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# sec news digest

Issue 79-29

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## COMMISSION ANNOUNCEMENTS

## U.S. SECURITIES AND EXCHANGE COMMISSION

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### DOUGLAS SCARFF NAMED ASSOCIATE DIRECTOR

Andrew M. Klein, Director of the Division of Market Regulation, announced on February 8 the appointment of Douglas Scarff as Associate Director in charge of the Division's Office of Self-Regulatory Oversight, effective immediately (subject to Civil Service Confirmation). Mr. Scarff replaces Ms. Kathryn B. McGrath, who has resigned from the Commission staff to enter private practice.

Mr. Scarff, 34, joined the Commission staff in 1976, as Special Counsel for market structure matters, following six years in private securities practice with a law firm in New York City. He became the Assistant Director of the Division's Office of Market Structure and Trading Practices in 1977. Mr. Scarff graduated from the University of Michigan Law School in 1969 and from Dartmouth College in 1966.

The Office of Self-Regulatory Oversight is charged with carrying out the Commission's oversight responsibilities with respect to the national securities exchanges, the NASD and the other self-regulatory organizations. The Office, among its other duties, is directly responsible for implementing recommendations emanating from the Commission's Special Study of the Options Markets and for conducting the Commission's enhanced inspection program for the self-regulatory organizations.

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## TRADING SUSPENSIONS

### TRADING SUSPENDED IN C.H.B. FOODS, INC.

The SEC announced the single ten-day suspension of exchange and over-the-counter trading in the securities of C.H.B. Foods, Inc. (CHB), a California company located in Terminal Island, California, for the period beginning on February 8 and terminating at midnight (EST) on February 17, 1979.

The Commission suspended trading in the securities of CHB in view of the recent unusual and unexplained market activity in that security. The Commission's staff, with the cooperation of the American Stock Exchange, is conducting an investigation with respect to certain trading activity in CHB common stock during recent months to determine whether there may have been violations of the securities laws. The Commission has been informed that there is no information available which would indicate that the unexplained activity is the result of any internal corporate development.

In recent months, the market price of CHB increased from approximately \$7 5/8 to \$16 7/8. Since then, the market price of the common stock of CHB has dropped to \$11 1/4 after reaching a low of \$10 on February 7, 1979. The Commission's staff has received information indicating that a large number of trades in this security have been effected by several persons who may have been acting directly or indirectly in concert with individuals who have been permanently enjoined from violations of the antifraud, manipulative and reporting provisions of the securities laws in transactions in the securities of another issuer. Further, certain of these persons were found guilty of criminal violations of the securities laws.

If any broker-dealer or any other person has any information which they believe would be useful to the Commission relating to this matter, they should contact the Division of Enforcement of the SEC at (202) 755-2984. (Rel. 34-15555)

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## CIVIL PROCEEDINGS

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### CIVIL ACTION SETTLED AND CONCLUDED AGAINST STEPHEN WATERHOUSE, JR.

The Atlanta Regional Office announced that on January 5 the Federal Court in Nashville, Tennessee entered an Undertaking, Stipulation and Order wherein Stephen Waterhouse, Jr. of Nashville agreed to abide by the Sections of the Securities Act of 1933 and Securities Exchange Act of 1934 that were alleged by the Commission's complaint to have been violated.

The Commission's complaint, which was filed on May 16, 1977, named Waterhouse, among others, as a defendant and alleged violations of the antifraud provisions of the securities laws in the offer and sale of common stock of American Centennial Corporation, a Nashville based insurance holding company. (SEC v. American Centennial Corporation, et al., M.D. Tenn., 77-3236 NA-CV). (LR-8664)

### CORRELATED EQUITIES CORP. AND SHELDON MOSS ENJOINED

The Atlanta Regional Office announced that on January 22 the U.S. District Court at Greensboro, North Carolina, entered a final judgment of permanent injunction and ordered other relief against Correlated Equities Corp. and Sheldon Moss, individually and doing business as Television Marketing, enjoining them from violations of the registration and antifraud provisions of the securities laws. The defendants consented to the entry of the judgment without admitting or denying the allegations of the Commission's complaint. The orders were entered in the sale of securities in the form of evidences of indebtedness issued by Correlated and Television Marketing consisting of financing agreements purportedly guaranteed by Sears, Roebuck & Co. and accounts receivable from Sears. The Court ordered Correlated and Moss to make an accounting of the receipts and disbursements of all funds received in connection with the sales of such securities and to pay into the Registry of the Court for eventual distribution to investors the sum of \$4,500,000 and further ordered a freeze of their assets until such payment of funds is made. The action is still pending against additional defendants who have previously consented to preliminary injunctions from violations of the registration and antifraud provisions of laws relating to securities sales, laws relating to broker-dealer registration and to the registration and antifraud provisions of laws relating to investment advisers and additional Court orders requiring accountings, freezes upon assets and prohibitions against the concealment or alteration of books and records pertaining to the Correlated-Television Marketing securities sales. (SEC v. National Executive Planners, Ltd., et al., U.S.D.C. M.D. N.C., Civil Action No. C-78-590-G). (LR-8665)

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## INVESTMENT COMPANY ACT RELEASES

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### SECURITY BENEFIT LIFE INSURANCE COMPANY

An order has been issued pursuant to Section 11 of the Investment Company Act of 1940 permitting certain offers of exchange proposed by Security Benefit Life Insurance Company, a Kansas mutual life insurance company, and SBL Variable Annuity Account II, a separate account of the company registered as a unit investment trust under the Act (Applicants), and pursuant to Section 6(c) of the Act exempting Applicants from the provisions of Sections 26(a) and 27(c)(2) of the Act. (Rel. IC-10578 - Feb. 6)

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## HOLDING COMPANY ACT RELEASES

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### THE CONNECTICUT LIGHT & POWER COMPANY

A supplemental order has been issued approving a proposal by The Connecticut Light & Power Company (CL&P), subsidiary of Northeast Utilities, whereby CL&P will sell a portion of its joint ownership interest in Seabrook Unit Nos. 1 and 2, nuclear-fired electric generating facilities presently under construction in Seabrook, New Hampshire to two New England electric companies for an estimated aggregate consideration of \$43,556,902. Jurisdiction has been reserved over CL&P's proposed sale of the remainder of its interest in Seabrook Unit Nos. 1 and 2 to four other New England electric companies. (Rel. 35-20915 - Feb. 7)

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## LISTING, DELISTING AND UNLISTED TRADING ACTIONS

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### WITHDRAWALS SOUGHT

Orders have been issued granting the application of the following companies to strike from listing and registration the specified securities on the following stock exchanges: American Stock Exchange, Inc. - New England Nuclear Corporation, common stock (par value \$1.00). (Rel. 34-15552) New York Stock Exchange, Inc. - UOP, Inc., 6-5/8% sinking fund debentures. (Rel. 34-15553)

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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; and File number and date filed.

- (S-1) OMEGA OPTICAL CO., INC., 13515 N. Stemmons Freeway, Dallas, Tex. 75234 - 1,000,000 shares of common stock. Underwriters: Merrill Lynch White Weld Capital Markets Group and Eppler, Guerin & Turner, Inc. The company operates optical laboratories. (File 2-63535 - Feb. 8)
- (S-8) ZENITH NATIONAL INSURANCE CORP., 15760 Ventura Blvd., Encino, Cal. 91436 - 100,000 shares of common stock. (File 2-63536 - Feb. 8)



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