

# sec news digest

LIBRARY

Issue 77-168

August 30, 1977

AUG 31 1977

## COMMISSION ANNOUNCEMENTS

### U.S. SECURITIES AND EXCHANGE COMMISSION

HEARINGS ON SHAREHOLDER COMMUNICATIONS, SHAREHOLDER PARTICIPATION IN CORPORATE ELECTORAL PROCESS AND CORPORATE GOVERNANCE

The Commission today published a release containing scheduling and other information concerning its previously announced public hearings on the subjects of shareholder communications, shareholder participation in the corporate electoral process and corporate governance. The hearings are scheduled to commence on September 29, 1977 at the Commission's headquarters in Washington, D.C.; on October 11, 1977 at its regional office in Los Angeles, California; on October 18, 1977 at its regional office in New York, New York; and on November 1, 1977 at its regional office in Chicago, Illinois.

Chairman Harold Williams will present an opening statement at the hearings in Washington, D.C.

As part of its study of corporate governance, the Commission previously invited comment on a number of questions to which approximately 140 interested members of the public responded. On the basis of its review of the written statements received, the Commission today published the specific issues to be considered at the hearings.

Witnesses at the hearings will be asked to present oral statements in a number of areas, including whether the Commission should require additional disclosures in proxy materials relating to socially significant information, including environmental and equal employment matters, and whether the Commission should amend its rules relating to shareholder proposals. The Commission will also consider the advisability of affording shareholders access to management's proxy materials for the purpose of nominating persons to serve on the Board of Directors and the advisability of expanding disclosures in the proxy statement relating to the qualifications of director nominees. Additionally, in recognition of large amounts of securities held by institutional investors, such as bank trust departments, insurance companies, investment companies and pension funds, the Commission wishes to explore the proxy review policies and procedures presently employed by these institutions and to consider whether institutions, prior to exercising their voting power, should be required to obtain the views of owners of the economic interests in the securities. At the conclusion of these proceedings, the Commission will determine whether to propose amendments to the proxy rules and other applicable rules or to recommend legislation to Congress, such as a bill establishing federal minimum standards for corporate conduct.

All interested members of the public, particularly individual and institutional investors, who wish to present oral statements at the hearings are encouraged to contact Barbara Leventhal or Richard Nesson at 202-755-1750 or 202-755-1742. (Rel. 34-13901)

## COURT ENFORCEMENT ACTIONS

### WALTER WENCKE AND THREE OTHERS INDICTED

On July 28, 1977 the Federal Grand Jury for the Southern District of California returned a 36-count indictment charging four individuals with violations of federal law stemming from their activities in connection with Sun Fruit, Ltd., a publicly-held corporation engaged in operating hotels (mainly in the Western United States) and syndicating agricultural property in California. Named as defendants are Walter C. Wencke, Attorney, San Diego, California; Richard K. Mets, Fresno, California; Paul F. Potter, Attorney, San Diego, California; John K. Dees (a certified public accountant who acted as the independent auditor for Sun Fruit), Fresno, California.

The indictment charges the defendants with (a) an alleged conspiracy to both defraud the SEC and violate other federal laws; (b) mail fraud; and (c) the filing of documents with the SEC which were knowingly false or which wilfully violated regulations of the Commission.

The indictment alleges, among other things, that the defendants engaged in a scheme to defraud the shareholders and creditors of Sun Fruit, Ltd., a California-based corporation with over 1,000 shareholders. Specifically, the indictment charges that the defendants engaged in a scheme to: (a) take over control of Sun Fruit, Ltd.; (b) misappropriate for their personal benefit certain of its assets and resources, including several hotel operations; (c) to conceal the scheme to loot hotel and other assets of the company, Mr. Wencke placed Sun Fruit in a Nevada state court receivership and caused himself to be named receiver.

Previously, the Commission had instituted a civil action in the Southern District of California which resulted in, among other things, permanent injunctions against Messrs. Wencke, Mets, Dees and Potter, the appointment of a permanent federal receivership over Sun Fruit, Ltd. and the hotel operations allegedly looted from Sun Fruit, and the removal of Wencke as Sun Fruit receiver. (U.S. v. Walter Wencke, et al., S.D. Cal., Crim. 77-0539). (LR-8084)

#### ROBERT E. LANGLEY, OTHERS ENJOINED

The Chicago Regional Office and the Detroit Branch Office announced that on August 8 the Federal Court at Detroit, Michigan entered a final judgment permanently enjoining Disone and Minidat Corporations, both Michigan corporations with offices in Southfield, Michigan; Langley Investment Company, a Michigan limited partnership with offices in Southfield; and Robert E. Langley, West Hyannisport, Massachusetts, vice-president of Disone; general partner of Langley Investment; and president of Minidat, from further violations of the registration and antifraud provisions of the securities laws. All of the defendants consented to the entry of the injunction and ancillary relief without admitting or denying the allegations in the complaint.

In addition to the injunction, the defendants were also ordered to provide investors, shareholders and interest holders information as to the financial condition of the defendants, prepared by independent accountants, to include an accounting of all funds received from investors; the uses to which the funds were put; and the amounts and location of any remaining funds. (SEC v. Robert E. Langley, et al., E.D. Mich., S. Div., Civil Action No. 77-1616). (LR-8085)

#### COMPLAINT NAMES ARDEN MAYFAIR, INC., OTHERS

The Los Angeles Regional Office filed a complaint on August 18, 1977, in the U.S. District Court in Los Angeles, against Arden-Mayfair, Inc. (Arden), Bernard Briskin of Beverly Hills, California (a director, major shareholder and one time chief executive officer of Arden) and James T. McCann of San Marino, California (controller of Arden).

The complaint alleges violations of the federal securities laws arising from: (a) Arden's failure to properly record on its books over four million dollars in payments made to its wholesale milk customers for the purpose of inducing them to do business, or continue to do business with Arden; and (b) the failure to disclose during Arden's 1976 proxy contest that Arden was suffering increasing losses. (Only Arden and Mr. Briskin are charged with this latter violation. The complaint seeks injunctions against all defendants from further violations of the antifraud, periodic reporting and proxy provisions of the securities laws. The complaint further seeks the appointment of a special master to investigate the confidential payments and report on them to the shareholders and the Court. (SEC v. Arden-Mayfair, Inc., et al., C.D. Cal., Civil Action No. 77-3114-R). (LR-8087)

---

## INVESTMENT COMPANY ACT RELEASES

---

#### THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

An order has been issued on an application of Prudential's Annuity Plan Account-2 (APA-2), a separate account of the Prudential Insurance Company of America (Prudential) registered under the Investment Company Act of 1940 as a unit investment trust, and Prudential, a New Jersey mutual life insurance company that serves as depositor and underwriter for APA-2, pursuant to Section 6(c) of the Act granting exemption from Section 27(a)(3) of the Act. (Rel. IC-9912 - Aug. 26)

---

## HOLDING COMPANY ACT RELEASES

---

### ARKANSAS POWER & LIGHT COMPANY

A notice has been issued giving interested persons until September 8, to request a hearing on a proposal of Arkansas Power & Light Company, subsidiary of Middle South Utilities, Inc., whereby Arkansas Power & Light will enter into installment sales agreements with Jefferson County, Arkansas for the purpose of financing the construction of pollution control facilities through the issuance of Pollution Control Revenue Bonds by the County in a maximum aggregate principal amount of \$51 million. (Rel. 35-20150 - Aug. 26)

### APPALACHIAN POWER COMPANY

A notice has been issued giving interested persons until September 20 to request a hearing on a proposal of Appalachian Power Company, subsidiary of American Electric Power Company, Inc., to issue and sell notes to banks and to a dealer in commercial paper in an aggregate amount not to exceed \$175 million. (Rel. 35-20151 - Aug. 29)

### NORTHEAST UTILITIES

A supplemental order has been issued authorizing The Hartford Electric Light Company to issue and sell up to \$35 million short-term notes to banks and commercial paper to commercial paper dealers. (Rel. 35-20152 - Aug. 29)

---

## TRUST INDENTURE ACT RELEASES

---

### THE BRITISH PETROLEUM COMPANY LIMITED AND BP PIPELINES INC.

The SEC has issued a notice giving interested persons until September 15 to request a hearing on an application by The British Petroleum Company Limited, an English corporation (BP), and BP Pipelines Inc., a Delaware corporation (BP Pipelines), pursuant to Section 310(b)(1)(ii) of the Trust Indenture Act of 1939 declaring that the trusteeships of Morgan Guaranty Trust Company of New York (Morgan Guaranty) under an indenture dated as of December 1, 1974, with Sohio/BP Trans Alaska Pipeline Finance Inc. (which name has since been changed to Sohio/BP Trans Alaska Pipeline Capital Inc.), which is qualified under the Act, and under a new indenture dated as of July 1, 1977, with the City of Valdez, Alaska, which is not qualified under the Act, are not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify Morgan Guaranty from acting as trustee under said qualified indenture. (Rel. TI-481)

---

## SELF-REGULATORY ORGANIZATIONS

---

### NOTICE OF PROPOSED RULE CHANGE

The National Association of Securities Dealers, Inc. (NASD) has filed a proposed rule change under Rule 19b-4 (SR-NASD-77-12) to amend Part IV of Schedule D of the NASD By-Laws to codify the authority of the Board of Governors, subject to Commission approval, to refund NASDAQ charges to subscribers. Publication of the proposal is expected to be made in the Federal Register during the week of August 29. (Rel. 34-13895)

The NASD has also filed a proposed rule change under Rule 19b-4 (SR-NASD-77-14) to refund, on a pro-rata basis, \$1 million to NASDAQ subscribers. Publication of the proposal is expected to be made in the Federal Register during the week of August 29. (Rel. 34-13896)

The National Securities Clearing Corporation has filed its interregional interface agreements and accompanying fee schedules pursuant to Rule 19b-4 (SR-NSCC-77-5). Publication of the filing is expected to be made in the Federal Register during the week of August 29. (Rel. 34-13889)

### NOTICE OF EFFECTIVENESS OF PROPOSED RULE CHANGE

The New York Stock Exchange, Inc. (NYSE) has filed a proposed rule change under Rule 19b-4 (SR-NYSE-77-23) to establish guidelines governing the conduct of members and floor clerical employees of members on the Floor of the Exchange. The rule change

has become effective pursuant to Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected to be made in the Federal Register during the week of August 29. (Rel. 34-13893)

#### NOTICE OF FILING OF AMENDMENT TO PROPOSED RULE CHANGE

The Midwest Stock Exchange, Inc. (MSE) has filed an amendment to a proposed rule change under Rule 19b-4 (SR-MSE-77-23) to redesignate as the basis under the Act for the proposed rule change Section 6(b)(5) rather than those provisions of Sections 6(d) and 19 relating to the denial of access to exchange services. Publication of the proposal is expected to be made in the Federal Register during the week of August 29. (Rel. 34-13894)

---

## LISTING, DELISTING AND UNLISTED TRADING ACTIONS

---

#### NOTICE OF WITHDRAWAL OF LISTINGS

A notice has been issued giving interested persons until September 21 to submit facts bearing upon an application by Wyle Laboratories to withdraw its common stock, no par value and 5-1/4% convertible subordinated debentures from listing and registration on the American Stock Exchange, Inc. (Rel. 34-13890)

A notice has been issued giving interested persons until September 21 to submit facts bearing upon an application by H.W. Rickel & Company to withdraw its common stock, \$2.00 par value from listing and registration on the Boston Stock Exchange, Inc. (Rel. 34-13891)

#### ORDER GRANTING WITHDRAWAL OF LISTING

An order has been issued granting an application by Chomerics, Inc. to withdraw its common stock, \$10 par value from listing and registration on the Boston Stock Exchange, Inc. (Rel. 34-13892)

---

## 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-7) BALTIMORE GAS AND ELECTRIC COMPANY, Gas and Electric Bldg., Charles Center, Baltimore, Md. 21203 (301-234-5811) - \$75 million of first refunding mortgage bonds, due 2007 (File 2-59772 - Aug. 29)

(S-16) EMERSON ELECTRIC CO., 8100 West Florissant Ave., St. Louis, Mo. 63136 - 77,389 shares of common stock (File 2-59776 - Aug. 29)

#### NOTICE

Many requests for copies of documents referred to in the SEC News Digest have erroneously been directed to the Government Printing Office. Copies of such documents and of registration statements may be ordered from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549. The reproduction cost is 10¢ per page plus postage (7 days) (\$3.50 minimum); 20¢ per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30¢ per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given or request. All other reference material is available in the SEC Docket.

SEC NEWS DIGEST is published daily. Subscription rates: \$64.45 /yr in U.S. first class mail; \$80.60 elsewhere.

SEC DOCKET is published weekly. Subscription rates: \$43.70/yr in U.S. first class mail, \$54.65 elsewhere. The News Digest and the Docket are for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.