

sec news digest

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ENFORCEMENT PROCEEDINGS

THOMAS ROGGE BARRED

The Commission has instituted public administrative proceedings against Thomas M. Rogge, who was formerly associated with an investment adviser registered with the Commission. Simultaneous with the institution of these proceedings, the Commission accepted Rogge's Offer of Settlement, in which he agreed to consent, on a neither admit nor deny basis, to findings that during the period from August 4 to August 26, 1993, as portfolio manager for the Fund, he deliberately overvalued certain derivative securities held in the fund's portfolio by \$6.88 million. The Commission also found that by recording these false prices in the Fund's records, Rogge caused the Fund to overstate its net asset value by 76 cents per share during this time period.

The Commission ordered Rogge to cease and desist from committing or causing violations of, and from committing or causing any future violations of the antifraud and books and records provisions of the Investment Company Act, as well as the antifraud provisions of the Advisers Act. The Commission also ordered Rogge to pay a civil penalty in the amount of \$11,000. Based upon its findings and Rogge's Offer, the Commission barred Rogge from association with any broker, dealer, investment adviser, investment company or municipal securities dealer. (Rels. IA-1472; IC-20908)

COMMISSION ISSUES ORDER DENYING MOTION OF MICHAEL GARTNER TO DISMISS ADMINISTRATIVE PROCEEDING AND ISSUES NOTICE THAT INITIAL DECISION OF ADMINISTRATIVE LAW JUDGE HAS BECOME FINAL

The Commission has issued an order denying a motion filed by Michael Gartner to dismiss an administrative proceeding. On November 4, 1994, an administrative law judge found that Gartner had been permanently enjoined from violating registration and antifraud provisions of the

Securities Act of 1933 and the Securities Exchange Act of 1934 (SEC v. Interlink Data Network of Los Angeles, et al., Civ. No. 93-3073 R, C.D. Calif. Nov. 15, 1993). The law judge barred Gartner from association with any broker, dealer, investment company, investment advisor, municipal securities dealer, as well as from association with any member of a national securities exchange or registered securities association (Initial Decision Release No. 58, November 4, 1994). Gartner argued that the proceeding should be dismissed because it constituted double jeopardy. In denying the motion, the Commission noted that the administrative proceeding was not criminal or punitive within the meaning of the Fifth Amendment.

The Commission also issued notice, pursuant to Rule 17(f) of the Commission's Rules of Practice, that the initial decision of the administrative law judge has become the final decision of the Commission. (Rel. 34-35408)

COMMISSION WINS PERMANENT INJUNCTION AGAINST STRATTON OAKMONT

The Commission announced that on February 28 Judge Joyce Hens Green of the United States District Court for the District of Columbia issued a Permanent Injunction enjoining Stratton Oakmont, Inc., a broker-dealer registered with the Commission, from violating an Order of the Commission issued on March 17, 1994. The Commission Order required Stratton to retain an Independent Consultant to review Stratton's operations and to recommend appropriate sales practices, policies and procedures. On December 19, 1994, the Court issued a temporary restraining order (TRO) against Stratton, requiring Stratton to immediately comply with the Commission Order. On January 11, 1995, the Court found that Stratton had violated the TRO, issued a preliminary injunction, and ordered Stratton to comply with the recommendations set forth by the Independent Consultant. The Court ruled that "[t]he practices of Stratton are highly dangerous to the interests of the investing public and cannot be permitted to continue", and set trial for February 13, 1995. In granting the permanent injunction, the Court found that Stratton admitted it had not complied with the preliminary injunction. The Court rejected Stratton's arguments that the inclusion of findings in the Report nullified Stratton's obligations to comply with the recommendations and that a permanent injunction would cause harm to Stratton. [SEC v. Stratton Oakmont, Inc., Civil Action No. 94-2681, JHG, D.D.C.] (LR-14426)

INVESTMENT COMPANY ACT RELEASES

PRUDENTIAL SECURITIES INCORPORATED, ET AL.

A notice has been issued giving interested persons until March 24 to request a hearing on an application filed by Prudential Securities Incorporated, National Municipal Trust, Prudential Unit Trusts, National Equity Trusts and Government Securities Equity Trust for an order under Section 6(c) for exemptions from Sections 2(a)(32), 2(a)(35), 22(c), 22(d), and 26(a)(2) (C) of the Investment Company Act and Rule 22c-1 thereunder, and pursuant to Section 11(a) to amend a prior order granting relief from Section 11(c). (Rel. IC-20922 - February 27)

FRANKLIN GOLD FUND, ET AL.

An order has been issued on an application filed by Franklin Gold Fund, et al. under Section 6(c) of the Investment Company Act for an exemption from Sections 2(a)(32), 2(a)(35), 18(f)(1), 18(g), 18(i), 22(c), and 22(d) of the Act and Rule 22c-1 thereunder. The order permits certain investment companies to issue multiple classes of shares representing interests in the same portfolio of securities and assess, and under certain circumstances waive, a contingent deferred sales charge (CDSC) on certain redemptions of shares. The order also supersedes an existing CDSC order. (Rel. IC-20923 - February 27)

THE DREYFUS/LAUREL FUNDS, INC., ET AL.

An order has been issued on an application filed by The Dreyfus/Laurel Funds, Inc., et al. under Section 17(b) of the Investment Company Act for an exemption from Section 17(a) of the Act, and under Section 17(d) of the Act and Rule 17d-1 thereunder permitting certain joint transactions. The order permits Dreyfus International Equity Allocation Fund, a series of The Dreyfus/Laurel Funds, Inc., to acquire all of the assets of Dreyfus/Laurel International Fund, a series of The Dreyfus/Laurel Investment Series. Because of certain affiliations, the two series may not rely on Rule 17a-8 under the Act. (Rel. IC-20924 - February 27)

ENERSIS S.A.

A notice has been issued giving interested persons until March 23 to request a hearing on an application by Enersis S.A. for an order declaring that it controls Empresa Nacional de Electricidad notwithstanding that it owns less than 25% of its voting securities. (Rel. IC-20925; International Series Rel. 788)

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES, ET AL.

A notice has been issued giving interested persons until March 24 to request a hearing on an application by The Equitable Life Assurance Society of the United States (Equitable), Separate Account No. 45 of

Equitable (Account), any other separate account established by Equitable in the future to support certain deferred variable annuity contracts and certificates issued by Equitable (Other Account), and Equitable Capital Securities Corporation (collectively, Applicants) for an order under Section 6(c) of the Investment Company Act. The order would grant exemptions from Sections 2(a)(35), 26(a)(2)(C) and 27(c)(2) of the Act to the extent necessary to permit the deduction of a mortality and expense risk charge from the assets of the Account in connection with the offering of certain deferred variable annuity contracts and certificates (collectively, Account Contracts) issued by Equitable through the Account; a guaranteed minimum death benefit charge from a contract owner's account value; and a contribution-based distribution fee from a contract owner's account value. Applicants also seek an order to permit the deduction of a mortality and expense risk charge, guaranteed minimum death benefit charge and contribution-based distribution fee from the assets of, and account values held in, the Account and any Other Account in connection with the offering in the future of deferred variable annuity contracts which are substantially similar in all material respects to the Account Contracts and are issued by Equitable through the Account or any Other Account. (Rel. IC-20926 - February 27)

HOLDING COMPANY ACT RELEASES

GENERAL PUBLIC UTILITIES CORPORATION

An order has been issued authorizing General Public Utilities Corporation (GPU), a registered holding company, to solicit proxies from shareholders in connection with its annual meeting to be held on May 4, 1995. GPU proposes to present to shareholders for action at the annual meeting proposals to amend its Articles of Incorporation to increase the number of authorized shares of its common stock, \$2.50 par value, from 150,000,000 to 350,000,000; and eliminate the rights of its shareholders to purchase additional shares of GPU common stock in certain circumstances. (Rel. 35-26239)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGE

The Commission received a proposed rule change filing (SR-Phlx-95-06) by the Philadelphia Stock Exchange that would reduce the strike price on foreign currency options on the British pound from a \$.025 interval to a \$.01 interval. Publication of the notice is expected in the Federal Register during the week of March 6. (Rel. 34-35420; International Series Rel. 787)