

# sec news digest

Issue 78-166

AUG 28 1978

August 25, 1978

## ADMINISTRATIVE PROCEEDINGS

## U.S. SECURITIES AND EXCHANGE COMMISSION

### DREXEL BURNHAM LAMBERT INC. CENSURED

Public administrative proceedings have been ordered under the Securities Exchange Act of 1934 against Drexel Burnham Lambert Incorporated, a registered broker-dealer and investment adviser with a branch office located in Philadelphia, Pennsylvania. Contemporaneously, without admitting or denying the staff's allegations, the Respondent consented to findings of willful violations of the antifraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 based upon its participation in the offer and sale of limited partnership interests in two oil and gas programs. The Commission censured Respondent and in entering that sanction set forth in its Order certain mitigating factors which were considered, including, *inter alia*, that (1) after the sponsor of the oil and gas programs failed to comply with its obligations, Respondent undertook to complete and operate the wells, (2) Respondent at its expense assisted investors in enforcing their legal rights, (3) Respondent expended over \$490,000 in purchasing investors' interests in the partnerships in order to make each investor whole on an after-tax basis, and (4) Respondent has reviewed existing and adopted new procedures to assist it in verifying information relating to issuers of tax shelter programs. (Rel. 34-15080)

## TRADING SUSPENSIONS

### TRADING SUSPENDED IN FOUR COMPANIES

The SEC announced the single ten-day suspension of exchange and over-the-counter trading for the period beginning on August 24 and terminating at midnight (EDT) on September 2, 1978, of the securities of the following companies which have failed to file with the Commission the indicated reports: API Trust, New York, N.Y. - Form 10-K annual report for year ended March 31, 1978 and Form 10-Q quarterly report for quarter ended June 30, 1978; Novo Corp., New York, N.Y. - Form 10-K annual report for year ended December 31, 1977 and Form 10-Q quarterly reports for quarters ended March 31, 1978 and June 30, 1978; Schick Inc., Westport, Conn. - Form 10-K annual report for year ended February 28, 1978 and Form 10-Q quarterly report for quarter ended May 31, 1978; and Sherinda International, Inc., Sun Valley, Cal. - Form 10-K annual report for year ended March 31, 1978 and Form 10-Q quarterly report for quarter ended June 30, 1978, resulting in the lack of adequate and accurate public information about the companies' operations and financial condition. (Rel. 34-15084)

## INVESTMENT COMPANY ACT RELEASES

### STATE MUTUAL LIFE ASSURANCE COMPANY OF AMERICA

An order has been issued on an application of State Mutual Life Assurance Company of America (Insurance Company), the investment adviser to State Mutual Securities, Inc. (Fund), a registered closed-end, diversified investment company, permitting the Insurance Company to acquire \$2 million of 9 3/8% Senior Notes of The William C. Carter Company without having the Fund also acquire such securities. (Rel. IC-10373 - Aug. 22)

### ELFUN TRUSTS

A notice has been issued giving interested persons until September 18 to request a hearing on an application filed by Elfund Trusts, an open-end, diversified management investment company, organized as an employees' securities company, for an order of the Commission pursuant to Section 6(b) of the Investment Company Act of 1940 exempting Elfund Trusts from the shareholder voting provisions of Section 15(a) of the Act. (Rel. IC-10375 - Aug. 23)

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## HOLDING COMPANY ACT RELEASES

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### ARKANSAS POWER & LIGHT COMPANY

An order has been issued releasing jurisdiction over the terms and conditions of a proposal by Arkansas Power & Light Company, subsidiary of Middle South Utilities, Inc. whereby Arkansas Power & Light will enter into installment sales agreements with Jefferson and Pope Counties, Arkansas for the purpose of financing pollution control facilities through the issuance of pollution control revenue bonds by the Counties. (Rel. 35-20681 - Aug. 24)

### ALLEGHENY POWER SYSTEM, INC.

A supplemental order has been issued authorizing a proposal of Allegheny Power System Inc., a registered holding company, regarding the terms of its issuance of up to \$70 million of short-term notes to banks outstanding at any one time. (Rel. 35-20682 - Aug. 24)

### NATIONAL PROPANE CORPORATION

The SEC has issued a Memorandum Opinion and Order approving the acquisition of Athol Gas Company in Massachusetts by National Propane Corporation and granting National an exemption order under Section 3(a)(3) of the Act. The Commission denied a request for hearing. (Rel. 35-20684 - Aug. 24)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGES

The Options Clearing Corporation has filed the following proposed rule changes pursuant to Rule 19b-4: (SR-OCC-78-6) modifying its procedures for liquidating open positions in the accounts of suspended clearing members; and (SR-OCC-78-5) concerning the strengthening of clearing members financial requirements and improvements in OCC's early warning system. In addition, the proposed rule change would enable OCC to place certain operational restrictions on clearing members who are in or approaching financial or operational difficulties.

Publication of the above proposals are expected to be made in the Federal Register during the week of August 28. (Rel. 34-15085 and 34-15086)

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## MISCELLANEOUS

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### BRYAN, CAVE, MCPHEETERS & MCROBERTS

An order has been issued on an application filed pursuant to Section 3(a)(2) of the Securities Act of 1933 by the Bryan, Cave, McPheeters & McRoberts Retirement Plan exempting interests or participations in the Retirement Plan from provisions of Section 5 of the Act. (Rel. 33-5961 - Aug. 23)

### GIBSON, DUNN & CRUTCHER RETIREMENT PLAN

An order has been issued on an application filed pursuant to Section 3(a)(2) of the Securities Act of 1933 by the Gibson, Dunn & Crutcher Retirement Plan exempting interests or participations in the Retirement Plan from the provisions of Section 5 of the Act. (Rel. 33-5962 - Aug. 24)

### UNITEK CORPORATION

An order has been issued granting the application of Unitek Corporation (Applicant), a California corporation, pursuant to Section 12(h) of the Securities Exchange Act of 1934, as amended for an exemption from the reporting obligations of Section 15(d) of the Act. It appeared to the Commission that granting the requested exemption would not be inconsistent with the public interest or the protection of investors in view of the fact that as a result of a merger the Applicant has become the wholly-owned subsidiary of Bristol-Myers, Incorporated. (Rel. 34-15049 - Aug. 10)

PALM BEACH COMPANY

The SEC has issued a notice giving interested persons until August 28, 1978, to request a hearing on an application of Palm Beach Company (Applicant) pursuant to Section 12(h) of the Securities Exchange Act of 1934, as amended, for an order exempting the Applicant from the provisions of Section 13 and 15(d) of the 1934 Act. (Rel. 34-15050)

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## SECURITIES ACT REGISTRATIONS

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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-14) CITY BANCSHARES, INC., 2401 Grand Ave., PO Box 949, Kansas City, Mo. 64141 (816-474-5600) - 450,000 shares of common stock. (File 2-62433 - Aug. 24)
- (S-14) TEXAS EASTERN CORPORATION, Southern National Bank Bldg., Houston, Tex. 77002 (713-759-3131) - 4,900,000 shares of cumulative convertible preferred stock. (File 2-62434 - Aug. 24)
- (S-16) ADVANCED MICRO DEVICES, INC., 901 Thompson Pl., Sunnyvale, Cal. 94086 (408-732-2400) - 146,500 shares of common stock. (File 2-62435 - Aug. 24)
- (S-5) PIONEER BOND FUND, INC., 60 State Street, Boston, Mass. 02109 - an indefinite number of shares. The fund is a mutual fund whose investment objective is to obtain a high level of current income consistent with preservation of capital and prudent investment risk. (File 2-62436 - Aug. 24)
- (S-16) GRAY DRUG STORES, INC., 6-6 Euclid Ave., Cleveland, Ohio 44114 (216-696-2070) - 33,000 shares of common stock. The company is engaged in the retail drug and discount department store business. (File 2-62437 - Aug. 24)
- (S-1) TREADWAY INNS CORPORATION, 140 Market St., PO Box 2757, Paterson, N.J. 07509 - 1,235,459 shares of common stock. The corporation was incorporated on June 29, 1978, for the purpose of acquiring the major portion of the Inn Division business of Treadway Companies, Inc., a company engaged in the operation and management of bowling centers and motor inns. (File 2-62438 - Aug. 24)
- (S-8) PROVIDENT NATIONAL CORPORATION, Land Title Bldg., Philadelphia, Pa. 19110 (215-585-5240) - \$10 million of participations in plan. (File 2-62439 - Aug. 24)
- (S-7) SEA CONTAINERS INC., One World Trade Center, New York, N.Y. 10048 (212-432-9428) - \$25 million of subordinated debentures, due 1998. The company leases out marine cargo containers, chassis, containerhips and container cranes to the transportation industry. (File 2-62440 - Aug. 24)
- (S-7) DATA CARD CORPORATION, 11111 Bren Road West, Minnetonka, Minn. 55343 (612-933-1223) - 350,000 shares of common stock. Underwriters: Piper, Jaffray & Hopwood Inc. and L.F. Rothschild, Unterberg, Towbin. The company produces and services three types of specialized business machines and related products. (File 2-62441 - Aug. 24)
- (S-16) ALLEGHENY AIRLINES, INC., Washington National Airport, Washington, D.C. 20001 (703-892-7000) - 2,572,634 shares of common stock. Underwriter: Lehman Brothers Kuhn Loeb Inc. The company is a certificated air carrier. (File 2-62442 - Aug. 24)

### REGISTRATIONS EFFECTIVE

August 18: McCulloch Geothermal Energy Program 1978-79, 2-61567 (90 days).  
August 23: Central Louisiana Energy Corp., 2-62282 (90 days); Government Securities Income Fund, Fifth GNMA Series, 2-62298; H & R Block, Inc., 2-62249; Illinois Power Co., 2-62364; Investors' Corporate Income Trust, Series 6, 2-62116; Southwest Gas Corp., 2-62241; Stange Co., 2-62384; Time, Inc., 2-62265; Union Camp Corp., 2-62214.  
August 24: National Municipal Trust, Twenty-Eighth Series, 2-62235; Sheller-Globe Corp., 2-62161.



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