

# SEC NEWS DIGEST

Issue 98-180

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## COMMISSION ANNOUNCEMENTS

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### DIVISION OF MARKET REGULATION ISSUES A REPORT ENTITLED TRADING ANALYSIS OF OCTOBER 27 AND 28, 1997

The staff of the Division of Market Regulation has issued a report, entitled "Trading Analysis of October 27 and 28, 1997."

On October 27 and 28, 1997, the nation's securities markets fell by a record absolute amount on then-record trading volume. On Monday, October 27, the Dow Jones Industrial Average declined 554.26 points (7.18%) to close at 7161.15. This represented the tenth largest percentage decline in the index since 1915. October 27 was also the first time that the cross-market trading halt circuit breaker procedures had been used since their adoption in 1988. At 2:36 p.m., the DJIA had declined 350 points, thereby triggering a 30-minute halt on the stock, options, and index futures markets. After trading resumed at 3:06 p.m., prices fell rapidly to reach the 550-point circuit breaker level at 3:30 p.m., thereby ending the trading session 30 minutes prior to the normal stock market close. On Tuesday, October 28, market prices initially resumed their decline before rallying sharply. The DJIA closed up 337.17 points (4.71%) at 7498.32 on then-record share volumes of over a billion shares each on the New York Stock Exchange and the Nasdaq Stock Market.

For further information concerning the Division's Trading Analysis, contact John Heine at (202) 942-0020. (Press Rel. 98-87)

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## ENFORCEMENT PROCEEDINGS

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### COMMISSION SUES PROMOTERS OF PRIME BANK FRAUD

The Commission announced today that it filed an enforcement action in federal court in Los Angeles against Marshall Neil Craig Ronald, Rudolf Alexander Victor Linschoten, and Frieda Freitas. The Commission alleged that the defendants engaged in the fraudulent

offer and sale of unregistered securities through Sabre Asset Management Corporation in connection with a fictitious "bank trading" program. Between December 1996 and October 1997, the defendants raised approximately \$6.6 million from about 170 investors. The complaint alleges that defendants represented to investors that their funds would be used for a secret "bank trading" program. The defendants guaranteed investors a 100% return within 90 "banking days" from the time their investments were placed into the trading program. They also represented to investors that their principal would be secured and that their investment was risk free. There was, however, no bank trading program. Rather, the complaint alleges that the defendants misappropriated about 87% of investor funds for their own personal benefit. The investment program was promoted at off-shore seminars organized by Investors International Publishing, a company operated by Linschoten in Orange County, California. The Commission seeks an injunction and disgorgement together with prejudgment interest against each of the defendants. [SEC v. Marshall Neil Craig Ronald, Rudolf Alexander Victor Linschoten A/K/A Rudolf Van Lin or Dr. Rudolf Van Lin, and Frieda Freitas, Civil Action No. 98-7502 WDK, BQRx, C.D. Cal.] (LR-15882)

#### **INDICTMENT RETURNED IN PRIME BANK SCHEME**

On September 10, a federal grand jury returned an indictment charging Teddy Wayne Solomon and Lisa Debra Stevens with three counts of wire fraud in connection with their offer and sale of fictitious "Prime Bank Instrument" trading programs. The indictment alleges that Solomon and Stevens falsely represented themselves to potential investors as agents for foreign securities traders who were trading in large denomination debt instruments allegedly issued by "one of the top 25 world banks."

As part of their scheme, according to the indictment, Solomon and Stevens told investors, among other things, that an investment in the trading programs would generate "safe, guaranteed" returns of as much as 4,300% annually and that the programs were secured by U.S. Government securities. In fact, the indictment states that the trading programs were no more than a "Ponzi" scheme, whereby new investors' contributions were used in part to refund some portion of prior investors' principal, while a substantial portion of the new funds were diverted to the personal use of Solomon and Stevens.

The indictment comes one day after Solomon and Stevens agreed to be permanently enjoined from future violations of the federal securities laws in a civil action brought by the Commission which was based on the same activities alleged in the indictment. [U.S. v. Teddy Wayne Solomon and Lisa Debra Stevens, 3:98-CR-299-X, USDC, ND/TX, Dallas Division] (LR-15883)

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

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## HAMBRECHT & QUIST EMPLOYEE VENTURE FUND, L.P., ET AL.

An order has been issued on an application filed by Hambrecht & Quist Employee Venture Fund, L.P. and Hambrecht & Quist Group granting relief under Sections 6(b) and 6(e) of the Investment Company Act in connection with the formation of limited partnerships or other investment vehicles (Partnerships). Each Partnership will be an "employees' securities company" within the meaning of Section 2(a)(13) of the Act. (Rel. IC-23438 - September 16)

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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.

- F-3 ROYAL AHOLD, ALBERT HEIJNWEG 1, P O BOX 33, 1500 EA ZAANDAM THE, P7 -  
\$3,141,170,000 FOREIGN COMMON STOCK. (FILE 333-9376 - SEP. 08) (BR. 2)
- F-6 KONINKLIJKE AHOLD NV /ADR/, 60 WALL ST, NEW YORK, NY 10260  
(212) 648-3200 - 10,000,000 (\$500,000)  
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-9378 - SEP. 08)
- S-8 FUNDTECH LTD, BEIT HABONIM, 2 NABINNINE STREET, ROMET GAN, ISRAEL,  
(011) 972-3575 - 970,003 (\$12,852,539.75) FOREIGN COMMON STOCK. (FILE  
333-9380 - SEP. 08) (BR. 3)
- F-6 PEPSI GEMEX SA DE CV /ADR/, 111 WALL ST, C/O CITIBANK N A, NEW YORK, NY  
10043 (212) 657-7691 - 100,000,000 (\$5,000,000)  
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-9382 - SEP 08)
- S-1 MANNATECH INC, 600 SOUTH ROYAL LANE, SUITE 200, COPPELL, TX 75019  
(972) 471-7400 - 4,955,000 (\$39,640,000) COMMON STOCK. (FILE 333-63133 -  
SEP. 10) (BR 1)
- S-4 REPUBLIC BANCSHARES INC, 111 SECOND AVE NE, STE 300, ST PETERSBURG, FL  
33701 (813) 823-7300 - 475,000 (\$4,385,000) COMMON STOCK. (FILE 333-63137  
- SEP. 10) (BR. 7)
- S-8 WOLF INDUSTRIES INC, 4020 SEVENTH STREET SE, T2G2Y8, CALGANY,  
(403) 543-0970 - 3,000,000 (\$660,000) COMMON STOCK (FILE 333-63139 -  
SEP. 10) (BR. 9)
- S-1 ABOVENET COMMUNICATIONS INC, 50 W SAN FERNANDO ST, SE 1010, SAN JOSE, CA  
95113 (408) 367-6666 - \$57,500,000 COMMON STOCK (FILE 333-63141 -  
SEP. 10) (BR. 37)
- SB-2 CHRONICLE COMMUNICATIONS INC, 140 FIRST AVENUE N E., CAIRO, GA 31728  
(912) -37-7-21 - 3,060,453 (\$1,434,434) COMMON STOCK (FILE 333-63143 -  
SEP. 08) (BR. 9)
- N-2 BLACKROCK HIGH YIELD TRUST, 345 PARK AVENUE, NEW YORK, NY 10154  
(212) 754-5560 - 690,000 (\$10,350,000) COMMON STOCK. (FILE 333-63145 -  
SEP. 10) (BR. 22)
- S-8 ITRON INC /WA/, 2818 N SULLIVAN RD, SPOKANE, WA 99216 (509) 924-9900 -  
82,851 (\$569,601) COMMON STOCK (FILE 333-63147 - SEP 10) (BR. 7)

S-8 FRISCHS RESTAURANTS INC, 2800 GILBERT AVE, CINCINNATI, OH 45206  
(513) 961-2660 - 1,000,000 (\$9,187,500) COMMON STOCK. (FILE 333-63149 -  
SEP. 10) (BR. 5)

S-3 PACCAR FINANCIAL CORP, 777 106TH AVE N E, PO BOX 1518, BELLEVUE, WA  
98004 (425) 455-7400 - 1,000,000,000 (\$1,000,000,000) STRAIGHT BONDS.  
(FILE 333-63153 - SEP. 10) (BR. 7)

S-8 MATERIAL TECHNOLOGIES INC /CA/, 11835 OLYMPIC BLVD,  
SUITE 705 EAST TOWER, LOS ANGELES, CA 90064 (310) 208-5589 - 800,000  
(\$875,000) COMMON STOCK (FILE 333-63165 - SEP. 10) (BR. 5)

S-8 SPSS INC, 444 NORTH MICHIGAN AVE, CHICAGO, IL 60611 (312) 329-2400 -  
1,119,750 (\$21,065,296.87) COMMON STOCK. (FILE 333-63167 - SEP 10)  
(BR 3)

S-8 SUMMIT MEDICAL SYSTEMS INC /MN/, 10900 RED CIRCLE DRIVE, SUITE 120,  
MINNETONKA, MN 55343 (612) 939-2200 - 755,000 (\$872,968.75) COMMON STOCK.  
(FILE 333-63169 - SEP. 10) (BR. 3)

S-4 UNITED RENTALS INC /DE/, FOUR GREENWICH OFFICE PARK, GREENWICH, CT 06830  
(203) 622-3131 - 29,620,913 (\$593,341,518) COMMON STOCK. (FILE 333-63171 -  
SEP. 10) (BR. 6)

S-3 BLUE WAVE SYSTEMS INC, 2410 LUNA RD, STE 132, CARROLLTON, TX 75006  
(214) 277-4600 - 7,876,964 (\$22,153,962) COMMON STOCK. (FILE 333-63173 -  
SEP. 10) (BR. 3)

S-3 CHUBB CORP, 15 MOUNTAIN VIEW RD P O BOX 1615, WARREN, NJ 07061  
(980) 580-2000 - 600,000,000 (\$600,000,000) STRAIGHT BONDS. (FILE  
333-63175 - SEP. 10) (BR. 1)

S-8 USA DETERGENTS INC, 1735 JERSEY AVE, NORTH BRUNSWICK, NJ 08902  
(908) 828-1800 - 611,085 (\$4,468,412.80) COMMON STOCK. (FILE 333-63177 -  
SEP. 10) (BR. 2)

S-8 UAL CORP /DE/, 1200 ALGONQUIN ROAD, ELK GROVE TOWNSHIP, IL 60007  
(847) 700-4000 - 300,000 (\$17,437,500) COMMON STOCK. (FILE 333-63179 -  
SEP. 10) (BR. 5)

S-8 UAL CORP /DE/, 1200 ALGONQUIN ROAD, ELK GROVE TOWNSHIP, IL 60007  
(847) 700-4000 - 500,000 (\$29,062,500) COMMON STOCK. (FILE 333-63181 -  
SEP. 10) (BR 5)

S-8 UAL CORP /DE/, 1200 ALGONQUIN ROAD, ELK GROVE TOWNSHIP, IL 60007  
(847) 700-4000 - 300,000 (\$17,437,500) COMMON STOCK. (FILE 333-63185 -  
SEP. 10) (BR. 5)

S-8 STATE OF FRANKLIN BANCSHARES INC, 1907 NORTH ROAN STREET, JOHNSON CITY,  
TN 37604 (423) 926-3300 - 63,636 (\$699,996) COMMON STOCK. (FILE 333-63187  
- SEP. 10) (BR. 7)

S-8 FURON CO, 1199 SOUTH CHILLICOTHE RD, AURORA, OH 44202 (714) 831-5350 -  
300,000 (\$5,193,750) COMMON STOCK. 2,500,000 (\$2,500,000)  
OTHER SECURITIES INCLUDING VOTING TRUST. (FILE 333-63191 - SEP 10)  
(BR. 6)

S-3 BIOCONTROL TECHNOLOGY INC, 300 INDIAN SPRINGS RD, BLDG 2500, INDIANA, PA  
15701 (412) 349-1811 - 103,000,000 (\$12,000,000) COMMON STOCK. (FILE  
333-63193 - SEP 10) (BR. 5)

S-3 WACHOVIA CORP/ NC, 100 N MAIN ST, P O BOX 3099, WINSTON SALEM, NC 27150  
(910) 770-5000 - 1,000,000 (\$1,000,000) PREFERRED STOCK. (FILE 333-63195 -  
SEP. 10) (BR. 7)

S-8 HAUSER CHEMICAL RESEARCH INC, 5555 AIRPORT BLVD, BOULDER, CO 80301  
(303) 443-4662 - 500,000 (\$1,812,500) COMMON STOCK. (FILE 333-63199 -  
SEP. 10) (BR 1)

S-8 FURON CO, 1199 SOUTH CHILLICOTHE RD, AURORA, OH 44202 (714) 831-5350 -  
400,000 (\$6,925,000) COMMON STOCK. (FILE 333-63201 - SEP. 10) (BR. 6)

S-8 GALILEO TECHNOLOGY LTD, 142 CHARCOTT AVENUE, #308, SAN JOSE, CA 95131 -  
750,000 (\$7,177,500) FOREIGN COMMON STOCK. (FILE 333-63203 - SEP 10)  
(BR. 5)

S-8 GALILEO TECHNOLOGY LTD, 142 CHARCOTT AVENUE, #308, SAN JOSE, CA 95131 -  
100,000 (\$957,000) FOREIGN COMMON STOCK (FILE 333-63205 - SEP 10)  
(BR. 5)

S-3 INTERIORS INC, 320 WASHINGTON ST, MT VERNON, NY 10553 (914) 665-5400 -  
110,294,208 (\$12,224,372) COMMON STOCK (FILE 333-63207 - SEP 10)  
(BR. 6)

S-8 SYSTEMSOFT CORP, ONE INNOVATION DRIVE, NATICK, MA 01760 (508) 651-0088  
- 2,100,000 (\$3,194,000) COMMON STOCK. (FILE 333-63211 - SEP. 10) (BR. 3)

S-8 FURON CO, 1199 SOUTH CHILLICOTHE RD, AURORA, OH 44202 (714) 831-5350 -  
350,000 (\$6,059,375) COMMON STOCK. (FILE 333-63213 - SEP 10) (BR 6)

S-8 BRUNSWICK BANCORP, 439 LIVINGSTON AVE, BRUNSWICK, NJ 08901  
(908) 247-5800 - 72,000 (\$2,448,000) COMMON STOCK. (FILE 333-63217 -  
SEP. 10) (BR. 7)

S-4 CMS ENERGY CORP, FAIRLANE PLZ SOUTH STE 1100, 330 TOWN CENTER DR,  
DEARBORN, MI 48126 (313) 436-9200 - 1,600,000 (\$57,143,315) COMMON STOCK  
(FILE 333-63229 - SEP. 10) (BR. 2)

S-8 NEWPORT NEWS SHIPBUILDING INC, 4101 WASHINGTON AVE, LEGAL DEPT,  
NEWPORT NEWS, VA 23607 (757) 380-2000 - 2,010,000 (\$48,365,625)  
COMMON STOCK. (FILE 333-63231 - SEP 10) (BR. 6)

S-8 NEWPORT NEWS SHIPBUILDING INC, 4101 WASHINGTON AVE, LEGAL DEPT,  
NEWPORT NEWS, VA 23607 (757) 380-2000 - 200,000 (\$4,812,500) COMMON STOCK.  
(FILE 333-63233 - SEP. 10) (BR. 6)

S-3 UNAPIX ENTERTAINMENT INC, 200 MADISON AVENUE, NEW YORK, NY 10016  
(212) 252-7600 - 1,276,745 (\$3,112,066) COMMON STOCK (FILE 333-63235 -  
SEP. 10) (BR. 5)