

# sec news digest

Issue 79-122

JUN 26 1979

June 25, 1979

## ADMINISTRATIVE PROCEEDINGS

## U.S. SECURITIES AND EXCHANGE COMMISSION

THREE OFFICERS, DIRECTORS AND AN ASSOCIATED PERSON OF  
STILWELL, COKER & CO., INC. SANCTIONED; REGISTRATION OF  
AN INVESTMENT ADVISER FIRM REVOKED

Administrative Law Judge Irving Schiller has issued an initial decision barring Charles D. Stilwell, Stephen C. Coker and Vincent P. Kane from being associated with any broker or dealer, investment adviser or investment company. The three were officers and directors of Stilwell, Coker & Co. Inc., of Charleston, South Carolina, whose broker-dealer registration has been revoked by the Commission. First South Carolina Corp. of Charleston, South Carolina, the alleged parent of Stilwell, Coker & Co., was also barred from association with any broker or dealer. Joan H. Schumann, an associated person of the brokerage firm was barred from association with any broker-dealer with the proviso that after one year she may apply to the Commission to become so associated. The registration of S.C. Associates Inc., as an investment adviser, was revoked.

The sanctions imposed upon Stilwell, Coker and Kane were based upon findings that they wilfully violated the antifraud provisions of the Securities Acts, by engaging in acts, practices and course of business which operated as a fraud upon customers and shareholders of the brokerage firm. As a part of the fraudulent scheme, documents were fabricated, signatures on stock powers were forged and First South Carolina Corp., was used as a conduit for the fraudulent operations. Stilwell, Coker and Kane, without authority from customers, or preferred shareholders of the brokerage firm, were found to have converted securities belonging to said customers and shareholders and used the proceeds in their operations. In addition, they were found to have aided and abetted recordkeeping and net capital violations. Schumann was found to be an associated person of the brokerage firm and to have aided and abetted violations of both the antifraud provisions of the Securities Acts and the recordkeeping violations.

The registration of S.C. Associates Inc., an investment adviser firm, was revoked upon the basis of findings that it violated both the antifraud provisions and record-keeping requirements of the Investment Advisers Act of 1940.

Findings were also made in the initial decision that permanent injunctions had been entered by the U.S. District Court, District of South Carolina, against Stilwell, Coker and Kane enjoining them from further violations of the antifraud provisions of the Securities Acts. The three persons consented to the injunctions and to the appointment of a trustee by the Court under the provisions of the Securities Investors Protection Act. Pursuant to that Act the trustee paid out in excess of \$325,000 to defrauded customers of Stilwell, Coker & Co., Inc.

The decision is subject to review by the Commission on its own motion or upon petition of a party.

## COMMISSION ANNOUNCEMENTS

TABULATIONS OF QUARTERLY INVESTMENT MANAGER  
REPORTS AVAILABLE

The Commission has announced that tabulations of the reports filed under the institutional investment manager program for the calendar quarter ending March 31, 1979, are now available. These reports, filed under Section 13(f) of the Securities Exchange Act of 1934 by institutional investment managers, list securities over which the manager exercises investment discretion. There are two tabulations: (1) a listing, arranged according to individual security, showing how many shares of that security are managed by each investment manager; and (2) an abbreviated listing, also arranged according to individual security, showing how many shares of that security are managed by each category of investment manager. These tabulations are available for public inspection and copying in the Commission's Public Reference Room located at 1100 L

Street, N.W., Washington, D.C. Copies of each tabulation may be purchased through Computer Directions Advisors, Inc., 8750 Georgia Ave., Silver Spring, Md. 20910, under a contract with the Commission, for the price of \$194.00 for the first tabulation and \$143.75 for the second, abbreviated tabulation.

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## CIVIL PROCEEDINGS

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### SAMY M. SALEM ENJOINED

The Commission announced that on May 30 the Honorable Robert W. Sweet, U.S. District Judge for the Southern District of New York, signed a Judgment of Permanent Injunction against Samy M. Salem of Roslyn, New York, a former registered representative of Thomson McKinnon Securities, Inc., a registered broker-dealer with principal offices in New York, New York. This decree enjoins Salem from violating the antifraud provisions of the securities laws in the offer, purchase or sale of securities in the form of options, or any other security.

The Commission's complaint alleged that during 1974 and 1975 Salem wilfully violated the antifraud provisions of the securities laws in that he entered into certain over-the-counter and listed option transactions on behalf of certain of his customers without the authority of those customers; failed to obtain full and fair market value for certain of his customers in connection with the sale of certain over-the-counter options; failed to disclose to certain of his customers that over-the-counter options written by Salem against their accounts for premiums substantially below fair market value were purchased by a nominee account controlled by Salem and were simultaneously resold by Salem at a profit; reported falsely to certain of his customers the execution of certain listed option transactions which transactions, in fact, had not been executed; withheld from certain of his customers confirmations of over-the-counter and listed option transactions executed for their accounts, and transferred responsibility and liability for over-the-counter options from an account of one customer against which the options were originally written to an account of another customer without the authority of either customer. (SEC v. Samy M. Salem, 79 Civ. 2342 RWS). (LR-8788)

### REGINALD BERNARD CHISHOLM, OTHERS ENJOINED

The Boston Regional Office announced that on June 11 District Court Judge Rya W. Zobel entered Orders of Permanent Injunction and Other Equitable Relief against Reginald Bernard Chisholm, the DAVREG Trust, American Management Group, Inc. and AM Group, Inc. The orders enjoin the defendants from future violations of the registration and antifraud provisions of the securities laws.

The complaint, filed on June 7, alleged that each of the defendants violated the registration and antifraud provisions of the securities laws in the sale of \$1,107,000 of unregistered securities of the DAVREG Trust and Talisman, Inc. In addition to requesting preliminary and permanent injunctions, the complaint also asked, and the order provided as ancillary relief, that each of the defendants file a certified accounting with the court setting forth all funds directly or indirectly received or disbursed by them in the offer and sale of these securities. The complaint also sought, and the order provided for, a freeze on the assets of the DAVREG Trust, American Management Group, Inc. and AM Group, Inc. until such time as the court may appoint a receiver for the three entities.

Simultaneously with the filing of the complaint, the defendants consented, without admitting or denying the allegations of the complaint, to the entry of the order providing for the above relief. (SEC v. Reginald Bernard Chisholm, et al., D.C. Mass. 79-1114-Z). (LR-8789)

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## HOLDING COMPANY ACT RELEASES

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### MONONGAHELA POWER COMPANY

An order has been issued authorizing a proposal of Monongahela Power Company, The Potomac Edison Company and West Penn Power Company, each a subsidiary of Allegheny Power System, Inc., whereby each company will issue notes to banks or dealers in commercial paper. The maximum amounts, at any one time outstanding, of such notes are as follows: Monongahela, \$58 million; Potomac, \$54 million; and West Penn, \$92 million; jurisdiction has been reserved with respect to that portion of the borrowings requested by Monongahela in excess of \$53 million and by West Penn in excess of \$72 million. The proceeds from the issuance and sale of the proposed short-term borrowings will be used by each of the companies to reimburse its corporate

treasury for construction expenditures, to pay part of the cost of future construction and for other corporate purposes. (Rel. 35-21110 - June 20)

#### NATIONAL FUEL GAS COMPANY

A notice has been issued giving interested persons until July 19 to request a hearing on a proposal of National Fuel Gas Company (National), a registered holding company, and National Fuel Gas Distribution Corporation (Distribution), its subsidiary, whereby National will issue and sell, at competitive bidding, up to \$40 million of sinking fund debentures and will lend \$35,500,000 to Distribution in exchange for long-term unsecured notes. (Rel. 35-21111 - June 20)

#### CONSOLIDATED NATURAL GAS COMPANY

A supplemental order has been issued authorizing a proposal of Consolidated Natural Gas Company, a registered holding company, to extend to June 30, 1980, the authorization of this Commission to issue up to 750,000 shares of common stock, \$8 par value, to a stockholders' dividend reinvestment plan and an employee stock ownership plan. (Rel. 35-21112 - June 20)

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## SELF-REGULATORY ORGANIZATIONS

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#### NOTICE OF PROPOSED RULE CHANGES

The following have filed proposed rule changes pursuant to Rule 19b-4: The Municipal Securities Rulemaking Board (SR-MSRB-79-7) to amend MSRB rule G-3 to specify that any person who is required to serve an apprenticeship period under MSRB rule G-3 may engage in the limited activities of an apprentice without passing the required examination and to limit the maximum apprenticeship period to 180 days. (Rel. 34-15937); (SR-MSRB-79-6) to modify the provisions of the MSRB's customer confirmation rule, MSRB rule G-15, with respect to information to be provided to customers on confirmations of transactions involving callable securities. (Rel. 34-15938); and The Midwest Stock Exchange, Inc. (SR-MSE-79-3) to conform those rules to sections of the Securities Acts Amendments of 1975 relating to the comparison, clearance and settlement of exchange transactions. (Rel. 34-15939)

Publication of the above proposals are expected to be made in the Federal Register during the week of June 25.

#### NOTICE OF EFFECTIVENESS OF A RULE CHANGE

A rule change filed by the Options Clearing Corporation pursuant to Rule 19b-4 (SR-OCC-79-3) has become effective in accordance with Section 19(b)(3)(A) of the Securities Exchange Act of 1934. The rule change provides for the compensation of the members of the Board of Directors at such rates as the Board of Directors may from time to time determine. Publication of the proposal is expected to be made in the Federal Register during the week of June 25. (Rel. 34-15928)

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## MISCELLANEOUS

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#### WEBSTER & SHEFFIELD

An order has been issued pursuant to Section 3(a)(2) of the Securities Act of 1933 exempting from the provisions of Section 5 of the Act interests or participations issued in connection with the Webster & Sheffield Partners' and Employees' Retirement Plan. (Rel. 33-6081)

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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) TRINITY INDUSTRIES, INC., 4001 Irving Blvd., Dallas, Tex. 75247 - 250,000 shares of common stock. The company is engaged in the manufacture and marketing of a variety of metal products. (File 2-64813 - June 21)
- (S-7) THE LIONEL CORPORATION, 9 West 57th St., New York, N.Y. 10019 (212) 371-2100 - 15,000 units of subordinated sinking fund debentures, due 1999 with shares of common stock. Underwriters: New Court Securities Corporation and Bear, Stearns & Co. The company is engaged in the specialty retailing of toys and leisure products. (File 2-64814 - June 21)
- (S-7) PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, 1000 Elm St., Manchester, N.H. 03105 (603) 669-4000 - 2,000,000 shares of common stock. Underwriters: Kidder, Peabody & Co. Inc. and Blyth Eastman Dillon & Co. Inc. The company is an electric utility. (File 2-64815 - June 21)
- (S-8) BUCYRUS-ERIE COMPANY, P.O. Box 56, South Milwaukee, Wis. 53172 (414) 768-4000 - 400,000 shares of common stock. (File 2-64816 - June 21)
- (S-8) ARA SERVICES, INC., Independence Square, West, Philadelphia, Pa. 19106 (215) 574-5575 - 300,000 shares of common stock. (File 2-64817 - June 21)
- (S-14) FIRST NATIONAL BOSTON CORPORATION, 100 Federal St., Boston, Mass. 02110 (617) 434-2200 - 100,000 shares of common stock. (File 2-64818 - June 21)
- (S-1) ARGO PETROLEUM CORPORATION, 10880 Wilshire Blvd., Suite 1003, Los Angeles, Cal. 90024 - \$15 million of convertible subordinated debentures, due 1999. Underwriter: Prescott, Ball & Turben. The company is engaged in acquiring, exploring, developing and operating oil and gas properties. (File 2-64819 - June 21)
- (S-8) BEECH AIRCRAFT CORPORATION, 9709 East Central Ave., Wichita, Kan. 67201 (316) 681-7209 - 212,100 shares of common stock. (File 2-64820 - June 21)
- In a separate statement the company seeks registration of 140,000 shares of common stock. (File 2-64821 - June 21)
- (S-1) PENN-DIXIE INDUSTRIES, INC., 1345 Avenue of the Americas, New York, N.Y. 10019 - 412,827 shares of common stock. (File 2-64822 - June 22)
- (S-16) WELLS FARGO & COMPANY, 420 Montgomery St., San Francisco, Cal. 94104 (415) 396-0123 - \$150 million of notes, due 1985. Underwriter: Morgan Stanley & Co. Inc. The company provides equipment lease and real estate financing. (File 2-64823 - June 22)
- (S-8) HONEYWELL INC., Honeywell Plaza, Minneapolis, Minn. 55408 (612) 870-2786 - 377,000 shares of common stock. (File 2-64824 - June 22)
- (S-8) MIDWESTERN FIDELITY CORPORATION, 6040 Fidelity Dr., Milford, Ohio 45150 - 75,000 shares of common stock. (File 2-64825 - June 21)
- (S-11) CONSOLIDATED CAPITAL PROPERTIES II, Suite 701, The Wells Fargo Bldg., 333 Hegenberger Rd., Oakland, Cal. 94621 - 200,000 units of limited partnership interest. (File 2-64826 - June 22)
- (S-1) CANADIAN NATIONAL RAILWAY COMPANY, 935 Lagachetiere St. West., Montreal, Quebec, Canada H3C 3N4 - \$150 million of sinking fund debentures, due 2004. Underwriters: Salomon Brothers, Greenshields & Co. Inc. and McLeod Young Weir Incorporated. (File 2-64827 - June 22)
- (S-7) HEALTH CARE FUND, 1101 Delphos Ave., Lima, Ohio 45805 (419) 227-1020 - \$1,300,000 of first mortgage bonds. Underwriter: The Heitner Corporation. (File 2-64828 - June 22)
- (S-1) APPLIED SOLAR ENERGY CORPORATION, 15251 East Don Julian Rd., City of Industry, Cal. 91746 - 770,000 shares of common stock. Underwriters: Bateman Eichler, Hill Richards Inc. and Davis, Skaggs & Co., Inc. The company is engaged in the design, development, manufacture and marketing photovoltaics. (File 2-64829 - June 22)
- (S-14) FIRST BANCORP, INC., 100 North Main St., Corsicana, Tex. 75110 (214) 874-4711 - 72,706 shares of common stock. (File 2-64830 - June 22)

# 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 13-G) may in lieu of filing a Schedule 13D file a Form 13-G within forty-five days after the end of the calendar year in which the person became subject to Section 13(d)(1). The following companies or individuals filed Schedule 13D's during the period June 1 - 5, 1979. 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 &amp; NUMBER OF SHARES</u>	<u>DATE FILED</u>
Ben H. Carpenter	Southland Financial Corp. (Irving, TX) Common Stock - 153,508 shs.	6-1-79
Betty D. Carpenter	Southland Financial Corp. (Irving, TX) Common Stock - 68,134 shs.	6-1-79
* Telvest, Inc. Telco Marketing Services, Inc. Libco Corp.	Wellco Enterprises, Inc. (Hazelwood, NC) Common Stock - 40,100 shs.	6-1-79
* Robert L. Stroble, Individually and Trustee	Wolverine Aluminum Corp. (Lincoln Park, MI) Common Stock - 87,338 shs.	6-1-79
William L. Foley	American Nucleonics Corp. (Westlake Village, CA) Common Stock - 560,000 shs.	6-4-79
* Lester Shapiro Sucsy Fischer Securities National Superior Fur Dressing & Dyeing Co., Inc., et al	Baldwin & Lyons, Inc. (Indianapolis, IN) Common Stock - 117,450 shs. (11.9%)	6-4-79
Soros Overseas N.V. (Netherlands Antilles) Soros Fund Management Co. Inc. George Soros	Bolt, Beranek & Newman, Inc. (Cambridge, MA) Common Stock - 68,900 shs.	6-4-79
* TBK Partners, Ltd.	Boyertown Burial Casket Co. (Boyertown, PA) Common Stock - 137,405 shs. (54.6%)	6-4-79
Timothy J. Salyer American Real Estate Investment Trust	California Real Estate Trust (Newport Beach, CA) Shs. of Beneficial Interest - 80,000 (19.86%)	6-4-79
* Robert K. Brown Roger B. Branstetter Ralph W. Jindrich Peter P. Castello, et al	Chicago Rivet & Machine Co. (Bellwood, IL) Common Stock - 82,500 shs.	6-4-79
Clabir Corp. Employee Stock Ownership Plan	Clabir Corp. (Old Greenwich, CT) Common Stock - 256,993 shs.	6-4-79
Geraldine S. Green Belle M. Green Edith Roslyn Kestebaum Rita S. Ellis, et al	Commercial State Corp. (St. Louis, MO) \$1.50 Conv. Preferred Stock - 2,395 shs. (12.3%)	6-4-79
Geraldine S. Green Ruben Marmet Lorraine Rosenberg Belle M. Green, et al	Commercial State Corp. (St. Louis, MO) Common Stock - 142,399 shs. (14.7%)	6-4-79
* H. A. Fuente	CorTerra Corp. (Chicago, IL) Common Stock - 465,648 shs. (13.4%) Common Stock - 100,000 shs. on exercise of Warrants	6-4-79

ACQUISITION REPORTS CONT.

Standard Security Life Insurance Co. of New York Standard Security Insurance Co. (Wholly-owned subsidiaries of Standard Security Holding Corp.)	Discount Corporation of New York (NYC) Capital Stock - 32,700 shs.	6-4-79
* Herbert Rounick	Don Sophisticates, Inc. (NYC) Common Stock - 381,000 shs. (71.1%)	6-4-79
Merrill Lynch, Pierce, Fenner & Smith, Inc. (Wholly-owned subsidiary of Merrill Lynch & Co. Inc.)	Fairchild Camera & Instrument Corp. (Mountain View, CA) Common Stock - 359,240 shs.	6-4-79
TBK Partners, Ltd. Viridian Investments, Ltd.	Griggs Equipment, Inc. (Belton, TX) Common Stock - 7,971 shs.	6-4-79
Irving I. Axelrod, Individually and Executor	Hungry Tiger, Inc. (Van Nuys, CA) Common Stock - 114,952 shs. (15.3%)	6-4-79
* Ivan F. Boesky & Co.	Interway Corp. (NYC) Common Stock - 402,300 shs.	6-4-79
* United National Corp.	Land Resources Corp. (No. Miami, FL) Common Stock - 890,504 shs. (32.19%)	6-4-79
Thomas J. Lipton, Inc. (Wholly-owned subsidiary of Unilever N.V. (Netherlands))	Lawry's Foods, Inc. (Los Angeles, CA) Common Stock - 674,230 shs. (44.5%) (Holders of above shares have agreed to vote in favor of merger.)	6-4-79
Richard N. Frank, Individually and Trustee Lorraine F. Petitfils, Individually and Trustee Ralph Frank, Jr. Georgie E. Van de Kamp, Executrix, et al	Lawry's Foods, Inc. (Los Angeles, CA) Common Stock - 680,993 shs. Common Stock - 11,375 shs. on exercise of Options	6-4-79
* Delmed, Inc.	Medi, Inc. (Hingham, MA) Common Stock - 267,709 shs. (65.1%)	6-4-79
* Telvest, Inc. Telco Marketing Services, Inc. Libco Corp.	Outdoor Sports Industries Inc. (Denver, CO) Common Stock - 301,700 shs. (21%)	6-4-79
* Ferdinand Graf von Galen (West Germany) Westphalian American Associates	Patagonia Corp. (Tucson, AZ) Common Stock - 437,955 shs. (17.98%) Common Stock - 282,937 shs. on conversion of Debentures	6-4-79
Steinhardt, Berkowitz & Co. Howard P. Berkowitz	Rockwood National Corp. (Elmsford, NY) Common Stock - 526,300 shs.	6-4-79
Teledyne, Inc., Parent Argonaut Insurance Co. Trinity Universal Insurance Co.	Studebaker-Worthington, Inc. (NYC) Common Stock - 871,600 shs.	6-4-79
* Dye Investment Properties No. 1 (Gilbert V. and Ruth M. Dye, General Partners)	Turf Paradise, Inc. (Phoenix, AZ) Common Stock - 78,901 shs.	6-4-79
Ivan F. Boesky & Co.	UV Industries Inc. (NYC) Common Stock - 831,200 shs.	6-4-79
John F. Maher	Zapata Corp. (Houston, TX) Common Stock - 439,567 shs.	6-4-79

ACQUISITION REPORTS CONT.

Kruse Holding Co., Inc.	Gilman Services, Inc. (Braintree, MA) Common Stock - 200,000 shs. (17%)	6-5-79
* B.A.T. Industries Ltd. (U.K.) Westanley Trading & Investments Ltd. (U.K.) Imasco Ltd. (Canada), et al	Hardee's Food Systems, Inc. (Rocky Mount, NC) Common Stock - 2,233,518 shs. (42%)	6-5-79
* National Medical Enterprises, Inc.	Hillhaven Corp. (Memphis, TN) Common Stock - 513,726 shs. Common Stock - 258,064 shs. on conversion of Preferred Stock Common Stock - 175,000 shs. on exercise of Warrants	6-5-79
* Thomas N. Warner, Individually and Trustee	Intermark, Inc. (La Jolla, CA) Common Stock - 124,635 shs.	6-5-79
* Charles R. Scott, Individually and Trustee	Intermark, Inc. (La Jolla, CA) Common Stock - 344,715 shs. (33.9%)	6-5-79
Transamerica Corp.	Interway Corp. (NYC) Common Stock - 983,282 shs. (22.6%) on exercise of Options	6-5-79
Leader Financial Corp.	Leader National Corp. (Cleveland, OH) Common Stock - 565,717 shs. (96%) (391, 713 of above shares were acquired pursuant to the Tender Offer.)	6-5-79
* WAB Group, Inc.	Monarch Tile Manufacturing, Inc. (San Angelo, TX) Common Stock - 133,600 shs. (11.4%)	6-5-79
Robert Earl Smith	Monument Energy Corp. (Lovington, NM) Common Stock - 127,000 shs. (12.2%) Common Stock - 375,000 shs. on exercise of Warrants	6-5-79

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