

# sec news digest

Issue 88-183

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## RULES AND RELATED MATTERS

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### AMENDMENTS TO RULE 17f-1 ADOPTED

The Commission adopted amendments to Rule 17f-1 of the Securities Exchange Act of 1934 which governs the Lost and Stolen Securities Program. The amendments, among other things, implement certain recommendations the General Accounting Office made in its May 1984 Report on the Program; clarify that government securities brokers and dealers must participate in the Program and make appropriate reports and inquiries to the Securities Investor Center on bearer-form and registered-form government securities; focus the Rule on certificated issues; codify certain staff interpretations of the Rule; and fine-tune the requirements for making inquiries and reporting losses and recoveries. (Rel. 34-26096)

FOR FURTHER INFORMATION CONTACT: Ester Saverson, Jr. at (202) 272-2775

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## COMMISSION ANNOUNCEMENTS

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### STAFF REPORT ON WPPSS RELEASED

The Commission released a Staff Report on the Investigation in the Matter of Transactions in Washington Public Power Supply System securities today. (Press Release 88-85)

### KATHERINE H. KALINOWSKI APPOINTED ASSISTANT DIRECTOR, DIVISION OF ENFORCEMENT

Gary G. Lynch, Director of the Division of Enforcement, announced that Katherine H. Kalinowski has been appointed Assistant Director for the Branch of Regional Office Assistance of the Division, effective September 16. Ms. Kalinowski joined the Division's staff as an attorney in 1984 and was named Branch Chief in August 1987. Ms. Kalinowski graduated from George Washington University in 1973 and from Columbia Law School in 1976. (Press Release 88-86)

### GRUNDFEST BIBLIOGRAPHY OF MARKET BREAK LITERATURE RELEASED

Commissioner Joseph A. Grundfest today released a partial bibliography of literature pertaining to the October market break.

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## CIVIL PROCEEDINGS

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### STEPHEN S. FENICHELL TEMPORARILY RESTRAINED

The New York Regional Office announced that on September 19 U.S. District Judge Thomas P. Griesa, Southern District of New York, entered a Temporary Restraining Order against Stephen S. Fenichell, of Rowayton, Connecticut, prohibiting him from committing further violations of the antifraud and recordkeeping provisions of the securities laws. The Court also froze Fenichell's assets and ordered that Fenichell provide an accounting and a plan for disgorgement.

The Complaint for injunctive relief, filed the same day, alleged that Fenichell, an individual formerly registered with the Commission as an investment adviser, obtained approximately \$500,000 from investors for the purpose of pooling funds to purchase securities. Contrary to his representations, the Commission charged that Fenichell accepted funds from clients, and then converted, dissipated, and secreted the monies for his own personal use, rather than investing them for his clients. The Complaint

also asserted that Fenichell violated recordkeeping provisions of the Investment Advisers Act of 1940 by, among other things, commingling his own funds with those of his clients, by failing to notify clients immediately of the place and manner in which their funds and securities were to be invested, and by failing to send out proper account statements to clients. (SEC v. Stephen S. Fenichell, USDC SDNY, Civil Action No. 88 Civ. 6466). (LR-11868)

**PERMANENT INJUNCTION AND FINAL JUDGMENT ENTERED  
AGAINST QUITA, INC., OTHERS**

The Fort Worth Regional Office announced that on September 2 Judge Eldon Mahon, U.S. District Court for the Northern District of Texas, issued orders of permanent injunction against Quita, Inc., Robert J. Steele, and Roderick L. Lindberg, enjoining them from further violations of the securities and broker-dealer registration and antifraud provisions of the securities laws. The Court also entered a Final Judgment which ordered Quita, Steele, and nominal defendant Olympia Energy, Inc. to turn over real estate, personal property, and interests in oil and gas wells to a Special Master appointed by the Court, for liquidation and disbursement to investors. The defendants agreed to the orders without admitting or denying the Commission's allegations.

The Complaint alleges that defendants sold unregistered interests in oil and gas wells through unregistered commissioned sales persons, raising over \$4.8 million from 250 investors. It further alleges that written and oral presentations made by the defendants were composed of misleading, false, and incomplete statements of material facts regarding the possible productivity of wells, actual costs of drilling operations, and use of investors' funds. (SEC v. Quita, Inc., USDC NDTX, CA-4-88-0372-E). (LR-11869)

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## **HOLDING COMPANY ACT RELEASES**

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### **EASTERN UTILITIES ASSOCIATES**

An order has been issued regarding proposals by Eastern Utilities Associates (EUA), a registered holding company, and its subsidiary, Eastern Edison Company, for EUA to issue and sell 1,500,000 shares of common stock, par value \$5 per share, and to retire up to \$16,875,000 in principal amount of 10 1/4% senior notes, due 1999, and for Eastern Edison to issue and sell up to 200,000 shares of preferred stock, par value \$100 per share, up to \$75 million aggregate principal amount of one or more series of first mortgage and collateral trust bonds, and to retire outstanding preferred stock and first mortgage, collateral trust and revenue bonds.

The application-declaration has been authorized as to the transactions proposed by Eastern Edison. Jurisdiction has been reserved as to those transactions proposed by EUA pending completion of the record. (Rel. 35-24717 - Sept. 16)

### **JERSEY CENTRAL POWER & LIGHT COMPANY**

An order has been issued authorizing Jersey Central Power & Light Company, subsidiary of General Public Utilities Corporation, to perform feasibility studies, develop, and provide engineering and other services through its subsidiary, Energy Initiatives, Inc., in connection with qualifying facilities and load management and energy storage system projects. (Rel. 35-24718 - Sept. 16)

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## **LISTING, DELISTING AND UNLISTED TRADING ACTIONS**

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### **UNLISTED TRADING GRANTED**

An order has been issued granting the application of the Boston Stock Exchange for unlisted trading privileges in the common stock of 67 issues which are listed and registered on one or more other national securities exchanges and are reported in the consolidated transaction reporting system. (Rel. 34-26098)

## DELISTING GRANTED

An order has been issued granting the application of the Philadelphia Stock Exchange to strike the shares of beneficial interest of B.F. Saul Real Estate Investment Trust from listing and registration thereon. (Rel. 34-26099)

## SELF-REGULATORY ORGANIZATIONS

### APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change filed by the American Stock Exchange (SR-Amex-88-15) to provide greater flexibility in the establishment of position and exercise limits for stock options. (Rel. 34-26092)

### NOTICE OF PROPOSED RULE CHANGE

The National Association of Securities Dealers filed a proposed rule change under Rule 19b-4 (SR-NASD-86-34) that would amend Article III, Section 26 of its Rules of Fair Practice to establish timeframes within which members must transmit payments for shares to investment companies. Publication of the proposal is expected to be made in the Federal Register during the week of September 26. (Rel. 34-26097)

## SECURITIES ACT REGISTRATIONS

The following registration statements have been filed with the SEC under the Securities Act of 1933. The reported information appears as follows: Form, Name, Address and Phone Number (if available) of the issuer of the security; Title and the number and/or face amount of the securities being offered; Name of the managing underwriter or depositor (if applicable); File number and date filed; Assigned Branch; and a designation if the statement is a New Issue.

- S-18 IDEA PUBLISHING CORP, 55 E AFTON AVE, YARDLEY, PA 19067 (215) 493-1810 - 95,000,000 (\$950,000) COMMON STOCK. 104,500,000 (\$3,135,000) COMMON STOCK. 52,250,000 (\$2,612,500) COMMON STOCK. 9,500,000 (\$95) WARRANTS, OPTIONS OR RIGHTS. 9,500,000 (\$114,000) COMMON STOCK. UNDERWRITER: MOSTEL & TAYLOR SECURITIES INC. (FILE 33-23949-NY - SEP. 09) (BR. 11 - NEW ISSUE)
- S-18 ZENON VENTURES INC, 233 BROADWAY 49TH FLR, NEW YORK, NY 10279 (212) 227-1971 - 10,000,000 (\$100,000) COMMON STOCK. 30,000,000 (\$900,000) COMMON STOCK. 30,000,000 (\$1,800,000) COMMON STOCK. (FILE 33-24231-NY - SEP. 09) (BR. 12 - NEW ISSUE)
- S-18 PHARMETICS INC, 62 ENTER LANE, HAUPPAUGE, NY 11788 (516) 234-5888 - 1,000,000 (\$1,500,000) COMMON STOCK. 100,000 (\$100) WARRANTS, OPTIONS OR RIGHTS. 100,000 (\$180,000) COMMON STOCK. UNDERWRITER: ROYCE INVESTMENT GROUP INC. (FILE 33-24333-NY - SEP. 09) (BR. 8 - NEW ISSUE)
- 6 HOECHST AG /ADR/, 16 WALL ST, C/O BANKERS TRUST CO, NEW YORK, NY 10015 (212) 250-2500 (FILE 33-24369 - SEP. 09) (BR. 99)
- S-1 REXCOM SYSTEMS CORP, 10333 RICHMOND STE 400, HOUSTON, TX 77042 (713) 789-3400 - 13,800,000 (\$1,725,000) COMMON STOCK. 1,200,000 (\$180,000) COMMON STOCK. 1,200,000 (\$100) WARRANTS, OPTIONS OR RIGHTS. (FILE 33-24631 - SEP. 14) (BR. 9)
- S-1 UNITED STATES CELLULAR CORP, 1030 W HIGGINS RD STE 300, PARK RIDGE, IL 60068 (312) 696-3500 - 24,000 (\$306,000) COMMON STOCK. (FILE 33-24632 - SEP. 14) (BR. 7)
- S-3 INTERVJICE INC, 1850 N GREENVILLE AVE, STE 184, RICHARDSON, TX 75081 (214) 669-3988 - 566,884 (\$3,117,862) COMMON STOCK. 90,000 (\$157,500) WARRANTS, OPTIONS OR RIGHTS. 90,000 (\$405,000) COMMON STOCK. 722,000 (\$3,340,500) COMMON STOCK. 51,000 (\$367,200) COMMON STOCK. (FILE 33-24633 - SEP. 15) (BR. 10)
- S-8 PROCTER & GAMBLE CO, ONE PROCTER & GAMBLE PLZ, CINCINNATI, OH 45202 (513) 983-1100 - 75,000 (\$6,250,000) COMMON STOCK. (FILE 33-24694 - SEP. 15) (BR. 13)
- S-8 RAYTHEON CO, 141 SPRING ST, LEXINGTON, MA 02173 (617) 862-6600 - 2,000,000 (\$2,000,000) OTHER SECURITIES INCLUDING VOTING TRUST. (FILE 33-24695 - SEP. 15) (BR. 13)

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\* CALLS FROM THE PUBLIC \*  
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\* Members of the public seeking information and/or material from the Commission continue to complain of being incorrectly referred to the wrong telephone number by Commission staff. The following information is furnished to assist you in directly calling the appropriate office: \*  
\* \*  
\* Consumer Affairs (272-7440) - Investor inquiries and complaint processing information. \*  
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\* Freedom of Information Branch (272-7420) - Requests concerning FOIA, Privacy Act, Sunshine Act, confidential treatment matters, etc. \*  
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\* Personnel Locator (272-2550) - Requests for names and phone number of Commission personnel. \*  
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\* Public Affairs (272-2650) - Information about matters in the SEC News Digest, the Commission's operations, and calls from the press not directed to particular individual and other related matters. \*  
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\* Public Reference (272-7450) - Requests for information on whether or not a document has been filed, etc. \*  
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\* Publications Unit (272-7460) - Requests for forms, studies, directories, filing requirements, copy procedures, etc. \*  
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\* Office of the Secretary (272-2600) - Requests for information on the Commission calendar. \*  
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