

sec news digest

Issue 78-127

June 30, 1978

COMMISSION ANNOUNCEMENTS

JOSEPH FRANK OLIVO NAMED DIRECTOR OF OFFICE OF REPORTS AND INFORMATION SERVICES

Chairman Harold M. William announced today the appointment of Joseph Frank Olivo, Jr. as Director of the Commission's Office of Reports and Information Services.

Mr. Olivo earned a BS degree in engineering from the U.S. Coast Guard Academy in 1964 and an MBA from George Washington University in 1974. Mr. Olivo was on active duty in the U.S. Coast Guard from 1964 until May 1977 when he resigned as a Lt. Commander. Since that time, he has served as a Supervisory Accountant and Assistant Chief of the Personnel Support Division, Office of the Comptroller, U.S. Coast Guard.

The Office of Reports and Information Services is responsible for, among other things, receiving and maintaining all filings and reports submitted to the Commission, for substantively examining certain applications and reports and for determining all initial requests filed with the Commission under the Freedom of Information Act and the Privacy Act. A major undertaking within the Office is the micrographics project, which is the conversion of the Commission's paper files to microfilm.

COURT ENFORCEMENT ACTIONS

NAVSAT SYSTEMS, INC., OTHERS ENJOINED

The Denver Regional Office announced that the federal court in Los Angeles, California entered orders of permanent injunction against the following persons: On June 2, NAVSAT Systems, Inc., a Nevada corporation, and on June 22, Clark B. Oboron of Salt Lake City, Utah, R. Bruce Ripley of Woodinville, Washington, The Silver Light Company, a Washington limited partnership, Robert J. Struth, personally and doing business as R.J.S. and Associates, Inc., of Van Nuys, California, and Charles R. Rietz, personally and doing business as Charles Scott & Company of Morgan Hill and San Jose, California. The orders enjoin the defendants from violating the registration and antifraud provisions of the securities laws in the offer and sale of common stock of NAVSAT Systems, Inc. and notes and evidences of indebtedness and investment contracts of International Resources, Inc., R.J.S. and Associates, Inc., Charles Scott & Company, and The Silver Light Company, and any other security. R. Bruce Ripley, Robert J. Struth and Charles R. Rietz were also enjoined from violating the registration requirements for broker-dealers.

The complaint alleges that NAVSAT Systems is engaged in the development and marketing of a maritime navigation system, employing satellite communications between computers on board ships and one or more shore-based computers. According to the complaint, NAVSAT Systems, has not commercially proven and employed the system, has not had adequate financial resources to employ the system, has not experienced any revenue from business operations and does not own any significant tangible assets.

The defendants consented to the orders without admitting or denying the allegations in the Commission complaint. (SEC v. NAVSAT Systems, Inc., et al., D. Cal., Civil Action No. 77-4683 RF). (LR-8445)

ROBERT C. DRUCKER SENTENCED

The New York Regional Office announced that on June 19 the Honorable Vincent L. Broderick, U.S. District Judge, sentenced Robert C. Drucker to a one year prison term on each of eight substantive counts of a superseding indictment, the sentenced to be served concurrently. Judge Broderick also suspended imposition of sentence on the conspiracy count of the indictment and placed Drucker on probation for a period of five years to commence upon his release from prison. Drucker had been convicted on April 12 of violating the securities laws and of conspiracy to violate the laws in

transactions in the securities of Beneficial Labs, Inc. Specifically, he was convicted of conspiracy to violate antifraud provisions of both the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940, as well as the "self-dealing" and "embezzlement" provisions of the Investment Company Act of 1940. He was also found guilty on six separate counts of being an "affiliated person" who sold securities to, and embezzled the funds of, two registered investment companies in violation of sections of the Investment Company Act. In addition, Drucker was convicted on two counts of violating Rule 10b-5 under the Exchange Act. (U.S. v. Robert C. Drucker, S. 77 CR 596 VLB). (LR-8446)

HERMAL BELT AIR SERVICE, INC., OTHERS ENJOINED

The Atlanta Regional Office announced the filing of a civil injunctive complaint on June 20 seeking preliminary and permanent injunctions against Thermal Belt Air Service, Inc., Mastrom, Inc., doing business as Professional Management and also as MI Professional Management (Mastrom), Jack C. Pettee and Joseph L. Brady, Sr. in the U.S. District Court for the Western District of North Carolina, and that on June 21, Judge Woodrow Wilson Jones, of the U.S. District Court for the Western District of North Carolina, entered final judgments of permanent injunction against Thermal Belt, Mastrom, Pettee and Brady, all of North Carolina. All the defendants consented to the entry of the injunctions without admitting or denying the allegations in the Commission's complaint.

The judgments enjoin Thermal Belt, Mastrom, Pettee, and Brady from violations of the antifraud provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Advisers Act of 1940 in the offer and sale of Thermal Belt promissory notes or any other security. Mastrom, Pettee and Brady were also enjoined from violating the registration provisions of the Investment Advisers Act of 1940.

The complaint alleged that Thermal Belt, Mastrom, Pettee, and Brady offered and sold Thermal Belt promissory notes without disclosing, among other things, that Thermal Belt had been insolvent since 1968 and that it had sustained losses from operations in all but one year since it had been in existence since 1964. The complaint also alleged that Mastrom aided and abetted by Pettee and Brady violated the registration provisions of the Advisers Act by engaging in the business of being an investment adviser since approximately 1960, while not registered with the Commission. (SEC v. Thermal Belt Air Service, Inc., et al., W.D.N.C., Civil Action No. A-C-78-107). (LR-8447)

ROBERT F. WILKINSON, OTHERS ENJOINED

The Denver Regional Office announced that the Honorable Fred M. Winner, Chief Judge, U.S. District Court for the District of Colorado, on March 13 permanently enjoined Robert F. Wilkinson, Laramie, Wyoming from violating the registration and antifraud provisions of the securities laws in the offer and sale of the common stock or fractional undivided interests in mineral rights of Polaris Mining Company or any other securities of any issuer. Among other things, Wilkinson was alleged to have participated in a scheme to sell the unregistered common stock of Polaris Mining Company by means of false and misleading statements concerning the assets of Polaris.

In addition, on June 13, Judge Winner permanently enjoined H. DeWorth Williams and George D. Fehr, both of Salt Lake City, Utah from violating the registration provisions of the securities laws in the offer and sale of the common stock of Polaris Mining Company or any other securities of any issuer.

The defendants consented to the entry of the injunctions without admitting or denying the allegations of the complaint. (SEC v. Polaris Mining Company, et al., USDC Colo., 75-W-695). (LR-8448)

INVESTMENT COMPANY ACT RELEASES

FEDERATED OPTION INCOME FUND

An order has been issued on an application of Federated Option Income Fund, Inc. (Option Fund), Federated High Income Securities, Inc. (Income Fund), both registered open-end investment companies, and Federated Securities Corporation, the Option Fund's principal distributor: (1) pursuant to Section 11(a) of the Investment Company Act of 1940 permitting shareholders of the Income Fund and Option Fund to exchange their shares on a basis other than the relative net asset value of the securities to be exchanged, and (2) pursuant to Section 6(c) of the Act granting an exemption from Section 22(d) of the Act and Rule 22d-1 thereunder in connection with such exchanges. (Rel. IC-10297 - June 28)

NATIONAL GOVERNMENT SECURITIES TRUST, FIRST GNMA SERIES

An order has been issued on an application of National Government Securities Trust, First GNMA Series and Similar and Subsequent Series, a registered unit investment trust, exempting the trust from the initial net worth requirements of Section 14(a) and from the limitations on the distribution of capital gains contained in Rule 19b-1 and exempting from Rule 22c-1 the secondary market operations of the trust's sponsors. (Rel. IC-10298 - June 29)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF EFFECTIVENESS OF A RULE CHANGE

The Chicago Board Options Exchange, Inc. has filed proposed rule changes which became effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934 (SR-CBOE-78-19) to amend Section 6.1 of the CBOE Constitution to delete the requirement that at least three of the six executive officers of member firms provided for on the CBOE Board of Directors (known as "off-floor" directors) be members of the CBOE. (Rel. 34-14904) and (SR-CBOE-78-20) to amend Sections 3.4 and 12.2 of the CBOE Constitution to increase from 50 to 150 the number of members' signatures required for the submission of valid petitions to call Special Meetings of members. (Rel. 34-14905)

Publication of the proposals are expected to be made in the Federal Register during the week of July 3.

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by the Chicago Board Options Exchange. The rule change (SR-CBOE-78-13) incorporates into CBOE rules the industry wide shorthand of "fill-or-kill" (FOK) for immediate all-or-none orders. (Rel. 34-14907)

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-B) HYDRO-QUEBEC, 17 West 50th St., Rockefeller Center, New York, N.Y. 10020 - \$100 million of debentures, due 2008, Series DJ. Underwriters: The First Boston Corp., Bache Halsey Stuart Shields Inc., A. E. Ames & Co. Inc., Salomon Brothers and Merrill Lynch White Weld Capital Markets Group. The company is engaged in the generation and distribution of electric power. (File 2-62000 - June 28)
- (S-6) AMERICAN VARIABLE ANNUITY LIFE ASSURANCE COMPANY, SEPARATE ACCOUNTS D AND E, 440 Lincoln St., Worcester, Mass. 01605 - an indefinite number of securities. Depositor: American Variable Annuity Life Assurance Company. (File 2-62002 - June 29)
- (S-1) PETRO-LEWIS FUNDS, INC., Suite 1400, 1600 Broadway, P.O. Box 2250, Denver, Colo. 80201 - \$300 million of preformation limited partner interests. Underwriter: Petro-Lewis Securities Corporation, Suite 1100, 1600 Broadway, P.O. Box 2250, Denver, Colo. 80201. (File 2-62003 - June 29)
- (S-1) COMPUCORP, 1901 South Bundy Dr., Los Angeles, Cal. 90025 - 22,000 shares of 9.4% sinking fund debentures, due 1983 with detachable warrants to purchase common stock. Underwriter: Investors Financial Services, Inc. The company designs, manufactures and markets desk-top computer systems. (File 2-62004 - June 29)
- (S-7) NATIONAL COMPUTER SYSTEMS, INC., 4401 West 76th St., Edina, Minn. 55435 (612) 830-7600 - 440,756 shares of common stock. Underwriters: Shearson Hayden Stone Inc. and Dain, Kalman & Quail Inc. The company designs, manufactures and markets optical mark reading equipment. (File 2-62005 - June 29)
- (S-1) MIDLAND-GUARDIAN CO., 111 East Fourth St., Cincinnati, Ohio 45202 (513) 721-3777 - \$10 million of senior term notes. The company is engaged in finance and related insurance activities. (File 2-62006 - June 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 10c per page plus postage (7 days) (\$3.50 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.

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.

SEC STATISTICAL BULLETIN is published monthly. Subscription rates: \$15.00/yr in U.S. first class mail: \$18.75 elsewhere.

The News Digest, the Docket, and the Statistical Bulletin are for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

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

POSTAGE AND FEES PAID
U. S. SECURITIES AND EXCHANGE COMMISSION

