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# sec news digest

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Issue 79-132

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## COMMISSION ANNOUNCEMENTS

U.S. SECURITIES AND  
EXCHANGE COMMISSION

### WEEKLY CALENDAR

The following is a schedule of speaking engagements, Congressional testimony, Commission hearings and other public events involving the Commission for the week of July 16, 1979. (Commission Meetings are announced separately in the News Digest.)

#### Tuesday, July 17

- \* Commission Karmel will speak before the Deans of Schools of Business at the George Washington University, Washington, D.C. She will be the Dinner Guest Speaker. The dinner begins at 7:30 p.m. The title of her speech will be "Regulatory Reform: Government Renewal or Route?"

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## ADMINISTRATIVE PROCEEDINGS

### EXCHANGE PLACE SECURITIES TRANSFER CORP.

The Commission announced the simultaneous institution and settlement of an administrative proceeding against Exchange Place Securities Transfer Corp. (Respondent), a registered transfer agent located in Chicago, Illinois. Based on an offer of settlement, in which the Respondent neither admitted nor denied the allegations against it, the Commission found that the Respondent wilfully violated or is unable to comply with provisions of the Securities Exchange Act of 1934 relating to turnaround performance of items presented to the Respondent as transferor and registrar, maintenance of books and records, responses to written inquiries, and fingerprinting of employees.

The Commission ordered: (1) that Respondent limit its business to the issuers it presently services for a period of six months and until Respondent demonstrates compliance with various requirements relating to registered transfer agents for a period of three consecutive months; and (2) that Respondent comply with its undertakings to: (a) retain an independent auditor to monitor Respondent's compliance with various transfer agent requirements; and (b) report to the Chicago Regional Office on a monthly basis concerning such compliance for a minimum period of six months. (Rel. 34-15976)

### LAWRENCE H. RIPP PROCEEDINGS REMANDED TO NASD

The Commission has remanded to the NASD proceedings against Lawrence H. Ripp, a Sunrise, Florida securities salesman. The Court of Appeals for the Ninth Circuit, although concluding that the findings of violation against Ripp were supported by substantial evidence, had remanded the proceedings to the Commission for reconsideration of the sanctions imposed. The Commission determined that "the reconsideration of sanctions mandated by the Court should, at least in the first instance, be made by the organization that imposed those sanctions." It accordingly remanded the proceedings to the NASD for that purpose. (Rel. 34-15977)

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## TRADING SUSPENSIONS

### TRADING SUSPENDED IN TELTRONICS SERVICES, INC.

The Commission announced the temporary suspension of over-the-counter trading in the securities of Teltronics Services, Inc. (TSI), a New York corporation located in Long Island City, New York, for the ten-day period beginning on July 6 and terminating at midnight on July 15, 1979.

The Commission suspended trading in the securities of TSI in view of TSI's failure to file its annual report on Form 10-K for the year ended December 31, 1978 and its quarterly reports on Form 10-Q for the period ended March 31, 1979. As a result of the foregoing, public investors do not have access to current information concerning TSI, including but not limited to, the present financial condition of the company.

If any broker-dealer or other person has any information which may relate to this matter, the Division of Enforcement of the Commission should be contacted at (212) 264-8584. (Rel. 34-16001)

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## CIVIL PROCEEDINGS

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### OPINION RENDERED RE SUN CO., INC.

The Commission announced that on July 9 Judge Robert L. Carter of the U.S. District Court for the Southern District of New York rendered an opinion in which he found numerous violations of the securities laws by Sun Co., Inc., F. Eberstadt and Co., Salomon Brothers, Fairleigh S. Dickinson, Jr., and other persons associated or affiliated with them.

In this connection Judge Carter found that Sun's purchases of stock of Becton-Dickinson and Co. in January 1978 violated the tender offer provisions of the Williams Act and that Sun's activities were aided and abetted by its advisors, Eberstadt and Salomon. In addition, Judge Carter found that Dickinson, Eberstadt and Salomon violated and aided and abetted violations of certain other filing requirements of the Williams Act when they acted together to dispose of shares of Becton-Dickinson owned by Mr. Dickinson and others. Judge Carter also found that Eberstadt and its affiliates violated and aided and abetted violations of the Investment Company Act in connection with certain transactions which were the subject of the lawsuit. On the other hand, Judge Carter found no violations of the antifraud provisions by Mr. Dickinson in connection with his disposition of his shares of Becton-Dickinson.

Judge Carter had previously separated the question of relief from the questions of violations and made no determination at this point as to what relief would result from his decision; that will have to await further proceedings. The Commission's enforcement proceeding was instituted in March 1978 and, with the Commission's consent, was consolidated for trial with a number of private actions, all of which were involved in Judge Carter's decision. (SEC v. Sun Co., Inc., et al., 78 Civ. 284, SDNY, 7-9-79). (LR-8816)

### COMPLAINT NAMES INTERNATIONAL SYSTEMS & CONTROLS CORPORATION, OTHERS

The Commission announced on July 9 the filing of a complaint for injunctive relief, appointment of a receiver and other equitable relief against International Systems & Controls Corporation (ISC), a Houston-based corporation, J. Thomas Kenneally, currently a director and former Chief Executive Officer and Chairman of the Board of Directors of ISC; Herman Frietsch, senior vice-president of ISC; Raymond Hofker, formerly vice-president and general counsel of ISC; Albert W. Angulo, formerly treasurer of ISC; and Harlan M. Stein, formerly president of ISC's Engineering Group. All defendants reside in the Houston area.

The complaint alleges violations of the antifraud, reporting and proxy provisions of the securities laws, as well as the accounting and bookkeeping provisions of the Foreign Corrupt Practices Act. The complaint also alleges false and misleading disclosures concerning ISC's questionable and improper payments of approximately \$23 million in a number of foreign countries and the issuance of false and misleading financial statements which overstated assets, earnings and shareholders' equity. The complaint alleges failure to disclose transactions involving Kenneally and his associates including the maintenance of a summer residence for Kenneally in Ireland for which more than \$1 million of corporate funds was spent.

The Commission is seeking a preliminary injunction and the appointment of a special agent to, among other things, take custody and control of the assets, books and records of ISC and oversee its business activities to assure that these activities are being carried out for legitimate business purposes. (SEC v. International Systems & Controls Corporation, et al., U.S.D.C. D.C., Civil Action No. 79-1760). (LR-8815)

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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-8) HARTFIELD-ZODYS, INC., 2525 Military Ave., Los Angeles, Cal. 90064 (213) 477-0516 ext. 311 - 247,500 shares of common stock. (File 2-64982 - July 9)
- (S-8) PAINE WEBBER INCORPORATED, 140 Broadway, New York, N.Y. 10005 (212) 437-6712 - \$2,475,000 of interests and 400,000 shares of common stock. (File 2-64984 - July 9)
- (S-16) SHELDAHL, INC., Northfield, Minn. 55057 (507) 645-5633 - 55,500 shares of common stock. The company is engaged in packaging machinery, among other things. (File 2-64985 - July 9)
- (S-8) JUSTIN INDUSTRIES, INC., 2821 West Seventh St., Fort Worth, Tex. 76107 (817) 336-5125 - in indeterminate amount of common stock. (File 2-64986 - July 9)
- (S-6) THE GOVERNMENT SECURITIES INCOME FUND, FIFTEENTH GNMA SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10080 - an indefinite number of units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10080, Bache Halsey Stuart Shields Inc. and Dean Witter Reynolds Inc. (File 2-64987 - July 9)
- (S-6) THE CORPORATE INCOME FUND, TWENTY-SECOND SHORT TERM SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10080 - an indefinite number of units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10080, Bache Halsey Stuart Shields Inc. and Dean Witter Reynolds Inc. (File 2-64988 - July 9)
- (S-8) TESORO PETROLEUM CORPORATION, 8700 Tesoro Dr., San Antonio, Tex. 78286 (512) 828-8484 - 1,000,000 shares of common stock. (File 2-64989 - July 9)
- (S-16) ROCKY MOUNTAIN NATURAL GAS COMPANY, INC., Suite 420, Capitol Life Center, 1600 Sherman St., Denver, Colo. 80203 (303) 861-4072 - 280,521 shares of common stock. Underwriter: Boettcher & Company. (File 2-64740 - June 12)
- (S-11) SHEARSON-MURRAY REAL ESTATE FUND, LTD., 4835 LBJ Freeway, Suite 300, Dallas, Tex. 75234 - 4,000 Limited Partnership Interests. (File 2-64767 - June 15)

### REGISTRATIONS EFFECTIVE

June 20: Documation Inc., 2-64650.

June 21: Alleghany Corp., 2-64773.

June 25: The Chesapeake and Potomac Telephone Co. of West Virginia, 2-64666; Micro-wave Semi-conductor Corp., 2-64652.

June 26: The Municipal Bond Trust, Series 54, 2-64284; Temp-Stik Corp., 2-63163.

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