

# sec news digest

Issue 79-28

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## ADMINISTRATIVE PROCEEDINGS

## U.S. SECURITIES AND EXCHANGE COMMISSION

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RONALD B. DONATI, INC. CITED

Public administrative proceedings have been ordered under the Investment Advisers Act of 1940 against Ronald B. Donati, Inc. (Registrant), a registered investment adviser with its principal place of business in Richmond, Virginia, and Ronald B. Donati (Donati), of Richmond, Virginia, who is the president and sole shareholder of the Registrant. The proceedings are based upon allegations that Registrant and Donati violated the antifraud and books and records provisions of the Investment Advisers Act of 1940.

The Order for Proceedings alleges, among other things, that during 1977 the Registrant and Donati persuaded two clients of the Registrant to use their securities to collateralize loans totalling \$80,000 which were extended by various banks to Donati and that during 1978 they persuaded one client of the Registrant's to lend \$10,000 directly to Donati. All of the loans were used for working capital for the Registrant. In connection with the \$90,000 in loans, the Registrant and Donati did not make adequate disclosure regarding, among other things, the Registrant's deteriorating financial condition during 1972-1978 or the Registrant's negative net worth during March 1976 to the present. The Registrant and Donati also failed to make any disclosure regarding the Registrant's financial condition during the period 1976 to the present even though clients were required to prepay advisory fees during that period. The Order for Proceeding also alleges that the respondents failed to maintain certain books and records required by a registered investment adviser. (Rel. IA-666)

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## CIVIL PROCEEDINGS

THE STARR BROADCASTING GROUP, INC., OTHERS ENJOINED

The SEC announced the filing of a complaint in the U.S. District Court for the District of Columbia against The Starr Broadcasting Group, Inc. (SBG); William F. Buckley Jr., formerly Chairman of the Board of SBG; Peter H. Starr, formerly President and a director of SBG; Michael F. Starr, formerly Vice-President and a director of SBG; Gordon M. Ryan, formerly General Counsel and a director of SBG; Glenn E. Burrus, formerly a director of SBG; Maurice L. McGill, formerly a director of SBG; Robert H. Smith, Sr., formerly a director of SBG; Mack H. Hannah, Jr., a director of SBG; and Columbia Union National Bank & Trust Company, one of SBG's lenders.

The Commission's complaint alleges that certain of SBG's officers, directors, and others engaged in a five-year course of business ultimately resulting in the purchase by SBG of seventeen theatre properties (the Sitco transaction) from Sitco, Ltd. (a partnership whose members were Buckley, Peter Starr, Michael Starr and Ryan) for the purpose of extricating Buckley, Peter Starr, Michael Starr and Ryan from a financial situation which would have resulted in their personal bankruptcy; that various filings of SBG failed to disclose or contained misleading disclosures with respect to the Sitco transaction; that SBG's outside directors, after acting on behalf of SBG in approving the Sitco transaction, failed to insure the accuracy of SBG's disclosures relating to this transaction; that Burrus, as Columbia Union's senior loan officer responsible for loans to both SBG and Sitco, Ltd., was acting in a manner which benefitted Columbia Union, to the detriment of SBG, by approving the Sitco transaction, and also failed to insure accurate disclosure of these matters.

The complaint also alleges the failure to report the use of SBG funds, with the acquiescence of SBG's outside directors in some instances, for the personal benefit of Peter Starr, Michael Starr, Buckley and Ryan; and the failure of all the individual defendants to file beneficial ownership reports with regard to SBG securities for a period of five years.

The Commission also announced that pursuant to the consents of the defendants in which they neither admitted nor denied the allegations of the complaint, the Court entered a Judgment of Permanent Injunction against SBG, enjoining it from further violations

of the reporting, proxy, ownership reporting and margin requirement provisions of the federal securities laws; against Buckley, Michael Starr, Ryan and Burrus, enjoining them from violating the antifraud, reporting, proxy, ownership reporting, and margin requirement provisions of the federal securities laws; and against Columbia Union, enjoining it from violations of the reporting provisions of the Securities and Exchange Act of 1934, and, with respect to certain of the defendants, ordering certain other equitable relief.

In addition to the entry of the Judgment of Permanent Injunction, certain other equitable relief was ordered by the Court and/or undertaken by the defendants.

Certain of the settling defendants have agreed individually to disgorge a total of \$1,771,000.

The litigation in this matter will continue with respect to Peter Starr, McGill, Smith, Hannah and Francis. (SEC v. The Starr Broadcasting Group, Inc., et al., U.S.D.C. D.C., Civil Action No. 79-0357). (LR-8667)

#### NEAL BOCIAN ENJOINED

The New York Regional Office announced that on January 11 the Honorable Charles E. Stewart, U.S. District Judge for the Southern District of New York, signed an order permanently enjoining Neal Bocian of Swampscott, Massachusetts, from further violations of the antifraud and antimanipulative provisions of the Securities Exchange Act of 1934. The complaint had charged Bocian with acting in concert with another in manipulating the AMEX trading market for Family Record Plan, Inc. (FRP) common stock. Bocian was also alleged to have purchased FRP stock without the intention of paying for said purchases and to have issued checks in connection with these transactions at a time when he had insufficient funds to cover such checks. Bocian consented to the entry of the order without admitting or denying the allegations in the complaint. (SEC v. Neal Bocian, 78 Civil 5699, S.D.N.Y.). (LR-8660)

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## INVESTMENT COMPANY ACT RELEASES

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#### CWC HOUSING INVESTMENT GROUP

An order has been issued on an application of CWC Housing Investment Group, a Massachusetts limited partnership formed to invest in other limited partnerships engaged in rehabilitation and ownership of government-assisted rental housing for families and individuals of low and moderate income, and its general partner, Continental Wingate Company, Inc., exempting the partnership from all provisions of the Act. (Rel. IC-10576 - Feb. 6)

#### MEMBERS' INVESTMENT FOR GROWTH FUND, LTD.

An order has been issued on an application of Members' Investment For Growth Fund, Ltd., a registered open-end, diversified management investment company, declaring that it has ceased to be an investment company. (Rel. IC-10577 - Feb. 6)

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## HOLDING COMPANY ACT RELEASES

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#### GULF POWER COMPANY

An order has been issued releasing jurisdiction heretofore reserved with respect to the issuance of first mortgage bonds by Gulf Power Company, subsidiary of The Southern Company. The bonds will be issued to the trustee under Gulf's indenture for the purpose of satisfying the sinking fund requirements thereunder for 1979. (Rel. 35-20914 - Feb. 6)

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## SELF-REGULATORY ORGANIZATIONS

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#### NOTICE OF PROPOSED RULE CHANGE

The National Securities Clearing Corporation has filed a proposed rule change pursuant to Rule 19b-4 (SR-NSCC-79-1) which codifies NSCC's surveillance functions and authorizes the establishment of the Financial Responsibility Committee of the Board of Directors. The Committee is empowered to receive assurances from its members of their financial responsibility and ability to fulfill their obligations to the Corporation's facilities and operations. The proposed rule change is submitted as an interim

measure. Unless extended in accordance with the applicable provisions of the Securities Exchange Act of 1934, this rule will expire six months from the initial date on which the Commission grants approval. Publication of the proposal is expected to be made in the Federal Register during the week of February 12. (Rel. 34-15551)

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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-16) SOUTHEASTERN MICHIGAN GAS ENTERPRISES, INC., 405 Water St., Port Huron, Mich. 48060 (313) 987-7900 - 100,000 shares of common stock. (File 2-63531 - Feb. 7)
- (S-14) ELECTRO RENT CORPORATION, 8383 Wilshire Blvd., Suite 800, Beverly Hills, Cal. 90211 (213) 655-1111 - 4,361,990 shares of common stock and \$7,792,000 of 10% subordinated debentures, due 1994. (File 2-63532 - Feb. 7)
- (S-B) CITY OF STOCKHOLM, Swedish-American Chamber of Commerce, 1 Dag Hammarskjold Plaza, New York, N.Y. - \$50 million of debentures, due 1994. Underwriters: Morgan Stanley & Co. Inc., Merrill Lynch White Weld Capital Markets Group, Scandinavian Securities Corporation, Post-Och Kreditbanken, Pkbanken, Svenska Handelsbanken. (File 2-63533 - Feb. 7)

### REGISTRATIONS EFFECTIVE

Feb. 5: Air Express International Corp., 2-62096; Gardner-Denver Co., 2-63328; Texas American Bancshares Inc., 2-63126.

Feb. 6: Anderson, Greenwood & Co., 2-63375; Massachusetts Tax-Exempt Unit Trust, Series, 7, 2-63295; Municipal Securities Trust, Series I, 2-62605; Vicon Industries, Inc., 2-63342.

Feb. 7: E. F. Hutton Tax-Exempt Trust, National Series 40, 2-62924; Houston Industries, Inc., 2-63402.



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