sec news digest

Issue 96-81 **May 1, 1996**

COMMISSION ANNOUNCEMENTS

EDGAR PHASE-IN COMPLETE ON MAY 6, 1996

The Division of Corporation Finance wishes to remind all domestic registrants whose filings are subject to its review that the phase-in to mandated electronic filing on the Commission's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system will be complete on May 6, 1996. Beginning on that date, all domestic registrants not previously phased in, and third parties filing with respect to such registrants, will become subject to mandated electronic filing requirements, as outlined in Regulation S-T (17 CFR Part 232). This applies to companies assigned to Group CF-10, as well as to those that previously have not been assigned a phase-in group. Beginning May 6, registration statements for initial public offerings also must be filed electronically, unless the filing is made at one of the Commission's regional offices.'

Domestic registrants that will be phased in May 6 may begin filing electronically before that date if they wish, once they have filed a Form ID with the Commission and received EDGAR access and identification codes. It is no longer necessary for them to contact the staff to request a change in their phase-in group. Registrants may begin testing on the system once access codes have been issued. Early compliance with electronic filing requirements is encouraged once registrants become comfortable with the system.

Once a company becomes a mandated electronic filer, all filings made with respect to it by third parties (for example, Schedules 13D and 13G) must be made electronically. Third parties will not be required to file electronically with respect to companies whose phase-in date is May 6 until that date. If third parties wish to file electronically, however, they may do so at any time, whether or not the subject company has begun to make its own filings via EDGAR. Persons filing Forms 3, 4 and 5 pursuant to Section 16 of the Securities Exchange Act of 1934, and those filing Forms 144 pursuant to Rule 144 of the Securities Act of 1933, may file these documents in paper or electronic format, since electronic filing of these forms will continue to be optional after May 6.

Foreign private issuers and foreign governments will not be required to file electronically (unless acting as a third party filer with respect to an electronic domestic company or engaging in a business transaction with a phased-in domestic company), but they may choose to do so. Such entities can gain access to the EDGAR system by filing a Form ID to receive EDGAR access and identification codes. EDGAR currently recognizes many of the types of forms that may be filed by foreign registrants, but some form types, such as those associated with the multijurisdictional disclosure system, are not yet available; as a consequence, filings not supported by EDGAR must be made in paper. The EDGAR system will be enhanced in the future to allow electronic filing of these documents.

As is true with all rules promulgated by the Commission, persons making filings with the Commission are responsible for apprising themselves of their new obligations associated with filing on the EDGAR system. While the Commission has attempted to contact registrants in this last phase-in group by furnishing a copy of the current version of the EDGAR Filer Manual and EDGARLink software (with mailing having taken place the week of March 11), registrants will not be relieved of their electronic filing obligations in the absence of such notification. FOR FURTHER INFORMATION CONTACT: Sylvia J. Reis, Assistant Director, CF EDGAR Policy, Division of Corporation Finance, at (202) 942-2940.

ENFORCEMENT PROCEEDINGS

ORDER MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS AGAINST BRIAN SHEEN

On April 30, the Commission entered an Order Making Findings and Imposing Remedial Sanctions (Order) in connection with previously instituted public administrative proceedings against Brian Jeffrey Sheen (Sheen) of Boca Raton, Florida, formerly the president, CEO and sole shareholder of Sheen Investment Advisory Services, Inc. (SIAS), an investment advisor registered with the Commission from December 1986 to February 1995. The Order contains findings that Sheen willfully aided and abetted and caused SIAS to: publish materially false and misleading advertisements; fail to disclose material facts pertaining to Sheen's disciplinary history; use contracts containing prohibited language (hedge clauses); and fail to comply with certain recordkeeping and reporting provisions of the Advisers Act. The Order provides that Sheen shall cease and desist

annually deliver or offer in writing to deliver upon written request to each of its clients, a written disclosure statement required by Rule 204-3 under the Advisers Act.

III.

A. The Commission has reviewed Sheen's sworn financial statement dated December 4, 1995, and other evidence adduced by Sheen, and provided that Sheen has submitted a true, accurate and complete sworn affidavit establishing his inability to pay concerning his financial condition, including his assets, liabilities, income and expenses, has determined that he does not have the financial ability to pay a civil penalty.

B. The Commission does not impose a civil penalty against Sheen based upon his demonstrated financial inability to pay, and that the determination that Sheen is unable to pay a civil penalty is contingent upon the accuracy and completeness of his Statement of Financial Condition executed under oath by him on December 4, 1995, and that the Division of Enforcement ("Division") may petition the Administrative Law Judge ("ALJ") to reopen this matter to consider Sheen's inability to pay a civil penalty if the Division obtains information from any source that the financial information provided by Sheen was inaccurate or incomplete in any material respect as of the time such representations were made, and that the Division may, at its sole discretion and without prior notice to Sheen, petition the ALJ for an order requiring Sheen to pay a civil penalty, and that in connection with any such petition, the only issues shall be whether the financial information provided by Sheen, was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed, and that in any such petition, the Division may move the ALJ to consider all available remedies, and that Sheen may not, by way of defense to such petition, contest the findings in the Order or assert that a civil penalty should not be ordered for the violations of the federal securities laws alleged therein.

IV.

In view of the foregoing, it is in the public interest to impose the sanctions specified in the Offer.

ACCORDINGLY, IT IS ORDERED that:

A. Sheen shall cease and desist from committing or causing any violation or future violation of Sections 204, 206(2) and 206(4) of the Advisers Act and Rules 204-1(b)(1), 204-2, 204-3(c), 206(4)-1(a)(5), 206(4)-2 and 206(4)-4(a)(2) thereunder; and

B. Sheen is hereby barred from association with any broker, dealer, municipal securities dealer, investment company or investment adviser provided, however, that after a period of one

(1) year subsequent to the entry of this Order he has a right to re-apply to the appropriate self-regulatory organization or, where there is none, to the Commission for permission to become so associated.

By the Commission.

Jonathan G. Katz
Secretary

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

Litigation Release No. 14897 / May 1, 1996

IN RE ROBERT N. TAYLOR, United States District Court for the District of Columbia, Misc. No. 96-149 (TFH).

On May 1, 1996, the United States Attorney for the District of Columbia commenced criminal contempt proceedings in the United States District Court for the District of Columbia against Robert N. Taylor. The Government alleges that Taylor willfully and flagrantly violated an asset freeze order and other orders entered in a separate civil securities enforcement action brought by the Commission against Taylor and the Better Life Club of America, Inc., a corporation founded and controlled by Taylor. Securities and Exchange Commission v. The Better Life Club of America, Inc., and Robert N. Taylor, Civil Action No. 95-1679 (TFH) (D.D.C.). The contempt proceedings have been assigned to United States District Judge Thomas F. Hogan, who also presides over the Commission's related enforcement action. Upon conviction of the contempt charge, Taylor would face up to six months' imprisonment or a fine of up to $5,000.

In the contempt proceedings, the Government alleges: Beginning moments after the freeze order was entered in the Commission's action on September 1, 1995, and continuing for a period of seven months, Taylor used concealed bank accounts to engage in at least 232 prohibited banking transactions, including $246,000 in withdrawals and $344,000 in deposits. The deposits included at least 172 investor checks totaling over $188,000, which Taylor failed to turn over to the SEC or the court-appointed special administrator as directed by Judge Hogan. In addition, Taylor failed to disclose at least 15 bank accounts when ordered to do so by the Court, and went on to open -- and conceal -- six new accounts, in further violation of Judge Hogan's orders.

In the underlying civil enforcement action, the Commission alleges that Taylor and the Better Life Club operated a $47 million Ponzi scheme in violation of the antifraud and registration requirements of the federal securities laws. According to the Commission's complaint, defendants promised to double investors' money in 60 or 90 days allegedly through investments in advertising for the Club's "900" telephone numbers and other profitable businesses, when in fact defendants used the investors' funds almost exclusively to pay off earlier investors and to enrich Taylor, his children, and his live-in companion. The scheme was halted by the Court pending a final determination of the Commission's action. See SEC Lit. Rel. No. 14624 (Sept. 5, 1995).

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