

# sec news digest

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Issue 79-15

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## ADMINISTRATIVE PROCEEDINGS

## U.S. SECURITIES AND EXCHANGE COMMISSION

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FIRST PITTSBURGH SECURITIES CORPORATION REVOKED;  
OTHERS BARRED

Administrative Law Judge David J. Markun has issued an initial decision revoking the registration as a broker-dealer of First Pittsburgh Securities Corporation of Pittsburgh, Pennsylvania, and barring its president, Salvatore N. Geswaldo, Donald R. Kohl, Carl B. Benson, and Bernard H. Golling, registered representatives employed by First Pittsburgh at the time of the violative conduct, from association with a broker or dealer.

The sanctions were imposed on the basis of findings that the individual respondents, singly and in concert, wilfully violated the antifraud provisions of the securities laws within the period January 1973 to January 1977 in the offer and sale of Fidelity Loan and Investment Corporation debt securities and GEBCO options in that, among other things, these respondents had no reasonable basis for recommending such securities to their customers, made false and misleading statements to customers concerning the safety and soundness of the securities, and omitted to disclose highly material facts, such as the insolvency of issuers and their affiliates and other material financial data, as well as the fact that these respondents were members of an "investor group" that expected to gain a controlling interest in GEBCO from its promotion of the sale of the securities. Registrant was found to have wilfully aided and abetted these violations.

These individual respondents were also found to have wilfully violated the registration requirements of Sections 5(a) and 5(c) of the Securities Act within the mentioned period in that they offered, sold, and delivered after sale to members of the public FLIC debt securities, GEBCO options, and Meadowlands Inn Limited Partnership interests when no registration statement was filed or in effect as to the securities. Registrant was found to have wilfully aided and abetted these violations.

Registrant and Geswaldo were also found to have violated antifraud provisions during 1975 by selling to customers in solicited transactions, as principal, various securities at excessive and unreasonable price markups.

Books-and-recordkeeping charges against registrant, Geswaldo and Charles Krzywicki were dismissed.

In assessing the sanctions imposed, Judge Markun took into account, among other things, the fact that the U.S. District Court for the Western District of Pennsylvania had entered orders permanently enjoining the respondents from violations of the registration provisions of the Securities Act and the antifraud provisions of the Exchange Act on the basis of allegations closely paralleling comparable allegations in this proceeding. In addition, the fact that the individual violators were associated persons of First Pittsburgh, and that its facilities were knowingly utilized in the violations by individual respondents, was taken into account in assessing sanctions.

The decision is subject to review by the Commission on its own motion or on petition of a party.

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## CIVIL PROCEEDINGS

SETTLEMENT AGREEMENT WITH SUMMA CORPORATION, OTHERS ANNOUNCED

The Commission announced that on January 19 Summa Corporation, Hughes Air Corp., and the Administrators of the Estate of Howard R. Hughes, Jr., had agreed to pay \$30 million, the largest amount ever obtained by the Commission in satisfaction of a disgorgement claim, in satisfaction of all of the Commission's claims against them. The agreement requires Summa and Hughes Air to pay \$30 million by June 1, 1980 to the Clerk of that Court or pursuant to the terms of a settlement agreement in related private actions. Final acceptance of the settlement is subject to various court approvals.

The \$30 million, plus any additional money that may be recovered in related private actions, is to be distributed to former Air West stockholders who bought, held or sold Air West securities during certain periods between June 30, 1978 and April 1970. As distribution of the funds is not being made by the Commission, the Commission advises any persons who believe they may be entitled to share in the monies recovered to contact Douglas M. Schwab, Esq., Heller, Ehrman, White & McAuliffe, 44 Montgomery St., San Francisco, Cal. 94105, attorney for AW Liquidating Company, or Jerome I. Braun, Esq., Farella, Braun & Martel, 235 Montgomery St., San Francisco, Cal. 94104, one of the attorneys representing the various class plaintiffs. (SEC v. William R. Lummis, et al., as Administrators of the Estate of Howard R. Hughes, Jr., et al., U.S.D.C. N.D. Cal., Civil Action No. 75-1089 AJ2). (LR-8650)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGE

The Philadelphia Stock Exchange, Inc. has filed a proposed rule change under Rule 19b-4 (SR-PHLX-78-22) to make further modifications to its rules for the implementation and operation of an Intermarket Trading System (ITS) linking the participants (and such other markets as may in the future agree to participate in the ITS) and providing facilities and procedures for (a) display of composite quotation information on the floors of each of the participating exchanges (at the designated trading post) so that members of each participating exchange will be able to determine readily the best bid and offer for a particular multiply-traded security available from any participant, (b) rapid and efficient routing of orders and administrative messages between and among the participants, and (c) participation, under certain conditions, by all participants in opening transactions in the primary market. The proposed rule change would provide an alternative method of entering commitments to trade and responses in the ITS using a terminal operated by a Phlx employee and clarify the liability of the Phlx in the event of the use of the alternative method. Publication of the proposal is expected to be made in the Federal Register during the week of January 22. (Rel. 34-15506)

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## SECURITIES ACT REGISTRATIONS

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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-7) THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, 140 New Montgomery St., San Francisco, Cal. 94105 (415) 421-9000 - \$300 million of thirty-seven year debentures, due February 15, 2016. Underwriters: Morgan Stanley & Co. Inc., Salomon Brothers, Blyth Eastman Dillon & Co. Inc., The First Boston Corporation, Paine, Webber, Jackson & Curtis Inc. and Smith Barney, Harris Upham & Co. Inc. (File 2-63436 - Jan. 19)
- (S-7) COMMONWEALTH EDISON COMPANY, One First National Plaza, P.O. Box 767, Chicago, Ill. 60690 (312) 294-4321 - 7,000,000 shares of common stock. Underwriters: Merrill Lynch White Weld Capital Markets Group, Bache Halsey Stuart Shields Inc., The First Boston Corporation and Dean Witter Reynolds Inc. (File 2-63437 - Jan. 19)
- (S-14) GANNETT CO., INC., Lincoln Tower, Rochester, N.Y. 14604 (716) 546-8600 - 9,221,658 shares of common stock. (File 2-63438 - Jan. 19)
- (S-6) NEW YORK MUNICIPAL TRUST, SERIES 3, 55 Water St., New York, N.Y. 10041 - 15,000 units. Depositor: Bear, Stearns & Co. (File 2-63439 - Jan. 19)
- S-8) DEKALB AGRESEARCH, INC., Sycamore Rd., DeKalb, Ill. 60115 (815) 758-3461 - 361,780 shares of Class A common stock. The company is engaged in the exploration for and production of crude oil and natural gas. (File 2-63440 - Jan. 19)
- (S-8) R. J. REYNOLDS INDUSTRIES, INC., Reynolds Blvd., Winston-Salem, N.C. 27102 - \$50 million of interests and 890,000 shares of common stock. The company is engaged in the manufacture and sale of tobacco products. (File 2-63441 - Jan. 19)
- (S-6) THE GOVERNMENT SECURITIES INCOME FUND, TENTH GNMA SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10080 - 25,000 units of beneficial interest. Depositors:

Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10080, Bache Halsey Stuart Shields Inc. and Dean Witter Reynolds Inc. (File 2-63442 - Jan. 19)

(S-6) MUNICIPAL INVESTMENT TRUST FUND, THIRD MINNESOTA SERIES, One Liberty Plaza, 165 Broadway, New York, N.Y. 10080 - 20,000 units of beneficial interest. Depositors: Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10080, Bache Halsey Stuart Shields Inc. and Dean Witter Reynolds Inc. (File 2-63443 - Jan. 19)

(S-14) TECHNICON CORPORATION, 511 Benedict Ave., Tarrytown, N.Y. 10591 (914) 631-8000 - 869,565 shares of common stock. (File 2-63444 - Jan. 19)

#### REGISTRATIONS EFFECTIVE

Jan. 18: Allis Chalmers Corp., 2-63231; Bank of America National Trust & Savings Association, 2-63320 (90 days); Conagra, Inc., 2-62813; Iowa Power and Light Co., 2-63353; The Montana Power Co., 2-63264 & 2-63265; Municipal Investment Trust Fund, Ninety-Eighth Monthly Payment Series, 2-63355; The Patrick Petroleum Co. 1979 Drilling Program, 2-62960 (90 days) & 2-63091 (90 days); United Technologies Corp., 2-63367.

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.



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