

sec news digest

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ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES AND
EXCHANGE COMMISSION

INSTITUTION OF PROCEEDINGS AGAINST MOVIE STAR, INC. FOR DEFICIENT FILINGS

The Commission announced the issuance of an order instituting proceedings pursuant to Section 15(c)(4) of the Securities Exchange Act of 1934 and findings and order of the Commission against Movie Star, Inc., a manufacturer of women's and children's lingerie and lounge wear with headquarters in New York City. Movie Star, under the terms of its offer of settlement, without admitting or denying the Commission's findings, consented to the issuance of the findings and order of the Commission.

In its order, the Commission found that Movie Star's annual and other periodic reports filed with the Commission for the fiscal years from 1971 through 1976 were deficient in that they omitted disclosures concerning certain inventory reserves. Movie Star failed to disclose the amounts of such reserves and the effect of changes therein on Movie Star's financial statements, the unsystematic manner in which such reserves were determined and utilized and the lack of supporting documentation as to the purpose of the reserves and the reason for changes from prior periods.

Movie Star was further ordered to comply with its undertaking to establish and maintain an audit committee consisting of independent outside directors. (Rel. 34-15129)

DONALD R. FORD

The Commission announced that on August 24 the Commission entered an order accepting the resignation of Donald R. Ford from appearance and practice before the Commission. In an earlier civil injunctive action, Donald Ford, without admitting or denying the Commission's allegations, consented to the entry of a permanent injunction (SEC v. Donald R. Ford, et al., U.S.D.C., Central District of California, Civil Action No. 77-4586). The complaint in the injunctive action alleged that Ford issued an unqualified report on CAL-AM Corporation's fiscal 1975 and 1976 financial statements which were false and misleading and were not prepared in accordance with generally accepted accounting principles.

Ford, having been advised that the Commission was contemplating the institution of administrative proceedings, pursuant to Rule 2(e) of its Rules of Practice, to determine whether he should be temporarily or permanently denied the privilege of appearing or practicing before the Commission as an accountant, agreed to resign from practice as an accountant. (Rel. ASR-252)

CBOE ACTION AGAINST HOWARD J. SHULTZ AFFIRMED

The Commission has affirmed sanctions imposed by the Chicago Board Options Exchange on Howard J. Shultz, of Chicago, a market maker on the Exchange. The CBOE censured Shultz, fined him \$2,500 and suspended him for three weeks.

The Commission found, as had the CBOE, that on three occasions Shultz engaged with two other market makers in contrived circular transactions which served no legitimate economic purpose and lowered the price of an Eastman Kodak option series. The Commission refused to reduce the "relatively light" sanctions which the CBOE imposed, noting that Shultz had engaged in the transactions in question despite the fact that the Exchange had warned its members against such pre-arranged trade reversals a short time prior to Shultz's misconduct. (Rel. 34-15100)

CBOE ACTION AGAINST ROBERT LECHMAN AFFIRMED

The Commission has affirmed sanctions imposed by the Chicago Board Options Exchange on Robert Lechman, of Chicago, a member of the Exchange. The CBOE censured Lechman, fined him \$5,000, and suspended him from CBOE membership and from association with any CBOE member for one year. It also suspended Lechman for one year thereafter from association with any CBOE member except as a supervised employee in a non-proprietary and non-supervisory capacity.

The Commission found that Lechman, a market maker, attempted to defraud another CBOE market maker by passing off a fictitious transaction as real. Lechman filled out two market maker trading cards representing the buy and sell sides of a purported trade. The buy card showed Lechman as buyer. Lechman signed the other market maker's trading acronym on the sell card and submitted the cards, or arranged for their submission, to his clearing firm. After discovering that the other market maker knew nothing about the transaction and that both cards appeared to be in Lechman's handwriting, the clearing firm rescinded the trade and liquidated Lechman's account. (Rel. 34-15101)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

WITHDRAWALS SOUGHT

Notices have been issued giving interested persons until September 30 to comment on the applications requesting withdrawal of the common stocks of the specified companies from listing and registration on the following exchanges: American Stock Exchange, Inc. - Butler International, Inc. (\$1 par value) and Data Terminal Systems, Inc. (par value 20¢) and The Boston Stock Exchange, Inc. - Commonwealth National Corporation (par value \$1). (Rel. 34-15123)

SELF-REGULATORY ORGANIZATIONS

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved, on an accelerated basis, a proposed rule change filed by the Pacific Stock Exchange, Inc. (SR-PSE-78-16) which modifies the exchange's restrictions of the ability of members to effect transactions otherwise than on the exchange in equity securities traded thereon. (Rel. 34-15124)

NOTICE OF AMENDED RULE CHANGE

On August 25 The Depository Trust Company submitted a proposed rule change pursuant to Rule 19b-4 which amends in part File No. SR-DTC-78-4 concerning the establishment of a third party delivery service in the interface between DTC and Pacific Securities Depository Trust Company. This third party delivery service would permit any participant in one depository to deliver securities to, or receive securities from, any participant in the other depository, either free (without settlement) or for payment. Publication of the amendment is expected to be made in the Federal Register during the week of September 4. (Rel. 34-15121)

NOTICE OF PROPOSED RULE CHANGES

The following have filed proposed rule changes pursuant to Rule 19b-4: The New York Stock Exchange, Inc. (SR-NYSE-78-49) to amend NYSE Rules 301 and 325 to permit a member, whose membership is financed by his member organization pursuant to an a-b-c agreement and who ceases to be associated with the financing member organization, to transact business as an individual member on the floor for an interim period specified in the NYSE Rules. (Rel. 34-15130) and The National Association of Securities Dealers, Inc. (SR-NASD-78-8) to add new Part XII of Schedule D of Article XVI of the NASD's By-Laws to permit non-NASDAQ market makers to gain access to NASDAQ Level 3 service through NASDAQ market makers. (Rel. 34-15131)

Publication of the above proposals are expected to be made in the Federal Register during the week of September 4.

SIGNIFICANT NO-ACTION AND INTERPRETIVE LETTERS

The following is a list of significant no-action and interpretative letters recently issued by the Division of Corporation Finance. These letters express the view of the Division with respect to novel or important questions arising under the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, and the Investment Advisers Act of 1940. Copies of these letters may be obtained by writing to the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549, or by making a request in person at the Public Reference Section, 1100 L Street, N.W., Room 6101, Washington, D.C., stating the name of the subject company, the Act and the Section of the Act to which it relates, and the public availability date. Copies cost 10 cents per page.

DIVISION OF CORPORATION FINANCE

<u>COMPANY</u>	<u>ACT/SECTION/RULE OR RELEASE</u>	<u>DATE MAILED</u>	<u>PUBLIC AVAILABILITY DATE</u>
A. G. Edwards & Sons, Inc.	'33 Act/§2(1)	6/15/78	7/17/78
Constellation Holding Corp.	'33 Act/Rule 147	6/19/78	7/19/78
Opportunities Investment Associates of New London, Connecticut	'33 Act/Rule 147	6/14/78	7/14/78
Del Monte Corporation	'34 Act/§14	6/26/78	6/26/78
Del Monte Corporation	'34 Act/§14	6/16/78	6/16/78
Flying Diamond Oil Corp.	'34 Act/Rule 16b-7	6/2/78	7/3/78

SECURITIES ACT REGISTRATIONS

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-8) THE JOURNAL COMPANY, 333 West State St., Milwaukee, Wis. 53201 - 54,000 units of beneficial interest. The company is engaged in the newspaper printing and publishing business. (File 2-62533 - Sept. 5)
- (S-8) A. G. EDWARDS & SONS, INC., One North Jefferson Ave., St. Louis, Mo. 63103 - 200,000 shares of common stock. (File 2-62534 - Sept. 5)
- (S-7) WASTE MANAGEMENT, INC., 900 Jorie Blvd., Oak Brook, Ill. 60521 (312) 654-8800 - 1,000,000 shares of common stock. Underwriters: Merrill Lynch White Weld Capital Markets Group, Kidder, Peabody & Co. Inc. and William Blair & Company. The company is engaged primarily in the waste management business. (File 2-62537 - Sept. 6)
- (S-5) COUNTRY CAPITAL INCOME FUND, INC., 1701 Towanda Ave., Bloomington, Ill. 61701 - an indefinite number of shares of capital stock. (File 2-62538 - Sept. 6)
- (S-5) COUNTRY CAPITAL TAX EXEMPT BOND FUND, INC., 1701 Towanda Ave., Bloomington, Ill. 61701 - an indefinite number of shares of capital stock. (File 2-62539 - Sept. 6)
- (S-16) R. G. BARRY CORPORATION, 13406 Yarmouth Rd., N.W., Pickerington, Ohio 43147 (614) 864-6400 - 528 shares of common stock. (File 2-62540 - Sept. 6)
- (S-7) SCIENTIFIC-ATLANTA, INC., 3845 Pleasantdale Rd., Atlanta, Ga. 30340 (404) 449-2000 - 350,000 shares of common stock. Underwriters: Salomon Brothers, L.F. Rothschild, Unterberg, Towbin and The Robinson-Humphrey Company, Inc. The company designs, manufactures and markets commercial electronic signal generating and receiving equipment. (File 2-62541 - Sept. 7)

REGISTRATIONS EFFECTIVE

Aug. 25: Funding Systems Corp., 2-59624.

Aug. 28: Devon 1978 Program, Ltd., 2-61856 (90 days); Stewart & Stevenson Services, Inc., 2-62092.

Aug. 29: K & K Properties, Inc., 2-60580 (90 days); Mohawk Data Sciences Corp., 2-62452; Sundstrand Corp., 2-62409; Twenty First Century Communications Inc., 2-62201; Wendy's International, Inc., 2-62042.

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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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 10c per page plus postage (7 days) (\$3.50 minimum); 20c per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30c 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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SEC STATISTICAL BULLETIN is published monthly. Subscription rates: \$15.00/yr in

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