

# sec news digest

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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

## U.S. SECURITIES AND EXCHANGE COMMISSION

FIRST OMAHA SECURITIES CORP., OTHERS

The Commission announced that it has accepted the offers of settlement of First Omaha Securities Corporation, a registered broker-dealer, and Cliff Rue Rahel, Ernest Gordon Field, John Joe Ricketts and Robert Perelman, who were, at all times material hereto, the officers and directors of First Omaha.

Without admitting or denying the allegations in the Commission's order for public administrative proceedings or in its civil complaint, the above persons consent to findings that First Omaha wilfully violated and Rahel, Field, Ricketts and Perelman wilfully aided and abetted violations of certain recordkeeping and notice rules under the Securities Exchange Act of 1934. Accordingly, the Commission has ordered the following: (1) First Omaha's registration be suspended for 5 days, provided that it may conduct certain limited business during such suspension period; (2) Rahel and Field be barred from association with any broker, dealer, investment adviser or investment company; provided that after 6 months each may apply for permission to become reassociated in a non-supervisory and non-proprietary position; and provided further that after 1 year each may apply for permission to become reassociated in any capacity; (3) Ricketts and Perelman are suspended for 6 months from association with any broker, dealer, investment adviser or investment company; provided all but 1 month of Ricketts' suspension and 5 business days of Perelman's suspension is to be waived upon a showing that various undertakings by them have been complied with; and (4) That First Omaha, Rahel, Field, Ricketts and Perelman comply with certain undertakings, including their consenting to the entry of permanent injunctions as prayed for in the Commission's complaint filed in the Federal District Court for the District of Nebraska. (Rel. 34-13799)

## NOTICE OF COMMISSION MEETINGS

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.

### CLOSED MEETING - Tuesday, August 9, 1977 - 10 a.m.

The subject matter of the August 9 closed meeting will be: Formal order of investigation; Institution of injunctive actions; Settlement of injunctive actions; Settlement of administrative proceedings; Referral of investigative files to Federal, State or Self Regulatory authorities; Regulatory matters arising from or bearing enforcement implications; Freedom of Information Act appeals; Request for confidential treatment; Personnel matter; Application for reinstatement.

### OPEN MEETING - Wednesday, August 10, 1977 - 10 a.m.

The subject matter of the August 10 open meeting will be:

(1) Consideration of proposals submitted by CBOE, Amex, PHLX, MSE, and PSE to amend their respective rules setting forth option exercise price intervals.

(2) Consideration of a proposal permitting self-regulatory organizations to establish criteria on which to base recommendations for permanent extensions of time for the filing of Part I of Form X-17A-5, which is the monthly report submitted by clearing firms.

(3) Consideration of the adoption of Rule 2a-5 under the Investment Company Act of 1940. Rule 2a-5 would declare that certain persons would not be deemed interested persons under the statutes of the Act.

(4) Consideration of a Petition for Commission Review filed by Mortgage Investors of Washington regarding an extension of time requested by the company to file their annual report for the year ended March 31, 1977.

(5) Consideration of the publication of releases regarding: (1) reporting provisions relating to the remuneration received by officers and directors and (2) the disclosure of criminal litigation involving taxation.

(6) Consideration of an application filed by Air Pollution Industries, Inc., pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order which would exempt the company from certain reporting requirements.

For further information contact: Edward B. Horahan at (202) 376-8072 or Howard B. Scherer at (202) 755-1280.

#### CHANGES IN SCHEDULED MEETINGS

The following additional matter will be considered by the Commission at the August 5 open meeting at 10 a.m.:

Consideration of a proposed rule which would prohibit mutual funds from implementing arrangements involving the use of their assets to finance the distribution of shares as an interim measure.

The following additional matters will be considered by the Commission at the August 5 closed meeting, immediately following the open meeting: Institution of administrative proceedings; and Settlement of injunctive actions.

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## COURT ENFORCEMENT ACTIONS

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### FALSTAFF BREWING CORPORATION ENJOINED

The SEC announced that on August 1 the Honorable Howard F. Corcoran, U.S. District Judge for the District of Columbia, entered a Judgment of Preliminary Injunction and Other Relief against Falstaff Brewing Corporation enjoining Falstaff from further violations of the antifraud, reporting and proxy provisions of the securities laws pending the trial on the merits of the Commission's complaint against Falstaff filed May 25, 1977. In addition, the Court preliminarily enjoined Falstaff from convening its annual shareholders meeting and prohibiting the solicitation and voting of proxies by Falstaff in connection therewith. Judge Corcoran, in a lengthy opinion, stated that "[T]he Commission has made a strong prima facie showing that there is a reasonable likelihood of future violations of the federal securities law on the part of defendant Falstaff ...."

The Commission's complaint charged Falstaff, Paul Kalmanovitz, Chairman of Falstaff's board of directors, James S. McClellen, a former director of Falstaff and Ferdinand J. Gutting, formerly Falstaff's president and Chairman of the board of directors, with violations of the antifraud, proxy and reporting provisions of the securities laws in a 1975 transaction whereby Kalmanovitz acquired 52% of the outstanding voting rights of Falstaff. It was alleged, inter alia, that Falstaff's 1975 proxy soliciting material failed to disclose Kalmanovitz would obtain such control; that one-half of his voting rights were obtained in consideration for an extension of credit by one of Falstaff's suppliers; and that certain provisions in the agreement between Falstaff and Kalmonovitz concerning the prepayment of Falstaff's long term debt would violate agreements with Falstaff's lenders which required pro rata payment among all such lenders. Falstaff was additionally charged with violations of the periodic reporting provisions of the securities laws in its filings with the Commission from 1974 to the present. The Commission also alleged that Falstaff's 1977 proxy soliciting material is materially false and misleading with respect to a proposed change in the dividend rights of Falstaff's Class A preferred stock, of which Kalmanovitz presently owns 100 percent.

Gotting and McClellan previously consented to the entry of orders permanently enjoining them from future violations of the antifraud and reporting provisions of the securities laws, without admitting or denying the allegations of the complaint. The Commission did not seek preliminary relief against Kalmanovitz. (SEC v. Falstaff Brewing Corp., et al., D.D.C. Civil Action No. 77-0894). (LR-8052)

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## INVESTMENT COMPANY ACT RELEASES

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### PUTNAM OPTION INCOME TRUST

A notice has been issued giving interested persons until August 22 to request a hearing on an application of Putnam Option Income Trust (Trust) for an order pursuant to Section 6(c) of the Act declaring that Avery Rockefeller, Donald J. Hurley and Hans H. Estin are not interested persons, as defined by Section 2(a)(19) of the Act, of the Trust, The Putnam Management Co., Inc., the Trust's investment adviser, or Putnam Fund Distributors, Inc., its principal underwriter. (Rel. IC-9875 - July 29)

### MERRILL LYNCH BASIC VALUE FUND

A notice has been issued giving interested persons until August 23 to request a hearing on an application of Merrill Lynch Basic Value Fund, Inc., Merrill Lynch Municipal Bond Fund, Inc., Merrill Lynch Capital Fund, Inc., and Merrill Lynch Ready Assets Trust (Funds), open-end, diversified, management investment companies registered under the Act, and Merrill Lynch Funds Distributor, Inc., the Funds' principal underwriter, for an order permitting the Funds and any management investment company subsequently organized having the same principal underwriter to offer to exchange their shares on a basis other than their relative net asset values and granting an exemption from Section 22(d) of the Act in connection with such exchanges. (Rel. IC-9876 - July 29)

### ELFUN TAX-EXEMPT INCOME FUND

An order has been issued on an application of Elfun Tax-Exempt Income Fund (Fund), an open-end, diversified management investment company, organized as an employees' securities company, exempting the Fund from Sections 8(b), 10(a), 13(a)(4), 15(a), 15(c), 16(a), 22(f), 30(d) and 32(a) of the Investment Company Act of 1940 pursuant to Section 6(b) of the Act. (Rel. IC-9879 - August 2)

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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) ASHLAND OIL, INC., Ashland Dr., Russel, Ky. 41169 (606) 329-3333 - \$100 million of sinking fund debentures, due 2002. Underwriters: Dillon, Read & Co. Inc.; Blyth Eastman Dillon & Co.; and Lehman Brothers. (File 2-59602 - Aug. 2)
- (S-11) NOONEY-PHEASANT RUND ASSOCIATES, 7701 Forsyth Blvd., St. Louis, Mo. 63105 - 4,250 units of limited partnership interest. Dealer Manager: Stifel, Nicolaus & Company, Inc. (File 2-59603 - Aug. 1)
- (S-1) INTERNATIONAL PAIN CONTROL CENTERS, INC., Suite 195, 10800 Lyndale Avenue South, Minneapolis, Minn. 55420 - 300,000 shares of common stock. Underwriter: John G. Kinnard and Company Inc. (File 2-59608 - Aug. 1)
- (S-8) PSA, INC., 3225 North Harbor Dr., San Diego, Cal. 92101 (714) 297-4781 - 317,316 shares of common stock (File 2-59612 - Aug. 2)
- (S-8) CALLAHAN MINING CORP., 1120 Post Rd., Darien, Conn. 06820 - 83,603 shares of common stock (File 2-59613 - Aug. 2)
- (S-1) MONTARA OIL AND GAS PROGRAMS 1977, Two Palo Alto Square, Palo Alto, Cal. 94304 (415) 493-4004 - 2,000 pre-formation limited partnership interests. Distributor: Quest Securities, Inc. and other NASD members. (File 2-59614 - Aug. 2)

(S-7) CITY INVESTING COMPANY, 767 Fifth Ave., New York, N.Y. 10022 (212) 759-5300 - 100,000 units each consisting of \$1,000 principal amount of sinking fund debentures, due 1997 and shares of common stock. Underwriter: Blyth Eastman Dillon & Co. and Paine, Webber, Jackson & Curtis Inc. (File 2-59615 - Aug. 2)

(S-16) PIER 1. IMPORTS, INC., 2520 West Freeway, Fort Worth, Tex. 76102 (817) 335-7031 - 100,000 shares of common stock (File 2-59616 - Aug. 2)

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 on request. All other reference material is available in the SEC Docket.

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