

sec news digest

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COURT ENFORCEMENT ACTIONS

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JUDICIAL RELIEF SOUGHT AGAINST
ARNOLD & CO., INC., OTHERS

U.S. SECURITIES AND
EXCHANGE COMMISSION

The New York Regional Office announced that on July 18 a complaint was filed in the U.S. District Court for the District of New Jersey seeking a temporary restraining order, preliminary and permanent injunctions, a freeze on the assets of Arnold & Co., Inc. (Registrant), a New Jersey registered broker-dealer, and the assets of Jean Godley Arnold (J. Arnold) and Richard J. Arnold (R. Arnold) (except for ordinary living expenses) and the appointment of a temporary receiver based upon allegations that Registrant, R. Arnold, its president and majority shareholder and J. Arnold, its secretary and shareholder, violated and aided and abetted violations of the net capital, bookkeeping and supplemental reporting rule.

Prior to the filing of the Commission's complaint, the Prosecutor of Somerset County, New Jersey, had arrested R. Arnold on charges of embezzling funds from J-M Employees Federal Credit Union; R. Arnold was arraigned on July 13 before Somerville Municipal Court Judge William Kelleher and released on bail on July 18.

The Commission's application alleged that Registrant had a net capital deficiency of \$2,641,006 arising from Registrant's transactions with J-M. On July 18 the Honorable George H. Barlow, U.S. District Judge, issued a temporary restraining order which included a freeze on the assets of Registrant, R. Arnold and J. Arnold, pursuant to the Commission's application. A hearing was scheduled for July 25 on the Commission's application for a preliminary injunction. (SEC v. Arnold & Co., Inc., et al., D.N.J. 1978, Civil Action No. 78-1613). (LR-8513)

INVESTMENT COMPANY ACT RELEASES

METROPOLITAN LIFE INSURANCE COMPANY

An order has been issued on an application of Metropolitan Life Insurance Company and Metropolitan Variable Account B of Metropolitan Life Insurance Company pursuant to Section 17(b) of the Act exempting a proposed transfer of assets to Account B from Section 17(a) of the Act and pursuant to Section 6(c) of the Act granting exemption from Section 22(d) and 27(a)(3) of the Act. (Rel. IC-10372 - Aug. 22)

NATIONAL CORPORATE TRUST, FIRST SERIES AND PREFERRED STOCK SERIES

An order has been issued on an application of National Corporate Trust, First Series and Preferred Stock Series and Similar and Subsequent Series (Fund), a registered unit investment trust, exempting the Fund from the initial net worth requirements of Section 14(a), exempting certain pricing practices in the offer of units of the Fund from the provisions of Section 22(d), exempting the Fund from the limitations on distributions of capital gains contained in Rule 19b-1, and exempting from Rule 22c-1 the proposed secondary market operations of the Fund's sponsors. (Rel. IC-10374 - Aug. 23)

HOLDING COMPANY ACT RELEASES

ARKANSAS POWER & LIGHT COMPANY

An order has been issued approving a proposal of Arkansas Power & Light Company, subsidiary of Middle South Utilities, Inc., whereby the arrangements which had previously been made for the supply of nuclear fuel to two of Arkansas' nuclear generating units will be consolidated. (Rel. 35-20679 - Aug. 22)

SOUTHWESTERN ELECTRIC POWER COMPANY

An order has been issued authorizing a proposal of Southwestern Electric Power Company, subsidiary of Central and South West Corporation, to expand an additional \$2,550,000 beyond those amounts previously authorized in its oil and gas exploration and development program. (Rel. 35-20680 - Aug. 22)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

LISTING ACTIONS

Orders have been issued, pursuant to Section 12(d) of the Securities Exchange Act of 1934, granting the application of the following companies to list the specified securities on the following stock exchanges: American Stock Exchange, Inc. - Pacific Gas & Electric Co., 10.28% redeemable first preferred stock, \$25 par value (effective as of July 31, 1978); Inter City Gas, Ltd., common shares, Southwest Florida Banks, Inc., \$2.1875 cumulative convertible preferred stock (both effective as of August 1, 1978); Systems Engineering Laboratories, Inc., 12-1/2% subordinated sinking fund debentures, due 1993 (effective as of August 4, 1978). New York Stock Exchange, Inc. - Keystone International, Inc., common stock, New Jersey Bell Telephone Co., \$100 million, forty-year 8-3/4% debentures, due June 1, 2018 (both effective as of July 28, 1978); Filmways, Inc., \$35 million of 11% subordinated sinking fund debentures, due 1998 (effective as of July 31, 1978); Consumers Power Co., \$2.50 cumulative preference stock, ITT Financial Corp., 8-7/8% senior debentures maturing at holders option on June 15, 1987, 1992 or 1997 and due June 15, 2003, Mattel, Inc., common stock, Utah Power & Light Co., first mortgage bonds, 9-1/8% Series, due May 1, 2008 (all effective as of August 4, 1978); Pacific Telephone & Telegraph Co., forty-year 9-5/8% debentures, due July 15, 2018 (effective as of August 7, 1978). Pacific Stock Exchange, Inc. - Mattel, Inc., common stock (effective as of August 4, 1978). Philadelphia Stock Exchange, Inc. - Trancontinental Oil Corp., 12-7/8% subordinated debentures, due 1998.

SELF-REGULATORY ORGANIZATIONS

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by The Depository Trust Company. The rule change (SR-DTC-78-9) authorizes DTC to become a participant in the New England Securities Depository Trust Company. (Rel. 34-15076)

MISCELLANEOUS

SULLIVAN AND CROMWELL RETIREMENT PLAN

An order has been issued on an application filed pursuant to Section 3(a)(2) of the Securities Act of 1933 by the Sullivan & Cromwell Retirement Plan exempting interests or participations in the Retirement Plan from the provisions of Section 5 of the Act. (Rel. 33-5960)

WESTERN CAROLINA TELEPHONE COMPANY

An order has been issued granting the application of Western Carolina Telephone Company (Applicant), subsidiary of Continental Telephone 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 lack of significant trading activity and the limited number of public investors in Applicant's \$5.00 par value common stock. The only class of securities of Applicant subject to these reporting requirements is the common stock. Applicant has undertaken to report on Form 8-K, among other things, any event occurring which would affect the rights of shareholders. (Rel. 34-15047)

CONTINENTAL TELEPHONE COMPANY OF VIRGINIA

An order has been issued granting the application of Continental Telephone Company of Virginia (Applicant), subsidiary of Continental Telephone 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 limited trading in Applicant's 7.25% convertible subordinated debentures, the only class of securities issued by Applicant which is subject to the reporting requirements of the Act. Further, holders of debentures can be fully informed as to their investment by referring to public reports required to be filed with the Commission of Corporations of the State of Virginia. None of the securities of Applicant (other than the debentures) are held by any person other than Continental. Applicant has undertaken to report on Form 8-K, among other things, any event occurring which would affect the rights of debentureholders. (Rel. 34-15048)

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-8) COMPUTER USAGE COMPANY, 141 Battery St., San Francisco, Cal. 94111 - 75,000 shares of common stock. (File 2-62430 - Aug. 23)
- (S-7) FLORIDA NATIONAL BANKS OF FLORIDA, INC., Florida First National Bank Bldg., 214 Hogan St., Jacksonville, Fla. 32202 (904) 356-6541 - \$3,006,876 of 3 year 8-1/2% promissory notes. Underwriter: Allen C. Ewing & Company, 135 West Bay St., Jacksonville, Fla. 32202. The company is a bank holding company. (File 2-62431 - Aug. 23)
- (S-16) BALDWIN-UNITED CORPORATION, 1801 Gilbert Ave., Cincinnati, Ohio 45202 (513) 852-7000 - 75,000 shares of common stock. (File 2-62432 - Aug. 23)

REGISTRATIONS EFFECTIVE

Aug. 2: Vernitron Corp., 2-62123.

Aug. 18: INA Corp., 2-62246; John Nuveen Tax-Exempt Bond Fund, Series 112, 2-62153.

Aug. 21: ITEK Corp., 2-62207; The Parsons Corp., 2-61135; Pauley Petroleum Inc., 2-62139; Randal Data Systems, Inc., 2-61863 (90 days); Rospatch Corp., 2-61734; South Ranch 1978-1 Co., 2-60829 (90 days); Wisconsin Power and Light Co., 2-62263.

Aug. 22: Acton Corp., 2-62099; Capital Diamonds, Inc., 2-61373 (90 days); Congoleum Corp., 2-62323; Bamboo Co., 2-61932; Energy Capital Drilling Program 1978 Partnership, 2-61937 (90 days); Fidelity American Bankshares, Inc. and Central National Corp., 2-62119; Ford Motor Credit Co., 2-62345; Kenai Corp., 2-62168; Mountain Fuel Supply Co., 2-62192; The Pizza Inn, Inc., 2-62196; Southwestern Bell Telephone Co., 2-62231; Standard Brands, Inc., 2-62264; T-Bar Inc., 2-61974; Wang Laboratories, Inc., 2-62253.

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.



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