

sec news digest

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June 5, 1978

ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES AND
EXCHANGE COMMISSION

ERNST & ERNST AND TWO PARTNERS SANCTIONED

The Commission has issued a decision censuring the accounting firm of Ernst & Ernst, and suspending two of its partners, Clarence T. Isensee and John F. Maurer, from appearance or practice before the Commission for respective periods of one year and three months, effective June 19. The sanctions resulted from the Commission's findings that the firm and its two partners engaged in improper professional conduct in connection with their audits of 1964 and 1965 financial statements of Western Equities, Inc. (Westec). Isensee was the partner in charge of the audits and Maurer was the audit manager.

The Commission found that the Westec financial statements were materially false and misleading, contrary to the representations in Ernst & Ernst's certifications; that, in material part, they were not prepared in accordance with generally accepted accounting principles; and that the auditors' examination failed to comply with generally accepted auditing standards. In addition, the Commission found that the accountants compromised their independence by uncritically relying on management representations as to significant matters. (Rel. ASR-248)

SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY ORDERED TO FILE REPORT ON FORM 8-K

The Commission announced that Southern Bell Telephone and Telegraph Company, having been advised of the Commission's intention to institute proceedings pursuant to Section 15(c)(4) of the Securities Exchange Act of 1934, has submitted an offer which the Commission has determined to accept.

Southern Bell Telephone and Telegraph waived the issuance of an order instituting proceedings, waived findings by the Commission and consented to the issuance of an order requiring the company to file a report on Form 8-K describing the political campaign contribution program which it administered during the period of 1963 to 1973. (Rel. 34-14797)

COMMISSION ANNOUNCEMENTS

CORRECTIONS OF ACCOUNTING SERIES RELEASES

A list of significant errors appearing in the U.S. Government Printing Office publication, "Accounting Series Releases-Compilation of Releases to 195, U.S. Securities and Exchange Commission," has been published to enable users of the publication to make corrections. (Rel. 33-5935)

HOLDING COMPANY ACT RELEASES

MICHIGAN POWER COMPANY

A memorandum opinion and order has been issued approving a plan for redemption of the outstanding preferred stock of Michigan Power Company (MPC), subsidiary of American Electric Power Company, Inc. MPC's preferred stock (\$100 par value) will be redeemed at \$102 per share for its 4.40% series and at \$100 per share for its 4.90% series. The companies are required to complete the redemption plan within 65 days from the date of this order. (Rel. 35-20569 - June 1)

LYKES BROS.

The SEC has approved a plan filed by Lykes pursuant to Section 11(e) of the Public Utility Holding Company Act of 1935 to comply with an order under Section 11(b)(1) issued on April 6 (Rel. 35-20487) directing Lykes to dispose of its interest in the stock of Peoples Gas System, Inc., a Florida gas utility company. Lykes will distribute the common stock of Peoples to Lykes' shareholders. (Rel. 35-20570 - June 1)

CEDAR COAL COMPANY

A supplemental order has been issued authorizing Cedar Coal Company, subsidiary of Appalachian Power Company, and of American Electric Power Company, Inc., to further extend the payment dates for previously authorized bank borrowings. (Rel. 35-20571 - June 1)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGE

The New York Stock Exchange, Inc. has filed a proposed rule change under Rule 19b-4 (SR-NYSE-78-30) to eliminate disparities between member partnerships and member corporations which now exist in the NYSE Constitution and Rules, including allowing corporations to be general partners in member firms. Publication of the proposal is expected to be made in the Federal Register during the week of June 5. (Rel. 34-14821)

MISCELLANEOUS

LAVENTHOL & HORWATH PENSION AND PROFIT SHARING PLANS

A notice has been issued giving interested persons until June 26 to request a hearing on an application of Laventhol & Horwath, pursuant to Section 3(a)(2) of the Securities Act of 1933, for an order exempting interests or participations in Laventhol & Horwath's Pension Plan for Clerical Employees and Profit Sharing Plan for Partners and Professional Staff from the provisions of Section 5 of the Act. (Rel. 33-5936)

LEHIGH PORTLAND CEMENT COMPANY

An order has been issued granting the application of Lehigh Portland Cement Company (Applicant), a Pennsylvania corporation, pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an exemption from the reporting obligations of Sections 13 and 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, Applicant has become the wholly-owned subsidiary of Heidelberg Cement, Inc. (Rel. 34-14816)

IVAC CORPORATION

An order has been issued granting the application of Ivac Corporation (Applicant), a Delaware corporation, pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an exemption from the reporting requirements of Sections 13 and 15(d) of the Act. It appeared to the Commission that the granting of the requested exemption would not be inconsistent with the public interest or the protection of investors, in view of the fact that none of the securities of Applicant are held by any other person other than Eli Lilly and Company. (Rel. 34-14817)

RICHMOND, FREDERICKSBURG, AND POTOMAC RAILROAD COMPANY

An order has been issued denying the application of Richmond, Fredericksburg, and Potomac Railroad Company (Applicant), a Virginia corporation, pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an exemption from the reporting requirements of Section 13 of the Act. It appears to the Commission that granting the requested exemption would be inconsistent with the public interest and the protection of investors in view of the fact that Applicant has a substantial number of public investors and Applicant's current reports provided to the Interstate Commerce Commission do not provide adequate protection to the public investors. (Rel. 34-14818)

SECURITIES ACT REGISTRATIONS

The following registration statements have been filed with the SFC 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) KEARNEY-NATIONAL INC., Greenwich Office Park, Bldg. 6, Greenwich, Conn. 06830 - 100,000 shares of common stock. (File 2-61742 - May 30)
- (S-5) HOLDING TRUST, 3200 Ponce de Leon Blvd., Coral Gables, Fla. 33134 - 10,000,000 shares of beneficial interest. (File 2-61749 - May 30)
- (S-5) THE FUNDPACK, INC., 3200 Ponce de Leon Blvd., Coral Gables, Fla. 33134 - 1,000,000 shares of capital stock. (File 2-61750 - May 30)
- (S-8) HOUSTON INDUSTRIES INCORPORATED, 611 Walker Ave., Houston, Tex. 77002 - \$10 million of participations and 1,400,000 shares of common stock. (File 2-61753 - May 31)
- (S-16) BALLY MANUFACTURING CORPORATION, 2640 West Belmont Ave., Chicago, Ill. 60618 (312) 267-6060 - 125,000 shares of common stock. (File 2-61754 - May 30)
- (S-8) ARMCO STEEL CORPORATION, 703 Curtis St., Middletown, Ohio 45043 (513) 425-6541 - 650,000 shares of common stock. (File 2-61755 - May 31)
- (S-16) AMERICAN AIR FILTER COMPANY, INC., 215 Central Ave., Louisville, Ky. 40277 (502) 637-0011 - 200,000 shares of common stock. The company is engaged in the business of developing, manufacturing and selling equipment and systems to improve and control the quality of environmental air. (File 2-61756 - May 31)
- (S-8) ADOBE OIL & GAS CORPORATION, 1100 Western United Life Bldg., Midland, Tex. 79701 - 100,000 shares of common stock. (File 2-61757 - May 31)
- (S-1) LAND RESOURCES CORPORATION, Suite 206, 1125 N.E. 125th St., North Miami, Fla. 33161 (305) 895-6500 - \$3,625,100 of 9-1/2% convertible subordinated debentures, due June 1, 1978. The company, among other things, is engaged in the acquisition and sale of undeveloped and developed real estate. (File 2-61758 - May 31)
- (S-6) CORPORATE SECURITIES TRUST, LONG-TERM DEBT SERIES 7, 1345 Avenue of the Americas, New York, N.Y. 10019 - 14,000 units. Depositors: Smith Barney, Harris Upham & Co. Inc., 1345 Avenue of the Americas, New York, N.Y. 10019; Loeb Rhoades, Hornblower & Co.; Blyth Eastman Dillon & Co. Inc. and Paine, Webber, Jackson & Curtis Inc. (File 2-61759 - May 31)
- (S-8) FOSTER WHEELER CORPORATION, 666 Fifth Ave., New York, N.Y. 10019 - 400,000 shares of common stock. (File 2-61762 - May 26)
- (S-12) IRVING TRUST COMPANY, One Wall St., New York, N.Y. - 100,000 American Depositary Receipts for Sotheby Parke Bernet Group Limited. (File 2-61763 - May 25)
- (S-7) SAMBO'S RESTAURANTS, INC., 3760 State St., Santa Barbara, Cal. 93105 (805) 687-6777 - 2,000 of interests. (File 2-61771 - June 1)
- (S-8) ONEIDA LTD., Oneida, N.Y. 13421 (315) 361-3636 - 100,000 shares of common stock. (File 2-61772 - June 1)
- (S-8) THE STANDARD REGISTER COMPANY, 626 Albany St., Dayton, Ohio 45401 (513) 223-6181 - 25,000 shares of common stock. (File 2-61774 - June 1)
- (S-8) GREAT BASINS PETROLEUM CO., 1011 Gateway West - Century City, Los Angeles, Cal. 90067 (213) 879-0666 - 358,975 shares of common stock. The company is engaged in the business of acquiring, exploring, developing and selling prospective and proven oil and gas properties. (File 2-61776 - June 2)
- (S-7) ITEL CORPORATION, One Embarcadero Center, San Francisco, Cal. 94111 (415) 955-0000 - 1,000,000 shares of common stock. Underwriters: Blyth Eastman Dillon & Co. Inc. and Kidder, Peabody & Co. Inc. The company engages principally in the sale, lease and lease underwriting of transportation and computer equipment. (File 2-61777 - June 2)

(S-8) ILLINOIS POWER COMPANY, 500 South 27th St., Decatur, Ill. 62525 - 200,000 shares of common stock. The company is engaged in the generation, transmission, distribution and sale of electric energy and the distribution and sale of natural gas. (File 2-61778 - June 2)

REGISTRATIONS EFFECTIVE

Apr. 30: Interlake, Inc., 2-61204.

May 22: American Standard Inc.; 2-61414; Damson Oil Corp., 2-61485; Emerson Electric Co., 2-61533; Leaseway Transportation Corp., 2-61261; Minnesota Mining and Manufacturing Co., 2-60861; PCA International Inc., 2-60214; Petroleum Exploration & Development Funds, Inc. 1978/D Program Ltd., 2-60858 (90 days); The Southland Corp., 2-60705.

NOTE TO DEALERS. When applicable the 90-day period of time dealers are required to use the prospectus is noted above in parentheses after the name of the issuer. As to the other issuers, there may be no such requirement to use a prospectus, or the requirement may be for a period of only 40 days; see Section 4(3) of the Securities Act of 1933 and Rule 174 (17 CFR 230.174) thereunder.

REGISTRATIONS WITHDRAWN

May 10: Cencor, Inc., 2-61030.

May 11: Tipperary Corp., 2-60547.

ACQUISITIONS OF SECURITIES

Companies and individuals must report to the Commission within 10 days on Schedule 13D if after the acquisition of equity securities of a public company their beneficial interest therein exceeds 5%. Persons eligible to use the short form (Form 13D-5) may in lieu of filing a Schedule 13D file a Form 13D-5 within ten days after the end of the calendar quarter in which the person became subject to Section 13(d)(1). The following companies or individuals filed Schedule 13D's during the period May 15 - May 22, 1978. The number of shares of the security which are beneficially owned, and the number of shares concerning which there is a right to acquire are sent forth for each beneficial owner. *Amended Acquisition Reports.

<u>REPORTING COMPANY OR INDIVIDUAL</u>	<u>ISSUER & NUMBER OF SHARES</u>	<u>DATE FILED</u>
McCulloch Corporation (Wholly-owned subsidiary of Black & Decker Mfg. Co.) Black & Decker Manufacturing Co.	McCulloch Oil Corporation (Los Angeles, CA) Common Stock - 1,216,931 shs. (Pursuant to the Option Agreement, McCulloch has the obligation to sell above shares to Federated Reinsurance Corp.)	5-15-78
Kenneth Monfort, Individually and as Trustee Patricia Ann Monfort, Individually and as Custodian Charles Kenneth Monfort	Monfort of Colorado, Inc. (Greeley, CO) Common Stock - 2,105,930 shs. (42.61%)	5-15-78
American General Insurance Company	NN Corp. (Milwaukee, WI) Preferred Stock - 80,700 shs. (16.742%)	5-15-78
Telco Marketing Services, Inc. (Controlled by LIBCO Corp.) LIBCO Corporation	Outdoor Sports Industries, Inc. (Denver, CO) Common Stock - 89,600 shs.	5-15-78
Goldman, Sachs & Co.	Shenandoah Oil Corporation (Fort Worth, TX) Common Stock - 212,300 shs.	5-15-78
Morton I. Narva, Individually, Trustee & Executor	Supermarkets General Corp. (Woodbridge, NJ) Common Stock - 418,759 shs.	5-15-78
Wm. E. Wright Co. Voting Trust	Wm. E. Wright Co. (West Warren, MA) Common Stock - 1,051,280 shs. (44%)	5-15-78
* BOC Financial Corp. (Wholly-owned subsidiary of BOC International Ltd. (U.K.))	Airco, Inc. (Montvale, NJ) Common Stock - 5,014,209 shs. (94.5%) Common Stock - 217,792 shs. on conversion of Debentures	5-15-78
* AMBG Corp. (Wholly-owned subsidiary of Tyco) Tyco Laboratories, Inc.	Cutler Hammer, Inc. (Milwaukee, WI) Common Stock - 1,679,200 shs. (28%)	5-15-78

ACQUISITION REPORTS CONT.

* Dr. Harold B. Ehrlich	Ealing Corp. (South Natick, MA) Common Stock - 94,000 shs.	5-15-78
* Reliance Financial Services Corporation	Imperial Corporation of America (San Diego, CA) Common Stock - 1,075,500 shs.	5-15-78
* Reliance Financial Services Corporation	Lomas & Nettleton Financial Corp. (Dallas, TX) Common Stock - 1,641,600 shs. Common Stock - 408,715 shs. on conversion of Debentures	5-15-78
* Richard Kamen	Morton's Shoe Stores, Inc. (Boston, MA) Common Stock - 107,900 shs.	5-15-78
* John E. Forester, Individually and as Trustee	Mosinee Paper Corporation (Mosinee, WI) Common Stock - 272,893 shs.	5-15-78
* Servitec International, Inc.	Sierracin Corporation (Sylmar, CA) Common Stock - 165,590 shs.	5-15-78
* Maurice Wiener	Transco Realty Trust (Boston, MA) Shares of Beneficial Interest - 7,564 Shares of Beneficial Interest - 19,000 on exercise of Options	5-15-78
* Curtis Rochelle Van Irvine Albert M. Carollo Joseph E. Giovanini, et al	United Cable Television Corp. (Englewood, CO) Common Stock - 449,071 shs.	5-15-78
* Heico Gesellschaft Fuer Auslandbeteiligungen AG (Switzerland)	Wm. E. Wright Co. (West Warren, MA) Common Stock - 228,000 shs.	5-15-78
Elchanan Eshel	Caltran Systems, Inc. (Clifton, NJ) Common Stock - 567,380 shs. (53.7%)	5-16-78
National Medical Enterprises, Inc.	Hillhaven Corporation (Tacoma, WA) Common Stock - 484,000 shs. (18%) on conversion of Preferred Stock and Debentures Common Stock - 175,000 shs. on exercise of Warrants	5-16-78
Kenmare Capital	Mallory Randall Corporation (NYC) Class A Stock - 112,125 shs. (Kenmare also owns 7,333 shares of Common Stock)	5-16-78
* Louart Corporation	Arden-Mayfair, Inc. (City of Commerce, CA) \$3 Preferred Stock - 24,291 shs. Common Stock - 737,700 shs.	5-16-78
* Hobart Associates	Bancroft Convertible Fund, Inc. (NYC) Common Stock - 63,500 shs.	5-16-78
* Telco Marketing Services, Inc. LIBCO Corporation	Hickory Furniture Company (Hickory, NC) Common Stock - 104,300 shs.	5-16-78
* Mitchell Energy & Development Corp.	Tejas Gas Corp. (Corpus Christi, TX) Common Stock - 581,715 shs. (34.1%)	5-16-78
Protective Life Insurance Company	Empire General Corp. (Los Angeles, CA) Capital Stock - 2,773,164 shs. (100%) (Empire has been merged into Protective.)	5-17-78
Stauffer Chemical Company	Warnaco Inc. (Bridgeport, CT) \$1.50 Convertible Preferred Stock - 19,200 shs. (14.5%)	5-17-78
* Nu-West Development Corp.	Hallcraft Homes, Inc. (Phoenix, AZ) 5-3/4% Convertible Debentures - \$11,062,000 (Above Debentures were acquired pursuant to the Tender Offer.)	5-17-78

ACQUISITION REPORTS CONT.

* Baker Commodities 1976 Inc. (Wholly-owned subsidiary of Canadian Pacific Investment Ltd. (Canada)	Holly Sugar Corporation (Colorado Springs, CO) Common Stock - 154,800 shs.	5-17-78
* Equitable of Iowa Companies	Provident Life Insurance Company (Bismark, ND) Common Stock - 1,017,560 shs. (94.5%) (893,330 of above shares were acquired pursuant to the Tender Offer.)	5-17-78
* Chris-Craft Industries, Inc.	Twentieth Century-Fox Film Corp. (Los Angeles, CA) Common Stock - 635,300 shs.	5-17-78
* OPIC Corporation	Vanguard Diversified Inc. (Brooklyn, NY) Common Stock - 60,337 shs. (13.1%)	5-17-78
Jewelcor Incorporated Jewelcor Jewelers and Distri- butors, Inc. (Wholly-owned subsidiary of Jewelcor Inc.)	Basco, Inc. (Cherry Hilly, NJ) Common Stock - 15,625 shs. Common Stock - 407,525 shs. (56.3%) on exercise of Option	5-18-78
John L. Casey Milton A. Fuller Ellen C. Nugent, Trustees	Cavitron Corporation (NYC) Common Stock - 102,361 shs.	5-18-78
De Rance, Inc.	Farmer Bros. Co. (Torrance, CA) Common Stock - 101,350 shs.	5-18-78
Raphael Chaikin F. Roy Greenleaf, Jr., Indivi- dually and as Trustee Marvin Abrahams Richard Schauer, et al	Mariners Financial Corp. (Santa Ana, CA) Capital Stock - 584,003 shs. (Certain members have rights to acquire 63,151 shares.)	5-18-78
Richard Hayes Hillman	Phone-Mate, Inc. (Torrance, CA) Common Stock - 555,452 shs. (45%) Common Stock - 171,525 shs. (14%) on exercise of Warrants & Options (Included above are shares owned by his wife. 233,366 of above shares are held in a Voting Trust)	5-18-78
* De Rance, Inc.	Bohemia, Inc. (Eugene, OR) Common Stock - 111,057 shs.	5-18-78
De Rance, Inc.	First Executive Corporation (Beverly Hills, CA) Common Stock - 178,000 shs. on conversion of Preference Stock	5-18-78
* De Rance, Inc.	HMO International (Los Angeles, CA) Common Stock - 82,300 shs.	5-18-78
* De Rance, Inc.	Kampgrounds of America, Inc. (Billings, MT) Common Stock - 54,900 shs.	5-18-78
* De Rance, Inc.	Pennsylvania Real Estate Investment Trust (Wyncote, PA) Certificates of Beneficial Interest - 80,500	5-18-78
Estate of Dorothy G. Butt	Anchor Hocking Corporation (Lancaster, OH) Common Stock - 393,740 shs.	5-19-78
Home State Financial Services, Inc. ComBanks Corporation	Bancroft Convertible Fund, Inc. (NYC) Common Stock - 221,801 shs.	5-19-78
Bernard H. Zais	Health Insurance of Vermont, Inc. (Burlington, VT) Common Stock - 22,869 shs. (Included above are shares owned by his wife.)	5-19-78
Joseph Eiger (Israel)	Mallory Randall Corporation (NYC) Class A Stock - 228,975 shs. (16.5%)	5-19-78

ACQUISITION REPORTS CONT.

Esmark, Inc.	STP Corporation (Fort Lauderdale, FL) Common Stock - 5,175,277 shs. (100%) (STP Corp. has been merged into Esmark.)	5-19-78
* Telco Marketing Services, Inc. LIBCO Corporation Clyde Wm. Engle Sierra Capital Group	Berkeley Bio-Medical, Inc. (Columbus, OH) Common Stock - 422,588 shs. (17.47%)	5-19-78
* Mankato Investment Company	Midtex, Incorporated (Mankato, MN) New Common Stock - 68,101 shs. New Common Stock - 2,625 shs. on exercise of Options	5-19-78
Koch Industries, Inc.	Bates Manufacturing Company, Inc. (NYC) Common Stock - 139,900 shs.	5-22-78
Raymond N. Joeckel	Century Oil & Gas Corp. (Denver, CO) Class A Common Stock - 328,200 shs. (13.63%)	5-22-78
Times Mirror Company	Communications Properties, Inc. (Austin, TX) Common Stock - 2,966,151 shs. (57%) (Times Mirror has the right to acquire above shares pursuant to Stock Purchase Agreement.)	5-22-78
John E. Gerli	Drico Industrial Corp. (Wallington, NJ) Common Stock - 28,044 shs.	5-22-78
Sydney Brown Solomon H. Friend Alvin E. Sutherland Douglas A. Nadeau, Voting Trustees	Duddy's, Inc. (Charlestown, MA) Common Stock - 652,914 shs.	5-22-78
Grand Rapids Metalcraft Inc. (Controlled by Galtaco Inc. (Canada)	Founders of American Investment Corp. (Springfield, MO) Common Stock - 1,812,296 shs. (50.1%) (1,808,696 of above shares were acquired pursuant to the Tender Offer.)	5-22-78
Union Oil Company of California	Kaneb Services, Inc. (Houston, TX) Common Stock - 1,188,828 shs. (Above shares were acquired pursuant to the Merger of Diamond M Co. into a subsidiary of Kaneb. Each share of Common Stock of Diamond was exchanged for 3 shares of Kaneb Common Stock.)	5-22-78

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 10c per page plus postage (7 days) (\$1.50 minimum); 20c per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30c 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.

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