

sec news digest

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CIVIL PROCEEDINGS

JUL 21 1980

FINAL JUDGMENTS ENTERED AGAINST
ALLEN F. LEGEL, OTHERS

U.S. SECURITIES AND
EXCHANGE COMMISSION

The Atlanta Regional Office and the Miami Branch Office announced that on June 24 the Honorable Eugene P. Spellman entered Final Judgments of Permanent Injunction against Allen F. Legel, Lawrence L. McGowan, and John W. Roberts, Jr., based on their consents, without admitting or denying the allegations in the Commission's complaint.

On May 21, the Commission filed its complaint against Legel, Roberts, McGowan, and others alleging violations, and the aiding and abetting of violations, of the antifraud and broker-dealer financial responsibility provisions of the securities laws. The Commission alleged that said defendants were principals and/or control persons of Legel Braswell Government Securities Corp. (LBG) and Legel Braswell Securities Corp. (LBS). LBG was a broker-dealer, effecting transactions in exempt government securities, including GNMA securities. LBS was a broker-dealer, registered with the Commission, effecting transactions in municipal, as well as other securities. LBG and LBS ceased doing business in January, 1979, and were adjudicated bankrupt on June 6, 1979.

It was alleged that said defendants caused LBG and LBS to engage in buying and selling various government securities for immediate and delayed delivery; to buy and sell standby commitments, and to enter into repurchase and reverse repurchase agreements with customers and other broker-dealers while and at a time when LBG and LBS could not meet their financial obligations.

The Commission further alleged that the defendants aided and abetted violations of the "Net Capital Rule" in that LBS transacted business at a time when the aggregate indebtedness of LBS to all other persons exceeded 1,500 percentum of its net capital. (SEC v. Allen F. Legel, et al., S.D. Fla., Ft. Lauderdale, Civil Action No. 80-6248-CIV-EPS). (LR-9130)

CONTEMPT SOUGHT OF GRADY A. SANDERS, OTHERS

The Los Angeles Regional Office announced the filing on July 9 of an Application for an Order to Show Cause why Grady A. Sanders, Network One, Inc. and Houston Complex, Inc. should not be held in civil contempt for their failure to obey a Final Judgment issued by the U.S. District Court for the District of Nevada.

The original complaint alleged that the defendants disseminated false and misleading statements about Houston Complex and Network One to create the illusion that both were well established firms. Without admitting or denying the allegations against them, the defendants consented to an entry of a Final Judgment of Permanent Injunction which enjoins them from further violations of the antifraud, reporting and registration provisions of the securities laws.

The Application to Show Cause charges that the defendants have violated the Court's Final Judgment by not establishing and maintaining audit committees for Network One and Houston Complex. The Commission seeks a fine of \$1000 per day to be paid by each defendant until they have complied with the Final Judgment. (SEC v. Grady A. Sanders, et al., District of Nevada, CIV LV-79-57-RDF). (LR-9131)

CRIMINAL PROCEEDINGS

MARTIN TOLCHIN SENTENCED

The New York Regional Office announced that on May 19 a jury in the Southern District of New York found Martin Tolchin of Lawrence, New York, guilty of fourteen counts of a sixteen count indictment. Tolchin was charged with and found guilty of violations of the antifraud and reporting provisions of the securities

laws prohibiting the filing of false statements in securing loans from federally insured banks, conspiracy and obstruction of justice. On June 30 the Honorable Lawrence W. Pierce sentenced Tolchin to two 2-year prison terms, the execution of which was suspended, and he was placed on probation for a period of four years. In addition, Tolchin was fined \$10,000.

Tolchin, in a related civil action brought by the Commission, consented to the entry of a permanent injunction from further violations of the antifraud, reporting, and proxy provisions of the securities laws. [SEC v. Tolchin Instruments, Inc., et al., 77 Civil 4155, S.D.N.Y., CHT]. (U.S. v. Martin Tolchin, 79 Cr. 858, S.D.N.Y. [LWP]). (LR-9133)

INVESTMENT COMPANY ACT RELEASES

NEA INCOME FUND, INC.

An order has been issued on an application of NEA Income Fund, Inc. declaring that it has ceased to be an investment company. (Rel. IC-11258 - July 15)

NEL CASH MANAGEMENT ACCOUNT, INC.

A notice has been issued giving interested persons until August 5 to request a hearing on an application of NEL Cash Management Account, Inc. (Account I), and NEL Cash Management Account II, Inc. (Account II), registered under the Investment Company Act of 1940 as open-end, diversified, management investment companies, for an order permitting the proposed acquisition by NEL Cash Management Trust of substantially all of the assets of Account I and Account II. (Rel. IC-11256 - July 11)

TRUSTEES' EQUITY FUND, INC.

An order has been issued on an application of Trustees' Equity Fund, Inc. declaring that it has ceased to be an investment company. (Rel. IC-11257 - July 11)

HOLDING COMPANY ACT RELEASES

AMERICAN ELECTRIC POWER COMPANY, INC.

A notice has been issued giving interested persons until August 11 to request a hearing on a plan under Section 11(e) filed by American Electric Power Company, Inc., a registered holding company, for the retirement of the publicly-held shares of common stock of its subsidiary, Columbus and Southern Ohio Electric Company. (Rel. 35-21656 - July 15)

AMERICAN ELECTRIC POWER SERVICE CORPORATION

An order has been issued authorizing American Electric Power Service Corporation, subsidiary of American Electric Power Company, Inc., to increase its term bank borrowings from \$10 million to \$15 million, and authorizing its parent to guarantee such borrowings. (Rel. 35-21657 - July 15)

CENTRAL POWER AND LIGHT COMPANY

An order has been issued authorizing Central Power and Light Company, subsidiary of Central and South West Corporation, to issue and sell 400,000 shares of preferred stock, par value \$100 per share. The proceeds of the sale will be used to repay outstanding short-term debt. (Rel. 35-21658 - July 15)

SYSTEM FUELS, INC.

A notice has been issued giving interested persons until August 11 to request a hearing on a proposal by System Fuels, Inc. (SFI), subsidiary of Arkansas Power & Light Company, Louisiana Power & Light Company, Mississippi Power & Light Company, New Orleans Public Service, Inc. and of Middle South Utilities, Inc., to lease railroad equipment. Said lease will enable SFI to provide transportation for fuel for the Middle South Utilities System. (Rel. 35-21655 - July 11)

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-18) HOUSING INDUSTRIES OF AMERICA, INC., 5555 DTC Parkway, Suite 3209, Englewood, CO 80111 - 4,000,000 shares of common stock. Underwriter: Wall Street West, Inc., 5500 South Syracuse, Suite 114, Englewood, CO 80111. The company manufactures and sells modular housing. (File 2-68424 - July 9) (Br. 10 - New Issue)
- (S-18) DAUPHIN, INC., Suite 1011 New World Tower, 100 North Biscayne Blvd., Miami, FL 33132 - 3,000,000 shares of common stock. Underwriters: A. L. Williamson & Co. and other NASD members. The company intends to package, market and advertise cosmetics manufactured for the company. (File 2-68443 - July 8) (Br. 2 New Issue)
- (S-2) AGRI-ENERGY, INC., Box 484, Crookston, MN 56716 - 1,700,000 shares of common stock. Underwriters: Noble Securities Co. and Pagel Inc. The company is in the development stage and to date has been engaged primarily in the study and development of a facility to produce fuel grade ethanol. (File 2-68466 - July 14) (Br. 1 - New Issue)
- (S-16) ARCHER-DANIELS-MIDLAND COMPANY, 4666 Faries Parkway, Decatur, IL 62525 (217-424-5200) - 300,000 shares of common stock. The company buys, stores, processes and merchandises agricultural products. (File 2-68473 - July 15) (Br. 3)
- (S-6) TAX EXEMPT SECURITIES TRUST, MULTISTATE SERIES C - 15,000 units. Depositors: Smith Barney, Harris Upham & Co. Inc., 1345 Avenue of the Americas, New York, N.Y. 10019; Kidder, Peabody & Co. Inc.; and Drexel Burnham Lambert Inc. (File 2-68474 - July 15) (Br. 16 - New Issue)
- (S-1) E.F. HUTTON COMMODITY LIMITED PARTNERSHIP II, 50 Constitution Plaza, Hartford, CT 06103 - 15,000 units of limited partnership interest. Underwriter: E.F. Hutton & Co. Inc. The business of the Partnership is the speculative trading of futures contracts and foreign currency forward contracts. (File 2-68475 - July 15) (Br. 2 - New Issue)
- (S-16) WELLS FARGO & COMPANY, 420 Montgomery St., San Francisco, CA 94104 (415-396-0123) - \$100 million of notes, due 1986. Underwriter: Morgan Stanley & Co. Inc. The company is a bank holding company. (File 2-68482 - July 16) (Br. 2)
- (N-1) THE NORTHEAST FUND, INC., 50 Congress St., Boston, MA 02109 (617-523-3588) - an indefinite number of shares of common stock. The Fund's objective is to produce long-term growth of capital and income for its shareholders. (File 2-68483 - July 14) (Br. 17 - New Issue)
- (S-6) NUVEEN TAX-EXEMPT BOND FUND - MULTI-STATE, SERIES 11 - an indefinite number of units. Depositor: John Nuveen & Co. Inc., 209 South LaSalle St., Chicago, IL 60604. (File 2-68484 - July 14) (Br. 17 - New Issue)
- (S-7) SOUTHERN CALIFORNIA WATER COMPANY, 3625 West Sixth St., Los Angeles, CA 90020 (213-386-7800) - 550,000 of common stock. Underwriters: Dean Witter Reynolds Inc. and Kirkpatrick, Pettis, Smith, Polian Inc. The company is a water and electric utility. (File 2-68485 - July 16) (Br. 8)
- (S-16) ENGELHARD MINERALS & CHEMICALS CORP., 1221 Avenue of the Americas, New York, N.Y. 10020 (212-764-3700) - \$200 million of debentures, due August 1, 2005. Underwriters: Lazard Freres & Co.; Salomon Brothers; and Dillon, Read & Co. Inc. (File 2-68486 - July 16) (Br. 7)
- (S-8) PIER 1. IMPORTS, INC., 2520 West Freeway, Fort Worth, TX 76102 (817-335-7031) - 750,000 shares of common stock. (File 2-68487 - July 16) (Br. 2)
- (S-8) KULICKE AND SOFFA INDUSTRIES, INC., 507 Prudential Rd., Horsham, PA 19044 (215-674-3800) - 100,000 shares of common stock. (File 2-68488 - July 16) (Br. 9 - New Issue)
- (S-8) COMMUNITY PUBLIC SERVICE COMPANY, 501 West Sixth St., Fort Worth, TX 76102 - 650,000 shares of common stock. (File 2-68489 - July 16) (Br. 8)



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. When you are ordering more than one, we prefer that the documents be listed in alphabetical order to expedite service. The reproduction cost is 10c per page plus postage (\$3.50 minimum); 20c per page plus postage for expedited service (\$5.00 minimum) and 30c per page plus postage for priority service (\$5.00 minimum). Cost estimates are given on request. All other reference material is available in the SEC Docket.

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