

# SEC NEWS DIGEST

Issue 97-174

September 9, 1997

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## ENFORCEMENT PROCEEDINGS

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### JOCELYN O'ROURKE PERMANENTLY BARRED

The Commission instituted public administrative proceedings against Jocelyn Jane O'Rourke pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act. Simultaneously with the institution of those proceedings, the Commission accepted an offer of settlement from O'Rourke in which she consented, on a neither admit nor deny basis, to an order barring her from the securities industry with the right to reapply for association after five years.

The order is based on a permanent injunction entered against O'Rourke in SEC v. Pierce, Civil Action No. 10600-RCL, D. Mass., on August 18, 1997. That injunction, which was entered by consent, permanently enjoins O'Rourke from violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The injunction was based on the Commission's charge that O'Rourke knowingly or recklessly participated with Michael Anthony Pierce in a scheme to misappropriate over \$1.7 million entrusted to Pierce by twenty-three of his investment advisory clients and securities brokerage customers. In the civil action, O'Rourke also was ordered to pay a monetary penalty in the amount of five thousand dollars (SEC v. Michael Anthony Pierce, et al., C.A. No. 96-10600-RCL, D. MA). (Rels. 34-39027; IA-1659)

### WILLIAM BIERLIN SANCTIONED FOR FAILURE TO SUPERVISE

The Commission accepted an offer from William E. Bierlin to settle public administrative and cease-and-desist proceedings previously instituted against him. Under the terms of the settlement, without admitting or denying the allegations, Bierlin consented to the entry of an Order which suspends him from the securities industry for eleven months; permanently bars him from acting in a supervisory and proprietary capacity; orders him to cease and desist from causing any violations of Section 17(a) of the Securities Exchange Act of 1934 and the rules thereunder; and imposes a \$20,000 civil penalty.

The Commission's Order found that Bierlin failed to reasonably supervise Wendell Jeffrey Lee, a registered representative formerly associated with the Jenkintown, Pennsylvania branch office of W.H. Newbold's Son & Co., a division of Fahnestock & Co., Inc., in connection with Lee's misappropriation of \$262,000 from two different Newbold's brokerage accounts. The Order also found that Bierlin aided and abetted Fahnestock's violations of the record keeping provisions of Section 17(a) of the Exchange Act and Rules 17a-3 and 17a-4 thereunder. (Rel. 34-39029)

JUDGMENT GRANTING THE MOTIONS FOR SUMMARY JUDGMENT, PERMANENT INJUNCTION, DISGORGEMENT AND CIVIL PENALTIES AGAINST DONALD MOORE

On August 26, 1997, the Honorable Richard L. Voorhees, United States District Judge for the Western District of North Carolina, entered a Judgment granting the Commission's motions for summary judgment, permanent injunction, disgorgement and civil penalties against Donald R. Moore (Moore). The judgment of permanent injunction enjoined Moore from violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Moore was ordered to pay disgorgement in the amount of \$606,258.81, the sum which Moore fraudulently obtained from investors, along with prejudgment interest thereon. Moore was further ordered to pay a civil penalty of \$100,000 since his conduct involved fraud and resulted in a substantial loss to other persons.

The Commission's complaint, filed on September 30, 1993, alleged that Moore and others made numerous misrepresentations and omissions of material facts to investors in connection with the offer and sale of Pioneer Inc. stock, and Pioneer Inc. and Pioneer Ltd. certificates of deposit. The misrepresentations and omissions made by Moore concerned the returns that such securities would provide to investors, the safety of these investments, the involvement of major insurance companies to insure investors' funds, guarantees that investors' funds would be refunded, and the operations and status of Pioneer Inc. and Pioneer Ltd., including the expertise of their management. For more information, see LR-13831 (October 12, 1993), LR-14152 (July 7, 1994), LR-14225 (September 9, 1994) and LR-14314 (October 31, 1994). [SEC v. Donald R. Moore, Individually and d/b/a International Society of Investors, et al., Civil Action No. 5:93CV97-V, W.D.N.C.] (LR-15478)

KATHRYN CASPERSON TO BE INCARCERATED FOR FAILURE TO PAY DISGORGEMENT AND ACCOUNT FOR FUNDS AND ASSETS

The Commission announced that on September 2 the Honorable Edward Rafeedie of the Central District of California issued an Order finding Kathryn Casperson in civil contempt and ordering her to self-surrender on September 26, 1997. The Court ordered that Kathryn Casperson surrender to the Office of the United States Marshal on September 26, 1997, to be incarcerated until she complies with the accounting and disgorgement portions of the Court's January 28, 1997, disgorgement order.

The Commission had sought contempt sanctions based upon Kathryn Casperson's failure to disgorge funds and assets received as a result of the participation of her spouse, defendant Jerome Casperson, in the fraudulent scheme, or to account for the expenditure of such funds and assets. Approximately \$46 million had been raised from over 1200 mostly elderly investors. The Court found that Kathryn Casperson was in contempt of court for failure to account for cash withdrawals totalling \$114,600 and her current sources of income, as well as for failure to disgorge four specific pieces of jewelry as previously ordered. [SEC v. American Business Securities, Inc., et al., Civil Action No. 94-4866 ER, C.D. Cal.] (LR-15479)

**PERMANENT INJUNCTION ENTERED AGAINST AND SPECIAL MASTER APPOINTED FOR PHOENIX CONTINENTAL CORPORATION AND ITS PRINCIPAL**

The Commission announced that on May 29, 1997, the Federal District Court for the Southern District of Florida entered permanent injunctions against Phoenix Continental Corporation (Phoenix), Michael T. Honey (Honey), and Robert Johnston (Johnston), and appointed a Special Master to marshal the assets of Phoenix. Phoenix is a Florida corporation, with its principal offices in Pembroke Pines, that is engaged in the business of refurbishing, leasing, selling, and financing the sale of used aircraft. Phoenix represented that money raised through the sale of promissory notes (Notes) was to provide the financial base from which borrowers could finance aircraft leases and purchases. The complaint alleges that from at least December 1994 until May 1997, Phoenix offered and sold the Notes to investors through Honey, Johnston, and a number of independent sales agents, raising \$11.3 million from at least 130 investors in numerous states. The Commission alleges that, among other things, Phoenix falsely represented in its offering materials that investors' funds are fully (and in some cases up to 150%) secured through liens on aircraft filed and recorded with the Federal Aviation Administration. In fact, no more than 60% of investor funds are protected. The complaint also alleges that Phoenix violated the registration provisions of the federal securities laws. Phoenix, Honey and Johnston consented to the entry of the permanent injunctions without admitting or denying the Commission's allegations. [SEC v. Phoenix Continental Corporation, Michael T. Honey, and Robert Johnston] (LR-15480)

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**HOLDING COMPANY ACT RELEASES**

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**NEW ENGLAND ELECTRIC SYSTEM, ET AL.**

A notice has been issued giving interested persons until September 29 to request a hearing on a proposal by New England Electric System (NEES), a registered holding company, and its subsidiary companies Granite State Electric Company, Massachusetts Electric Company (Mass. Electric), Nantucket Electric Company (Nantucket), The Narragansett Electric Company (Narragansett), Narragansett Energy

Resources Company, New England Electric Transmission Corporation, New England Energy Incorporated, New England Hydro-Transmission Electric Company, Inc. (Mass. Hydro), New England Hydro-Transmission Corporation, New England Power Company (NEP), and New England Power Service Company (NEPSCO) (collectively, Applicants). Applicants propose, for the period from November 1, 1997 through October 31, 2001, that Mass. Electric, Nantucket, Narragansett, Mass. Hydro, NEP, and NEPSCO (Borrowing Companies) borrow from the NEES intrasystem money pool (Money Pool). Applicants also propose that any one Applicant, or a combination of several Applicants, loan money to one or more of the Borrowing Companies through the Money Pool under the current terms of the Money Pool; that the Borrowing Companies borrow from banks; and that Mass. Electric, Narragansett, and NEP issue commercial paper. (Rel. 35-26758)

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## SELF-REGULATORY ORGANIZATIONS

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### APPROVAL OF PROPOSED RULE CHANGES

The Commission approved a proposed rule change submitted by the Chicago Board Options Exchange (SR-CBOE-97-27) to list regular options, full and reduced value long-term index options, and FLEX options on the Dow Jones Transportation Average. (Rel. 34-39012)

The Commission approved a proposed rule change submitted under Rule 19b-4 by the National Association of Securities Dealers (SR-NASD-97-41) which amends NASD Conduct Rule 3010 to create another exception to the definition of branch office. Publication in the Federal Register is expected during the week of September 8. (Rel. 34-39019)

The Commission approved a proposed rule change (SR-NASD-97-45) filed by the National Association of Securities Dealers under Section 19(b)(1) of the Exchange Act. The rule change modifies the definition of qualified independent underwriter. (Rel. 34-39021)

The Commission approved a proposed rule change submitted by the National Association of Securities Dealers (SR-NASD-97-52) relating to extension of the large and complex case rule and making application of the rule voluntary. (Rel. 34-39024)

### ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The National Securities Clearing Corporation has filed a proposed rule change (SR-NSCC97-11) under Section 19(b) of the Exchange Act relating to the establishment of limited cross-guaranty agreements with several clearing agencies. The proposed rule change has been approved on an accelerated basis. (Rel. 34-39020)

The Options Clearing Corporation and the National Securities Clearing Corporation have filed proposed rule changes (SR-OCC-97-17

and SR-NSCC-97-12) under Section 19(b) of the Exchange Act relating to their forms of limited cross-guaranty agreements. Such proposed rule changes have been approved on an accelerated basis. (Rel. 34-39022)

## PROPOSED RULE CHANGES

The National Association of Securities Dealers filed with the Commission a proposed rule change under Rule 19b-4 (SR-NASD-97-57) that submits a Notice to Members setting forth the NASD's policy regarding electronic delivery of information between members and their customers. Publication of the notice in the Federal Register is expected during the week of September 8. (Rel. 34-39025)

The Chicago Board Options Exchange has filed a proposed rule change (SR-CBOE-97-33) under Rule 19b-4 of the Exchange Act relating to suspensions for failure to pay debts owed to the Exchange. Publication of the proposal is expected in the Federal Register during the week of September 8. (Rel. 34-39026)

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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>.

F-1 GULF INDONESIA RESOURCES LTD, 21ST FL WISMA 46 KOTA BNI,  
JL JEND SUDIRMAN KAV 1, JAKARTA 10220 INDONESIA, K8 - 24,150,000  
(\$555,450,000) COMMON STOCK. (FILE 333-7508 - AUG. 28) (BR 4 - NEW ISSUE)

S-3 MID AMERICA APARTMENT COMMUNITIES INC, 6584 POPLAR AVE, STE 340,  
MEMPHIS, TN 38138 (901) 682-6600 - 200,000,000 (\$200,000,000)  
STRAIGHT BONDS. (FILE 333-34775 - SEP. 02) (BR. 8)

S-3 WILLBROS GROUP INC, EDIFICIO TORRE BANCO GERMANICO,  
CALLE 50 Y 55 ESTE APARTADO 850048, PANAMA 5 REPUBLIC OF PANAMA, R1 00000  
(507) 263-9282 - 4,528,250 (\$76,980,250) COMMON STOCK. (FILE 333-34777 -  
SEP. 02) (BR. 4)

S-3 AGWAY INC, 333 BUTTERNUT DR, DEWITT, NY 13214 (315) 449-6431 - 14,000  
(\$1,100,000) PREFERRED STOCK. 4,000 (\$100,000) COMMON STOCK. 94,140,000  
(\$94,140,000) OTHER SECURITIES INCLUDING VOTING TRUST (FILE 333-34781 -  
SEP. 02) (BR. 2)

S-8 CAMELOT CORP, CAMELOT PLACE, 17770 PRESTON RD, DALLAS, TX 75252  
(214) 733-3005 - 200,000 (\$800,000) COMMON STOCK (FILE 333-34783 -  
SEP. 02) (BR 3)

S-8 VANGUARD CELLULAR SYSTEMS INC, 2002 PISGAH CHURCH RD STE 300,  
GREENSBORO, NC 27455 (919) 282-3690 - 100,000 (\$1,431,250) COMMON STOCK.  
(FILE 333-34785 - SEP 02) (BR 3)

S-8 VANGUARD CELLULAR SYSTEMS INC, 2002 PISGAH CHURCH RD STE 300,  
GREENSBORO, NC 27455 (919) 282-3690 - 3,000,000 (\$42,937,500) COMMON STOCK.  
(FILE 333-34787 - SEP. 02) (BR. 3)

S-8 AMETEK INC/, STATION SQUARE, PAOLI, PA 19301 (215) 647-2121 - 3,800,000  
(\$84,398,000) COMMON STOCK. (FILE 333-34789 - SEP. 02) (BR. 6)

S-3 CARMIKE CINEMAS INC, 1301 FIRST AVE, COLUMBUS, GA 31901 (404) 576-3400  
- 128,986 (\$3,974,381.12) COMMON STOCK. (FILE 333-34791 - SEP. 02)  
(BR 5)

S-3 ANTIGUA FUNDING CORP, 44 WHIPPANY RD, MORRISTOWN, NJ 07962  
(302) 658-7581 - 1,000,000 (\$1,000,000) STRAIGHT BONDS (FILE 333-34793 -  
SEP. 02) (BR. 8)

S-8 KIEWIT PETER SONS INC, 1000 KIEWIT PLZ, 14TH FLOOR, OMAHA, NE 68131  
(402) 342-2052 - 11,750,000 (\$105,187,500) COMMON STOCK. (FILE 333-34795 -  
SEP. 02) (BR. 6)

S-8 GLATFELTER P H CO, 228 S MAIN ST, SPRING GROVE, PA 17362 (717) 225-4711  
- 200,000 (\$3,975,000) COMMON STOCK. (FILE 333-34797 - SEP 02) (BR. 4)

S-1 BUDGET GROUP INC, 125 BASIN ST STE 210, DAYTONA BEACH, FL 32114  
(904) 238-7035 - 4,500,000 (\$128,953,125) COMMON STOCK (FILE 333-34799 -  
SEP. 02) (BR 5)

S-8 USCS INTERNATIONAL INC, 2969 PROSPECT PARK DR, RANCHO CORDOVA, CA 95670  
(916) 636-4500 - 20,000,000 (\$20,000,000)  
OTHER SECURITIES INCLUDING VOTING TRUST. (FILE 333-34801 - SEP 02)  
(BR. 3)

S-8 USCS INTERNATIONAL INC, 2969 PROSPECT PARK DR, RANCHO CORDOVA, CA 95670  
(916) 636-4500 - 1,486,656 (\$25,458,985.99) COMMON STOCK (FILE 333-34803  
- SEP. 02) (BR 3)

S-8 POWER SPECTRA INC /CA/, 919 HERMOSA COURT, SUNNYVALE, CA 94086  
(408) 737-7977 - 300,000 (\$168,750) COMMON STOCK. (FILE 333-34805 -  
SEP. 02) (BR. 1)

S-8 CENTRUM INDUSTRIES INC, 6135 TRUST DR, STE 104A, HOLLAND, OH 43528  
(419) -86-8-34 - 450,000 (\$900,000) COMMON STOCK (FILE 333-34807 -  
SEP. 02) (BR. 5)

S-8 TYLER CORP /NEW/, 2121 SAN JACINTO ST, STE 3200 SAN JACINTO TOWER,  
DALLAS, TX 75201 (214) 754-7800 - 700,000 (\$1,711,690) COMMON STOCK.  
(FILE 333-34809 - SEP 02) (BR. 6)

S-8 AQUAGENIX INC/DE, 6500 NW 15TH AVE, FORT LAUDERDALE, FL 33309  
(954) 975-7771 - 15,000 (\$106,875) COMMON STOCK. (FILE 333-34811 -  
SEP. 02) (BR. 9)

S-3 YES ENTERTAINMENT CORP, 3875 HOPYARD RD STE 375, PLEASANTON, CA 94588  
(510) 847-9444 - 831,000 (\$3,272,478) COMMON STOCK. (FILE 333-34813 -  
SEP. 02) (BR 5)

S-3 GRAHAM FIELD HEALTH PRODUCTS INC, 400 RABRO DR E, HAUPPAUGE, NY 11788  
(516) 582-5800 - 983,156 (\$14,472,056.32) COMMON STOCK. (FILE 333-34815 -  
SEP. 02) (BR 1)

S-8 USA WASTE SERVICES INC, 1001 FANNIN ST, STE 4000, HOUSTON, TX 77002  
(713) 512-6200 - 1,000,000 (\$41,968,750) COMMON STOCK. (FILE 333-34819 -  
SEP. 02) (BR 4)

S-8 PROFESSIONAL TRANSPORTATION GROUP LTD INC,  
5025 DERRICK JONES RD STE 120, ATLANTA, GA 30349 (770) 907-3360 -  
1,500,000 (\$5,156,250) COMMON STOCK. (FILE 333-34821 - SEP 02) (BR 9)

S-3 HEALTH & RETIREMENT PROPERTIES TRUST, 400 CENTRE ST, NEWTON, MA 02158  
(617) 332-3990 - 86,188 (\$1,567,759.72)  
COMMON SHARES OF BENEFICIAL INTEREST. (FILE 333-34823 - SEP 02) (BR. 8)

SB-2 DELTAPOINT INC, 22 LOWER RAGSDALE DRIVE, MONTEREY, CA 93940  
(408) 648-4000 - 2,772,580 (\$7,624,375) COMMON STOCK. (FILE 333-34825 -  
SEP. 02) (BR. 9)

S-3 DAWSON PRODUCTION SERVICES INC, 112 E PECAN ST, STE 1000, SAN ANTONIO,  
TX 78205 (210) 828-1838 - 707,631 (\$13,225,623.39) COMMON STOCK. (FILE  
333-34827 - SEP. 02) (BR. 4)

S-1 DELPHI INTERNATIONAL LTD, CLARENDON HOUSE, 11 CHURCH STREET, HAMILTON,  
- 2,200,000 (\$22,000,000) COMMON STOCK (FILE 333-34829 - SEP. 02)  
(NEW ISSUE)

S-4 SANTA ANITA REALTY ENTERPRISES INC, 301 W HUNTINGTON DR, STE 405,  
ARCADIA, CA 91007 (818) 574-5550 - 83,703,723 (\$2,779,800,640 83)  
COMMON STOCK. (FILE 333-34831 - SEP. 02) (BR. 5)

S-1 STAFFMARK INC, 302 EAST MILLSAP, FAYETTEVILLE, AR 72703 (501) 973-6000  
- 376,262 (\$10,438,495 50) COMMON STOCK (FILE 333-34833 - SEP 03)  
(BR. 7)

S-3 JP REALTY INC, 35 CENTURY PKWY, SALT LAKE CITY, UT 84115 (801) 486-3911  
- \$200,000,000 STRAIGHT BONDS \$147,062,500 PREFERRED STOCK (FILE  
333-34835 - SEP. 02) (BR. 8)

S-8 BLACK BOX CORP, 1000 PARK DR, LAWRENCE, PA 15055 (412) 873-6788 -  
50,000 (\$1,440,101.78) COMMON STOCK. (FILE 333-34837 - SEP 02) (BR. 3)

S-8 BLACK BOX CORP, 1000 PARK DR, LAWRENCE, PA 15055 (412) 873-6788 -  
1,000,000 (\$32,695,007 50) COMMON STOCK. (FILE 333-34839 - SEP 02)  
(BR. 3)

S-3 SEAGULL ENERGY CORP, 1001 FANNIN STE 1700, 1001 FIRST CITY TOWER,  
HOUSTON, TX 77002 (713) 951-4700 (FILE 333-34841 - SEP 03) (BR. 4)

S-4 ENRON CORP/OR/, 1400 SMITH ST, HOUSTON, TX 77002 (713) 853-6161 -  
\$429,217,594 COMMON STOCK. (FILE 333-34843 - SEP 03) (BR. 4)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Litigation Release 15478 / September 8, 1997

SECURITIES AND EXCHANGE COMMISSION V. DONALD R. MOORE, INDIVIDUALLY AND D/B/A INTERNATIONAL SOCIETY OF INVESTORS, ET AL., Civil Action No. 5:93CV97-V (W.D.N.C.)

The Commission announced that on August 26, 1997, the Honorable Richard L. Voorhees, United States District Judge for the Western District of North Carolina, entered a Judgment granting the Commission's motions for summary judgment, permanent injunction, and disgorgement and civil penalties against Donald R. Moore ("Moore"). The judgment of permanent injunction enjoined Moore from violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Moore was ordered to pay disgorgement in the amount of \$606,258.81, the sum which Moore fraudulently obtained from investors, along with prejudgment interest thereon. Moore was further ordered to pay a civil penalty of \$100,000 since his conduct involved fraud and resulted in a substantial loss to other persons.

The Commission's complaint, filed on September 30, 1993, alleged that, from approximately September 1990 through at least April 1991, Moore and a co-defendant solicited individuals each to invest \$1,500 for which Moore promised to provide 100 shares of stock. The shares of stock were to be issued in an off-shore bank in the Republic of Nauru, later identified to be the defendant, Pioneer Inc.. Moore received more than \$300,000 from more than 300 investors in at least 34 states and several foreign countries from the sale of the stock. Additionally, Moore and a co-defendant solicited individuals to invest in certificates of deposit issued by Pioneer Inc. and Pioneer Ltd. (represented to be a licensed and chartered bank in Grenada) from approximately the Spring of 1991 through at least December 1991. Moore received more than \$240,000 from hundreds of investors from at least 46 states, United States territories and several foreign countries from these sales.

The complaint further alleged that Moore and others made numerous misrepresentations and omissions of material facts to investors in connection with the offer and sale of Pioneer Inc. stock, and Pioneer Inc. and Pioneer Ltd. certificates of deposit. The misrepresentations and omissions made by Moore concerned the returns that such securities would provide to investors, the safety of these investments, the involvement of major insurance companies to insure investors' funds, guarantees that investors' funds would be refunded, the operations and status of Pioneer Inc. and Pioneer Ltd. including the expertise of their management. For more information, see Litigation Release 13831 (October 12, 1993), Litigation Release 14152 (July 7, 1994), Litigation Release 14225 (September 9, 1994) and Litigation Release 14314 (October 31, 1994).



UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 15479 / September 8, 1997

SECURITIES AND EXCHANGE COMMISSION v. AMERICAN BUSINESS SECURITIES, INC., SOUTHWEST ENERGY CONSULTANTS, INC., WESTERN - ENERGY ACQUISITIONS, INC., TRANS TERRA CORPORATION, INTERNATIONAL, MacARTHUR ASSET MANAGEMENT, INC., BARRY J. ZIMMERMANN, JOHN L. CASPERSON, JR., JEFFREY L. CASPERSON, JEROME L. CASPERSON, JOSEPH L. CASPERSON, TIM L. EPPS, and THOMAS A. HICKS, Civil Action No. 94-4866 ER (C.D. Cal.)

The Securities and Exchange Commission announced that on September 2, 1997, the Honorable Edward Rafeedie of the Central District of California issued an Order Finding Kathryn Casperson In Civil Contempt And Ordering Her To Self-Surrender On September 26, 1997. The Court ordered that Kathryn Casperson surrender to the Office of the United States Marshal on September 26, 1997, to be incarcerated until she complies with the accounting and disgorgement portions of the Court's January 28, 1997 disgorgement Order.

The Commission had sought contempt sanctions based upon Kathryn Casperson's failure to disgorge funds and assets received as a result of the participation of her spouse, Defendant Jerome Casperson, in the fraudulent scheme by which approximately \$40 million was raised from over 1200 mostly elderly investors, or to account for the expenditure of such funds and assets. The Court found that Kathryn Casperson was in contempt of court for failure to account for two cash withdrawals totalling \$88,100, and her current sources of income. In so finding, the Court stated that:

"The SEC is engaged in trying to enforce the Court's disgorgement Order to obtain funds for victims of Jerome Casperson's multimillion-dollar fraud. This is an important goal that must not be obfuscated by stonewalling or by an unsupported invocation of the Fifth Amendment privilege."

The Court similarly found that Kathryn Casperson was in contempt because she failed to account for \$26,500 in cash she personally received from a bank account held jointly with her spouse. The Court found that "Something more than a bald statement of non-recollection" was required for Kathryn Casperson to meet her burden to show, categorically and in detail, an inability to comply with the Court's disgorgement and accounting order.

Finally, the Court found that Kathryn Casperson was in contempt for failure to disgorge four specific pieces of jewelry as ordered. The Court found Kathryn Casperson's claims that she lost her diamond wedding ring and earrings and that she had never owned a Cartier watch or diamond tennis bracelet not only contradictory of her spouse's testimony, but also "unsupported by any credible evidence at all." See also Litigation Release 14722 (November 16, 1995).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 15480 / September 8, 1997

**Securities and Exchange Commission v. Phoenix Continental Corporation, Michael T. Honey, and Robert Johnston, Civil Action No. 97-6600-Civ-Davis**

The Securities and Exchange Commission ("Commission") announced that on May 28, 1997, the Federal District Court for the Southern District of Florida entered permanent injunctions against Phoenix Continental Corporation ("Phoenix"), Michael T. Honey ("Honey"), and Robert Johnston ("Johnston"), and appointed a Special Master to marshal the assets of Phoenix. The Order enjoins Phoenix, Honey, and Johnston from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Phoenix, Honey, and Johnston consented to the entry of the permanent injunctions without admitting or denying the Commission's allegations.

Phoenix, a Florida Corporation with its principal offices in Pembroke Pines, is engaged in the business of refurbishing, leasing, selling, and financing the sale of used aircraft in the small to medium size range to corporations and individuals. Honey, of Boca Raton, Florida, is Phoenix's president, and Johnston, of Bloomfield Hills, Michigan, is Phoenix's vice-president. Phoenix represented that money raised through the sale of promissory notes ("Notes") was to provide the financial base from which borrowers could finance aircraft leases and purchases.

The Commission's Complaint, filed on May 15, 1997, alleged that from at least December 1994 until May 1997, Phoenix offered and sold the Notes to investors through Honey, Johnston, and a number of independent sales agents. According to the Complaint, Phoenix fraudulently raised \$11.3 million through the sale of the Notes to at least 130 investors in numerous states. The Commission alleged in its Complaint that Phoenix falsely represented in its offering materials that investors' funds were fully (and in some cases up to 150%) secured through liens on aircraft filed and recorded with the Federal Aviation Administration. The Complaint alleged that, in fact, no more than 60% of investor funds were protected. The Complaint also alleged that Phoenix failed to disclose to investors that Johnston has a history of securities violations, including being permanently enjoined from violating the federal securities laws, and being permanently barred from the securities industry. The Complaint further alleged that the defendants misrepresented Phoenix's financial position and the size of the company's fleet of planes.

The Commission also alleged in its Complaint that Phoenix, Honey, and Johnston violated the registration provisions of the federal securities laws by offering and selling the Notes when no registration statement had been filed, and no exemption from registration was available.