

sec news digest

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COMMISSION ANNOUNCEMENTS

HEARINGS ON SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

The Commission announced on December 23 that public hearings will be held on February 16, 1995 in San Francisco, California concerning the effectiveness of the safe harbor provisions for forward-looking statements (set forth in Rule 175 under the Securities Exchange Act of 1933 (Securities Act), Rule 3b-6 under the Securities Exchange Act of 1934 (Exchange Act), Rule 103A under the Public Utility Holding Company Act of 1935 and Rule 0-11 under the Trust Indenture Act of 1939. These hearings will be in addition to the previously scheduled hearings to be held in Washington, D.C. on February 13, 1995. (Rel. 33-7125; 34-35145; 35-26202; 39-2328; IC-20796)

ENFORCEMENT PROCEEDINGS

IN THE MATTER OF FREDERICK ENTMAN, NORMAN ROTHSTEIN, FRANK PALUMBO, JACOB WONSOVER, RICHARD PERLES, M. RIMSON & CO., INC., AND MOSHE RIMSON

The Securities and Exchange Commission today announced the institution of administrative proceedings pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b)(4), 15(b)(6), and 19(h)(3) of the Securities Exchange Act of 1934 against Frederick Entman and Norman B. Rothstein, partners of The Frenor Company, registered representatives Frank Louis Palumbo, Jacob Wonsover, and Howard Richard Perles, and M. Rimson & Co., Inc., a registered broker-dealer in New York, New York, and its president, Moshe Rimson. The Division of Enforcement alleges that respondents Entman, Rothstein, Palumbo, Wonsover, and Perles willfully violated Sections 5(a) and 5(c) of the Securities Act by selling to the public, without registration, a total of over 1.5 million

shares of the common stock of Gil-Med Industries, Inc. (Gil-Med). Gil-Med, now defunct, was a publicly held Illinois corporation located in Northbrook, Illinois that manufactured and distributed plastic medical products. The Division of Enforcement alleges that respondents M. Rimson & Co., Inc. and Moshe Rimson violated Sections 15(b)(4) and 15(b)(6) of the Exchange Act by failing to supervise respondent Perles with a view to preventing Perles' violations of Sections 5(a) and 5(c) of the Securities Act.

A hearing will be scheduled to take evidence on the Division's allegations and to afford respondents an opportunity to establish any defenses to these allegations for the purpose of determining whether respondents should be ordered to cease and desist from committing any future violations of the relevant sections and/or rules specified above, and to determine what, if any, remedial action is appropriate and in the public interest as to respondents Palumbo, Wonsover, Perles, M. Rimson & Co., Inc. and Moshe Rimson pursuant to Sections 15(b)(4), 15(b)(6), and 19(h)(3) of the Exchange Act. (Rel. 33-7126; 34-35164)

INVESTMENT COMPANY ACT RELEASES

ALEX. BROWN CASH RESERVE FUND, INC., ET AL.

An order has been issued on an application filed by Alex. Brown Cash Reserve Fund, Inc., et al. to amend prior orders under Section 6(c) of the Investment Company Act. The prior orders provide an exemption from the provisions of Sections 2(a)(32), 2(a)(35), 18(f), 18(g), 18(i), 22(c), and 22(d) of the Act, and Rule 22c-1 thereunder to permit applicants to issue multiple classes of shares representing interests in the same investment portfolio, assess a contingent deferred sales load (CDSL) on certain redemptions of shares, and waive or reduce the CDSL in certain instances. As amended, the order permits applicants to assess a CDSL on certain additional redemptions of shares, waive or reduce the CDSL in certain instances, and offer a class of shares that converts into another class of shares. (Rel. IC-20813 - December 30)

FIRST INVESTORS CORPORATION, ET AL.

The Commission has issued an order under Section 11 of the Investment Company Act in connection with an application filed by First Investors Corporation; First Investors Life Insurance Company (First Investors); First Investors' Cash Management Fund, Inc., Global Fund, Inc., Government Fund, Inc., High Yield Fund, Inc., Fund for Income, Inc., Insured Tax Exempt Fund, Inc., Multi-State Insured Tax Free Fund, New

York Insured Tax Free Fund, Inc., Series Fund, Series Fund II, Inc., Tax-Exempt Money Market Fund, Inc., and U.S. Government Plus Fund; First Investors' Separate Account A and Separate Account C; First Investors' Single Payment and Periodic Payment Plans for the Accumulation of Shares of First Investors Global Fund, Inc., for Investment in First Investors Government Fund, Inc., for Investment in First Investors High Yield Fund, Inc., for Investment in First Investors Fund for Income, Inc., and for Investment in First Investors Insured Tax Exempt Fund, Inc; and any mutual funds, separate accounts, and contractual plans that may be subsequently organized or sponsored by First Investors or its affiliates. The order approves the terms of certain offers of exchange involving certain mutual funds, variable annuity contracts and contractual plans, and amends a prior order issued by the Commission relating to certain offers of exchange involving certain contractual plans and mutual funds. (Rel. IC-20814 -December 30)

MUIR INVESTMENT TRUST

A notice has been issued giving interested persons until January 24 to request a hearing on an application filed by Muir Investment Trust for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-20815 - December 30)

EAST COAST VENTURE CAPITAL, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that East Coast Venture Capital, Inc. has ceased to be an investment company. (Rel. IC-20816 - January 3)

HOLDING COMPANY ACT RELEASES

THE SOUTHERN COMPANY, ET AL.

An order has been issued authorizing a proposal by The Southern Company (Southern), a registered holding company, and its wholly owned subsidiary companies Southern Electric International, Inc. (SEI), Southern Company Services, Inc., Southern Nuclear Operating Company, Alabama Power Company, Mississippi Power Company, Georgia Power Company, Gulf Power Company, and Savannah Electric and Power Company. SEI proposes to acquire, develop and operate power production plants and facilities ancillary thereto, and to provide various services and goods to associate and nonassociate companies. Southern proposes to finance SEI's activities with up to \$250 million, and to guarantee SEI's performance of its obligations with up to \$800 million. SEI proposes to issue up to \$250 million of notes to Southern, and to lenders other than Southern which notes may be guaranteed by Southern. (Rel. 35-26212)

NORTHEAST UTILITIES, ET AL.

An order has been issued authorizing Northeast Utilities (NU), a registered holding company, and its wholly owned subsidiary companies, Charter Oak Energy, Inc. (Charter Oak) and COE Development Corporation (collectively, Applicants), to engage in financing. NU proposes to invest directly and indirectly from January 1, 1995 through December 31, 1996 up to an aggregate principal amount of \$200 million in authorized power development activities. The Applicants propose that intermediate subsidiary companies (Intermediate Companies) acquire an interest in, finance the acquisition and hold the securities of exempt wholesale generators, (EWGs), and foreign utility companies, (FUCOs), through the issuance of equity securities and debt securities to third parties; to participate in joint ventures with non-associate companies and dissolve Intermediate Companies under specified circumstances; and for Charter Oak's employees and employees of other NU service companies to provide a de minimis amount of services to affiliated Intermediate Companies, EWGs (both foreign and domestic) and FUCOs. (Rel. 35-26213)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGES

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-94-71) that would amend Article III, Section 46 of the Rules of Fair Practice in order to expand the provisions of this section, under certain circumstances, to include orders marked "do not increase" and "do not reduce." (Rel. 34-35169)

The Philadelphia Stock Exchange filed a proposed rule change (SR-PHLX-94-55) relating to the implementation of a three-day settlement standard for securities transactions. Publication is expected in the Federal Register during the week of January 2. (Rel. 34-35176)

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-94-54) to amend its Rules of Fair Practice to increase the position and exercise limits for certain equity securities that are not subject to standardized options trading. Publication of the proposal is expected in the Federal Register during the week of January 2. (Rel. 34-35180)

The Depository Trust Company filed a proposed rule change (SR-DTC-94-16) under Section 19(b) of the Securities Exchange Act. The proposed rule change clarifies DTC's policy on depository-to-depository services and fees. Publication of the proposal is expected in the Federal Register during the week of January 2. (Rel. 34-35186)