

# sec news digest

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## CIVIL PROCEEDINGS

### U.S. SECURITIES AND EXCHANGE COMMISSION

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#### FINAL JUDGMENTS ENTERED AGAINST FIVE DEFENDANTS IN OMNI-RX HEALTH SYSTEMS CASE

The Commission announced that the U.S. District Court for the Central District of California entered Final Judgments of Permanent Injunction against Alvin Markovitz, Myron Koch, Edward Dickstein, Merv Newell and Imperial West Medical Group in litigation instituted by the Commission on September 1, 1976. Omni-Rx Health Systems of Hawthorne, California, was formerly in the business of providing administrative and ancillary services to affiliated medical groups and others. Dickstein, Markovitz, Koch and Newell are former officers and directors of Omni-Rx. Imperial West was a medical partnership of Dickstein, Markovitz and a private medical corporation owned by Koch. The five defendants consented to the entry of the judgments without admitting or denying the allegations contained in the Commission's complaint.

The complaint alleged that the defendants engaged in a fraudulent course of conduct beginning in about mid 1972. As a part of the course of conduct, according to the complaint, the defendants transferred \$670,000 of the proceeds of a public offering of Omni-Rx common stock to Imperial West and its partners and made false and misleading statements in filings with the Commission concerning the uses of the proceeds of the public offering, the financial condition and results of operations of Omni-Rx, and other matters.

The Court enjoined the five consenting defendants from violating the antifraud, corporate reporting, proxy and registration statement provisions of the securities laws. The individual defendants were ordered to comply with undertakings not to serve as officers or directors of any issuer having publicly held securities. In addition, the judgments against Markovitz, Koch and Dickstein require that they contribute to a fund the contents of which are to be distributed under terms specified in the judgments. Markovitz is to contribute \$350,000 and his interests in 3 parcels of real estate; Koch is to contribute \$200,000 into the fund; and Dickstein is required to contribute \$525,000, of which \$225,000 is returnable in the absence of settlement of certain related litigation. The contributions are to be held in escrow for periods of time during which they may be used to settle or pay judgments in other litigation, involving many of the same factual allegations, including a class action suit on behalf of Omni-Rx shareholders, and actions by the State of California and by a special master appointed in an action by the State. Absent such settlements, the defendants must present a plan, satisfactory to the Commission and approved by the Court, for distribution of the escrow fund to, among others, past and present shareholders of Omni-Rx. (SEC v. Omni-Rx Health Systems, et al., U.S.D.C. C.D. Cal., Civil Action No. 78-3080, WMB). (LR-8645)

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## CRIMINAL PROCEEDINGS

#### FRANKLIN HUNTER JONES SENTENCED

The Fort Worth and Atlanta Regional Offices jointly announced that On January 5, Franklin Hunter Jones, West Monroe, Louisiana, was sentenced by Federal District Judge Tom Stagg at Shreveport to serve three years in a Federal penitentiary. Jones pled guilty on December 12, 1978 to one count of securities fraud. (U.S. v. Franklin Hunter Jones, WD/LA). (LR-8644)

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## INVESTMENT COMPANY ACT RELEASES

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### MEMBERS' INVESTMENT FOR GROWTH FUND

A notice has been issued giving interested persons until February 5 to request a hearing on an application of Members' Investment For Growth Fund, Ltd. (Members'), a registered, open-end, diversified, management investment company, for an order of the Commission declaring that Members' has ceased to be an investment company. (Rel. IC-10552 - Jan. 11)

### NEW JERSEY TAX-EXEMPT INCOME TRUST

An order has been issued on an application of New Jersey Tax-Exempt Income Trust Series I (and Issues Supplemental Thereto) (Trust), a registered unit investment trust, and its sponsor, John J. Ryan and Co., Inc., exempting the Trust from the initial net worth requirements of Section 14(a), exempting the frequency of capital gains distributions of the Trust from the provisions of Rule 19b-1, and exempting the secondary market operations of the sponsor from the provisions of Rule 22c-1. (Rel. IC-10553 - Jan. 11)

### METROHIO CORPORATION

An order has been issued pursuant to Section 6(c) of the Act, granting, subject to certain conditions, an application of Metrohio Corporation, a Delaware corporation registered under the Act as a closed-end, non-diversified, management investment company, for an exemption from all provisions of the Act. (Rel. IC-10554 - Jan. 11)

### CONSTITUTION FUND

An order has been issued on an application of Constitution Fund, Inc., a registered investment company (Fund), Keystone Investment Management Company, Inc., Keystone Securities Company, Inc., and Daniel A. Phillips declaring that Mr. Phillips shall not be deemed an "interested person" of the Fund, its investment adviser or its principal underwriter by reason of his status as a member of and President of Fiduciary Association, a registered broker-dealer. (Rel. IC-10555 - Jan. 11)

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## HOLDING COMPANY ACT RELEASES

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### ERIE MINING COMPANY

An order has been issued granting an exemption to Erie Mining Company pursuant to Section 2(a)(3)(A) of the Public Utility Holding Company Act of 1935, declaring Erie not to be an electric utility company. (Rel. 35-20884 - Jan. 11)

### LOUISIANA POWER & LIGHT COMPANY

A notice has been issued giving interested persons until February 7 to request a hearing on a proposal of Louisiana Power & Light Company, subsidiary of Middle South Utilities, Inc., to issue and sell 350,000 shares of a new series of cumulative preferred stock, \$100 par value per share, at competitive bidding. (Rel. 35-20885 - Jan. 11)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF EFFECTIVENESS OF PROPOSED RULE CHANGES

The following proposed rule changes have become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934: The American Stock Exchange, Inc. (SR-Amex-78-29) to rescind Rule 929 in order to accommodate a modification in Amex's policy concerning employees' securities transactions and to permit employees to effect options transactions where neither the option nor the underlying security is traded on the Amex. (Rel. 34-15491) and The Chicago Board Options Exchange, Inc. (SR-CBOE-78-35) to establish a schedule of late filing charges for members subject to Rule 17a-10 filing requirements. (Rel. 34-15492)

Publication of the above proposals are expected to be made in the Federal Register during the week of January 15.

## NOTICE OF PROPOSED RULE CHANGE

The Options Clearing Corporation has filed a proposed rule change pursuant to Rule 19b-4 (SR-OCC-79-1). Under this proposal, OCC could elect to charge certain losses to its current earnings. Currently, OCC is required to charge these losses pro rata against the clearing fund contributions of its clearing members. Publication of the proposal is expected to be made in the Federal Register during the week of January 15. (Rel. 34-15493)

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## MISCELLANEOUS

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### HOME SAVINGS AND LOAN ASSOCIATION

An order has been issued granting the application of Home Savings and Loan Association, as Originator and Servicer for an exemption from certain reporting requirements under Section 13 and from the operation of Section 16 of the 1934 Act. (Rel. 34-15479)

### BASIC FOOD INDUSTRIES INC.

A notice has been issued giving interested persons until January 29 to request a hearing on an application by Basic Food Industries, Inc. pursuant to Section 12(h) of the Securities Exchange Act of 1934, as amended, for an order exempting Basic Food from the provisions of Sections 13 and 15(d) of the 1934 Act for the Applicant's fiscal year ending December 29, 1978. (Rel. 34-15487)

### HAVERFORD HOSPITAL ASSOCIATION

An order has been issued denying the application of Haverford Hospital Association, a Pennsylvania non-profit corporation, pursuant to Section 12(h) of the Securities Exchange Act of 1934, as amended, for an exemption from the reporting requirements of Section 15(d) of that Act. It appears to the Commission that granting the requested exemption would not be consistent with the public interest or the protection of investors, in view of the fact that Haverford has a substantial number of public investors, and that Haverford's reports filed with the indenture trustee do not provide adequate protection to the public bond-holders. (Rel. 34-15488)

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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-1) GAMEX INDUSTRIES, INC., One Wall St., Hudson, N.H. 03051 - 4,000,000 shares of common stock. The company is engaged in the sale of electronic slot machine-type gaming devices. (File 2-63400 - Jan. 11)
- (S-16) HOUSTON LIGHTING & POWER COMPANY, 611 Walker Ave., Houston, Tex. 77002 (713) 228-9211 - 300,000 shares of cumulative preferred stock. Underwriters: Morgan Stanley & Co. Inc., Dean Witter Reynolds Inc. and Kidder, Peabody & Co. Inc. The company is engaged in the generation, transmission, distribution and sale of electric energy. (File 2-63401 - Jan. 12)
- (S-16) HOUSTON INDUSTRIES INCORPORATED, 611 Walker Ave., Houston, Tex. 77002 (713) 228-2474 - 2,000,000 shares of common stock. Underwriters: Morgan Stanley & Co. Inc., Dean Witter Reynolds Inc. and Kidder, Peabody & Co. Inc. (File 2-63402 - Jan. 12)
- (S-14) FIRST NEWPORT REALTY CORPORATION, 4440 Von Karman Ave., Suite 300, Newport Beach, Cal. 92660 (714) 752-7272 - 2,640,544 shares of common stock. (File 2-63403 - Jan. 12)
- (S-8) BALDWIN-UNITED CORPORATION, 1801 Gilbert Ave., Cincinnati, Ohio 45202 (513) 852-7821 - 250,000 shares of common stock. (File 2-63404 - Jan. 12)
- (S-14) GENERAL TELEPHONE & ELECTRONICS CORPORATION, One Stamford Forum, Stamford, Conn. 06904 (203) 357-2000 - 2,103,401 shares of common stock. (File 2-63405 - Jan. 12)



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