

# sec news digest

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Issue 82-118

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U.S. SECURITIES AND  
EXCHANGE COMMISSION

## NOTICE OF COMMISSION MEETINGS

### CHANGES IN THE MEETING

The following items will be considered at a closed meeting scheduled for Tuesday, June 22, at 11:00 a.m.: Amend institution of injunctive action; Litigation matter and report of investigation.

The following item will be considered at an open meeting scheduled for Thursday, June 24, at 10:00 a.m.

Consideration of whether to propose for comment Registration Statement Form S-20 and three rules concerning other disclosure documents related to standardized options. The proposals are intended to establish a new disclosure framework specifically tailored to the information needs of investors in standardized options. FOR FURTHER INFORMATION, PLEASE CONTACT Gregory H. Mathews at (202) 272-2589.

The following will not be considered at an open meeting scheduled for Thursday, June 24, at 10:00 a.m.

Consideration of a request for a "no-action" letter from savings and loan associations that propose to permit a registered broker-dealer, Savings Association Investment Securities, Inc., to offer brokerage services on their premises without registering as broker-dealers under Section 15 of the Securities Exchange Act of 1934. FOR FURTHER INFORMATION, PLEASE CONTACT Colleen C. Harvey at (202) 272-2826.

The following item will be considered at a closed meeting scheduled for Thursday, June 24, following the 10:00 a.m. open meeting: Settlement of injunctive action.

## COMMISSION ANNOUNCEMENTS

### COURT GRANTS COMMISSION'S PETITION TO VACATE PORTION OF OPINION

The U.S. Court of Appeals for the First Circuit granted, on June 15, the Commission's petition to vacate that portion of the Court's opinion in SEC v. James E. MacDonald, handed down on May 13, 1982, concerning "the measure of disgorgement" and to rehear this issue en banc. The Court had limited the amount to be disgorged by Mr. MacDonald, who purchased publicly traded securities on the basis of material, non-public, insider information, to "those accretions occurring up to a reasonable time after [other investors] discovered the truth." The Commission had urged that the entire profit realized by Mr. MacDonald over a period of slightly more than a year be ordered disgorged.

The Court set a supplemental briefing schedule and requested the parties to address certain issues. The Court stated it would accept applications to file amicus briefs from persons or groups with a particular interest in the question of the proper measure of disgorgement in Commission insider trading cases. (SEC v. James E. MacDonald, Nos. 81-1356, 81-1513 and 81-1514, First Cir. May 13, 1982). (LR-9700)

## ADMINISTRATIVE PROCEEDINGS

### NASD PROCEEDINGS AGAINST SCHWARM & CO. AND OFFICIALS REMANDED

The Commission has remanded to the NASD disciplinary proceedings against Schwarm & Co. of Hamilton, Ohio, an NASD member firm, Virgil M. Schwarm, the firm's president, and Kenneth R. Spangler, formerly a registered principal of Schwarm & Co.

The Commission found, as had the NASD, that Spangler participated in the unlawful sale of unregistered interests in various limited partnerships sponsored by Prime Builders, Inc. of Columbus, Ohio, and that Schwarm & Co., by lending its name as underwriter in return for Prime's agreement to purchase the firm, facilitated those sales. The Commission also affirmed the NASD's findings that Schwarm & Co. failed to exercise due diligence in connection with the Prime offerings, failed to perform underwriting functions as set forth in the partnership offering circulars and, in certain respects, failed to comply with recordkeeping requirements. Finally, the Commission affirmed the NASD's finding that Virgil Schwarm failed to exercise proper supervision over the firm and Spangler.

The Commission determined, however, that a remand was appropriate in view of the fact that it set aside several additional findings of violation that the NASD had made against the firm, Schwarm and Spangler. The Commission concluded that the NASD should have the opportunity to reassess the severe sanctions it had imposed (which included a bar of Schwarm as a principal and a total bar of Spangler) in light of the findings of violation that the Commission had sustained. (Rel. 34-18800)

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## TRADING SUSPENSIONS

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### TRADING SUSPENDED IN FLIGHT TRANSPORTATION CORPORATION

The Commission announced the single ten-day suspension of exchange and over-the-counter trading in the securities of Flight Transportation Corporation, a Minnesota corporation with principal executive offices located in Minneapolis, Minnesota, for the period beginning on June 18 and terminating at midnight on June 27.

The Commission suspended trading because of questions which have been raised concerning the accuracy and adequacy of the company's financial statements. In addition, the Commission filed, on June 18, an action in the U.S. District Court for the District of Minnesota seeking, among other things: (1) a temporary restraining order and orders of preliminary and permanent injunction against Flight Transportation and others for violations of various sections of the securities laws; (2) a freeze of its corporate assets, among others, and (3) the appointment of a receiver to take control of the assets and books and records of the company and others. (Rel. 34-18815)

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## CIVIL PROCEEDINGS

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### SIPC TRUSTEE APPOINTED FOR OTC NET INCORPORATED

The Denver Regional Office announced that on June 9 Orders were entered, by consent, by the Honorable Zita Weinshienk, Judge, U.S. District Court for the District of Colorado, ordering that the securities customers of OTC Net Incorporated are in need of the protection afforded by the Securities Investor Protection Act of 1970, that Glen E. Keller, Jr. is appointed trustee for the liquidation of the business of OTC, and the law firm of Davis, Graham & Stubbs is appointed counsel for said trustee. It was also ordered that the Temporary Restraining Order entered on June 3, 1982 against OTC, Juan Carlos Schidlowski, its president, and Joseph V. Pignatiello, its vice-president, be extended until and through midnight June 18, 1982, and that a hearing be held at 9:00 a.m. on June 18, 1982 regarding a preliminary injunction. (SEC v. OTC Net Incorporated, et al., USDC, Colorado, Civil Action No. 82-Z-877). (LR-9698)

### COMPLAINT NAMES ORMONT DRUG & CHEMICAL CO., INC.

The Commission announced that on June 17 it filed a civil injunctive action in the U.S. District Court for the District of Columbia against Ormont Drug & Chemical Co., Inc. with principal offices in Miami, Florida. Ormont, prior to 1982, was primarily engaged with its operating subsidiaries in the manufacture and distribution of patient-care medical products. The Commission's complaint alleges violations of the reporting provisions of the securities laws and seeks a Judgment of Permanent Injunction and Other Relief.

In its complaint the Commission alleges that Ormont, as part of a continuing course of violative conduct extending over several years, has failed to file its Annual Report on Form 10-K for its fiscal year ended December 31, 1981, required to have been filed with the Commission by March 31, 1982, and its Quarterly Reports on Form 10-Q for its fiscal quarters ended June 30 and September 30, 1981, and March 31, 1982. The complaint requests that the Court order Ormont to file the delinquent reports forthwith. The Commission also requested that the Court enjoin Ormont from further violation of the reporting provisions of the securities laws. (SEC v. Ormont Drug & Chemical Co., Inc., D.D.C., Civil Action No. 82-1685). (LR-9699)

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## HOLDING COMPANY ACT RELEASES

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### AVATAR HOLDINGS INC.

A notice has been issued giving interested persons until July 14 to request a hearing on an application for exemption from the Public Utility Holding Company Act of 1935 pursuant to Section 3(a)(3) by Avatar Holdings Inc. and two of its subsidiaries. (Rel. 35-22540 - June 18)

### JERSEY CENTRAL POWER & LIGHT COMPANY

A notice has been issued giving interested persons until July 12 to request a hearing on a proposal by Jersey Central Power and Light Company, Metropolitan Edison Company and Pennsylvania Electric Company (Utility Companies), subsidiaries of General Public Utilities Corporation, and Saxton Nuclear Experimental Company, subsidiary of the Utility Companies, to increase the authorized level of capital contributions of the Utility Companies to Saxton from \$10,100,000 to \$10,500,000 through December 31, 1984. Continuation of Saxton's 13(b) exemption from the requirements of Section 13 of the Act is also requested. (Rel. 35-22541 - June 18)

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## LISTING, DELISTING AND UNLISTED TRADING ACTIONS

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### UNLISTED TRADING SOUGHT

A notice has been issued giving interested persons until July 9 to comment on the applications of the Philadelphia Stock Exchange, Inc. for unlisted trading privileges in four issues which are listed and registered on one or more other national securities exchanges and are reported in the consolidated transaction reporting system. (Rel. 34-18814)

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## MISCELLANEOUS

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### THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

A notice has been issued giving interested persons until July 12 to request a hearing on an application of The Equitable Life Assurance Society of the United States and Separate Account No. 2A (Pooled) of The Equitable Life Assurance Society of the United States, for an order, pursuant to Section 3(a)(2) of the Securities Act of 1933, exempting from the provisions of Section 5 of the Act certain interests in the Separate Account. (Rel. 33-6410)

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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; File number and date filed; Assigned Branch; if the registration statement is a New Issue; and [S] denoting SHELF REGISTRATION pursuant to Rule 415.

- (N-1) IOWA LIQUID ASSETS FUND, INC., Suite 413-14, Stephens Bldg., Des Moines, IA 50307 (515) 244-5426 - an indefinite number of shares. (File 2-78054 - June 17) (Br. 17 - New Issue)
- (S-11) BUILDERS INVESTMENT GROUP, 680 Iangsdrorf Dr., Suite 206, Fullerton, CA 92631 - 1,000,000 common shares of beneficial interest. (File 2-78055 - June 18) (Br. 2 - New Issue)
- (S-3) WESTERN UNION CORPORATION, One Lake St., Upper Saddle River, NJ 07458 (201) 825-5000 - 3,000,000 shares of common stock. Underwriters: Merrill Lynch White Weld Markets Group and Salomon Brothers Inc. The company provides telecommunications systems and services to business, the government and the public. (File 2-78057 - June 18) (Br. 7)
- (S-1) TRI-STATE HOLDING GROUP, INC., 1504 N. Division St., Pontiac, IL 61764 - 24,890,166 shares of common stock, 2,765,574 shares of Class A, Series 1 stock, and 5,531,148 common stock purchase warrants. (File 2-78058 - June 17) (Br. 1 - New Issue)
- (S-3) FIRST INTERSTATE BANCORP, 707 Wilshire Blvd., Los Angeles, CA 90017 (213) 614-3001 - 1,025,000 shares of common stock. Underwriters: The First Boston Corporation and Goldman, Sachs & Co. The company is a bank holding company. (File 2-78059 - June 18) (Br. 1)
- (S-3) GENERAL FOODS CORPORATION, 250 North St., White Plains, NY 10625 (914) 683-2500 - \$7 million of 8 industrial revenue bonds, 1982 Series A. Underwriter: Salomon Brothers Inc. (File 2-78060 - June 18) (Br. 3)
- (S-15) BANC ONE CORPORATION, 100 East Broad St., Columbus, OH 43271 (614) 463-5944 - 303,875 shares of common stock. (File 2-78062 - June 18) (Br. 2)
- (S-6) NUVEEN TAX-EXEMPT BOND FUND, SERIES 217, 209 South La Salle St., Chicago, IL 60604 - an indefinite number of units. Depositor: John Nuveen & Co. Incorporated. (File 2-78063 - June 18) (Br. 18 - New Issue)
- (S-11) FIRST CAPITAL INCOME PROPERTIES, LTD. - SERIES VIII, 3195 Ponce de Leon Blvd., Coral Gables, FL 33134-6888 - 60,000 limited partnership units. (File 2-78064 - June 18) (Br. 6 - New Issue)
- (S-8) SMITHKLINE BECKMAN CORPORATION, One Franklin Plaza, Philadelphia, PA 19101 (215) 751-4000 - \$50 million of participations. (File 2-78065 - June 18) (Br. 4)
- (N-1) AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS HOUSING INVESTMENT TRUST, 815 Sixteenth St., N.W., Washington, DC 20006 (202) 637-5314 - an indefinite number of units of beneficial interest. (File 2-78066 - June 18) (Br. 18)
- (S-8) SYKES DATATRONICS, INC., 159 East Main St., Rochester, NY 14604 (716) 325-9000 - (File 2-78069 - June 18) (Br. 3)
- (S-3) UNITED BRANDS COMPANY, 1271 Avenue of the Americas, New York, NY 10020 (212) 397-4000 - 1,800,000 shares of capital stock. The company is engaged in the production, processing and distribution of foods and is also engaged in other diversified operations. (File 2-78070 - June 18) (Br. 3) [S]
- (S-6's) MUNICIPAL INVESTMENT TRUST FUND, THIRTEENTH FLOATING RATE SERIES; AND MUNICIPAL INVESTMENT TRUST FUND, TWO HUNDRED THIRTY-THIRD MONTHLY PAYMENT SERIES, One Liberty Plaza, 165 Broadway, New York, NY 10080 - an indefinite number of units of beneficial interest (each Series). Depositors: Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, NY 10080, Dean Witter Reynolds Inc., Bache Halsey Stuart Shields Incorporated and Shearson/American Express Inc. (File 2-78071 and 2-78072 - June 18) (Br. 17 - New Issues)
- (S-8) TEXTRON INC., 40 Westminster St., Providence, RI 02903 (401) 421-2800 - 1,000,000 shares of common stock. (File 2-78073 - June 18) (Br. 9)

#### REGISTRATIONS EFFECTIVE

June 10: Independent Research Agency for Life Insurance, Inc., 2-77429-FW.

June 14: Fuel Amplifier Corp., 2-72872-NY; Pfizer Inc., 2-77937.

June 15: Ford Motor Credit Company, 2-77984; NCNB Corporation, 2-77310; Security Pacific Corporation, 2-77959; Servamatic Solar Systems, Inc., 2-76798; United States Steel Corporation, 2-77948.