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SECURITIES EXCHANGE COMMISSION
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October 10, 1975

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COMMISSIONER SPEAKS

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TRANSFER AGENTS MEET THE SEC

On October 9, 1975, in Los Angeles, California, Commissioner John R. Evans addressed the Western Stock Transfer Association concerning the SEC's regulatory approach to transfer agents under the Securities Acts Amendments of 1974. The Commissioner emphasized the fact that, in order to be effective, this new regulatory relationship required the participation of all transfer agents in expressing views regarding industry problems, and that the Commission needed to be most sensitive to regulatory costs and benefits. In this regard, the Commissioner noted that so far only a registration rule and form had been published for comment, and that it was premature for the Commission to publish regulations in other areas until the SEC had familiarized itself with the functions and problems of transfer agents. A good deal of helpful information would be gathered in connection with the registration process, on-site visits of various stock transfer operations by the staff, and in exchanging views with industry representatives. However, the Commissioner did indicate that, at this time, he believed that some type of regulations would be proposed in such areas as minimum performance standards, recordkeeping, safekeeping of certificates, bonding requirements, and similar areas. As regulations are adopted, Commissioner Evans assured the transfer agent industry that considerations would be given to the diversities in transfer agent operations, such as size and capacity, and that every effort would be made to arrive at a reasonable and effective regulatory framework.

RULES AND RELATED MATTERS

NASD MAXIMUM SALES LOAD RULE APPROVED

The Commission today approved the proposed NASD "full service" maximum sales load rule, which prohibits mutual fund sales loads which are "excessive taking into account all relevant circumstances." The rule further provides a specific ceiling on mutual fund and single-payment contractual plan sales charges of 8.50% (declining to 6.25% for larger purchases), but conditions the right to charge the maximum on the fund's offering (1) dividend reinvestment at net asset value (2) rights of accumulation, and (3) volume discounts, as defined in the rule. A specific deduction from the maximum allowable sales charge is imposed for failure to provide each of the services. The rule also provides maximum sales loads ranging from 8.50% to 6.50% on single-payment variable annuity contracts, and a maximum of 8.50% of total payments as of a date not later than the twelfth year after purchase for multiple payment variable annuity contracts.

The Commission also wrote the NASD regarding the proposed modifications of the rule in the areas of exchange privileges and cash management funds. Its letter expressed concern that investors in some cash management funds may be paying sales loads which may be excessive in view of investors' short-term investment horizons and the fact that competition has set the level of sales charges for most cash management funds at no-load or loads of less than 1%. It suggested several circumstances that might be considered in determining whether the sales charge on a particular cash management fund is "excessive." It also asked that the NASD, in administering the new rule, continue to consider the need for a specific penalty for failure to offer the exchange privilege and other services for which such a penalty is not currently specified. (Rel. 34-11725)

ADOPTION OF AMENDMENTS TO REGULATION S-X WITH RESPECT TO ACCOUNTING FOR RESEARCH AND DEVELOPMENT COSTS--

The Commission amended its financial reporting requirements with respect to research and development costs in Accounting Series Release No. 178. (Rel. ASR-178).

NOTICE OF FILING OF PROPOSED RULE CHANGES
OF SELF-REGULATORY ORGANIZATIONS

The Chicago Board Options Exchange, Incorporated (CBOE) submitted on October 3 a proposed rule change under Rule 19b-4 to expand the number of underlying stocks on which it could approve call options for CBOE trading from the current number of 80 to between 90 and 100. Publication of the changes is expected to be made during the week of October 13, 1975. See Release 34-11720.

The New York Stock Exchange filed proposed changes in its Constitution to change the composition of its Board of Directors. Publication of the changes is expected to be made during the week of October 13, 1975. See Release 34-11722.

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

THREE FORMER OFFICERS AND A DIRECTOR OF TEIG ROSS SANCTIONED

The Commission has barred Robert K. Hill, of Hopkins, Minnesota, from association with any broker, dealer, investment company or investment adviser, and suspended Gene L. Muilenburg, of Bloomington, Minnesota, Elmer R. Schwartz, of Lester Prairie, Minnesota, and Burton W. Beidelman, of Hopkins, Minnesota, from any such association for respective periods of 12, 6 and 6 months. Hill was president of the former Minneapolis broker-dealer firm of Teig Ross, Inc. Muilenburg was the firm's controller, Schwartz, its vice president, and Beidelman, a director. After their suspensions, Muilenburg, Schwartz and Beidelman are barred from the securities business in any capacity other than as a supervised employee in a non-supervisory, non-proprietary capacity. After 36 months, Hill may apply to the Commission to re-enter the securities business as a supervised employee in a non-supervisory, non-proprietary capacity.

The sanctions were based on findings that Hill violated antifraud provisions of the securities laws, and that he and the other respondents aided and abetted violations of net capital and recordkeeping provisions.

The Commission's order was based on offers of settlement in which respondents, without admitting or denying the charges against them, consented to the above findings and sanctions. (Rel. 34-11699)

LEIGH A. CORD SANCTIONED

The Commission has suspended Leigh A. Cord of Wauwatosa, Wisconsin, from association with any broker, dealer, investment adviser or investment company for 90 days beginning October 14, and barred him thereafter from such association except as a supervised employee in a non-supervisory capacity. Under certain conditions, Cord will be permitted to continue his association with his present employer, and exempt investment company or its affiliates.

The sanction was based on findings that Cord aided and abetted violations of net capital, reporting and recordkeeping provisions. It was also found that he was an officer and director of a broker-dealer for which a trustee was appointed under the Securities Investor Protection Act.

Without admitting or denying the charges against him, Cord consented to the above findings and sanction. (Rel. 34-11702)

ROBERT J. VAN OVERMEER; SECURITIES SALESMAN, BARRED

The Commission has barred Robert J. Van Overmeer of Rochester, Michigan from association with any broker or dealer. The sanction was based on a finding that Van Overmeer violated the antifraud provisions of the securities laws.

Van Overmeer failed to answer the order that instituted the proceedings and was therefore in default. (Rel. 34-11712)

COMMISSION ANNOUNCEMENTS

COMMISSION PARTIALLY GRANTS REQUEST FOR INVESTIGATORY RECORDS

The Commission granted the request of David Hilowitz for the name of the general manager in North Carolina of Southern Bell Telephone and Telegraph Company who made

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public allegations concerning possible illegal business activities of Southern Bell. Referring to issues of Business Week and The Atlanta Constitution which discuss the allegations and give the name of the individual who made the statements, the Commission informed Mr. Hilowitz of the identity of the general manager in question. The Commission denied access to any other investigatory records on the ground that no enforcement action has been brought, and any disclosure of the Commission's records at this time would "interfere with enforcement proceedings," "deprive a person of a right to a fair trial or an impartial adjudication," and "constitute an unwarranted invasion of personal privacy." 5 U.S.C. 522(b)(7)(A), (B) and (C). In addition, the Commission denied disclosure on the ground that the file contained inter- and intra-agency memoranda. 5 U.S.C. 552(b)(5). (FOIA-32)

**RALPH C. FERRARA NAMED
ASSISTANT GENERAL COUNSEL**

Harvey L. Pitt, General Counsel of the Commission, announced that effective immediately Ralph C. Ferrara would assume the position of Assistant General Counsel. In addition to an ongoing responsibility for the full range of legal problems assigned to the Office of General Counsel, Mr. Ferrara will assume primary responsibility for special matters and projects of specific interest to the General Counsel and the Commission. In this connection, and as part of his other responsibilities in the Office of General Counsel, Mr. Ferrara will temporarily be assigned legal projects directly by the Chairman of the Commission.

Mr. Ferrara joined the Commission's staff in 1971 as a Trial Attorney in the Division of Trading and Markets, after having served on the faculty of the George Washington University National Law Center. He has served in successively more responsible positions on the Commission's staff since that time, including Special Counsel and later Branch Chief in the Commission's Division of Enforcement and, most recently, as Special Counsel to Chairman Ray Garrett, Jr.

A product of Georgetown University, Mr. Ferrara received his J.D. degree from the University of Cincinnati College of Law and an L.L.M., summa cum laude, from the George Washington University National Law Center.

COURT ENFORCEMENT ACTIONS

FRED C. WALDRON ENJOINED

The New York Regional Office announced that on July 24 a final judgment of permanent injunction by consent was signed enjoining Fred C. Waldron from violations of the anti-fraud provisions of the securities laws in connection with purchases of the stock of Bio-Medical, Inc. or any other securities based upon non-public information. (SEC v. F.L. Salomon & Co., Inc., et al., S.D.N.Y. Civil Action No. 73-3926 CES). (LR-7114)

**FIRST NATIONAL FINANCE CORPORATION,
OTHERS ENJOINED**

The Chicago Regional Office announced that on September 25 U.S. District Judge Henry S. Wise of the Eastern District of Illinois filed a final order permanently enjoining the following defendants from violations of the antifraud provisions of the securities laws: First National Finance Corporation, Lechner Industries, Inc., and Burhold, Inc., all Illinois corporations, and Roy Burslem, of Mahomet, Illinois, the president of the defendant corporations; Robert Dedman, of Nashville, Tennessee, an attorney and officer and director of defendant corporations; and Rex Thorn of Biloxi, Mississippi, an officer and director of the defendant corporations. The complaint charged that the defendants had engaged in fraudulent activity in connection with the offer and sale of promissory notes. (SEC v. First National Finance Corporation, et al., E.D. Ill., 75-2-038). (LR-7115)

TRADING SUSPENSIONS

**ADDITIONAL ACTION ON FIVE TRADING
SUSPENSIONS**

The SEC has announced the suspension of (a) over-the-counter trading in the securities of Royal Properties Inc. for the further ten-day period October 10 - 18, inclusive; (b) exchange and over-the-counter trading in the securities of BBI, Inc. for the further ten-day period October 11 - 19, inclusive; and (c) exchange and over-the-counter trading in the securities of Equity Funding Corp. and over-the-counter trading in the

securities of Industries International Inc. and Westgate California Corp. for the further ten-day period October 14 - 22, inclusive.

DELISTING AND UNLISTED TRADING ACTIONS

UNLISTED TRADING GRANTED

Orders have been issued granting the application of the Midwest Stock Exchange for unlisted trading privileges in the debentures of the following companies: American Telephone & Telegraph Company (due 2005); American Telephone & Telegraph Company (due 2007); Clark Equipment Credit Corp.; Commonwealth Edison Company (due 2005); Commonwealth Edison Company (due 1979); General Motors Corporation; Household Finance Corporation; Indiana Bell Telephone Co.; Indiana Michigan Electric Co.; Sears Roebuck & Company (due 1993); Sears, Roebuck & Company (due 1995); Sears, Roebuck & Company (due 1985); Standard Oil Company (Indiana).

Orders have also been issued granting the application of the Midwest Stock Exchange for unlisted trading privileges in the notes of the following companies: Continental Illinois Corporation; Ford Motor Company; General Motors Corporation; International Harvester Company; Standard Oil Company (Indiana). (Rel. 34-11728)

SECURITIES ACT REGISTRATIONS

(S-1) CONTINENTAL INDIVIDUAL RETIREMENT TRUST (CIRT)

231 South LaSalle St., Chicago, Ill. 60693 - 800,000 units of participation in the Equity Fund, 210,000 units in the Fixed Income Fund, and 210,000 units in the Money Market Fund, such funds being separate funds within the CIRT. It is proposed to offer such units for sale at prices current at the time of sale. The CIRT is a collective trust fund for the investment of assets of self-employed retirement plans and trusts of which Continental Illinois National Bank and Trust Company of Chicago (Continental), 231 South LaSalle St., Chicago, Ill. 60693 is trustee. Continental is also trustee of the CIRT. (File 2-54362 - Aug. 8)

(S-1) WISCONSIN GAS COMPANY

626 East Wisconsin Ave., Milwaukee, Wis. 53201 - \$20 million of first mortgage bonds, due 1995, to be offered for sale by underwriters headed Dillon, Read & Co. Inc., 46 William St., New York, N.Y. 10005. The company is the largest distributor of natural gas. (File 2-54759 - Oct. 8)

(S-10) NRM PETROLEUM CORPORATION

525 Kanawha Valley Bldg., Charleston, W. Va. 25301 - \$175,000 of undivided working interest in one oil and gas tract in Dunn County, North Dakota, to be offered for sale in units, each unit to be \$7000 per smallest fractional interest offered. (File 2-54760 Oct. 7)

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.

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