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COMMISSION ANNOUNCEMENTS

U.S. SECURITIES AND EXCHANGE COMMISSION

INTERPRETATION RELATING TO THE WRITING OF EXCHANGE-TRADED CALL OPTIONS

The Commission announced that it had authorized the Division of Corporation Finance to issue a letter modifying its previous position regarding the delivery of underlying securities subject to Rules 144 and 145(d) under the Securities Act of 1933 in connection with the writing of exchange-traded call options. The Division has previously expressed the view that the writing of call options involves the solicitation of orders to buy the underlying securities and, therefore, does not comply with the provisions of Rule 144(f). Upon reconsideration, because the mechanics of selling call options over national exchanges are similar to those involved in the sale on an exchange of other exchange-traded securities, the Division's view is that the writing of exchange-traded call options should not be deemed under Rule 144(f) as a solicitation for the purchase of the underlying securities. This view, which is applicable solely to the provisions of Rule 144 and Rule 145(d), relates only to the writing of exchange-traded options and does not extend to the writing or sale of options under any other circumstances. The Commission emphasizes that for sales made under Rules 144 and 145(d) through the writing of exchange-traded call options, all of the conditions applicable to those rules must be satisfied both at the time of the writing of the options and the time that the underlying securities are delivered pursuant to exercise notices on the options. With respect to sales made under Rule 144, the notice on Form 144 required by paragraph (h) of that rule would be required to be filed with the Commission and the principal national securities exchange on which the underlying securities are listed at the time the call option is written, and subsequently amended, in the event the option is exercised, at the time of the delivery of such securities.

As the Commission has previously announced, it is currently engaged in an extensive study of the regulatory questions associated with trading in standardized options. The results of that study may affect the future position of the Division of Corporation Finance with respect to the matters discussed above.

FOR FURTHER INFORMATION CONTACT: David L. Hicks at (202) 755-7140

ADMINISTRATIVE PROCEEDINGS

INITIAL DECISION ISSUED ON HINKLE NORTHWEST

Administrative Law Judge Edward B. Wagner has filed an initial decision suspending Hinkle Northwest, Inc., a Portland, Oregon broker-dealer, from underwriting activities for 30 days, suspending Ernest F. Hinkle, its Chairman of the Board, and Kenneth T. LaMear, its president, from association with a broker-dealer for 12 months, Dennis Reiter, its treasurer, for 3 months and registered representatives, Bernard G. Molinari and Fred Hogg for 5 days. Jack M. Wied, formerly a vice president of Benjamin Franklin Savings and Loan Association, Portland, Oregon, is barred from association with a broker-dealer, except that after a two-year period he may apply to the Commission for reinstatement in a non-proprietary and supervised capacity. Hinkle, LaMear and Reiter are not required to divest themselves of their stock interests in Hinkle Northwest during the period of their suspensions.

The initial decision is subject to Commission review on petition of a party or on the Commission's own initiative.

The decision is based upon findings that the broker-dealer and Hinkle, LaMear and Reiter were involved in a number of wilful violations of the bookkeeping, reporting and net capital provisions of the Exchange Act in connection with two repurchase agreement transactions in U.S. Government securities in 1975, one transaction for \$25 million in U.S. Treasury notes and the other for \$100 million in U.S. Treasury Bills. The decision also finds involvement in wilful violations of the prospectus requirements of the Securities Act of 1933 on the part of the broker-dealer, Hinkle, LaMear, Molinari and Hogg.

Wied is found, under the clear and convincing standard of proof now applicable through the Collins decision, to have wilfully violated antifraud provisions in connection with the two government securities transactions. Registrant, Hinkle, LaMear, Reiter and Molinari are found, under the same standard, not to have wilfully violated antifraud provisions in connection with these transactions, and such charges are dismissed as against them.

Patrick McGinnis, formerly a registered representative for Hinkle Northwest, is found to have induced the purchase of stock of Presley Companies during a period in which a "roll-over" or "renewal" suspension of trading was in effect as to such securities. In view of the fact that the U.S. Supreme Court is presently reviewing the validity of such trading suspensions in the Sloan case, the 3-day suspension ordered against McGinnis is deferred and made conditional upon validation of such "renewal" suspensions by that Court.

JAMES GALLENTINE BARRED

The Commission announced that it has entered an order barring James Gallentine, a former employee of a broker-dealer registered with the Commission, from being associated with any broker or dealer. The sanction was based upon findings that Gallentine: (1) wilfully violated the antifraud provisions of the Securities Exchange Act of 1934; and (2) was convicted in the U.S. District Court for the Southern District of New York within the past ten years of felonies which (a) involved the purchase and sale of securities, (b) arose out of the conduct of the business of a broker-dealer, and (c) involved the fraudulent conversion of funds and securities.

Gallentine failed to answer the Order for Proceedings instituting the action. Accordingly, Gallentine was found to be in default and the proceeding was determined against him upon consideration of the order for proceedings, the allegations of which were deemed to be true. (Rel. 34-14240)

ARTHUR BLASE CAPONEGRO BARRED

The Commission announced that it has entered an order barring Arthur Blase Caponegro, the executive vice president and beneficial owner and controlling person of a broker-dealer formerly registered with the Commission, from being associated with any broker or dealer. The sanction was based upon findings that Caponegro: (1) wilfully violated the antifraud provisions of the Securities Exchange Act of 1933 and the Securities Act of 1933; (2) was convicted in the U.S. District Court for the Southern District of New York within the past ten years of felonies which (a) involved the purchase and sale of securities, (b) involved a conspiracy in connection with the purchase and sale of securities, (c) arose out of the conduct of the business of a broker-dealer, and (d) involved the fraudulent conversion, larceny, theft, forgery, and counterfeiting of securities; and (3) was an officer, beneficial owner, and controlling person of a broker-dealer on the date that a trustee was appointed pursuant to the Securities Investor Protection Act of 1970 to liquidate the business of said broker-dealer.

Caponegro failed to answer the order for proceedings instituting this action. Accordingly, Caponegro was found to be in default and the proceeding determined against him upon consideration of the order for proceedings, the allegations of which were deemed to be true. (Rel. 34-14241)

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES RANCHERS PACKING CORPORATION, OTHERS

The New York Regional Office announced that on December 22 a complaint was filed in the U.S. District Court for the Eastern District of New York seeking to enjoin Ranchers Packing Corporation, a Delaware corporation with its principal place of business in Flushing, New York; Robert Boyer of Hempstead, New York; Peter Castellana of Westbury, New York; and Anthony Mattone of Bayside, New York, from violating and aiding and abetting violations of the reporting provisions of the securities laws. The Commission's complaint alleged that Ranchers, while under the management and control of Boyer, Mattone and Castellana, filed with the Commission an annual report on Form 10-K for the period ended December 31, 1975 which was false and misleading and contained several omissions and misstatement of material facts.

In addition, the complaint alleged that during the period from January 1, 1976 to the present, Ranchers failed to file with the Commission an annual report on Form 10-K, quarterly reports on Form 10-Q, and certain current reports on Form 8-K.

Simultaneously with the filing of the complaint, Ranchers, Castellana and Mattone consented to the entry of final judgments of permanent injunction enjoining them from

further violations of the reporting provisions of the securities laws. The defendants consented to the entry of the injunctions without admitting or denying the allegations contained in the Commission's complaint. (SEC v. Ranchers Packing Corporation, et al., 77 Civil 2521, E.D.N.Y.). (LR-8228)

INVESTMENT COMPANY ACT RELEASES

STRATTON GROWTH FUND

An order has been issued on an application of Stratton Growth Fund, Stratton Management Company, Inc., Davidge Early Bird Fund, and Davidge & Company pursuant to Section 17(d) of the Act and Rule 17d-1 thereunder, permitting payment by Stratton Management Company, Inc. of expenses incurred by Stratton Growth Fund and indemnification against liability of Davidge Early Bird Fund by Davidge & Company in connection with the proposed acquisition of the assets of Davidge Early Bird Fund by Stratton Growth Fund, and pursuant to Section 6(c) of the Act exempting the proposed issuance of Stratton Growth Fund shares from Rule 22c-1 under the Act. (Rel. IC-10067 - Dec. 20)

HOLDING COMPANY ACT RELEASES

MIDDLE SOUTH UTILITIES

An order has been issued approving a proposal of Middle South Utilities, Inc., a registered holding company, and its subsidiary, Middle South Energy, Inc., whereby Middle South Energy will issue up to 75,000 shares of its no par common stock of Middle South Utilities, from time to time through December 31, 1978, at a price of \$1,000 per share for an aggregate cash purchase price of \$75 million. The proceeds of the sales will be applied to Middle South Energy's construction program. (Rel. 35-20327 - Dec. 20)

NEW ENGLAND POWER SERVICE COMPANY

An order has been issued authorizing a proposal of New England Power Service Company, subsidiary of New England Electric System, that it enter into an agreement concerning the development and licensing of certain communications system technology. (Rel. 35-20328 - Dec. 21)

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-1) UNITED GROCERS, INC., 6433 S.E. Lake Rd., Post Office Box 22187, Portland, Ore. 97222 - 2,610 shares of capital stock (\$100 par) and \$7,689,000 of 8% subordinated registered redeemable building notes. Rescission Offer. The company is engaged in the wholesale distribution of groceries and related products to its members. (File 2-60487 - Dec. 16)

In a separate statement the company offers 270 units of 30 shares each of capital stock (\$100 par) and \$10 million of Series A 8% capital Investment Notes. (File 2-60488 - Dec. 16)

(S-14) IC INDUSTRIES, INC., One Illinois Center, Chicago, Ill. 60601 - 1,047,805 shares of common stock. (File 2-60498 - Dec. 19)

(S-8) THOMSON INDUSTRIES LIMITED, 9100 Southwest Freeway, Suite 111, Houston, Tex. 77074 - 91,625 common shares. (File 2-60499 - Dec. 19)

(S-6) NATIONAL MUNICIPAL TRUST, TWENTY-FOURTH SERIES, 13,000 of units. Depositors: Thomson McKinnon Securities Inc., One New York Plaza, New York, N.Y. 10004; and Piper, Jaffray & Hopwood Inc. (File 2-60597 - Dec. 20)

(S-6) MASSACHUSETTS TAX EXEMPT UNIT TRUST, SERIES 2 - 10,000 units. Depositor: Moseley, Hallgarten & Estabrook Inc., 50 Congress St., Boston, Mass. 02109. (File 2-60508 - Dec. 20)

- (S-1) NFC 1978 DRILLING PROGRAMS, 3535 N.W. 58th St., Oklahoma City, Oklahoma 73112 (405-943-1371) - 3,000 of limited partnership interests. Solicitation of subscriptions will be made by a group of Co-Dealer-Managers and other NASD members. The Partnerships will engage in the exploration, development, production and operation of oil, gas and other mineral properties. (File 2-60509 - Dec. 21)
- (S-14) SENTINEL GROUP FUNDS, INC., One Exchange Pl., Jersey City, N.Y. 07302 (201-433-3340) - 1,368,109 shares of common stock. (File 2-60510 - Dec. 19)
- In a separate (S-14) statement the company registers 1,630,134 shares of common stock. (File 2-60511 - Dec. 19)
- In a third (S-14) statement the company registers 628,566 shares of common stock. (File 2-60512 - Dec. 19)
- (S-1) MIDCO ENERGY, INC., 815 Petroleum Bldg., Midland, Tex. 79701 - 600,000 shares of common stock. Underwriter: Quinn & Co., Inc. The company acquired oil and gas properties in 1977 and intends to engage in the exploration and development of such properties. (File 2-60513 - Dec. 21)
- (S-5) FVL GROWTH FUND, INC., 590 Plaza West Bldg., McKinley and Lee Sts., Little Rock, Ark. 72205 - 250,000 shares of common stock. (File 2-60514 - Dec. 21)
- (S-8) PRENTICE-HALL, INC., Englewood Cliffs, New Jersey 07632 - 100,000 shares of common stock. (File 2-60515 - Dec. 21)
- (S-14) SUBURBAN BANCORPORATION, 6495 New Hampshire Ave., Hyattsville, Md. 20783 (301-270-5000) - 220,000 shares of common stock. (File 2-60516 - Dec. 21)
- (S-6) THE CORPORATE INCOME FUND, SIXTY-EIGHTH MONTHLY PAYMENT SERIES - 25,000 units. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006; Bache Halsey Stuart Shields Inc.; and Reynolds Securities, Inc. (File 2-60517 - Dec. 21)
- (S-16) J. RAY MCDERMOTT & CO., INC., 1010 Common St., New Orleans, La. 70160 (504-587-4411) - 229,126 shares of common stock. (File 2-60518 - Dec. 21)
- (S-16) FISCHBACH AND MOORE, INC., 485 Lexington Ave., New York, N.Y. 10017 (212-986-4100) - 25,000 shares of common stock. (File 2-60519 - Dec. 21)
- (S-8) DATA GENERAL CORPORATION, Route 9, Westboro, Mass. 01581 (617-366-8911) - 250,000 shares of common stock. (File 2-60520 - Dec. 22)

REGISTRATIONS EFFECTIVE

Dec. 15: Union Carbide Corp., 2-60414.

Dec. 20: Dixico Inc., 2-60241 (90 days); Peabody International Corp., 2-60409.

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.

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 on request. All other reference material is available in the SEC Docket.

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