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ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES AND EXCHANGE COMMISSION

INITIAL DECISION BARS RICHARD BERTOLI,
CENSURES ALFRED AVERELL, JR.

Administrative Law Judge Max O. Regensteiner has issued an initial decision barring Richard O. Bertoli from the investment company, investment advisory and broker-dealer businesses, provided that after two years he may apply to the Commission for permission to return in a non-supervisory and adequately supervised position. The decision also censures Alfred B. Averell, Jr. No sanctions were imposed against Raydop Corp. or Freelton Investments Ltd., hedge funds of which Bertoli is president, and the proceedings with respect to Bertoli's wife Catherine were dismissed. The decision is subject to Commission review on petition of a party or on the Commission's own initiative.

In 1972, Bertoli and Averell were officers of Fundamatic Investors, a mutual fund located in New York City (the Fund), which was subsequently liquidated. According to the decision, Bertoli, who was also an officer of the Fund's investment adviser, directed the Fund's day-to-day operations and made its investment decisions. He caused the Fund to engage in transactions with companies with which he was affiliated (including Raydop and Freelton) and to buy and sell securities of companies in which he had personal interests, without disclosing such interests to the Fund's shareholders. The decision finds that he thereby violated (or aided and abetted violations of) antifraud provisions of the Securities Exchange Act and Investment Company Act proscriptions of transactions between a Fund and affiliated entities. Averell, although the Fund's vice-president, had a very limited role in its management and was not shown to have caused or been aware of the improper transactions when they occurred. However, the decision holds that by failing to take steps to prevent further affiliated transactions once he learned that Bertoli was causing such transactions to take place, Averell aided and abetted violations resulting from several such transactions that occurred subsequently.

ADVEST, INC. CENSURED

Public administrative proceedings have been ordered against Advest, Inc. The proceedings are based upon the staff's allegations that Advest wilfully violated the record-keeping requirements of the Securities Exchange Act of 1934 in regard to customer option account records. In addition, the Order alleges that Advest failed reasonably to supervise persons under its supervision and control with a view toward preventing the violations alleged herein.

Simultaneously with the institution of the proceedings, the Commission accepted an Offer of Settlement submitted by Advest. Based upon that Offer of Settlement, in which Advest neither admitted nor denied the allegations made against it, the Commission found that Advest wilfully violated the recordkeeping requirements of the Exchange Act and failed reasonably to supervise persons under its supervision and control. Advest was censured and agreed to comply with new procedures it has implemented relating to increased supervisory controls over its option activities. Advest also agreed not to reopen its Livingston, New Jersey branch office unless it seeks and obtains prior approval of the Commission. (Rel. 34-15924)

COMMISSION ANNOUNCEMENTS

STOCK TRANSACTIONS OF SELECTED FINANCIAL
INSTITUTION AND FOREIGN INVESTORS, 1978

Private noninsured pension funds, open-end investment companies, life insurance companies and property-liability insurance companies purchased \$47.2 billion of common stock and sold \$42.4 billion resulting in net purchases of \$4.8 billion. In 1977 purchases were \$36.9 billion; and sales were \$34.5 billion; and net purchases were

\$2.4 billion. Their common stock activity rate was 24.8 percent as compared to 20.7 percent a year earlier. For further details, see the June issue of the SEC Statistical Bulletin.

CRIMINAL PROCEEDINGS

RUSSELL RABJOHNS SENTENCED

The Chicago Regional Office announced that on June 12 Russell Rabjohns of Chicago, Illinois, having pled guilty to conspiracy to mail fraud, was sentenced to nine months of work release and four years of probation. Rabjohns, formerly employed by Cenco, Incorporated, had been named along with six others in a 33 count indictment, charging that from 1970 through 1974, approximately \$25 million in false profit figures were reported by Cenco. It was further alleged that a variety of devices were used to create this false profit including the inflation of inventory. (U.S. v. Ralph Read, et al., 79 CR 277; N.D. Ill.). (LR-8786)

CIVIL PROCEEDINGS

DRYWOOD CORPORATION, OTHERS ENJOINED

The Commission announced that on April 20 it filed an injunctive action in the U.S. District Court for the Northern District of California against Drywood Corporation and Asterisk, Inc., Delaware corporations located in Los Angeles, California; Kostanenos N. Hronopoulos of La Jolla, California; Paul F. Scheibe of Rancho Santa Fe, California; Samuel T. Northern of La Jolla, California; Jon L. Ewing of Rancho Santa Fe, California; Richard A. Parker of Poway, California; James R. Betts, Jr. of Terra Linde, California; Robert R. Huzak of San Rafael, California; Mark A. Lazarus of San Francisco, California; and George Hronopoulos of La Jolla, California, alleging violations of the registration and antifraud provisions of the securities laws.

The Commission's complaint alleges that in connection with the sale of unregistered interests in limited partnerships, joint ventures, and promissory notes, the defendants misrepresented and omitted material facts concerning the use of the proceeds, compensation to Drywood management, the financial condition of Drywood, the profitability and tax treatment of the investment, technological problems with the wood-drying process, and the status of investigations by regulatory agencies and pending private litigation against the defendants.

U.S. District Judge Lloyd H. Burke entered decrees of permanent injunction against defendants Drywood, Asterisk, Inc., K. N. Hronopoulos, Northern, Ewing, Betts, Huzak and Lazarus, each of whom consented to the orders without admitting or denying the allegations of the Commission's complaint. (SEC v. Drywood Corporation, et al., U.S.D.C., N.D. Cal., Civil Action No. C-79-0962-LHB). (LR-8787)

MAURICE L. MCGILL ENJOINED

The Commission announced today that the Honorable Gerhard Gesell, U.S. District Judge for the District of Columbia, issued a Final Judgment of Permanent Injunction against Maurice L. McGill, formerly a member of the Board of Directors of the Starr Broadcasting Group, Inc. (SBG). McGill agreed to the issuance of the Final Judgment without admitting or denying the allegations of the Commission's complaint. The Final Judgment was issued pursuant to a Stipulation entered into between McGill and the Commission, arising out of a civil injunctive action filed by the Commission on February 7 against SBG, a national bank and nine individuals who served as SBG's entire Board of Directors.

The principal allegation against McGill was that, while McGill did not benefit from the alleged transactions and while he did not personally prepare the reports of SBG filed with the Commission, he had the responsibility to ensure that such reports complied with applicable sections and rules of the securities laws.

The Final Judgment enjoins McGill, while serving as an officer or director of any publicly-held reporting company, from filing reports with the Commission which contravene applicable reporting requirements of the Securities Exchange Act of 1934 and from obtaining or extending credit in contravention of the margin rules of the Commission and the Federal Reserve Board. This action with respect to McGill, including the antifraud and others claims as to which no relief is ordered, is terminated by the Final Judgment.

Litigation in this matter will continue against defendants Mack Hannah and Norman Francis. Eight other defendants settled previously. (SEC v. The Starr Broadcasting Group, Inc., et al., U.S.D.C. D.C., Civil Action No. 79-0357). (LR-8792)

INVESTMENT COMPANY ACT RELEASES

SHEARSON DAILY DIVIDEND INC.

An order has been issued, pursuant to Section 6(c) of the Act, on an application of Shearson Daily Dividend Inc., a registered open-end, diversified management investment company, exempting the fund from the provisions of Rules 2a-4 and 22c-1 under the Act, to the extent necessary to permit it to compute its net asset value per share, for the purpose of effecting sales, redemptions and repurchases of its shares, to the nearest one cent on a share value of one dollar. (Rel. IC-10743 - June 21)

UNITED CASH MANAGEMENT, INC.

A notice has been issued giving interested persons until July 16 to request a hearing on an application of United Cash Management, Inc., a registered, open-end, diversified management investment company, requesting an order pursuant to Section 6(c) of the Act, exempting it from the provisions of Rules 2a-4 and 22c-1 under the Act to the extent necessary to permit it to compute its net asset value per share, for the purposes of effecting sales and redemptions of its shares, to the nearest one cent on a share value of one dollar. (Rel. IC-10744 - June 20)

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) R. C. SANDERS TECHNOLOGY SYSTEMS, INC., Columbia Dr., Amherst, N.H. 03031 - 465,000 shares of common stock. Underwriters: Laidlaw Adams & Peck Inc. and Ladenburg, Thalmann & Co. Inc. The company is engaged in the business of designing, manufacturing and marketing electronic dot matrix impact printers. (File 2-64763 - June 15)
- (S-7) SAN DIEGO GAS & ELECTRIC COMPANY, 101 Ash St., San Diego, Cal. 92101 (714) 232-4252 - 3,000,000 shares of common stock. Underwriters: Merrill Lynch White Weld Capital Markets Group and Blyth Eastman Dillon & Co. Inc. The company is engaged in purchasing, generating and distributing electric energy. (File 2-64808 - June 21)
- (S-1) INTERPOINT CORPORATION, 8 South Wabash Ave., Chicago, Ill. 60602 - \$1,600,000 of sinking fund debentures, due July 1987 and \$5,400,000 of sinking fund debentures, due July 1994. Underwriter: The Ohio Company. The company operates quick service restaurants. (File 2-64809 - June 21)
- (S-8) DUKE POWER COMPANY, 422 South Church St., Charlotte, N.C. 28242 (704) 373-4573 - 3,131,329 shares of common stock. (File 2-64810 - June 21)
- (S-8) OLIN CORPORATION, 120 Long Ridge Rd., Stamford, Conn. 06904 (203) 356-2690 - 750,000 shares of common stock. (File 2-64811 - June 21)
- (S-6) AMERICAN TAX-EXEMPT BOND TRUST, SERIES 35, 215 North Main St., West Bend, Wis. 53095 - 6,000 units. Depositor: B. C. Ziegler and Company. (File 2-64812 - June 21)

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