The Commission today announced the withdrawal of the proposals published for comment in Release 34-12676 (August 2, 1976) and the publication for comment of new proposed rules and a related schedule and technical amendments to current rules and schedules with respect to tender offers. These proposals would implement and augment the present statutory requirements by providing specific filing and disclosure requirements, dissemination provisions, and additional substantive protections with respect to certain tender offers as well as particular antifraud provisions applicable to any tender offer. (Rel. 33-6022)

FOR FURTHER INFORMATION CONTACT: John Huber at (202) 755-1280 or John Granda at (202) 755-1750

The Commission announced the institution of public administrative proceedings against E. F. Hutton & Company, Inc. (Hutton), sixteen employees or former employees of Hutton, Mathematical Investment Systems, Inc., an investment adviser located in Shaker Heights, Ohio, and Harvey M. Salkin, president, treasurer, director and sole owner of Mathematical.

The order for proceedings alleges that Hutton and/or the registered representatives named, violated the antifraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 in the offer and sale of listed options to customers by making false and misleading statements and omitting to state, among other things, the risks inherent in option trading practices, the potential profits and rates of return realizable from listed option trading strategies and the suitability of their trading strategies for their customers' financial situations, investment sophistication and investment objectives. In addition, the order alleges that Hutton and six of the registered representatives caused excessive trading to occur in their respective customers' accounts.

The order further alleges that three of the registered representatives violated and/or aided and abetted violations of the antifraud provisions of the Investment Advisers Act and that Hutton and four of those persons named failed to adequately supervise the registered representatives under their control.

The Commission simultaneously issued orders against Hutton and thirteen of the defendants based on separate Offers of Settlement consenting to certain findings, without admitting or denying the Commission's allegations, and certain sanctions. The Commission also issued an order against Mathematical and Salkin based upon their joint Offer of Settlement consenting to certain findings, without admitting or denying the allegations, and certain sanctions.

The Commission's order censured Hutton and suspends all option trading for a period of twenty business days in Hutton's Fort Worth, New Orleans and New York-Park Avenue offices as to accounts for which an option suitability form has not been submitted to Hutton prior to the entry of the Commission's order. Various sanctions were imposed upon the individual defendants.

Additionally, Hutton in its Offer of Settlement, represented that it has made or offered to make appropriate monetary adjustments to certain customers with respect to option related losses sustained in their accounts. The Commission noted that Hutton has expanded its current option training programs for registered representatives and
has and currently is implementing new and expanded procedures and documentation relating to the opening and monitoring of customer option accounts. In its Offer of Settlement, Hutton represented that it has organized an Options Committee composed of three members of Hutton's senior management to, among other things, direct the implementation of the remedial programs described above and, where warranted, will implement other remedial programs or actions in Hutton's option business.

A hearing will be scheduled to take evidence on the staff's allegations with respect to the three remaining defendants and to afford them an opportunity to offer any defenses, in order to determine whether the staff allegations are true, and if any action of a remedial nature should be ordered by the Commission. (Rel. 34-15537 and 34-15538)

INSTITUTION OF PROCEEDINGS AGAINST SPARTON CORPORATION

The Commission announced the issuance of an Order instituting proceedings pursuant to Section 15(c)(4) of the Securities Exchange Act of 1934 and Findings and Order of the Commission against Sparton Corporation, a corporation headquartered in Jackson, Michigan. Sparton, under the terms of its Offer of Settlement, consented to the entry of the Findings and Order without admitting or denying any of the matters contained therein.

In its Order, the Commission found that Sparton's quarterly report for the quarter ended March 31, 1976 and its annual report for the year ended June 30, 1976 failed to fully disclose details relating to the sale in February, 1976 of certain oil and gas properties by Sparton to Chase Resources Corporation, concerning the activities and participation of a then Director of Sparton in the formation and funding of Chase; the amount and type of financial information relating to Chase available to Sparton at or about the time of the sale; and the timeliness nature and form of the down-payment from Chase to Sparton.

In its Order, the Commission ordered that Sparton file with the Commission a report on Form 8-K relating to this transaction, in a form as attached to Sparton's Offer of Settlement. (Rel. 34-15509)

CIVIL PROCEEDINGS

MOR-FILM FARE, INC., OTHERS ENJOINED

The Los Angeles Regional Office announced that on December 18, 1978, the Honorable William Matthew Byrne, U.S. District Judge in Los Angeles, entered final judgments by default against Mor-Film Fare, Inc. and Brothers Capital Corporation of Quartz Hill, California, permanently enjoining them from violating the registration and antifraud provisions of the securities laws. On the same day, Judge Byrne also entered final judgments by consent against J. Ross Mortensen of Fresno, California and Marten C. Mortensen of Chatsworth, California enjoining them from violating the registration and antifraud provisions of the securities laws. Those final judgments also provided that the Mortensens would not dissipate the assets of Mor-Film or Brothers Capital and would within 30 days release all documents of Mor-Film and Brothers Capital and various limited partnerships involved in this action to the Commission. (SEC v. Mor-Film Fare, Inc., et al., C.D. Cal., Civ. 77-2184-WMB). (LR-8661)

NO VIOLATIONS FOUND AS TO CAIN

The Los Angeles Regional Office announced that on January 4 the Honorable David W. Williams, U.S. District Judge in Los Angeles, after trial on the merits, granted judgment for Bruce C. Doggett, also known as Christopher Cain, refusing to find that Cain had violated or aided and abetted any violations of the registration and antifraud provisions of the securities laws. Cain was the last defendant whose cause remained for trial in this action. (SEC v. Gerald L. Rogers, et al., C.D. Cal., Civ. 77-0658-DWW). (LR-8662)
SELF-REGULATORY ORGANIZATIONS

NOTICE OF EFFECTIVENESS OF PROPOSED RULE CHANGE

The American Stock Exchange, Inc. has filed a proposed rule change (SR-Amex-79-2) which has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934 to establish the Amex's liability to its members for losses caused by errors of Amex employees in processing orders transmitted through the Post Execution Reporting or Amex Options Switch systems. Publication of the proposal is expected to be made in the Federal Register during the week of February 5. (Rel. 34-15550)

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.

(N-1) THE VALUE LINE CASH FUND, INC., 711 Third Ave., New York, N.Y. 10017 (212) 687-3965 - an indefinite number of shares of capital stock. The company is a no-load, open-end diversified investment company. (File 2-63520 - Feb. 5)

(S-1) PUBCO CORPORATION, 11200 Prospect Hill Rd., Glenn Dale, Md. 20769 - 1,300,000 shares of common stock and 1,300,000 redeemable common stock purchase warrants. Underwriter: First Jersey Securities Inc. The company is engaged in commercial printing. (File 2-63521 - Feb. 5)

REGISTRATIONS EFFECTIVE

Feb. 1: Allegheny Ludlum Industries, Inc., 2-63278; Beneficial Corp., 2-63456; Brooklyn Union Gas Co., 2-63297; Lutheran Brotherhood Money Market Fund, Inc., 2-62039; The Municipal Bond Trust, Series 49, 2-63296; Municipal Investment Trust Fund, Ninety-Ninth Monthly Payment Series, 2-63428; NRM 79, Ltd., 2-63162 (90 days); Petrotech, Inc. & Petrotech-Energy '79, 2-62101 (90 days); Saxon Funds - 1979 Program, 2-62958 (90 days).


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.
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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