

sec news digest

Issue 79-93

May 14, 1979

ADMINISTRATIVE PROCEEDINGS

PROCEEDINGS AGAINST AMERICAN FUND SERVICES, LTD. AND ALBERT KUHN DISCONTINUED

Administrative proceedings against American Fund Services, Ltd., of Dusseldorf, Germany, and Albert Kuhn, its principal operator, have been discontinued since service of the Commission's order for proceedings could not be effected on them. The discontinuance is without prejudice to the institution of new proceedings based on the same charges. (Rel. 34-15764)

COMMISSION ANNOUNCEMENTS

COURT OF APPEALS AFFIRMS DISTRICT JUDGE IN DISMISSING TOUCHE ROSS ACTION AGAINST SEC

Stating that governmental bodies have a "duty" to discipline those who practice before them when they fail to conform to high standards of conduct, the Court of Appeals for the Second Circuit unanimously affirmed the decision of District Judge Motley dismissing an action brought by the accounting firm of Touche Ross against the Commission. That action had sought to enjoin an administrative proceeding brought by the Commission, pursuant to Rule 2(e) of its Rules of Practice, against Touche Ross and three of its partners to determine whether they had engaged in unethical, improper or fraudulent conduct in the audits of the financial statements of two public companies. Touche Ross had alleged, *inter alia*, that the Commission was not authorized by Congress to promulgate Rule 2(e). The district court dismissed the complaint holding that, since the administrative proceedings was still continuing, Touche Ross had failed to exhaust its administrative remedies.

In an opinion by Judge Timbers in which Chief Judge Kaufman and Judge Gurfein concurred, the Second Circuit affirmed the dismissal of Touche Ross' complaint on the ground that Rule 2(e) represented a valid exercise of the Commission's rulemaking powers. The court first held that there was no need to exhaust administrative remedies because the question of Congressional authorization was a purely statutory one. The court then held that Rule 2(e) was a valid exercise of the Commission's general rulemaking powers because the Rule protects the integrity of the administrative process and the public in general. The court stated that the Commission relies heavily on the legal and accounting professions to perform their tasks diligently and responsibly and that "[b]reaches of professional responsibility jeopardize the achievement of the objectives of the securities laws and can inflict great damage on the public." (Op. at 15a). (Touche Ross v. Securities and Exchange Commission, 78-6095, 2d Cir.).

INVESTMENT COMPANY ACT RELEASES

INVESTORS MUTUAL, INC.

A notice has been issued giving interested persons until June 4 to request a hearing on the application filed, pursuant to Section 17(d) of the Investment Company Act of 1940 and Rule 17d-1 thereunder, by Investors Mutual, Inc. (Mutual), Investors Selective Fund, Inc. (Selective), both registered, open-end, diversified, management investment companies, Investors Syndicate of America, Inc. (ISA), a registered face amount certificate company, and IDS Life Insurance Company (ISL). The application requests an order of the Commission authorizing (1) Mutual and Selective to execute a Consent of Holder of First Mortgage Bonds of Coastal States Gas Producing Company (Producing), and (2) ISA and ISL to execute a note agreement which contains modifications of the terms and provisions of the 8-1/8% Notes of Producing due 1987, and to perform those actions contemplated by the note agreement. (Rel. IC-10689 - May 11)

HOLDING COMPANY ACT RELEASES

CENTRAL POWER AND LIGHT COMPANY

A notice has been issued giving interested persons until June 7 to request a hearing on a proposal by Central Power and Light Company, subsidiary of Central and South West Corporation, that its fuel exploration and development budget for the 15-month period ending March 31, 1980, be increased from \$6,750,000 to \$11,172,600. An order has been issued authorizing an increase in said budget for the period ending May 31, 1979, from \$900,000 to \$3,010,000 in connection with the proposal. (Rel. 35-21046 - May 11)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF EFFECTIVENESS OF PROPOSED RULE CHANGES

The Pacific Stock Exchange, Incorporated has filed the following proposed rule changes which became effective under Section 19(b)(3)(A): (1) (SR-PSE-79-5) to increase the rates for certain option and equity transaction fees and eliminate the options floor badge fee (Rel. 34-15813); and (2) (SR-PSE-79-7) to modify pricing procedures for round-lot market orders entered through the exchange's COMEX system. (Rel. 34-15812).

Publication of the above proposals is expected to be made in the Federal Register during the week of May 14.

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change (SR-NYSE-79-10) filed by the New York Stock Exchange. The rule change requires certain individuals to sign a pledge to abide by the NYSE Constitution and Rules. (Rel. 34-15811)

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-16) FIRST BANK SYSTEM, INC., 1400 First National Bank Bldg., Minneapolis, Minn. 55480 (612-370-5100) - \$100 million of floating rates notes due 1989. (File 2-64436 - May 11)
- (S-7) BASCO, INC., 2130 Route 38, Cherry Hill, N.J. 08002 (609-779-0333) - 12,000 units of \$1,000 principal amount senior sinking fund debentures, due June 1, 1994 and 16 shares of common stock. Underwriter: Drexel Burnham Lambert Inc. The company is a catalog showroom operator. (File 2-64437 - May 11)
- (S-16) NORTHEAST UTILITIES, 174 Brush Hill Ave., West Springfield, Mass. 01089 (413-785-5871) - 3,000,000 shares of common stock. (File 2-64438 - May 11)
- (S-16) SOUTHWEST FOREST INDUSTRIES, INC., 3443 North Central Ave., Phoenix, Arizona 85012 (602-279-5381) - 851,063 shares of common stock. (File 2-64439 - May 11)
- (S-8) CROUSE-HINDS COMPANY, Wolf and Seventh North Streets, Syracuse, N.Y. 13221 - 400,000 shares of common stock. (File 2-64440 - May 11)
- (S-6) MINNESOTA TAX-EXEMPT INCOME TRUST SERIES 11 - 5,000 units. Depositor: Dain, Kalman & Quail Incorporated, 100 Dain Tower, Minneapolis, Minn. 55402. (File 2-64441 - May 11)
- (S-1) BALLY'S PARK PLACE, INC., Park Place and the Boardwalk, Atlantic City, N.J. 08401 - 3,800,000 shares of common stock. (Rights Offering). Managers: L.F. Rothschild, Unterberg, Towbin and Bear, Stearns & Co. (File 2-64443 - May 11)
- (S-16) ROHM AND HAAS COMPANY, Independence Mall West, Philadelphia, Pa. 19105 (215-592-3000) - 4,285 shares of common stock. (File 2-64444 - May 11)

- (S-7) MORAN BROS., INC., 1221 McKinney, Suite 1901, Houston, Tex. 77002 (713-759-1950) - 825,000 shares of common stock. Underwriters: Smith Barney, Harris Upham & Co. and Underwood, Neuhaus & Co. The company and its affiliates are engaged in the contract drilling of oil and gas wells. (File 2-64445 - May 11)
- (S-8) FIRST UNION CORPORATION, First Union Plaza, Charlotte, N.C. 28288 - 400,000 shares of common stock. (File 2-64446 - May 11)
- (S-1) NORTEK, INC., 815 Reservoir Ave., Cranston, Rhode Island 02910 - 27,500 units of subordinated sinking fund debentures due 1999 with shares of common stock. Underwriter: Thomson McKinnon Securities Inc. The company and its subsidiaries are engaged in the textile finishing services, the manufacture of industrial and commercial wire and cable products, the quarrying and manufacture of granite and granite products, and the manufacture of rotary drill pipe. (File 2-64451 - May 11)
- In a separate S-8 registration statement the company seeks registration of \$2 million of interests in Nortek Employees Stock Savings Plan. (File 2-64452 - May 11)
- (S-16) INTER-REGIONAL FINANCIAL GROUP, INC., 100 Dain Tower, Minneapolis, Minn. 55402 - 355,450 shares of common stock. (File 2-64453 - May 11)
- (S-8) TRANS UNION CORPORATION, 90 Half Day Rd., Lincolnshire, Ill. 60015 (312-295-4200) - 12,138 shares of common stock. (File 2-64454 - May 11)
- (S-8) AMERICAN EXPRESS COMPANY, American Express Plaza, New York, N.Y. 10004 - 1,000,000 shares of common stock. (File 2-64455 - May 11)
- (S-8) GRUMMAN CORPORATION, Bethpage, Long Island, New York 11714 - 1,000,000 shares of common stock. (File 2-64456 - May 11)
- (S-8) NATIONAL SPINNING CO., INC., 183 Madison Ave., New York, N.Y. 10016 - 200,000 shares of common stock. (File 2-64457 - May 11)
- (S-16) NORTHWEST BANCORPORATION, 1200 Northwestern Bank Bldg., Minneapolis, Minn. 55480 (612-372-8123) - \$100 million of floating rate notes due 1989 (convertible prior to May 1, 1988 into 8-5/8% debentures due 2004 and underlying debentures. (File 2-64458 - May 11)
- (S-8) MICHIGAN GENERAL CORPORATION, 1100 Dallas Federal Savings Tower, Dallas, Tex. 75222 - 400,000 shares of common stock. (File 2-64459 - May 11)

REGISTRATIONS EFFECTIVE

May 1: Beverly Enterprises, 2-64006; Coca-Cola Bottling Company of New York, Inc., 2-64135.

May 2: Bache Group, Inc., 2-64111; Black Hills Power and Light Company, 2-64014; Falcon Products, Inc., 2-63574 and 2-63575; First International Bancshares, Inc., 2-63988; Lake Superior District Power Co., 2-64095; Municipal Investment Trust Fund, One Hundred Fourth Monthly Payment Series, 2-64109; Pentair, Inc., 2-63998; Poly Company of America, Inc., 2-63547 (90 days); Roberts & Porter, Inc., 2-64149; Royal Crown Companies, Inc., 2-64178; Siliconix Inc., 2-64179; Southland Corp., 2-64174; Stryker Corp., 2-63894 (7-31-79); Tenneco, Inc., 2-64113, 2-64115, 2-64116, 2-64118, 2-64119, 2-64121 and 2-64122; Wainoco 79 Co., 2-63176 (90 days).

May 3: Allegheny Airlines, Inc., 2-64172; Bank of America National Trust and Savings Association, 2-64292; General Cable Corp., 2-64196; Transamerica Corp., 2-64100.

May 4: Biomedical Reference Laboratories Inc., 2-63914.

May 7: American Hospital Supply Corp., 2-64157; INA Corp., 2-64050; Kimberly-Clark Corp., 2-64262; Verbatim Corp., 2-64009.

May 8: Consolidated Gold Fields Limited, 2-64403; Documentation Inc., 2-64162; Genuine Parts Co., 2-63861; Kansas City Power & Light Co., 2-63990; Leggett & Platt, Inc., 2-64254; M&S Bancorp., 2-64188; McMoran Oil & Gas Co., 2-63658; Northern Natural Gas Co., 2-64124; Nuveen Tax-Exempt Bond Fund, Series 127, 2-63871; Trekco 1979 Drilling Program 2-63501 (90 days); Trunkline Gas Co., 2-64158; Wylain, Inc., 2-64128.

May 9: Johns-Manville Corp., 2-64226.

May 10: Interstate Power Co., 2-64221; Kettering Industries, Inc., 2-63635; Parker Hannifin Corp., 2-64269; Revlon, Inc., 2-64184.

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.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

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