

SEC NEWS DIGEST

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COMMISSION ANNOUNCEMENTS

SEC NAMES SPECIAL OMBUDSMAN FOR MUNICIPAL SECURITIES

The Commission today announced the appointment of Mary Jo White as special ombudsman within the Office of Municipal Securities. The appointment is part of the Commission's overall effort to work with issuers of municipal securities to improve practices in the municipal market.

As ombudsman, Ms. White will provide the nation's municipal bond issuers a point of contact and ready access to the Commission. She will offer issuers a means of obtaining general information about the Commission and its initiatives affecting municipal issuers. Ms. White will also be involved actively in outreach to municipal issuers, through educational and informational efforts. Ms. White may be reached in the Office of Municipal Securities at (202) 942-7300. (Press Rel. 96-84)

ENFORCEMENT PROCEEDINGS

OSCAR OLSON PRELIMINARILY ENJOINED

The Commission announced that on June 7 an Order of Preliminary Injunction and Other Equitable Relief was entered by consent against Oscar Olson for his role in the creation, implementation and misappropriation of investor funds in connection with the offer and sale of interests in the Konex Roll Program, an investment which purportedly was designed to purchase and trade in "Prime Bank Instruments." The Order enjoins Olson from further violations of the antifraud provisions of the federal securities laws and freezes

Olson's assets. The Commission's original complaint alleged that from January 1993 to June 1994, Konex Holding Corp. raised at least \$12.5 million from the Chicago Housing Authority through the offer and sale of interests in the Roll Program. In fact, the Roll Program was nothing more than a scheme to defraud investors. The amended complaint alleges, among other things, that Olson created and instituted the Roll Program, crafted procedures he expected to be used by the promoters and others to carry out the scheme and personally misappropriated investor funds. In the process, Olson made false and misleading statements to others concerning the existence and legitimacy of the Roll Program, the use of investor proceeds and the returns and risks of investing in the Roll Program, which he intended to be disseminated to investors. The amended complaint seeks the entry of orders of preliminary and permanent injunction, disgorgement including prejudgment interest, an asset freeze and civil penalties against Olson. [SEC v. John D. Lauer, Clifton Capital Investors, L.P., Konex Holding Corp., Lyle E. Neal, Copol Investments Limited, Joseph Polichemi and Oscar William Olson, Jr., N.D. Ill., No. 94 C 3770] (LR-14949)

COMPLAINT FILED AGAINST WILLIAM DILLON

The Commission announced the filing of a complaint on June 19 in the United States District Court for the District of Massachusetts (Court) against William P. Dillon (Dillon), alleging that he deceived several broker-dealers in connection with a fraudulent margin trading scheme. The complaint alleges that, as a result of Dillon's 1995 margin trading, the broker-dealers suffered losses in excess of \$200,000. The Commission seeks a final judgment enjoining Dillon from further violations of certain antifraud provisions of the securities laws, disgorgement of his ill-gotten gains and prejudgment interest.

On July 2, 1990, Dillon, as a result of a prior Commission enforcement action, was barred by the Court for a period of five years from maintaining a margin account and from trading on margin. The complaint alleges that Dillon, in order to avoid this restriction, opened margin accounts at five broker-dealers in January 1995 using the name and social security number of a maintenance man he employed. Dillon fraudulently inflated net worth and income figures in order to induce the broker-dealers to open the margin accounts. Between January and June 1995, Dillon engaged in hundreds of securities transactions without an intention or the means to pay for the trades if large losses resulted. In a related matter, the U.S. Attorney's Office for the District of Massachusetts indicted Dillon and charged him with, among other things, criminal contempt based on his failure to comply with the 1990 margin trading bar. [SEC v. William P. Dillon, Civil Action No. 96-11265, RGS, USDC, D. Massachusetts] (LR-14950)

CRAIG DEITCHMAN BARRED FROM ASSOCIATION WITH ANY BROKER, DEALER, INVESTMENT COMPANY, INVESTMENT ADVISER OR MUNICIPAL SECURITIES DEALER AND FROM PARTICIPATING IN ANY OFFER OR SALE OF ANY PENNY STOCK

The Commission announced today that on June 19 it issued an Order Instituting Proceedings, Making Findings and Imposing Remedial Sanctions Pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 (Order) against Craig I. Deitchman (Deitchman), a 28 year old resident of Brooklyn, New York. In the Order, the Commission permanently barred Deitchman from association with any broker, dealer, investment company, investment adviser, or municipal securities dealer, and from participating in any offer or sale of any penny stock, effective immediately.

The Commission found that Deitchman willfully violated Section 17(a) of the Securities Act of 1933, and Sections 10(b), 15(a) and 15(g) of the Securities Exchange Act of 1934, and Rules 10b-5, 15g-2, 15g-3, 15g-4, 15g-6 and 15g-9 thereunder, by fraudulently offering and selling securities to his customers, misappropriating and diverting customer funds, violating the penny stock rules, and doing business as an unregistered broker.

Deitchman consented, without admitting or denying the findings, to the issuance of the Order.

The Commission also found that on June 6, 1996, Deitchman was permanently enjoined from future violations of these provisions and rules. [SEC v. Craig I. Deitchman, CV 96-1792, JBW, EDNY] (Rel. 34-37325)

INVESTMENT COMPANY ACT RELEASES

THC PARTNERS

An order has been issued on an application filed by THC Partners under Section 6(c) of the Investment Company Act for an exemption from all provisions of the Act. Applicant is a private family-controlled special purpose investment vehicle whose interests are owned by the family and certain other persons. (Rel. IC-22023 - June 18)

LORD ABBETT GLOBAL FUND, INC., ET AL.

An order has been issued on an application filed by Lord Abbett Global Fund, Inc., et al. The order permits the implementation, without shareholder approval, of a new sub-advisory contract for a limited period of time. The order also permits the sub-adviser to receive fees, following shareholder approval of the new sub-advisory contract, that were earned prior to shareholder approval of the new contract. (Rel. IC-22024 - June 18)

VAN KAMPEN AMERICAN CAPITAL COMSTOCK FUND, ET AL.

An order has been issued on an application filed by Van Kampen American Capital Comstock Fund, et al. under Section 6(c) of the Investment Company Act for an exemption from Section 12(d)(1) of the Act, and under Sections 6(c) and 17(b) of the Act for an exemption from Section 17(a) of the Act. The order permits Van Kampen American Capital Foreign Securities Fund to serve as an investment vehicle through which certain affiliated investment companies may invest portions of their assets in a portfolio of foreign equity securities. (Rel. IC-22025 - June 18)

STAGECOACH FUNDS, INC., ET AL.

An order has been issued on an application filed by Stagecoach Funds, Inc., et al. under Section 6(c) of the Investment Company Act for an exemption from Section 15(f)(1)(A) of the Act. The order would permit Stagecoach to retain its present directors following a reorganization involving other registered investment companies. Without the requested exemption, Stagecoach would have to reconstitute its board of directors after the reorganization to meet the 75 percent non-interested director requirement of Section 15(f)(1)(A) in order to comply with the safe harbor provisions of Section 15(f). (Rel. IC-22026 - June 18)

NUVEEN CALIFORNIA MUNICIPAL INCOME FUND, INC.

A notice has been issued giving interested persons until July 15 to request a hearing on an application filed by Nuveen California Municipal Income Fund, Inc. for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-22027 - June 19)

NUVEEN NEW YORK MUNICIPAL INCOME FUND, INC.

A notice has been issued giving interested persons until July 15 to request a hearing on an application filed by Nuveen New York Municipal Income Fund, Inc. for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-22028 - June 19)

THE CHASE MANHATTAN BANK, N.A. AND CHEMICAL BANK

A notice has been issued giving interested persons until July 11 to request a hearing on an application filed by The Chase Manhattan Bank, N.A. (Chase) and Chemical Bank for an order under Section 6(c) of the Investment Company Act exempting applicants from Section 17(f) of the Act. The order would amend a prior order that permits

Chase, as custodian or subcustodian of registered U.S. investment company assets, to deposit such assets in foreign banks and foreign securities depositories. The requested order would substitute Chemical Bank (which anticipates changing its name to The Chase Manhattan Bank) as the party to which relief is granted following Chemical Bank's anticipated merger with Chase. (Rel. IC-22029; IS-995 - June 19)

HOLDING COMPANY ACT RELEASES

ENTERGY CORPORATION, ET AL.

An order has been issued authorizing a proposal by Entergy Corporation (Entergy), a registered holding company, and its wholly owned subsidiary company Entergy Power, Inc. (EPI). EPI proposes to make up to \$55 million in cash payments to Entergy from time to time through December 31, 1998 out of EPI's unearned surplus. (Rel. 35-26534)

SELF-REGULATORY ORGANIZATIONS

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

The Commission received a proposed rule change filing (SR-CBOE96-30) by the Chicago Board Options Exchange to amend its rules respecting eligibility to participate in the CBOE's Retail Automatic Execution System (RAES) for transactions in Standard & Poor's 100 Index (OEX) options. Publication of the notice is expected in the Federal Register during the week of June 17. (Rel. 34-37313)

APPROVAL OF PROPOSED RULE CHANGES

The Commission approved a proposed rule change (SR-OCC-95-18) filed by The Options Clearing Corporation. The rule change clarifies rules regarding the unavailability of current index values. (Rel. 34-37315)

The Commission approved a proposed rule change filed by the Chicago Board Options Exchange (SR-CBOE-96-10) which amends CBOE Rule 6.55, "Multiple Orders Prohibited," to provide that, except in accordance with procedures established by the appropriate Floor Procedure Committee, or with such Floor Procedure Committee's permission in individual cases, no market maker shall enter or be present in a trading crowd while a floor broker present in the trading crowd is holding an order on behalf of the market maker's individual account or an order initiated by the market maker for an account in which the market maker has an interest. Publication of the approval order is expected in the Federal Register during the week of June 24. (Rel. 34-37316)

The Commission approved a proposed rule change (SR-Phlx-96-07) filed by the Philadelphia Stock Exchange to adopt a market index option hedge exemption. (Rel. 34-37320)

The Commission approved a proposed rule change filed by the Pacific Stock Exchange (SR-PSE-96-13) to codify a policy that any specialist whose score on a quarterly specialist performance evaluation ranks in the bottom 10% of specialists on his or her trading floor shall not be eligible for allocations of securities, absent mitigating circumstances, until such ranking rises above the bottom 10%. (Rel. 34-37326)

PROPOSED RULE CHANGES

The Options Clearing Corporation filed a proposed rule change (SR-OCC-96-03) relating to flexibly structured equity options. Publication of the notice is expected in the Federal Register during the week of June 24. (Rel. 34-37318)

The Philadelphia Stock Exchange filed a proposed rule change (SR-Phlx-96-17) to reduce the value of its Super Cap Index option to one-third its present value. Publication of the approval order is expected in the Federal Register during the week of June 24. (Rel. 34-37319)

The Philadelphia Stock Exchange filed a proposed rule change (SR-Phlx 96-21) with respect to index option exercise advices. Publication of the notice is expected in the Federal Register during the week of June 24. (Rel. 34-37321)

The Philadelphia Stock Exchange filed a proposed rule change (SR-Phlx-96-11) to permit the Exchange to calculate the settlement values for cash/spot foreign currency option contracts (3-D Options) and to limit its liability in connection with respect to such calculations. Publication of the proposal is expected in the Federal Register during the week of June 24. (Rel. 34-37323)

The Chicago Stock Exchange filed Amendment No. 3 to a proposed rule change (SR-CHX-96-11) to amend Rule 2 of Article VI, Registration and Approval of Member and Member Organization Personnel (and the interpretations and policies thereunder) to clarify the definition of "control person" and the application of Rule 2 to such control persons. Publication of the proposal is expected in the Federal Register during the week of June 24. (Rel. 34-37324)

The Chicago Stock Exchange filed a proposed rule change (SR-CHX-96-15) relating to assignment and reassignment of NASDAQ/NMS Issues. Publication of the proposal is expected in the Federal Register during the week of June 24. (Rel. 34-37327)