

2

sec news digest

LIBRARY

Issue 77-150

AUG 8 1977

August 4, 1977

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

U.S. SECURITIES AND EXCHANGE COMMISSION

JOSEPH GIAMANCO, OTHERS

The Commission announced the institution of a civil injunctive action and the settlement of an administrative proceeding, both arising out of the Commission's inquiry into the reporting of fictitious options transactions on the American Stock Exchange, Inc. (AMEX).

In the civil injunctive action the Commission sought a permanent injunction against Joseph Giamanco, Alfred T. Merendino, Gary Herman, Arthur H. Diamond, Herbert M. Altman, George Mitro, Rosario Ingallinera, Jesse A. Greenwald and Edward Jackson. The Commission alleged in its complaint that each of the defendants reported non-existent transactions in various classes of AMEX listed options in violation of the antifraud provisions of the securities laws. Shortly after the filing of the complaint, the defendants consented to the imposition of Final Judgments of Permanent Injunction which prohibit each of them from the reporting of non-existent transactions or conduct of similar nature or purport. The appropriate Judgments were signed by the Hon. Henry F. Werker of the U.S. District Court for the Southern District of New York. (SEC v. Joseph Giamanco, et al., 77 Civ. 3495 HFW).

Each of the nine defendants consented to the imposition of this injunctive as part of the settlement of their involvement in an earlier administrative proceeding brought by the Commission. In the administrative proceeding Jackson and Greenwald consented to a censure by the Commission and Ingallinera to a suspension from association with any broker or dealer for a period of one week. Merendino, Herman, Diamond, Altman and Metro each consented to similar suspensions for a period of two weeks; Giamanco consented to a three-week suspension. (Rel. 34-13797 and 34-13798)

TRADING SUSPENSIONS

TRADING SUSPENDED IN WYLY CORP.

The SEC announced the single ten day suspension of exchange and over-the-counter trading in the securities of Wyly Corporation, a Delaware corporation located in Dallas, Texas, for the period beginning on August 3 and terminating at midnight (EDT) on August 12, 1977. The Commission ordered the suspension at the request of the company in view of the uncertainty with respect to Wyly's Recapitalization Plan. (Rel. 34-13824)

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES T.A.S. INVESTMENTS AND GARY R. PARO

The New York Regional Office announced that on July 20 the Commission filed a complaint in the U.S. District Court for the Northern District of New York seeking to enjoin T.A.S. Investments (T.A.S.) and Gary R. Paro, both of Syracuse, New York, from further violations of the registration and antifraud provisions of the securities laws.

Specifically, the complaint alleged that the defendants violated the antifraud provisions of the securities laws by making numerous misrepresentations and omissions of material facts in a brochure mailed nationwide offering securities in the form of investment interests in advertising and promotional campaigns. These misrepresentations and omissions concerned, among other things, the use of the funds raised from investors, the experience of the defendants in the advertising business, and the safety of the investments and returns on the investments.

Simultaneously with the filing of the Commission's complaint the Honorable Edmund Port, U.S. District Judge for the Northern District of New York, signed a Final Judgment of

Permanent Injunction and Order of Ancillary Relief enjoining T.A.S. and Paro from violating the registration and antifraud provisions of the securities laws. T.A.S. and Paro consented to the entry of the Judgment without admitting or denying the allegations contained in the complaint.

In ancillary relief, the defendants were ordered to return to investors all monies received, and to submit to the court and the Commission affidavits demonstrating compliance with this portion of the court's order. (SEC v. T.A.S. Investments, et al., N.D.N.Y., 77 Civil 275). (LR-8050)

GERALD SPRAYREGEN INDICTED

The SEC announced that on July 7 a Federal Grand Jury in New York, New York filed an eleven-count indictment charging Gerald Sprayregen with one count of conspiracy, five counts of filing false financial statements with the Commission, four counts of bank fraud and one count of obstruction of justice in connection with a Commission investigation, each relating to Sprayregen's activities as Chairman of Stratton Group, Ltd., a now bankrupt company which owned and operated some 200 John's Bargain Stores (John's).

Three others, Walter C. Spengler and Jose L. Umana, Stratton's former President and Vice President and Sabino P. Cardiello, an accountant at Stratton, have pleaded guilty to felony charges in separate informations covering their participation in one or more aspects of the same fraud.

The charges relate to a conspiracy in which Sprayregen and others prepared and disseminated false financial statements for Stratton, overstating its income by \$1.8 million, and thereafter attempted to prevent the Commission from discovering their participation in the preparation and dissemination of the false financial statements. (U.S. v. Gerald Sprayregen, S.D.N.Y., 77 CR 516; U.S. v. Walter C. Spengler, S.D.N.Y., 77 CR 511; U.S. v. Jose L. Umana, S.D.N.Y., 77 CR 42; U.S. v. Sabino P. Cardiello, S.D.N.Y., 77 CR 73). (LR-8051)

CARR EXPLORATIONS, INC., GARY E. CARUTHERS ENJOINED

The Fort Worth Regional Office announced that on July 26 the Commission filed a civil injunctive action in federal district court at Wichita, Kansas against Carr Explorations, Inc. and Gary E. Caruthers, both of Wichita. Caruthers is president and sole shareholder of Carr Explorations, Inc. The complaint alleged that Carr Explorations, Inc. and Caruthers violated the securities registration provisions of the Securities Act of 1933 in the offer and sale of fractional undivided working interests in Kansas oil and gas leases. (SEC v. Carr Explorations, Inc., USDC, Kans. Civ. Action No. 77-1285). (LR-8053)

INVESTMENT COMPANY ACT RELEASES

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

A notice has been issued giving interested persons until August 29 to request a hearing on an application of The Variable Annuity Life Insurance Company (VALIC), a Texas stock life insurance company, and Separate Account One of VALIC, a separate account of VALIC registered under the Investment Company Act of 1940 as an open-end diversified management investment company (hereinafter collectively referred to as applicants), for an order of the Commission pursuant to Section 6(c) of the Act exempting applicants from the provisions of Sections 22(e), 27(c)(1) and 27(d) of the Act to the extent necessary to permit compliance by applicants with certain provisions of the Education Code of the State of Texas. (Rel. IC-9880 - Aug. 3)

HOLDING COMPANY ACT RELEASES

ARKANSAS-MISSOURI POWER COMPANY

An order has been issued approving a proposal of Associated Natural Gas Company, subsidiary of Arkansas-Missouri Power Company, subsidiary of Middle South Utilities, Inc., to make short-term borrowings from banks in the maximum aggregate principal amount of \$2,750,000 at any one time outstanding. The net proceeds of the sale of these notes will be used to retire presently outstanding short-term debt. (Rel. 35-20123 - Aug. 2)

APPALACHIAN POWER COMPANY

A notice has been issued giving interested persons until August 29 to request a hearing on a proposal by Appalachian Power Company and Ohio Power Company, subsidiaries of

American Electric Power Company, Inc., to guarantee new coal mining equipment lease obligations to be incurred by certain of their respective coal mining subsidiaries. (Rel. 35-20124 - Aug. 3)

MICHIGAN POWER COMPANY

A supplemental order has been issued authorizing Michigan Power Company, subsidiary of American Electric Power Company, Inc., to acquire evidences of indebtedness from its residential gas utility customers pursuant to a Residential Insulation Financing Program. (Rel. 35-20125 - Aug. 3)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF AMENDMENT TO PROPOSED RULE CHANGE

The New York Stock Exchange, Inc. (NYSE) has filed an amendment to a proposed change to Rule 405 (the "Know Your Customer" rule) (SR-NYSE-76-34) under Rule 19b-4. The amendments to the proposal, which establishes the duties of members, member organizations and other specified persons in opening and servicing accounts, relate to the execution of isolated and unsolicited transactions in a common purchase and sale account. Publication of the proposal is expected to be made in the Federal Register during the week of August 8. (Rel. 34-13821)

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by The Options Clearing Corporation (OCC) (SR-OCC-77-6) to delete from OCC's By-Laws certain obsolete provisions relating to option contracts expiring in 1975. (Rel. 34-13820)

TRUST INDENTURE ACT RELEASES

AMERICAN AIRLINES, INC.

An order has been issued under the Trust Indenture Act on an application of American Airlines, Inc. (American) that the trusteeship of Bankers Trust Company of New York under certain indentures of American is not so likely to involve a material conflict of interest as to make it necessary to disqualify Bankers Trust Company from acting as trustee. (Rel. TI-478)

SECURITIES ACT REGISTRATIONS

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-6) AMERICAN TAX-EXEMPT BOND TRUST, SERIES 22, 215 North Main St., West Bend, Wis. 53095 - 6,750 units. Depositor: B. C. Ziegler and Company. (File 2-59617 - Aug. 3)
- (S-8) JOS. SCHLITZ BREWING CO., 235 West Galena St., Milwaukee, Wis. 53212 - \$2,400,000 of participations (File 2-59619 - Aug. 3)
- (S-16) GOULDS PUMPS, INC., 240 Fall St., Seneca Falls, N.Y. 13148 (315) 568-5811 - 11,000 of common stock (File 2-59622 - Aug. 4)

REGISTRATIONS EFFECTIVE

July 26: Media General Inc., 2-59437.

July 28: Allergan Pharmaceuticals, Inc., 2-58846; AMF Inc., 2-56273; Cambridge Associates, Inc., 2-59357; Corporate Income Fund Fifty Eighth Monthly Payment Series, 2-59485; Emerson Radio Corp, 2-57309; Rapidata, Inc., 2-58566.

July 29: American International Group, Inc., 2-59317; American Manufacturing Co., Inc. 2-59446; Bancorporation of Wisconsin, Inc., 2-59193 (10/28/77); Collins & Aikman Corp., 2-59196; Dean Witter Tax Exempt Trust Thirtieth Series, 2-59358; Fabri Centers of America, Inc., 2-59322; General Exploration Co., 2-59420; Horrigan Consumer Discount Co., 2-58452; International Clinical Laboratories, Inc., 2-59345; The Great Atlantic &

Pacific Tea Company Inc., 2-59290; Oilark Petroleum Inc., 2-59273; Pier 1 Imports Inc., 2-59426; Rorer Group, Inc., 2-59497; Trans World Airlines, Inc., 2-59571; Union Oil Company of California, 2-59474.

August 1: The Gerber Scientific Instrument Co., 2-59365; Millipore Corp., 2-59447; Mother Care Limited, 2-59514; New England Electric System, 2-59360; Nuveen Tax Exempt Bond Fund Series 98, 2-58983; Omega Optical Co., Inc., 2-59455; Schiller Industries, Inc., 2-59419.

NOTE TO DEALERS. When applicable the 90-day period of time dealers are required to use the prospectus is noted above in parentheses after the name of the issuer. As to the other issuers, there may be no such requirement to use a prospectus, or the requirement may be for a period of only 40 days; see Section 4(3) of the Securities Act of 1933 and Rule 174 (17 CFR 230.174) thereunder.

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 or request. All other reference 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.