

sec news digest

Issue 93-213

November 4, 1993

RULES AND RELATED MATTERS

FINAL RULE AMENDMENTS RELATING TO MULTIJURISDICTIONAL SYSTEM

On November 3, the Commission adopted final amendments to rules and forms relating to the Commission's multijurisdictional disclosure system (MJDS) for Canadian issuers, including revisions which modify the eligibility requirements for use of Forms F-9 and F-10 and recognize investment grade ratings by securities rating organizations recognized by Canadian securities regulators for purposes of filings on Forms F-9 and 40-F. FOR FURTHER INFORMATION CONTACT: Paul Dudek at (202) 272-3246. (Refs. 33-7025 and 34-33134)

FINAL RULE AMENDMENTS RELATING TO AGE OF FINANCIAL STATEMENTS

On November 3, the Commission adopted amendments to Rule 3-19 of Regulation S-X revising the requirements which govern the age of financial statements of foreign private issuers in registration statements under the Securities Act of 1933. FOR FURTHER INFORMATION CONTACT: Wayne Carnall at (202) 272-2553. (Refs. 33-7026 and 34-39135)

STATEMENT OF POLICY ON THE APPLICATION OF RULES 10b-6, 10b-7, and 10b-8 DURING DISTRIBUTIONS OF CERTAIN FOREIGN SECURITIES

On November 3, the Commission issued a Statement of Policy regarding the application of Rules 10b-6, 10b-7, and 10b-8 (Trading Practices Rules) under the Securities Exchange Act of 1934 (17 CFR 240.10b-6, 10b-7, and 10b-8) during distributions in the United States of certain foreign securities. The Statement of Policy announces that, upon proper request, class exemptions from the Trading Practices Rules would be granted in connection with distributions in the United States of actively-traded securities of highly capitalized foreign issuers, subject to substantially similar terms and conditions as those contained in the exemptions authorized by the Commission on October 6, 1993 in connection with distributions of certain German securities. (Refs. 33-7027; 34-33137; International Release Series No. 606)

EXCEPTIONS TO RULES 10b-6, 10b-7 AND 10b-8 UNDER THE SECURITIES EXCHANGE ACT OF 1934 FOR DISTRIBUTIONS OF FOREIGN SECURITIES TO QUALIFIED INSTITUTIONAL BUYERS

The Commission has adopted new exceptions to Rules 10b-6, 10b-7, and 10b-8 under the Securities Exchange Act of 1934 in connection with distributions of Rule 144A-eligible foreign securities, if such securities are offered or sold in the United States to "qualified institutional buyers" in transactions exempt from registration

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under Section 4(2) of, or Rule 144A or Regulation D under, the Securities Act of 1933. FOR FURTHER INFORMATION, please contact Diane Mage Roberts at (202) 504-2938. (Rels. 33-7028; 34-33138; International Series Rel. 607)

REGISTRATION AND REPORTING REQUIREMENTS FOR FOREIGN ISSUERS

On November 3, the Commission proposed for public comment an initiative to streamline registration and reporting requirements for foreign companies by: expanding the universe of foreign issuers eligible to use short-form and full shelf registration under the Securities Act of 1933; streamlining financial statement reconciliation and financial schedules requirements; providing a new safe harbor for company announcements regarding exempt offerings or unregistered offshore offerings; and expanding safe harbor protection for analyst reports with respect to sizeable foreign companies publicly traded offshore. FOR FURTHER INFORMATION CONTACT: Anita Klein at (202) 272-3246. (Rels. 33-7029 and 34-33139)

COMMISSION ANNOUNCEMENTS

STAFF ACCOUNTING BULLETIN NO. 93

The Commission staff has issued a Staff Accounting Bulletin which expresses certain views of the staff regarding accounting and disclosures relating to discontinued operations. FOR FURTHER INFORMATION CONTACT: Jeffrey Swormstedt at (202) 272-2130 or Craig Olinger at (202) 272-2553.

ADMINISTRATIVE PROCEEDINGS

DISMISSAL OF PETITION FOR REVIEW

On October 21, the Commission accepted the offer of settlement of Harold W. Gorden in his petition for review to the Court of Appeals for the District of Columbia Circuit of a Commission order affirming disciplinary action by the National Association of Securities Dealers, Inc. Based on changed circumstances that have occurred since this matter was appealed to the Commission from the NASD, the Commission's order (In re: Meyer Blinder, et al., Securities Exchange Act of 1934 Release No. 31095 (August 26, 1992)) was reaffirmed except that Gorden's obligation with respect to the fine of \$250,000 assessed jointly and severally against all respondents will be fully satisfied by his payment of \$75,000 and he shall be suspended from association with any member of the National Association of Securities Dealers for a period of 60 days. Gorden's petition for review has been dismissed by stipulation. (Rel. 34-33083)

ROGER PATTERSON SANCTIONED FOR HIS FAILURE TO SUPERVISE

The Commission has instituted and simultaneously settled administrative proceedings against Roger V. Patterson. Patterson was president, general principal and financial principal of Wainwright, Austin, Stone & Co., a now defunct broker/dealer.

Patterson consented to the entry of an Order which found that he failed to supervise two registered representatives under his supervision with a view towards preventing their violations of Section 5 of the Securities Act of 1933. The two registered representatives were involved in a fraudulent scheme to distribute unregistered securities of U.S. Mint, Inc. The Order suspends Patterson from association with any broker, dealer, investment company, investment adviser or municipal securities dealer for a period of one year. (Rel. 34-33109)

KEVIN SULLIVAN BARRED

The Commission announced the entry of an Order Instituting Public Administrative Proceedings, Making Findings and Imposing Remedial Sanctions against Kevin C. Sullivan (Sullivan) and acceptance of Sullivan's Offer of Settlement. Sullivan consented to the issuance of the Order which finds that on September 13, 1993, the U.S. District Court for the Southern District of Ohio, Eastern Division, entered an order of permanent injunction against Sullivan enjoining him from direct violations and aiding and abetting violations of the antifraud provisions of the federal securities laws, the broker-dealer registration provisions, the customer protection rule, and certain books and records provisions of the Exchange Act.

The Commission's Order also permanently bars Sullivan from association with any broker, dealer, investment company, investment adviser or municipal securities dealer. (Rel. 34-33110)

CIVIL PROCEEDINGS

CIVIL ACTION AGAINST INTERLINK DATA NETWORK OF LOS ANGELES, INC., ET AL.

On November 1, the U.S. District Court for the Central District of California held Michael Gartner in civil contempt for violating an asset freeze ordered by the Court in connection with its entry of a preliminary injunction against Gartner and three affiliated entities on June 7, 1993. The Commission had requested that the Court hold Gartner in contempt because Gartner sold a frozen asset, a luxury automobile, for \$51,000.

Following a hearing, the Court granted the Commission's request and ordered Gartner to restore the money to the frozen accounts by November 9, 1993 or make an adequate showing to the Court by the date of his inability to make payment. [SEC v. InterLink Data Network of Los Angeles, Inc., InterLink Fiber Optic Partners L.P., InterLink Video Phone Partners L.P. and Michael Gartner, Civ. No. 93-3073 R, USDC/CD/CA] (LR-13855)

ORDERS OF PERMANENT INJUNCTION AND DISGORGEMENT ENTERED AGAINST MICHAEL WOZNIAK AND AUREUS CAPITAL LTD.

The Commission announced that on October 29, 1993 the Honorable Milton Shadur, U.S. District Court Judge for the Northern District of Illinois, entered orders of permanent injunction and disgorgement against Michael D. Wozniak and Aureus Capital Ltd. Those orders permanently enjoin Wozniak and Aureus from further violations of

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Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The Court also ordered the defendants to pay \$913,212.32 in disgorgement. All funds in Wozniak's and Aureus' bank accounts were to be paid to the Clerk of Court in partial satisfaction of the disgorgement amount. The Court also noted the appropriateness of a civil penalty, but did not impose one based on the Defendants' inability to pay. Wozniak consented to this order without admitting or denying the allegations of the Commission's complaint. The order was entered by default against Aureus Capital Ltd.

In its complaint and subsequent filings, the Commission alleged that the defendants had fraudulently raised over two million dollars in an investment program which purportedly would invest in options. In fact, the defendants' representations concerning the use of funds, the expected returns, the experience of the defendants and the historical rate of return of the investment scheme were false. [SEC v. Wozniak, et al., USDC, ND Ill., Civil Action No. 92 C 4691] (LR-13856)

SETTLEMENT REACHED WITH DEFENDANT IN INSIDER TRADING CASE

The Commission announced that on October 26, 1993 the Honorable Peter K. Leisure, United States District Judge for the Southern District of New York, ordered a Final Judgment Of Permanent Injunction And Other Relief As To Martin E. Revson By Consent against Martin E. Revson (Revson), in connection with alleged illegal trading in the securities of Kidde, Inc. (Kidde), prior to announcements by Kidde.

The Commission alleges in its complaint, *inter alia*, that from June, 1987 through July, 1987, Edward R. Downe, Jr., a director of Kidde, for his personal benefit and in breach of his duty to Kidde and its shareholders, communicated material, nonpublic information concerning Kidde's restructuring considerations to several of his friends, including Revson. After receiving material, nonpublic information concerning Kidde from Downe, Revson purchased Kidde securities for himself and one of his daughters.

Revson consented to the entry of the Final Judgment, which permanently enjoins Revson from violating Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14e-3 thereunder, without admitting or denying the allegations contained in the Commission's complaint. Further, Revson agreed to pay \$1,250,288.77 in disgorgement and prejudgment interest, and a civil penalty of \$343,366.94 under the Insider Trading Sanctions Act of 1984. [SEC v. Edward R. Downe, Jr., Steven A. Greenberg, Martin E. Revson, David Salamone, Fred R. Sullivan, Thomas Warde, Milton Weinger and Broadsword, Ltd., 92 Civ. 4092, PKL, SDNY] (LR-13858)

CRIMINAL PROCEEDINGS

GERALD BRODSKY ENTERS GUILTY PLEA

The Commission and the U.S. Attorney for the Eastern District of Pennsylvania announced that on October 22, 1993 Gerald L. Brodsky (Brodsky) pled guilty to a one-count information charging him with securities fraud. Sentencing is scheduled for January 6, 1994.

On January 7, 1993, Brodsky had been charged with securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a); Title 17, Code of Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Section 2. The charges arose out of a scheme devised by Brodsky to defraud shareholders of ICOA, Inc. (ICOA) and the investing public in connection with the sale of ICOA common stock. ICOA was in the business of providing medical professionals with medical newsletters accessible through electronic media such as personal computers. Brodsky falsely reported to ICOA shareholders that ICOA earned nearly \$5,000,000 in income from subscriber access to medical newsletters during calendar year 1987. However, there was no such income. [United States v. Gerald L. Brodsky, USDC, E.D.Pa., Crim. No. 93-10] (LR-13857)

INVESTMENT COMPANY ACT RELEASES

TRINITY ASSETS TRUST

An order has been issued under Section 8(f) of the Investment Company Act declaring that Trinity Assets Trust has ceased to be an investment company. (Rel. IC-19829 - November 2)

BOSTON FINANCIAL TAX CREDIT FUND VIII, ET AL.

An order has been issued under Section 6(c) of the Investment Company Act exempting Boston Financial Tax Credit Fund VIII, A Limited Partnership (Partnership), and its sole general partner, Arch Street VIII Limited Partnership, from all provisions of the Act. The order permits the Partnership to invest in limited partnerships that engage in the ownership and operation of apartment complexes for low and moderate income persons. (Rel. IC-19830 - November 2)

SWISSKEY FUNDS, ET AL.

An order has been issued under Section 6(c) of the Investment Company Act exempting SwissKey Funds and certain other registered investment companies from Sections 13(a)(2), 18(a), 18(f)(1), 22(f), 22(g), and 23(a), and under Rule 17d-1 to permit certain joint transactions. The order permits the applicant investment companies to implement a deferred compensation plan for their trustees who are not "interested persons" of such companies within the meaning of Section 2(a)(19) of the Act. (Rel. IC-19831 - November 2)

IDS NUVEEN INCOME TRUST, SERIES 1

A notice has been issued giving interested persons until November 29 to request a hearing on an application filed by IDS Nuveen Income Trust, Series 1 for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-19832 - November 3)

HOLDING COMPANY ACT RELEASES

THE SOUTHERN COMPANY

An order has been issued authorizing a proposal by The Southern Company (Southern), a registered holding company. Southern proposes to amend its Certificate of Incorporation in order to increase, from 500 million to 1 billion, the total number of shares of common stock, par value \$5.00 per share, that Southern shall have authority to issue. (Rel. 35-25917)

OHIO POWER COMPANY

A supplemental order has been issued authorizing Ohio Power Company, an electric public-utility subsidiary company of American Electric Power Company, Inc., a registered holding company, to effect the refunding of up to \$50 million of pollution control revenue bonds issued in connection with the financing of pollution control facilities. (Rel. 35-25918)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

DELISTING GRANTED

An order has been issued granting the application of the Boston Stock Exchange to strike from listing and registration WRT Energy Corporation, Common Stock, \$.01 Par Value. (Rel. 34-33133)

SELF-REGULATORY ORGANIZATIONS

APPROVAL OF PROPOSED RULE CHANGES

The Commission approved a proposed rule change filed by the Philadelphia Stock Exchange (SR-PHLX-93-28) which amends the PHLX's minor rule plan and the Floor Procedure Advices (Advices) thereunder to establish a three-year rolling cycle for nine Advices. Under the three-year rolling cycle, a violation of one of the nine Advices which occurs within three years of the first violation of that Advice will be treated as a second occurrence, and any violation of an Advice within three years of the previous violation of that Advice will be subject to the next highest fine specified in the Advice. Publication of the proposal is expected in the Federal Register during the week of November 8. (Rel. 34-33130)

The Commission approved on a temporary basis, until April 30, 1994, a proposed rule change filed by the Participants Trust Company (SR-PTC-93-02) relating to the establishment of a pilot program modifying PTC's method of paying principal and interest to participants. Publication of the proposal is expected in the Federal Register during the week of November 8. (Rel. 34-33132)

PROPOSED RULE CHANGE

The Chicago Board Options Exchange filed a proposed rule change (SR-CBOE-93-47) relating to temporary suspensions of trading in options. Publication of the proposal is expected in the Federal Register during the week of November 8. (Rel. 34-33131)

MISCELLANEOUS

JOINT INDUSTRY PLANS

The Options Price Reporting Authority (OPRA) filed, pursuant to Rule 11Aa3-2 under the Securities Exchange Act, an amendment to the Plan for the Reporting of Consolidated Options Last Sale Reports and Quotation Information. The purpose of the amendment is to permit OPRA to waive subscriber fees in the case of market information provided to accredited colleges and universities for educational and research purposes. Publication of the Release is expected in the Federal Register during the week of November 8. (Rel. 34-33128)

SECURITIES ACT REGISTRATIONS

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.

N-1A UNITED SERVICES FUNDS, 7900 CALLAGHAN ROAD, WOODWAY PARK STE 5300,
SAN ANTONIO, TX 78229 (210) 308-1234 - INDEFINITE SHARES. (FILE 33-70764 -
OCT. 25) (BR. 18)

N-1A LIBERTY FINANCIAL TRUST II, 600 ATLANTIC AVENUE, 24TH FLOOR, BOSTON, MA
02210 - INDEFINITE SHARES. (FILE 33-70770 - OCT. 25) (BR. 17 - NEW ISSUE)

S-3 SOUTHWESTERN PROPERTY TRUST INC, 5949 SHERRY LANE STE 1435, DALLAS, TX
75225 (214) 369-1995 (FILE 33-70858 - OCT. 27) (BR. 6)

S-8 COMPRESSION LABS INC, 2860 JUNCTION AVE, SAN JOSE, CA 95134
(408) 435-3000 - 1,000,000 (\$16,875,000) COMMON STOCK. (FILE 33-70860 -
OCT. 27) (BR. 7)

S-1 US TRANSPORTATION SYSTEMS INC, BROOKLYN NAVY YARD BLDG 292,
FOURTH FLOOR, BROOKLYN, NY 11205 (718) 875-7700 - 700,000 (\$962,500)
COMMON STOCK. (FILE 33-70862 - OCT. 27) (BR. 4)

SECURITY & FINANCIAL DIVISION

REGISTRATIONS CONTINUED

- S-8 GRAND TOYS INTERNATIONAL INC, 1710 RTE TRANSCANADIENNE, DORVAL QUEBEC, CANADA H9P 1H7, AB (514) 685-2180 - 400,000 (\$1,624,000) COMMON STOCK. (FILE 33-70864 - OCT. 27) (BR. 11)
- F-6 LONDON & OVERSEAS FREIGHTERS LTD/ADR/, 48 WALL ST, NEW YORK, NY 10286 (212) 495-1727 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 33-70866 - OCT. 27) (NEW ISSUE)
- S-8 SWISHER INTERNATIONAL INC, 6849 FAIRVIEW RD, CHARLOTTE, NC 28210 (704) 364-7707 - 133,333 (\$925,331.02) COMMON STOCK. (FILE 33-70868 - OCT. 27) (BR. 5)
- S-8 VACU DRY CO, 7765 HEALDSBURG AVE, SEBASTOPOL, CA 95472 (707) 829-4600 - 100,000 (\$871,000) COMMON STOCK. (FILE 33-70870 - OCT. 27) (BR. 3)
- S-8 DONEGAL GROUP INC, 1195 RIVER RD PO BOX 302, MARIETTA, PA 17547 (717) 426-1931 - 450,000 (\$5,454,201.75) COMMON STOCK. (FILE 33-70872 - OCT. 27) (BR. 10)
- S-8 INTEGRATED RESOURCES TECHNOLOGIES INC /DE/, 107 COLLARD STREET, JERSEY CITY, NJ 07306 (201) 216-0098 - 155,000 (\$15,500) COMMON STOCK. (FILE 33-70874 - OCT. 27) (BR. 6)
- S-3 DIGITAL SOLUTIONS INC, 4041-F HADLEY RD, SOUTH PLAINFIELD, NJ 07080 (908) 561-1200 - 13,277,025 (\$21,575,166) COMMON STOCK. (FILE 33-70928 - OCT. 27) (BR. 9)
- S-1 ACKERLEY COMMUNICATIONS INC, 800 FIFTH AVE STE 3770, SEATTLE, WA 98104 (206) 624-2888 - 120,000,000 (\$120,000,000) STRAIGHT BONDS. (FILE 33-70936 - OCT. 27) (BR. 5)
- F-1 COFLEXIP, 88TER AVE DU GENERAL LECIERE, 92100 BOULOGNE BILLANCOURT, FRANCE, 10 - 3,857,000 (\$123,424,000) FOREIGN COMMON STOCK. (FILE 33-70940 - OCT. 27) (BR. 6 - NEW ISSUE)
- S-3 OMEGA HEALTHCARE INVESTORS INC, 905 W EISENHOWER CIRCLE STE 110, ANN ARBOR, MI 48103 (313) 747-9791 - 300,000 (\$7,107,187.50) COMMON STOCK. (FILE 33-70942 - OCT. 27) (BR. 6)
- SB-2 SIMS COMMUNICATIONS INC, 3333 S CONGRESS AVE STE 401, DELRAY BEACH, FL 33445 - 2,200,000 (\$19,360,000) COMMON STOCK. 100,000 (\$100) WARRANTS, OPTIONS OR RIGHTS. 200,000 (\$1,760,000) COMMON STOCK. (FILE 33-70944-A - OCT. 18) (BR. 7 - NEW ISSUE)
- S-8 COMPRESSION LABS INC, 2860 JUNCTION AVE, SAN JOSE, CA 95134 (408) 435-3000 - 108,000 (\$1,822,500) COMMON STOCK. (FILE 33-70950 - OCT. 27) (BR. 7)
- S-3 RENTRAK CORP, 7227 N E 55TH AVE, PORTLAND, OR 97218 (503) 284-7581 - 776,280 (\$4,657,680) COMMON STOCK. (FILE 33-70952 - OCT. 27) (BR. 12)
- S-8 GNI GROUP INC /DE/, 2525 BATTLEGROUND ROAD, DEER PARK, TX 77536 (713) 930-0350 - 600,000 (\$3,220,200) COMMON STOCK. (FILE 33-70954 - OCT. 27) (BR. 1)
- S-1 GRAND UNION CO /DE/, 201 WILLOWBROOK BLVD, WAYNE, NJ 07470 (201) 890-6000 - 50,000,000 (\$50,000,000) STRAIGHT BONDS. (FILE 33-70956 - OCT. 27) (BR. 1)
- F-1 ROBOTATIX TECHNOLOGIES LTD, 9 NATAASIYA ST, RAANANA 43100 ISRAEL, L3 (972) 998-6976 - 2,187,500 (\$20,558,125) FOREIGN COMMON STOCK. 175,000 (\$175) WARRANTS, OPTIONS OR RIGHTS. (FILE 33-71930 - OCT. 27) (BR. 10 - NEW ISSUE)