

# sec news digest

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August 10, 1977

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## RULES AND RELATED MATTERS

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### COMMISSION DEFERS THE EFFECTIVE DATE OF RULES ON DISCLOSURE OF BENEFICIAL OWNERSHIP

U.S. SECURITIES AND  
EXCHANGE COMMISSION

The Commission announced today it has deferred the effective date of rules concerning the disclosure of beneficial ownership which were originally announced in February, 1977. These rules, previously scheduled to go into effect on August 31, 1977, will now become effective April 30, 1978. The Commission explained that it has received numerous inquiries and requests for interpretative advice concerning the rules and that a number of institutional investors have raised practical and other considerations relating to the impact of the rules upon them. The effective date is being delayed in order to further consider these comments.

The Commission also stated that within the next few days it intends to distribute a release detailing the precise issues upon which it will solicit further comments on the rules. Although the Commission deferred the effective date of the beneficial ownership rules, it specified that the new definition of "beneficial owner" will become effective on August 31 as scheduled for the limited purpose of the new disclosure schedule for tender offers, Schedule 14D-1.

The deferred rules would, among other things, provide a definition of beneficial ownership; allow use of a new short-form disclosure schedule in certain instances; and codify and expand current long-form disclosure requirements for certain beneficial owners. (Rel. 33-5851)

### COMMENT PERIOD EXTENDED ON PROPOSAL TO AMEND REGULATIONS CONCERNING FILING OF INVESTMENT COMPANY ANNUAL REPORTS

The period for receipt of comments on a proposed revision of the Commission's regulations on the filing of investment company annual reports to require that such reports be filed within 90 days (rather than the current 120 days) after the end of the fiscal year has been extended to September 19. All such comments should refer to File No. S7-698, and will be available for public inspection. (Rel. IC-9883)

### COMMENT PERIOD EXTENDED ON PROPOSAL TO AMEND INVESTMENT COMPANY REGISTRATION AND REPORT FORMS, AND REPORTING REQUIREMENTS

The period for receipt of comments on a proposed new rule and forms intended to create an integrated registration and reporting system designed to reduce both the number of forms and the duplicative information filed by management investment companies with the Commission has been extended to September 19. All such comments should refer to File No. S7-697, and will be available for public inspection. (Rel. 33-5849)

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

### ROGER H. QUAST SANCTIONED

The Commission has determined to accept an offer of settlement submitted by Roger H. Quast of Coraopolis, Pennsylvania in which he agreed, without admitting or denying the allegations in the Commission's order for proceedings, to a one year suspension from association with any broker or dealer. The Commission earlier alleged, in its order, that Quast violated the registration and antifraud provisions of the securities laws in the offer and sale of shares of Royal Airline, Inc. stock. (Rel. 34-13812)

### R. L. WHITNEY SECURITIES, INC. AND PETER E. GUARDINO, JR. SANCTIONED

The Commission has revoked the broker-dealer registration of R. L. Whitney Securities, Inc. (Registrant), a New York City broker-dealer currently being liquidated by a Securities Investor Protection Corp. (SIPC) trustee pursuant to the provisions of the Securities Investor Protection Act of 1970 (SIPA). However, Registrant shall continue

to be deemed to be a registered broker and dealer for the limited purpose of permitting the SIPC trustee, or any successor to him, to engage in activities necessary and appropriate to the continuing liquidation of Registrant. The Commission also ordered that Peter E. Guardino, Jr., a vice-president of Registrant, be barred from being associated in a supervisory or proprietary capacity with any broker, dealer, investment company, investment adviser, or municipal securities dealer (registered entities), provided that, after a period of five years, Guardino may apply to the Commission to become associated with any registered entity in a supervisory or proprietary capacity.

The above sanctions were based upon findings that: (1) Registrant wilfully violated the antifraud provisions of the Securities Act of 1933 and the antifraud provisions, net capital rule, and bookkeeping rule thereunder; (2) on February 6, 1975 Registrant was permanently enjoined by a federal district court from further violations of the net capital provisions of the Exchange Act; (3) Guardino was an officer of Registrant on the date that a SIPC trustee was appointed to liquidate the business of Registrant; and (4) within the past ten years Guardino was convicted in a federal district court of a felony involving the making of a false report.

By authority of the Bankruptcy Court, the SIPC trustee submitted an offer of settlement by which he waived any objections to which he may be entitled to the above findings and sanction with respect to Registrant, without admitting or denying the allegations in the order for proceedings. Guardino submitted an offer of settlement by which he consented to the above findings and sanction with respect to himself, without admitting or denying the allegations in the order for proceedings. (Rel. 34-13813)

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## NOTICE OF COMMISSION MEETINGS

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Following is a schedule of Commission meetings which will be conducted pursuant to provisions of the Government in the Sunshine Act. In general, the Commission expects to follow a schedule of holding closed meetings on Tuesdays, and open meetings on Thursday mornings. Meetings on Wednesday, and if necessary on Thursday afternoons, will be either open or closed according to the requirements of agenda items under consideration. The Commission will not normally meet on Mondays or Fridays.

Visitors are welcome at all open meetings, insofar as seating is available.

Meetings will be held in the Commission Meeting Room on the eighth floor of the Commission's headquarters building at 500 North Capitol Street, Washington, D.C. All visitors are required to sign in and obtain passes at the Reception Desk in the lobby. Persons wishing to photograph or tape record Commission meetings must obtain permission in advance from the Secretary of the Commission.

### OPEN MEETING - Thursday, August 18, 1977 - 10 a.m.

The subject matter of the August 18 open meeting will be:

(1) Consideration of the issuance of an Order of Hearings and cover release setting forth issues to be explored and procedures to be followed at public hearings on the re-examination of rules relating to shareholder communications, shareholder participation in the corporate electoral process and corporate governance generally.

(2) Consideration of a Freedom of Information Act request from Herbert A. Hoffman, Esq. for access to certain files containing general geological information relating to UV Industries, Inc.'s Continental Mine.

(3) Consideration of a Freedom of Information Act request from Mr. Ira Zimmerman regarding access to staff documents concerning the trading of puts.

### CLOSED MEETING - Thursday, August 18, 1977 - following open meeting

The subject matter of the August 18 closed meeting will be: Formal orders of investigation; Referral of investigative files to Federal, State or Self Regulatory authorities; Dismissal of injunctive action; Settlement of administrative proceedings; Institution of injunctive actions; Settlement of injunctive actions; Regulatory matters arising from or bearing enforcement implications; Review of request for extension of time; Application to stay Commission order; Freedom of Information Act requests.

For further information contact: Angela Desmond at (202) 755-1173 or Edward A. Scallett at (202) 755-1234.

### CHANGE IN THE MEETING OF PREVIOUS ANNOUNCED TIME AND DATE

The following items will be considered by the Commission on August 10 following the open meeting scheduled for 10 a.m.: Consideration of amicus curiae matter; Institution of injunctive actions.

## COMMISSION ANNOUNCEMENTS

### REVISED SCHEDULE OF APPEARANCES AT PUBLIC HEARINGS ON OFF BOARD TRADING RULES ANNOUNCED

The Commission has announced a revised schedule of appearances at the public hearings on rules of national securities exchanges which limit or condition the ability of members to effect transactions otherwise than on such exchanges.

The revised tentative schedule of appearances for the hearings is as follows:

#### Monday, August 15

- 9:30 a.m. - Thomas O'Hara, National Association of Investment Clubs
- 10:00 a.m. - Paul Kolton, American Stock Exchange, Inc.
- 2:00 p.m. - Margaret Cox Sullivan, Stockholders of America
- 2:30 p.m. - Robert E. Mnuchin, Goldman Sachs & Co.

#### Tuesday, August 16

- 9:30 a.m. - Robert Kanter, R. Kanter Securities Corp.
- 10:00 a.m. - Gordon S. Macklin, National Association of Securities Dealers, Inc.
- 2:00 p.m. - Edward O'Brien, Securities Industry Association

#### Wednesday, August 17

- 9:30 a.m. - I. W. Burnham, Drexel Burnham & Co., Inc.
- 10:30 a.m. - Roger E. Birk, Merrill Lynch, Pierce, Fenner & Smith
- 2:00 p.m. - Robert H. B. Baldwin, Morgan Stanley & Co. Inc.
- 4:30 p.m. - City of New York

#### Monday, August 22

- 9:30 a.m. - William Boothby, Blyth, Eastman Dillon & Co. Inc.
- 2:00 p.m. - Professor David Ratner, Cornell University
- 3:30 p.m. - Jack Nash, Oppenheimer & Co., Inc.

#### Tuesday, August 23

- 9:30 a.m. - G. Robert Ackerman, Pacific Stock Exchange
- 2:00 p.m. - Junius Peake, Morris Mendelson, Ralph T. Williams

#### Wednesday, August 24

- 9:30 a.m. - Donald E. Noble, Rubbermaid Inc.
- 10:00 a.m. - John B. Levert, Howard, Weil, Labouisse, Friedrichs Inc.  
Raymond A. Mason, Legg, Mason, Wood, Walker, Inc.  
Donald E. Weston, Gradison & Co., Inc.
- 2:00 p.m. - Jerome M. Pustilnik, Institutional Networks Corporation
- 3:30 p.m. - Judah Kaplan, M.L. Rice & Co.

Persons intending to appear at the public hearings should file with George A. Fitzsimmons, Secretary of the Commission, Room 892, 500 North Capitol Street, Washington, D.C. 20549, the text of any prepared statement, together with 30 copies, not later than four business days prior to their appearance and are welcome to make additional copies of these statements available for the benefit of interested persons attending the hearings. All submissions should refer to File No. 4-180 and will be available for public inspection.

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## COURT ENFORCEMENT ACTIONS

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### BOBBY R. EILTS FOUND GUILTY

The Seattle Regional Office announced that on July 29 a King County, Washington jury found Bobby R. Eilts guilty on seven counts of fraud in the sale of securities and two counts of sale of unregistered securities all in violation of the Washington State Securities Act. Eilts had been charged with selling unregistered stock of American General Industries through use of false and misleading statements to about eight residents of King County, Washington. Eilts is scheduled to be sentenced on November 1. (State v. Bobby R. Eilts, Criminal Case No. 72377). (LR-8060)

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## INVESTMENT COMPANY ACT RELEASES

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### CONSOLIDATED INVESTORS TRUST

A notice has been issued giving interested persons until September 2 to request a hearing on an application of Consolidated Investors Trust, formerly Consolidated Investors Real Estate Trust, for an order declaring that it has ceased to be an investment company. (Rel. IC-9881 - Aug. 8)

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## HOLDING COMPANY ACT RELEASES

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### THE SOUTHERN COMPANY

A notice has been issued giving interested persons until September 2 to request a hearing on a proposal of The Southern Company, a registered holding company, to issue and sell up to a maximum of \$15 million of common stock in connection with the Southern system's employee stock ownership plan. (Rel. 35-20133 - Aug. 8)

### BRITISH AMERICAN UTILITIES CORPORATION

A notice has been issued giving interested persons until September 2 to request a hearing on a plan filed pursuant to Section 11(e) of British American Utilities Corporation, a registered holding company, and its sole and wholly-owned subsidiary, North East Heat & Light Company, under which the holding company will be eliminated through the merger of British American into North East Heat & Light. (Rel. 35-20134 - Aug. 9)

### SOUTHWESTERN ELECTRIC POWER COMPANY

An order has been issued approving a proposal of Southwestern Electric Power Company, subsidiary of Central and South West Corporation, to enter into a Credit Agreement with Bank of America National Trust and Savings Association. (Rel. 35-20135 - Aug. 9)

### NOTICE

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. The reproduction cost is 10¢ per page plus postage (7 days) (\$3.50 minimum); 20¢ per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30¢ per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given or request. All other reference material is available in the SEC Docket.

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U.S. first class mail, \$54.65 elsewhere. The News Digest and the Docket are for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.