

# SEC NEWS DIGEST

Issue 98-81

April 28, 1998

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## ENFORCEMENT PROCEEDINGS

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### ADMINISTRATIVE PROCEEDING SETTLED AGAINST A. MORGAN MAREE, JR. & ASSOCIATES, INC., AND HUGH DUFF ROBERTSON

The Commission announced that on April 27 it settled public administrative and cease and desist proceedings against A. Morgan Maree, Jr. & Associates, Inc. (AMM), a registered investment adviser, and Hugh Duff Robertson (Robertson), AMM's president and sole owner. The Commission found that AMM: (i) accepted undisclosed fees from a non-client in connection with giving advice to advisory clients; (ii) engaged in principal transactions with advisory clients without disclosing to its advisory clients the capacity in which it was acting and failing to obtain the written consent of the advisory clients prior to the completion of the transactions; and (iii) filed false statements with the Commission in Form ADV submissions regarding this conduct, in violation of Sections 206(1), 206(2), 206(3), and 207 of the Investment Advisers Act. The Commission further found that Robertson aided and abetted and caused AMM's violative conduct and filed false statements with the Commission in Form ADV submissions regarding this conduct.

AMM and Robertson, without admitting or denying the findings, consented to the entry of a cease and desist order, agreed to pay disgorgement and prejudgment interest in the amount of \$12,724.62, and each agreed to pay a civil money penalty of \$9,596.00. (Rel. 34-39917; IA-1718; File No. 3-9497)

### ADMINISTRATIVE PROCEEDING INSTITUTED AND SETTLED AGAINST THOMAS FERRIS

The Commission announced that on April 27 it instituted and simultaneously settled public administrative and cease and desist proceedings against Thomas F. Ferris (Ferris), the owner and president of Pacific Capital Partners, Inc. (Pacific Capital), formerly a registered broker-dealer. The Commission alleges that, from August 1993 through December 1996, Pacific Capital offered and sold units in two limited partnerships, Recovery Asset Group, Ltd. and Recovery Asset Group II, Ltd., to investors. The Order alleges that Ferris caused the partnerships to make distributions to investors which exceeded the partnerships' gross revenue from business operations, and that Ferris caused Pacific Capital to make

false statements to prospective investors about these distribution payments.

Ferris consented to the entry of a cease and desist order, agreed to pay a civil penalty in the amount of \$20,000, and is barred from association with any broker, dealer, municipal securities dealer, investment company, or investment adviser, with the right to reapply for association in one year and six months. Ferris consented to the administrative order without admitting or denying the findings in the Order. (Rel. 33-7529; 34-39918; File No. 3-9587)

#### **JOSEPH SANFELLIPO ORDERED TO CEASE AND DESIST FROM VIOLATING SECTION 10(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULES 10b-5 AND 13b2-2**

The Commission instituted cease and desist proceedings pursuant to Section 21C of the Securities Exchange Act of 1934 (Exchange Act) against Joseph Sanfelliipo (Sanfelliipo) of Del Mar, California. Simultaneously, the Commission accepted Sanfelliipo's settlement offer, pursuant to which, without admitting or denying the Commission's findings, except as to jurisdiction, Sanfelliipo consented to the entry of an order of the Commission (Order) requiring him to cease and desist from committing or causing any violation and any future violation of Section 10(b) of the Exchange Act and Rules 10b-5 and 13b2-2. The Commission found that Sanfelliipo violated Section 10(b) of the Exchange Act and Rule 10b-5 by participating in a fraudulent scheme to overstate the assets, revenue and income of Packaging Plus Services, Inc. (Packaging Plus) on its books and records and in its financial statements for the year-ended December 31, 1990 filed with the Commission (1990 Financial Statements). The Commission also found that Sanfelliipo violated Exchange Act Rule 13b2-2 by providing a materially false and misleading audit confirmation to Packaging Plus's independent accountant in connection with the audit of the 1990 Financial Statements. As part of this settlement, the Commission agreed to dismiss its complaint against Sanfelliipo in SEC v. Jerald Beagelman, 96 Civ. 3899, DRH, EDNY. For further information, see LR 15003; AAER No. 807 (August 6, 1996). (Rel. 34-39919; AAE Rel. 1028; File No. 3-9588)

#### **COMMISSION INSTITUTES PROCEEDINGS AGAINST BROKER, INVESTMENT ADVISER AND PRINCIPAL**

The Commission announced that it has instituted administrative and cease and desist proceedings against George E. Brooks & Associates, Inc. (Associates), Morehead Investment Advisors, Inc. (Morehead), and George E. Brooks (Brooks) all of Charlotte, North Carolina.

Associates has been registered with the Commission as an investment adviser since January 1991. Morehead has been registered with the Commission as a broker-dealer since December 1993. Brooks was the principal shareholder and president of Associates, and a principal shareholder and chairman of the board of directors of Morehead.

The order instituting public proceedings alleges that Brooks engaged in a series of free riding transactions on behalf of Associates, Morehead, a Morehead employee, and certain customers of Morehead, effected unsuitable securities transactions for certain customers of Morehead, and caused Morehead to violate net capital and books and records requirements. The order also alleges that Brooks caused Associates to fail to disclose to clients its weak financial condition, and caused Associates to violate certain brochure, filing, and books-and-records requirements.

The administrative proceedings will determine whether remedial action, entry of cease and desist orders, accountings and disgorgement of unlawful profits, and the imposition of civil penalties are appropriate and in the public interest against Associates, Morehead and Brooks. (Rel. 34-39921; IC-23130; IA-1719; File No. 3-9589)

#### **COMMISSION FILES COMPLAINT AGAINST GREG SKUDLARICK**

The Commission announced that on April 20 it filed a lawsuit in a United States District Court against Greg E. Skudlarick for violations of the antifraud provisions of the federal securities laws arising out of his insider trading in the securities of Aksys, Ltd., a company in the business of making hemodialysis products. Simultaneously with the filing of the complaint, Skudlarick, without admitting or denying the SEC's allegations, consented to a permanent injunction and agreed to pay \$11,838 in disgorgement, \$11,838 in a civil penalty, and prejudgment interest.

The complaint alleges that on June 4, 1997, Skudlarick, while working as an independent consultant at Aksys, received material non-public information at a company meeting regarding Aksys' plans to delay submission of its personal hemodialysis system to the Food and Drug Administration. According to the complaint, on June 4, 1997 and June 5, 1997, Skudlarick purchased Aksys put options while in possession of the information. The complaint further alleges that Aksys publicly announced the delay on June 6, 1997, resulting in a decline in the price of Aksys stock, and that thereafter, on June 6, 1997 and June 7, 1997, Skudlarick exercised some options and sold the remaining options, profiting by \$11,838. [SEC v. Greg E. Skudlarick, USDC, ND Ill., No. 98 C 2421] (LR-15721)

#### **CORRECTION**

Some versions of the April 27 issue of the Digest carried an article about administrative proceedings instituted against David Barr containing incorrect information. The administrative proceeding involves only Mr. Barr and not Advest Inc. The article should have read as follows:

#### **ADMINISTRATIVE PROCEEDINGS INSTITUTED AGAINST DAVID BARR**

The Commission today announced that it issued an Order Instituting Public Administrative and Cease and Desist Proceedings Pursuant to Section 8A of the Securities Act of

1933 and Sections 15(b) (6) and 19(h) of the Securities Exchange Act of 1934 against David T. Barr, a branch manager of the Ithaca, New York branch office of Advest, Inc. The Order alleges that between February and August 1993, Barr sold 350,000 shares of unregistered stock in International Trade & Commerce Corp., a worthless shell corporation, to approximately 40 investors. The Order alleges that Barr failed to investigate whether the ITC stock required registration. The Order also alleges that Barr distributed false information releases, which stated that ITC was acquiring other businesses and planned to conduct a public offering of its stock. The Order alleges that Barr knew or was reckless in not knowing that the statements in the information releases were false. The Order alleges that Barr willfully violated Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933. A hearing will be scheduled to determine whether the foregoing allegations are true, and, if so, what remedial sanctions are appropriate and in the public interest and whether a cease and desist order should be issued. (Rel. 33-7527; 34-39913; File No. 3-9585)

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#### **INVESTMENT COMPANY ACT RELEASES**

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##### **TCW/BQA ENHANCED 500 LIMITED PARTNERSHIP, ET AL.**

A notice has been issued giving interested persons until May 19, 1998, to request a hearing on the application filed by TCW/BQA Enhanced 500 Limited Partnership, et al. for an order under Section 17(b) of the Investment Company Act exempting applicants from Section 17(a) of the Act. The order would permit certain partnerships to transfer their assets to certain series of TCW Galileo Funds, Inc. in exchange for the series' shares. (Rel. IC-23127 - April 24)

##### **EQ ADVISORS TRUST AND EQ FINANCIAL CONSULTANTS, INC.**

An order has been issued on an application filed by EQ Advisors Trust (Trust) and EQ Financial Consultants, Inc. (EQ Financial) under Section 6(c) of the Investment Company Act exempting applicants from Section 15(a) of the Act and Rule 18f-2 under the Act. The order permits EQ Financial, as investment adviser to the Trust, to enter into and modify subadvisory contracts without obtaining shareholder approval. (Rel. IC-23128 - April 24)

##### **B.A.T INDUSTRIES P.L.C.**

An order has been issued on an application filed by B.A.T Industries p.l.c. under Section 6(c) of the Investment Company Act exempting Allied Zurich p.l.c. from all provisions of the Act. Allied Zurich p.l.c. will be a holding company for Zurich Financial Services. (Rel. IC-23129; International Series Rel. 1029 - April 27)

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## HOLDING COMPANY ACT RELEASES

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### AMEREN CORPORATION, ET AL.

An order has been issued authorizing a proposal by Ameren Corporation (Ameren), a registered holding company, and Ameren Services Company, its subsidiary service company. Ameren proposes to issue and/or acquire, through March 31, 2003, up to four million shares of common stock for purposes of awards under Ameren's Long-Term (stock compensation) Incentive Plan. (Rel. 35-26862)

### AMERICAN ELECTRIC POWER COMPANY, INC., ET AL.

An order has been issued authorizing American Electric Power Company, Inc., a registered holding company, to provide guarantees up to \$20 million in support of unsecured promissory notes issued by its nonutility subsidiary, American Electric Power Service Corporation, through December 31, 2003. (Rel. 35-26863)

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## SELF-REGULATORY ORGANIZATIONS

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### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change (SR-BSE-98-4) filed by the Boston Stock Exchange to move the paragraph governing the suspension and restoration of trading in a Boston Stock Exchange listed security from Chapter XXIV, ¶ 2220 to Chapter XXVII, ¶ 2264 has become immediately effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the notice is expected in the Federal Register during the week of April 27. (Rel. 34-39909)

### APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change (SR-DCC-98-01) filed by Delta Clearing Corp. permitting the use of mortgage backed securities as margin collateral. (Rel. 34-39920)

### DELISTING GRANTED

An order has been issued granting the application of the American Stock Exchange to strike from listing and registration Sunbelt Nursery Group, Inc., Common Stock, \$0.01 Par Value. (Rel. 34-39922)

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## SECURITIES ACT REGISTRATIONS

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The following registration statements have been filed with the SEC under the Securities Act of 1933. The reported information appears as follows: Form, Name, Address and Phone Number (if available) of

the issuer of the security; Title and the number and/or face amount of the securities being offered; Name of the managing underwriter or depositor (if applicable); File number and date filed; Assigned Branch; and a designation if the statement is a New Issue.

Registration statements may be obtained in person or by writing to the Commission's Public Reference Branch at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the following e-mail box address: <public info @ sec>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

- S-8 REED INTERNATIONAL PLC, 25 VICTORIA ST, LONDON, W1A 1EJ, X0 - 3,600,000 (\$133,537,500) FOREIGN COMMON STOCK (FILE 333-8542 - MAR. 30) (BR. 5)
- S-8 SCANDINAVIAN BROADCASTING SYSTEM SA, P O BOX 26205 S-100 41 STOCKHOLM, L 1717 LUXEMBOURG, STOCKHOLM SWEDEN, V7 (011) 468-5451 - 3,481,612 (\$114,231,690) FOREIGN COMMON STOCK. (FILE 333-8658 - APR. 20) (BR. 3)
- S-1 ZOMAX OPTICAL MEDIA INC, 5353 NATHAN LANE, PLYMOUTH, MN 55442 (612) 553-9300 - 2,300,000 (\$41,400,000) COMMON STOCK. (FILE 333-50553 - APR 21) (BR 2)
- S-3 GULFSTREAM AEROSPACE CORP, P O BOX 2206, 500 GULFSTREAM RD - TRAVIS FIELD, SAVANNAH, GA 31402 (912) 964-3000 - 20,700,000 (\$899,829,000) COMMON STOCK (FILE 333-50555 - APR. 21) (BR. 5)
- S-3 COACH USA INC, ONE RIVERWAY, STE 600, HOUSTON, TX 77056 (888) 262-2487 - \$209,587,500 COMMON STOCK (FILE 333-50561 - APR 21) (BR 5)
- S-3 ENRON CORP/OR/, 1400 SMITH ST, HOUSTON, TX 77002 (713) 853-6161 - 17,250,000 (\$854,910,000) COMMON STOCK (FILE 333-50565 - APR 21) (BR 4)
- S-4 SOVEREIGN BANCORP INC, 1130 BERKSHIRE BLVD, WYOMISSING, PA 19610 (610) 320-8400 - 5,896,262 (\$97,648,351 50) COMMON STOCK (FILE 333-50569 - APR 21) (BR 7)
- S-8 VYREX CORP, 2159 AVENIDA DE LA PLAYA, LA JOLLA, CA 92037 (619) 459-9522 - 2,875,000 (\$16,186,250) COMMON STOCK (FILE 333-50571 - APR. 21) (BR 9)
- S-3 WINSTAR COMMUNICATIONS INC, 230 PARK AVE STE 2700, NEW YORK, NY 10169 (212) 584-4000 - 4,000,000 (\$200,000,000) PREFERRED STOCK 6,091,107 (\$286,316,072) COMMON STOCK (FILE 333-50575 - APR. 21) (BR 3)
- S-4 PAYLESS SHOESOURCE HOLDINGS INC, 3231 SOUTH EAST SIXTH STREET, TOPEKA, KS 66607 (913) 233-5171 - 37,347,552 (\$2,705,456,667) COMMON STOCK. (FILE 333-50577 - APR 21) (NEW ISSUE)
- S-8 TRAMMELL CROW CO, 3500 TRAMMELL CROW CENTER 2001 ROSE AVEN, 214-863-3000, DALLAS, TX 75201 (214) 863-3000 - 1,000,000 (\$26,187,500) COMMON STOCK (FILE 333-50579 - APR 21) (BR 8)
- S-8 TRAMMELL CROW CO, 3500 TRAMMELL CROW CENTER 2001 ROSE AVEN, 214-863-3000, DALLAS, TX 75201 (214) 863-3000 - 2,423,801 (\$9,331,634) COMMON STOCK (FILE 333-50581 - APR 21) (BR 8)
- S-8 CLARCOR INC, 2323 SIXTH ST, PO BOX 7007, ROCKFORD, IL 61125 (815) 962-8867 - 2,000,000 (\$44,626,000) COMMON STOCK. (FILE 333-50583 - APR 21) (BR 5)
- S-8 TRAMMELL CROW CO, 3500 TRAMMELL CROW CENTER 2001 ROSE AVEN, 214-863-3000, DALLAS, TX 75201 (214) 863-3000 - 5,334,878 (\$139,707,118) COMMON STOCK (FILE 333-50585 - APR 21) (BR 8)

S-8 FIRST UNION CORP, ONE FIRST UNION CTR, CHARLOTTE, NC 28288  
(704) 374-6565 - 10,000,000 (\$613,750,000) COMMON STOCK (FILE 333-50589 -  
APR 21) (BR 7)

S-8 XIRCOM INC, 2300 CORPORATE CENTER DR, THOUSAND OAKS, CA 91320  
(805) 376-9300 - 1,650,000 (\$24,700,500) COMMON STOCK (FILE 333-50591 -  
APR 21) (BR 3)

SB-2 SHOWPOWER INC, 18128 SOUTH SANTA FE AVE, RANCHO DOMINGUEZ, CA 90221  
(310) 604-9676 - \$19,813,200 COMMON STOCK (FILE 333-50595 - APR 21)

N-2 FIFTH AUTOMATIC COMMON EXCHANGE SECURITY TRUST, C/O GOLDMAN SACHS & CO,  
85 BROAD STREET, NEW YORK, NY 10004 (212) 902-1000 - \$10,000,000  
COMMON STOCK. (FILE 333-50597 - APR 21)

S-1 ORBCOMM CORP, 2455 HORSE PEN ROAD, HERNDON, VA 20171 (703) 406-6000 -  
\$143,750,000 COMMON STOCK (FILE 333-50599 - APR. 21) (NEW ISSUE)

S-8 SEALED AIR CORP/DE, PARK 80 EAST, SADDLE BROOK, NJ 07663 (201) 791-7600  
- 450,450 (\$2,770,268) COMMON STOCK. (FILE 333-50601 - APR 21) (BR 6)

S-8 SEALED AIR CORP/DE, PARK 80 EAST, SADDLE BROOK, NJ 07663 (201) 791-7600  
- 489,307 (\$18,114,146) COMMON STOCK (FILE 333-50603 - APR 21) (BR 6)

S-3 AON CORP, 123 N WACKER DR, CHICAGO, IL 60606 (312) 701-3000 - 369,000  
(\$24,630,750) COMMON STOCK (FILE 333-50607 - APR 21) (BR 1)

S-3 LEXMARK INTERNATIONAL INC, ONE LEXMARK CENTRE DRIVE, LEXINGTON, KY 40550  
(606) 232-2000 - 150,000,000 (\$150,000,000) STRAIGHT BONDS (FILE  
333-50609-01 - APR. 21) (NEW ISSUE)

S-3 FORD MOTOR CREDIT CO, THE AMERICAN RD, PO BOX 6044, DEARBORN, MI 48121  
(313) 322-3000 - 1,000,000 (\$1,000,000) STRAIGHT BONDS (FILE 333-50611 -  
APR. 21) (BR. 7)

S-4 PLATINUM TECHNOLOGY INC, 1815 S MEYERS RD, OAKBROOK TERRACE, IL 60181  
(630) 620-5000 - 8,677,295 (\$221,858,379) COMMON STOCK (FILE 333-50615 -  
APR 21) (BR. 3)

S-8 VISIO CORP, 520 PIKE ST, STE 1800, SEATTLE, WA 98101 (206) 521-4500 -  
4,940,000 (\$202,688,200) COMMON STOCK (FILE 333-50619 - APR 21) (BR 3)

S-8 POWERCERV CORP, 400 NORTH ASHLEY DR, STE 2700, TAMPA, FL 33602  
(813) 226-2600 - 2,425,000 (\$12,276,562 50) COMMON STOCK (FILE 333-50621  
- APR 21) (BR 3)

S-8 HNC SOFTWARE INC/DE, 5930 CORNERSTONE CT W, SAN DIEGO, CA 92121  
(619) 546-8877 - 390,000 (\$15,233,400) COMMON STOCK (FILE 333-50623 -  
APR 21) (BR 3)

S-8 EXIGENT INTERNATIONAL INC, 1225 EVANS RD, MELBOURNE, FL 32904  
(407) 723-3999 - 250,000 (\$921,875) COMMON STOCK (FILE 333-50625 -  
APR 21) (BR 3)

S-8 CHESAPEAKE CORP /VA/, 1021 E CARY ST, PO BOX 2350, RICHMOND, VA 23218  
(804) 697-1000 - 400,000 (\$14,200,000) COMMON STOCK (FILE 333-50627 -  
APR. 21) (BR 4)

S-8 POWERTRADER INC, 885 DUNSMUIR ST, STE 591, VANCOUVER B C CANADA, A1  
(604) 685-1529 - 1,500,000 (\$562,500) COMMON STOCK (FILE 333-50629 -  
APR 21) (BR. 9)

S-8 TRUEVISION INC, 2500 WALSH AVE, SANTA CLARA, CA 95051 (408) 562-4200 -  
600,000 (\$1,297,831 25) COMMON STOCK. (FILE 333-50631 - APR 21)

S-8 SCOOP INC/DE, 2540 RED HILL AVENUE, SUITE 100, SANTA ANA, CA 92705  
(714) 225-6000 - 1,500,000 (\$3,035,687) COMMON STOCK (FILE 333-50633 -  
APR 21) (BR 9)

S-8 SCOOP INC/DE, 2540 RED HILL AVENUE, SUITE 100, SANTA ANA, CA 92705  
(714) 225-6000 - 350,000 (\$481,250) COMMON STOCK (FILE 333-50635 -  
APR 21) (BR 9)

S-4 SWIFT ENERGY CO, 16825 NORTHCHASE DR STE 400, HOUSTON, TX 77060  
(713) 874-2700 - 2,500,000 (\$45,781,250) COMMON STOCK (FILE 333-50637 -  
APR 21) (BR 4)

S-8 GADZOOKS INC, 4121 INTERNATIONAL PKWY, CARROLLTON, TX 75007  
(972) 307-5555 - 60,000 (\$1,533,000) COMMON STOCK (FILE 333-50639 -  
APR 21) (BR 2)

S-3 ANICOM INC 6133 N RIVER RD, STE 1000, ROSEMONT, IL 60018 (847) 518-8700  
- 356,698 (\$5,016,066) COMMON STOCK (FILE 333-50641 - APR 21) (BR 6)

S-1 MIPS TECHNOLOGIES INC, 2011 N SHORELINE BLVD, MOUNTAIN VIEW, CA 94043  
(650) 960-1980 - 6,325,000 (\$88,550,000) COMMON STOCK (FILE 333-50643 -  
APR 21) (NEW ISSUE)

S-1 SOFTWARE AG SYSTEMS INC, 11190 SUNRISE VALLEY DR, RESTON, VA 20191  
(703) 860-5050 - 6,279,243 (\$172,302,427 92) COMMON STOCK (FILE  
333-50645 - APR 21) (BR 3)

S-8 PCC GROUP INC, 163 UNIVERSITY PARKWAY, POMONA, CA 91768 (909) 869-6133  
- 700,000 (\$1,944,088) COMMON STOCK (FILE 333-50647 - APR. 22) (BR. 3)

S-4 TEKNI PLEX INC, 201 INDUSTRIAL PKWY, SOMERVILLE, NJ 08876 (908) 722-4800  
- 200,000,000 (\$200,000,000) STRAIGHT BONDS (FILE 333-50649 - APR 21)  
(BR 6)

S-3 PNC BANK CORP, ONE PNC PLAZA, 249 FIFTH AVE, PITTSBURGH, PA 15265  
(412) 762-1553 - \$600,000,000 STRAIGHT BONDS (FILE 333-50651 - APR 21)  
(BR 7)

S-4 DOMINION RESOURCES INC /VA/, 901 E BYRD ST, WEST TOWER, P O BOX 26532,  
RICHMOND, VA 23219 (804) 775-5700 - 250,000,000 (\$250,000,000)  
STRAIGHT BONDS (FILE 333-50653 - APR 22) (BR 4)

SB-2 ENLIGHTEN SOFTWARE SOLUTIONS INC, 999 BAKER WAY STE 390, SAN MATCO, CA  
94404 (415) 578-0700 - 575,000 (\$2,443,750) COMMON STOCK (FILE 333-50655  
- APR 22) (BR 3)