

2 sec news digest

Issue 75-241
(SEC Docket, Vol. 8, No. 10 - December 30)

December 15, 1975

RULES AND RELATED MATTERS

COMMISSION PROPOSES AMENDMENTS TO THE INVESTMENT ADVISERS ACT OF 1940

The Commission today announced that it has submitted legislative proposals to the Congress which would amend the Investment Advisers Act of 1940 to provide substantial additional protections to investment advisory clients.

In addition to authorizing the Commission to prescribe qualifications standards and financial responsibility requirements for investment advisers, the proposed legislation would conform the Advisers Act in certain respects to similar provisions contained in the Securities Exchange Act of 1934 and would also resolve certain regulatory problems which have arisen in the course of the administration of the Advisers Act. Briefly, the proposed legislation would: (1) authorize the Commission to prescribe qualifications standards and financial responsibility requirements with respect to investment advisers and their associated persons; (2) require registered investment advisers to pay to the Commission reasonable fees and charges to defray the costs of its regulatory duties under the Act (which payment the Commission contemplates would not be required of any member of a self-regulatory organization which may be established pursuant to future legislation); (3) make certain technical and conforming changes in the Act; (4) eliminate the so-called "intrastate" exemption; (5) clarify the existence of a private right of action based on a violation of the Act; (6) amend the definition of "person associated with an investment adviser"; and (7) authorize and direct the Commission to study: (i) the extent to which persons not included in the definition of investment adviser or specifically excluded therefrom engage in activities similar to those engaged in by investment advisers and whether such exclusions are consistent with the Act's underlying purposes; and (ii) the extent to which the establishment of one or more self-regulatory organizations would facilitate the Act's purposes. (Rel. IA-491)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

JOSEPH CIRELLO AND THOMAS F. BRENNAN, III BARRED

Joseph Cirello of Wallington, New Jersey, a trader for a broker-dealer, and Thomas F. Brennan, III of New Providence, New Jersey, who was a principal of a former broker-dealer, have been barred from association with any broker-dealer or investment company. Cirello and Brennan, after three and six months respectively, may apply to the Commission to be so associated in a non-proprietary, non-supervisory capacity. And after a year, each may apply to be so associated without supervisory and proprietary restrictions.

The sanctions were based on findings that respondents violated the registration and antifraud provisions of the securities laws. In addition, each has been permanently enjoined from violations of those provisions. Without admitting or denying the charges against them, respondents consented to the above findings and sanctions. (Rel. 34-11901)

SANCTION IMPOSED AGAINST PRINCIPAL OF F.O. BAROFF COMPANY, INC.

The Commission has accepted an offer of settlement from Carl S. Gottlieb. In connection therewith, the Commission ordered that Gottlieb be barred from association with any broker, dealer, municipal securities dealer, investment adviser or investment company provided that after three years, Gottlieb may apply to become re-associated in a non-supervisory capacity upon a showing that he will be properly supervised. (Rel. 34-11902)

COMMISSION ANNOUNCEMENTS

SEC REPORT COORDINATING GROUP (ADVISORY) MEETING ANNOUNCED

The Commission's Report Coordinating Group (Advisory), will hold a meeting on January 12, 1976 at 1735 K St., N.W., Third Floor Conference Room, Washington, D.C. The meeting will commence at 10:00 a.m. local time and will be for the purpose of discussing the FOCUS Report of financial and operational information and the development of simplified trading forms, registration forms and assessment procedures.

The Group's meetings are open to the public. Any interested person may attend and appear before or file statements with the advisory committee. Said statements, if in written form, may be filed before or after the meeting. Oral statements shall be made at the time and in the manner permitted by the Report Coordinating Group.

The Report Coordinating Group was formed to assist the Commission in developing a coherent, industry-wide, coordinated reporting system. In carrying out this objective the Group is to review all reports, forms and similar materials required of broker-dealers by the Commission, the self-regulatory community and others. The Group is advising the Commission on such matters as eliminating unnecessary duplication in reporting, reducing reporting requirements where feasible, and implementing the FOCUS Report of financial and operational information. (Rel. 34-10612; 34-10959; 34-11140; 34-11149; and 34-11748).

Information concerning the meeting, including the procedures for submitting statements to the Group, may be obtained by contacting: Mr. Daniel J. Piliero II, Secretary, SEC Report Coordinating Group, Securities and Exchange Commission, Washington, D.C. 20549.

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES MEDIC-HOME, OTHERS

The Commission announced the filing of a complaint for injunctive and other relief in the U.S. District Court for the Southern District of New York on December 11 against Medic-Home Enterprises, Inc. (Medic-Home); Bernard Bergman (B. Bergman), former chairman of the board of Medic-Home; Samuel A. Klurman (Klurman), president of Medic-Home; Morris Shmidman (Shmidman), former president and presently a director of Medic-Home; Stanley Bergman (S. Bergman), Amram Kass (Kass) and Moses Braunstein (Braunstein), former directors of Medic-Home.

The complaint alleges violations of the antifraud, reporting, proxy solicitation and tender offer provisions of the securities laws. The Commission alleges that, beginning on or about January 1, 1970 and continuing to the present, the defendants caused Medic-Home to enter various non-arm's-length transactions with certain of the defendants as the result that certain corporate assets were used for the benefit of such defendants. The Commission further alleges that the defendants concealed material aspects of these transactions and other transactions in documents and information filed with the Commission and disseminated to the public.

Shmidman consented to the entry of the permanent injunction without admitting or denying the allegations in the Commission's complaint and agreed to disgorge 1,000 shares of Medic-Home stock of the value thereof, which shares had been received by Shmidman for arranging a sale of Medic-Home stock in 1971 to certain associates of B. Bergman (SEC v. Medic-Home Enterprises, Inc., et al., Civil Action No. 75-Civ-6227, S.D.N.Y. Judge Carter). (LR-7207)

COMPLAINT NAMES EDWARD BOBINS, OTHERS

The Commission has announced that on December 4 the filing of a civil injunctive complaint in the U.S. District Court for the Eastern District of Pennsylvania against Edward Bobins; William J. Starrett, Jr.; Financial Advisory Consulting and Training Service and Timer Trails, Inc., alleging violations of the registration and antifraud provisions of the securities laws.

The Commission also announced that the Honorable Raymond J. Broderick, U.S. District Judge for the Eastern District of Pennsylvania, permanently enjoined the defendants from violations of the registration and antifraud provisions of the securities laws. The defendants consented to the entry of the Court's judgment and order without admitting or denying the allegations in the Commission's complaint.

The Commission's complaint alleges that the defendants engaged in the offer and sale to the public of the securities of Exactics Corp. and Timber Trails, Inc. by means of false and misleading statements of material facts and omissions to state material facts. The defendants' misrepresentations involved statements to investors that the above described securities would provide a high rate of return and were of low risk. The defendants, according to the complaint, omitted to inform investors of the speculative risks involved in the investments and were engaged in a scheme involving the misapplication and diversion of funds realized from the sales of the above securities to the defendant Bobins' personal use. The Commission also alleged in its complaint that the defendants sold the above described securities in violation of the registration provisions of the securities laws. (SEC v. Edward Bobins, et al., E. District of Pennsylvania, Civil Action No. 75-3489). (LR-7206)

MISCELLANEOUS

RCA INTERNATIONAL DEVELOPMENT CORPORATION

A notice has been issued giving interested persons until January 2 to request a hearing on an application by RCA International Development Corporation (RCA International), a wholly-owned subsidiary of RCA Corporation, pursuant to Section 12(h) of the Securities Exchange Act of 1934 for an order exempting RCA International from the reporting requirements of Section 13 of the Act. (Rel. 34-11924)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGES

The Midwest Clearing Corporation has filed a proposed rule change under Rule 19b-4 to implement an omnibus proxy system. Publication of the proposal is expected to be made in the Federal Register during the week of December 15. (Rel. 34-11919)

The Midwest Securities Trust Company (MSTC) has filed a proposed rule change under Rule 19b-4 regarding increased participation by five Chicago clearing house banks in MSTC. Publication of the proposal is expected to be made in the Federal Register during the week of December 15. (Rel. 34-11920)

SECURITIES ACT REGISTRATIONS

(S-1) DURO-TEST CORPORATION

2321-2401 Kennedy Blvd., North Bergen, N.J. 07047 - 250,000 shares of common stock, to be issued pursuant to Employees' Stock Purchase Plan. Duro-Test is engaged in the manufacture and sale of light bulbs for residential, commercial and industrial use. (File 2-55076 - Nov. 24)

(S-6) TAX-EXEMPT SECURITIES TRUST, SERIES 5

42 Wall St., New York, N.Y. 10005 - \$10 million of units. The Trust is one of a series of unit investment trusts created under a trust indenture and agreement among Loeb, Rhoades & Co. and Harris, Upham & Co. Incorporated, as sponsors, United States Trust Company of New York, as trustee, and Standard & Poor's Corporation, as evaluator. The Trust consists of interest-bearing obligations of states, counties, territories, possessions and municipalities of the United States and authorities or political subdivisions thereof, the interest on which is, in the opinion of bond counsel, exempt from all Federal income tax under existing law. (File 2-55164 - Dec. 11)

RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events:

- | | |
|---|--|
| Item 1. Changes in Control of Registrant | Item 9. Options to Purchase Securities |
| Item 2. Acquisition or Disposition of Assets | Item 10. Revaluation of Assets or Restatement of Capital Share Account |
| Item 3. Legal Proceedings | Item 11. Submission of Matters to a Vote of Security Holders |
| Item 4. Changes in Securities | Item 12. Changes in Registrant's Certifying Accountant |
| Item 5. Changes in Security for Registered Securities | Item 13. Other Materially Important Events |
| Item 6. Defaults upon Senior Securities | Item 14. Financial Statements and Exhibits |
| Item 7. Increase in Amount of Securities Outstanding | |
| Item 8. Decrease in Amount of Securities Outstanding | |

The companies listed below have filed 8-K reports for the month indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An invoice will be included with the requested material when mailed.

COMPANY	ITEM NO.	MONTH
ANTARENNI INDUSTRIES INC	12,14	07/75
BELSCOT RETAILERS INC	13	10/75
CONESTOGA TELEPHONE & TELEGRAPH CO	7	10/75
CORENCO CORP	13	10/75
DATA CONTROL SYSTEMS INC	13	11/75
DAYLIN INC	3	10/75
DENTO MED INDUSTRIES INC	3	10/75
DUCKWALL STORES INC	7	10/75
DYNAMIC AMERICAN CORP	2,14	09/75
GENESCO INC	3	10/75
GOLDFIELD CORP	3,14	09/75
HILLHAVEN INC	1,14	07/75
LAMP FASHION INC	1	10/75
MANGOOD CORP	14	09/75
NYTRONICS INC	13,14	09/75
OPTEL CORP	13,14	10/75
PLANT INDUSTRIES INC	3	11/75
RISDON MANUFACTURING CO	3	10/75
ROCHESTER & PITTSBURGH COAL CO	13	10/75
SANDGATE CORP	11	10/75
SITKIN SMELTING & REFINING INC	2	04/75
VERMONT RESEARCH CORP	11	12/74
WYLY CORP	7,10,11,14	10/75

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 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

SEC NEWS DIGEST is published daily. Subscription rates: \$64.45 /yr in U.S. first class mail; \$80.60 elsewhere.

SEC DOCKET is published weekly. Subscription rates: \$43.70/yr in 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.