

# sec news digest

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## ADMINISTRATIVE PROCEEDINGS U.S. SECURITIES AND EXCHANGE COMMISSION

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### OCC ACTION AGAINST CHARLES H. ROSS, INC. SET ASIDE

The Commission has set aside a \$1,000 fine and costs assessed against Charles H. Ross, Inc. of Philadelphia, by The Options Clearing Corporation (OCC). The Commission found, as had OCC, that the Ross firm had failed to make timely payment of amounts due the corporation. However, the Commission noted that the firm had not previously been subject to any disciplinary action, that there would have been no violation but for the fact that the firm's president and sole employee was delayed by circumstances beyond his control, the full payment was made to OCC within one-half hour after it was due, and that, according to the firm, it has adopted new procedures that will prevent any recurrence of its violations. (Rel. 34-16230)

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## COMMISSION ANNOUNCEMENTS

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### NEW PROJECT WILL EXAMINE CORPORATE FINANCE ROLE OF REGIONAL BROKERS

Chairman Harold M. Williams of the SEC and Administrator A. Vernon Weaver of the Small Business Administration announced today a major, joint project to assess the role of regional broker-dealers in raising equity capital for corporations.

The one-year project will be supported jointly by the SEC and the SBA's Office of Advocacy, and will be carried out by the Commission's Directorate of Economic and Policy Research. It will identify all initial public offerings of securities since January 1, 1972 and will trace the role which regional broker-dealers played in them.

The study will produce an analysis of the types and sizes of initial public offerings and of the extent to which the managing underwriters were regional, as opposed to national brokerage firms. It will also encompass a survey of selected corporations to determine what factors entered into their choice between regional or national brokerage firms to manage the underwriting of their securities.

In addition, the profitability of regional underwriters and regional broker-dealers in general, in relation to the profitability of national broker-dealers and the securities industry as a whole, will be studied.

The new study is expected to provide an empirical data base from which the Commission may draw in its efforts to facilitate capital formation by small business, consistent with investor protection.

### COMMISSION TO REVAMP SYSTEM OF HANDLING CORPORATE FILINGS

Chairman Harold M. Williams announced today plans for a major reorganization in the way the Commission reviews the registration and periodic disclosure documents filed by public corporations. In a speech prepared for delivery in Washington Friday at a luncheon of the 10th Annual National Conference of the National Investor Relations Institute, Chairman Williams unveiled plans to revamp the "operations" section of the Division of Corporation Finance.

He said the new corporation finance approach would allow the staff to devote more attention to those disclosure documents which should get careful scrutiny; would facilitate simplification and integration of various disclosure requirements; and would promote uniformity and reduce "nit-picking" in the suggestions for changes in disclosure documents which the staff routinely provides to companies. The changes, which were initiated by the Division of Corporation Finance, would be phased in over the next year. Other aspects of the reorganization will include assigning companies to staff units according to industry groupings, and establishment of a new office to oversee training and consistency among the staff members who review company filings.

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## TRADING SUSPENSIONS

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### TRADING SUSPENDED IN SPARKS INDUSTRIES, INC.

The Commission announced the single ten-day suspension of over-the-counter trading in the securities of Sparks Industries, Inc. (formerly known as Holographic Development Corporation of America), a Delaware corporation located in Las Vegas, for the period beginning on October 18 and terminating at midnight (EST) on October 27.

The Commission suspended trading in the securities of Sparks in view of the recent unusual and unexplained market activity in the security in the absence of current accurate and adequate information concerning the company's financial condition and operations. The price of Sparks common stock increased from \$1.00 a share on September 21 to approximately \$5.25 on October 12.

If any broker-dealer or any other person has any information which they believe would be useful to the Commission relating to this matter, they should contact the SEC at (202) 272-2253. (Rel. 34-16284)

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## CIVIL PROCEEDINGS

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### COMPLAINT NAMES LUNDY ELECTRONICS & SYSTEMS INC.

The Commission announced that on October 18 it filed in the U.S. District Court for the District of Columbia a civil injunctive action against Lundy Electronics & Systems Inc., of Glen Head, Long Island, New York. The Commission's complaint alleges violations of the reporting provisions of the securities laws and seeks a Judgment of Permanent Injunction and Other Relief.

The complaint alleges that Lundy has failed to file its annual report on Form 10-K for its fiscal year ended June 30, required to have been filed with the Commission by September 28. Further, the complaint charged that Lundy, as part of a continuing course of violative conduct extending over several years, has failed to timely file certain of its annual and quarterly reports with the Commission. The complaint requests that the court order Lundy to file forthwith with the Commission its Annual Report on Form 10-K for its fiscal year ended June 30. Further, the Commission requested that the court enjoin Lundy from further violations of the reporting provisions of the securities laws. (SEC v. Lundy Electronics & Systems, Inc., U.S.D.C. D.C., Civil Action No. 79-2800). (LR-8899)

### JOHN E. KIRBY AND RICHARD A. PARRISH ENJOINED

The Commission announced that on October 18 the U.S. District Court for the Southern District of New York permanently enjoined John E. Kirby of Baton Rouge, Louisiana, and Richard A. Parrish of Troy, New York, from violating the antifraud provisions of the Securities Exchange Act of 1934. The court also ordered Kirby to disgorge profits of certain transactions in the common stock of Resistoflex Corporation. The complaint alleged that Kirby purchased the Resistoflex securities while in possession of material, non-public information obtained from Parrish, a Bundy employee, concerning plans of Bundy Corporation to acquire Resistoflex. Kirby and Parrish both consented to the entry of the Final Judgment against them without admitting or denying the allegations in the Commission's complaint. (SEC v. John E. Kirby and Richard A. Parrish, U.S.D.C. S.D.N.Y., Civil Action No. 79-5643). (LR-8896)

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## INVESTMENT COMPANY ACT RELEASES

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### LUTHERAN BROTHERHOOD MONEY MARKET FUND, INC.

An order has been issued on an application of Lutheran Brotherhood Money Market Fund, Inc. (Applicant), a "money market" fund registered under the Investment Company Act of 1940 as an open-end, diversified, management investment company, pursuant to Section 6(c) of the Act, exempting Applicant, subject to conditions, from the provisions of Section 2(a)(41) of the Act, and Rules 2a-4 and 22c-1 thereunder, to the extent necessary to permit Applicant to utilize amortized cost valuation for the purpose of pricing its shares for sale and redemption. (Rel. IC-10902 - Oct. 16)

## FEDERATED FIDUCIARY TRUST

An order has been issued on an application of Federated Fiduciary Trust (Applicant), a "money market" fund registered under the Investment Company Act of 1940 as an open-end, diversified, management investment company, pursuant to Section 6(c) of the Act, exempting Applicant, subject to conditions, from the provisions of Section 2(a)(41) of the Act, and Rules 2a-4 and 22c-1 thereunder, to the extent necessary to permit Applicant to utilize amortized cost valuation for the purpose of pricing its shares for sale and redemption. (Rel. IC-10903 - Oct. 16)

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## HOLDING COMPANY ACT RELEASES

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### OHIO POWER COMPANY

A supplemental order has been issued authorizing Ohio Power Company, subsidiary of American Electric Power Company, Inc., to amend the lines of credit it has established at certain specified banks. (Rel. 35-21253 - Oct. 16)

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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: American Stock Exchange, Inc. - Gerber Scientific Inc., 12-1/8% subordinated sinking fund debentures, due 1994 (effective as of August 13, 1979); Air Express International Corp., common stock (effective as of August 21, 1979); Campanelli Industries Inc., common stock and 12-7/8% senior subordinated sinking fund debentures, due 1994, Resorts International Inc., 10% subordinated debentures, due 1999 and warrants for the purchase of one share each of Class A common stock (both effective as of August 27, 1979); Transtechnology Corp., common stock (effective as of August 29, 1979); Triton Oil & Gas Corp., common stock, Wesco Financial Corp., 10-1/8% notes, due 1991 (both effective as of August 30, 1979); Weatherford International Inc., common stock (effective as of September 4, 1979); Walbar Inc., common stock (effective as of September 17, 1979); Towne Petroleum Co., common stock, Unimax Group Inc., 10-3/4% convertible senior subordinated debentures, due July 1, 1997 (effective as of September 19, 1979); Iroquois Brands Ltd., 12% subordinated debentures, due 1999 (effective as of September 20, 1979). Cincinnati Stock Exchange, Inc. - American Financial Corp., Series G \$3.15 dividend non voting cumulative preferred stock and 12% debentures, due September 3, 1999 (effective as of August 20, 1979). Midwest Stock Exchange, Inc. - Bache Group Incorporation, common stock (effective as of August 22, 1979). New York Stock Exchange, Inc. - Pneumo Corp., 11-5/8% subordinated sinking fund debentures, due 1994 (effective as of August 13, 1979); Presley Companies, common stock (effective as of August 14, 1979); Charter Co., depository receipts, convertible depository preferred share each representing 1/5% share of 8-1/4% cumulative convertible preferred stock, Series J, Public Service Electric & Gas Co., first & refunding mortgage bond 9-3/4% Series K, due 2009 (both effective as of August 21, 1979); Appalachian Power Co., first mortgage bonds, 11% Series, due 1987 and \$2.65 cumulative preferred stock, European Coal and Steel Community, 9-3/4% bonds, due August 1, 1999 (both effective as of August 23, 1979); Commonwealth Edison Co., \$200 million of first mortgage 9-1/4% bonds, Series 39, due June 15, 1984, Southern Pacific Co., 10.35% debentures, due 1994 (both effective as of August 28, 1979); PPG Industries Inc., 9-3/8% notes, due 1989, Pope & Talbot Inc., common stock (both effective as of August 29, 1979); Credithrift Financial Corp., 10-1/4% senior notes, due April 15, 1989 and 10-1/2% subordinated notes, due April 15, 1994, Trans World Corp (Del), Series C \$2.66 cumulative convertible preferred stock (both effective as of August 30, 1979); CIT Financial Corp., 9-5/8% debentures, due August 15, 2009 and 9.85% senior subordinated debentures, due August 15, 2004, Union Carbide Corp., 9.35% debentures, due 2009 and 9.125% notes, due 1986 (both effective as of September 5, 1979); Continental Group Inc., \$4.50 cumulative preference stock, Series C, Integon Corp (Del), common stock, Investors Diversified Services Inc. (Old), 6-1/2% convertible subordinated debentures, due January 1, 1992 (all effective as of September 7, 1979); Western Bancorporation, 7-1/4% convertible subordinated debentures, due 2004 (effective as of September 14, 1979); Avco Financial Services Inc., 9-3/4% senior notes, due August 1, 1989, Sun Company Inc., \$100 million of 9.15% notes, due August 1, 1986 (both effective as of September 19, 1979); Witco Chemical

Corp., 9-1/2% sinking fund debentures, due 2009 (effective as of September 21, 1979); Sun Chemical Corp., 11-1/4% subordinated debentures, due December 1, 1996 (effective as of September 25, 1979); First Union Real Estate Equity and Mortgage Investment, 8-3/4% convertible subordinated debentures, due 1999, Gulf Resources & Chemical Corp., 12-1/2% subordinated sinking fund debentures, due 2004, Lynch Communication Systems Inc., 8-1/2% convertible subordinated debentures, due 1999, Talcott National Corp., 13-3/4% senior subordinated debentures, due 1999 (all effective as of September 26, 1979). Pacific Stock Exchange, Inc. - American Financial Corp., Series G \$3.15 dividend non voting cumulative preferred stock and 12% debentures, due September 3, 1999 (effective as of August 16, 1979); Elsinore Corp., common stock, Pogo Producing Co., common stock (both effective as of August 21, 1979); Investors Diversified Services Inc. (New), 6-1/2% convertible subordinated debentures, due January 1, 1992 (effective as of September 10, 1979); Mini Computer Systems Inc., common stock and 12-1/4% convertible subordinated debentures, due 1989 (effective as of September 20, 1979). Philadelphia Stock Exchange, Inc. - Horn & Hardart Co., common stock purchase warrants [expiring 11-23-81] and common stock (effective as of August 17, 1979); Dunes Hotels & Casinos Inc., common stock, \$50 par value (effective as of September 26, 1979).

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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) MCO RESOURCES, INC., 10880 Wilshire Blvd., Los Angeles, Cal. 90024 (213) 879-5252 - 26,635,140 shares of common stock and 5,000 shares of 7-1/2% cumulative preferred stock, \$1,000 par value. Underwriter: Donaldson, Lufkin & Jenrette Securities Corporation and Loeb Rhoades Shearson. The company is engaged in exploring for, developing and producing oil, gas and geothermal resources. (File 2-65620 - Sept. 28)
- (S-18) LIFE INSTRUMENTS CORPORATION, 2300 Central Ave., Boulder, Colo. 80301 - 750,000 shares of common stock. Underwriter: Faherty & Faherty Inc. The company is engaged in the development, marketing and initial production of an ultrasonic breast scanner. (File 2-65729 - Oct. 15)
- (S-6) CORPORATE SECURITIES TRUST, LONG-TERM DEBT SERIES 15, 1345 Avenue of the Americas, New York, N.Y. 10019 - 14,000 units. Depositors: L. Smith Barney, Harris Upham & Co., Inc., 1345 Avenue of the Americas, New York, N.Y. 10019, Blyth Eastman Dillon & Co., Inc., Paine, Webber, Jackson & Curtis Inc. and Drexel Burnham Lambert Inc. (File 2-65749 - Oct. 17)
- (S-6) TAX EXEMPT TRUSTS FOR PENNSYLVANIA RESIDENTS, FIRST SERIES-COMBINED, 1500 Walnut St., Philadelphia, Pa. 19102 - 10,500 units. Depositors: Butcher & Singer Inc., 1500 Walnut St., Philadelphia, Pa. 19102 and Elkins, Stroud, Suplee & Co. (File 2-65750 - Oct. 17)
- (S-7) MORAN BROS., INC., 1221 McKinney, Suite 1901, Houston, Tex. 77002 (713) 759-1950 - \$20 million of convertible subordinated debentures, due 1999 and an indeterminable number of shares of common stock. Underwriter: Smith Barney, Harris Upham & Co., Inc. and Underwood, Neuhaus & Co., Inc. The company is engaged in the contract drilling of oil and gas wells, among other things. (File 2-65751 - Oct. 18)
- (S-8) RESEARCH-COTTRELL, INC., P.O. Box 1500, Somerville, N.J. 08876 (201) 685-4000 - 200,000 shares of capital stock. (File 2-65752 - Oct. 18)
- (S-16) SUN CHEMICAL CORPORATION, 200 Park Ave., New York, N.Y. 10017 (212) 986-5500 - 314,939 shares of common stock. The company is engaged in the manufacture and sale of a diversified group of products in the fields of graphic arts materials, among other things. (File 2-65754 - Oct. 18)
- (S-14) EASTMET CORPORATION, Executive Plaza IV, McCormick Rd., Hunt Valley, Md. 21030 (301) 666-1500 - 1,396,258 shares of common stock. (File 2-65755 - Oct. 18)

- (S-1) ENCORE INDUSTRIES, INC., 3212 Wynn Rd., Suite B110, Las Vegas, Nev. 89102 - 1,000,000 shares of common stock. Underwriter: B. J. Leonard and Co., Inc., 5600 South Syracuse Circle, Englewood, Colo. 80111 (303) 779-9999. The company is engaged in research, product development and management of prototypes of a coin-operated gaming device, or slot machine. (File 2-65756 - Oct. 18)
- (S-8) CENCOM INC., P.O. Box 606, Rushford, Minn. 55971 (507) 864-7735 - 50,000 shares of common stock. (File 2-65757 - Oct. 18)
- (S-16) COMMONWEALTH EDISON COMPANY, 37th Floor, One First National Plaza, P.O. Box 767, Chicago, Ill. 60690 (312) 294-4321 - 750,000 shares of cumulative preference stock. The company is engaged in the production, purchase, transmission, distribution and sale of electricity. (File 2-65758 - Oct. 18)
- (S-16) BEVERLY ENTERPRISES, 873 South Fair Oaks Ave., Pasadena, Cal. 91105 (213) 577-6111 - 507,018 shares of common stock. (File 2-65759 - Oct. 18)

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