction Co., Inc. (\$.10 par value). (Rel. 34-15425)

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-1) INTERNATIONAL SECURITY GROUP, INC., 4728 Goldfield, Building 8, San Antonio, Tex. 78218 (512-661-8331) - 240,000 shares of common stock. Underwriter: Bacon, Whipple & Co. The company armors and markets passenger vehicles for use by business executives, government officials and their families. (File 2-63263 - Dec. 20)
- (S-7) THE MONTANA POWER COMPANY, 40 East Broadway, Butte, Montana 59701 (406-723-5421) - \$50 million of first mortgage bonds, Series due 2009. Underwriters: Kidder, Peabody & Co. Inc. and Bache Halsey Stuart Shields Inc. The company is a public utility which produces, purchases, transmits and distributes gas. (File 2-63264 - Dec. 20)
- (S-7) THE BELL TELEPHONE COMPANY OF PENNSYLVANIA, One Parkway, Philadelphia, Pa. 19102 (215-466-9900) - \$150 million of fifty year debentures. (File 2-63266 - Dec. 21)
- (S-7) PACIFIC NORTHWEST BELL TELEPHONE COMPANY, Sixteen Hundred Bell Plaza, Seattle, Wash. 98191 (206-345-2211) - 9,991,011 shares of common stock. (Rights offering). (File 2-63267 - Dec. 21)

- (S-8) DUCOMMUN INC., 612 South Flower St., Los Angeles, Cal. 90017 - 136,470 shares of common stock. (File 2-63268 - Dec. 21)
- (S-11) UNITED STATES EQUITY & MORTGAGE TRUST, 10880 Wilshire Blvd., Suite 1810, Los Angeles, Cal. 90024 - 700,000 shares of \$.98 Series A convertible cumulative preference shares of beneficial interest and 700,000 common shares of beneficial interest. The trust is an equity real estate investment trust. (File 2-63269 - Dec. 21)
- (S-1) CCI CORPORATION, Post Office Box 51500, Tulsa, Oklahoma 74151 - 22,500 shares of common stock. (File 2-63272 - Dec. 21)
- (S-14) CSX CORPORATION, 707 E. Main St., P.O. Box 1535, Richmond, Va. 23212 (804-788-8200) - 40,000,000 shares of common stock. (File 2-63273 - Dec. 21)
- (S-14) R. J. REYNOLDS INDUSTRIES, INC., Reynolds Blvd., Winston-Salem, N.C. 27102 (919-748-4000) - 8,300,000 shares of Series A cumulative preferred stock. (File 2-63274 - Dec. 21)
- (S-7) OHIO EDISON COMPANY, 76 South Main St., Akron, Ohio 44308 (216-384-5100) - 6,000,000 shares of common stock. The company is a public utility. (File 2-63275 - Dec. 21)
- (S-8) NVF COMPANY, Yorklyn Rd., Yorklyn, Del. 19736 (302-239-5281) - \$3 million interests of participation in the NVF Stock Savings Plan. (File 2-63276 - Dec. 21)
- (S-7) BROOKWOOD HEALTH SERVICES, INC., 2000-D Brookwood Medical Center Dr., Birmingham, Ala. 35209 (205-877-1800) - 500,000 shares of common stock. Underwriter: J.C. Bradford & Co. The company is engaged in operating hospitals which it owns and in managing hospitals for others. (File 2-63277 - Dec. 21)
- (S-14) ALLEGHENY LUDLUM INDUSTRIES, INC., 2700 Two Oliver Plaza, Pittsburgh, Pa. 15222 (412-562-4000) - 460,500 shares of common stock. (File 2-63278 - Dec. 21)
- (S-8) INA CORPORATION, 1600 Arch St., Philadelphia, Pa. 19101 (215-241-4000) - 20,930 shares of common stock and 40,445 of \$1.90 cumulative convertible preferred shares, Series C. (File 2-63279 - Dec. 21)
- (S-7) COASTAL STATES GAS CORPORATION AND COASTAL STATES GAS PRODUCING COMPANY, Nine Greenway Plaza, Houston, Tex. 77046 (713-877-1400) - 100 percentage interests in a Securities Trust and 100 percentage interests in a Gas Search Trust. (File 2-63280 - Dec. 21)
- (S-7) COASTAL STATES GAS PRODUCING COMPANY, Nine Greenway Plaza, Houston, Tex. 77046 (713-877-1400) - 3,144,667 shares of common stock and 1,150,000 shares of preferred stock (\$8.50 cumulative Series A, \$1.00 par value). (File 2-63282 - Dec. 21)
- (S-11) MCCOMBS PROPERTIES II, LTD., 2101 East Fourth St., Santa Ana, Cal. 92705 - 15,000 units of limited partnership units. The partnership will invest primarily in existing commercial, industrial and multifamily real properties. (File 2-63284 - Dec. 22)

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.



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