

# sec news digest

Issue 96-75

April 23, 1996

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## COMMISSION ANNOUNCEMENTS

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### SEC CHAIRMAN LEVITT AND N.Y. ATTORNEY GENERAL VACCO TO HOLD INVESTORS' TOWN MEETING IN NEW YORK CITY

On Wednesday, May 15th, U.S. Securities and Exchange Commission Chairman Arthur Levitt and New York Attorney General Dennis Vacco will hold an Investors' Town Meeting in New York City. The Town Meeting will be held at Town Hall, 123 West 43rd Street in Manhattan from 7:00 to 9:00 p.m. Admission is free and members of the public and press are encouraged to attend. (Press Rel. 96-65)

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## ENFORCEMENT PROCEEDINGS

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### MICHAEL ANGELOS WITHDRAWS STATEMENT

On March 20, the Commission filed an insider trading action against Michael P. Angelos and G. Gregory Russell. Defendant Michael P. Angelos agreed to settle this action by consenting to the entry of a judgment, without admitting or denying any of the allegations in the Commission's complaint (see Litigation Release No. 14850). Statements made on behalf of defendant Angelos subsequent to the filing of this action were construed by the Commission as denials of the allegations in the complaint and thus violative of this agreement to settle the action without admitting or denying these allegations. As a result, on March 27, 1996, the Commission filed a motion to vacate the judgment entered against defendant Angelos. The Commission has agreed to withdraw its motion to vacate after receiving the following statement from defendant Angelos: "I settled

this case without admitting or denying the allegations of the complaint. To comply with my settlement with the Securities and Exchange Commission, I withdraw any statement made on my behalf that may have been inconsistent therewith. I am pleased that this settlement resolves the SEC's lawsuit against me. I will have no further comment other than any sworn testimony I may give in this or any other matter." [SEC v. Michael P. Angelos and G. Gregory Russell, Civil Action No. B96-834, D. Md.] (LR-14886)

**EX PARTE APPLICATION FILED FOR AN ORDER TO SHOW CAUSE WHY DEFENDANT MICHAEL COLELLO SHOULD NOT BE ADJUDGED IN CIVIL CONTEMPT FOR HIS FAILURE TO COMPLY WITH COURT'S REPATRIATION ORDER**

On April 12, the Commission filed an ex parte application for an order to show cause why Defendant Michael J. Colello (Colello) should not be adjudged in civil contempt for his failure to comply with a March 26, 1996 order of the U.S. District Court for the Central District of California requiring him to repatriate all of his foreign assets and to sign letters directed to Swiss officials and banks in connection with the ordered repatriation. The Court had previously ordered Colello, a nominal defendant in the Commission's civil enforcement action, to disgorge over \$2.6 million dollars. For further information see LR-14135, LR-14173, LR-14182, LR-14649, LR-14715, LR-14728, LR-14763 and LR-14824. [SEC v. Cross Financial Services, Inc., et al., Civil Action No. 94-4228 RAP, Ex, C.D. Cal.] (LR-14887)

**ORDER OF DISGORGEMENT AND CIVIL PENALTY ENTERED AGAINST MICHAEL A. WHELCHER, WL FINANCIAL, INC. AND FINANCIAL MANAGEMENT GROUP OF VIRGINIA, INC.**

The Commission announced that on February 19, 1996, the Honorable James C. Cacheris, U.S. District Judge for the Eastern District of Virginia, entered an Order of Disgorgement and Civil Penalty ordering Michael A. Whelcher (Whelcher) to disgorge the sum of \$31,070, together with prejudgment interest. Payment of the ordered disgorgement and prejudgment interest was waived, and no civil penalty was assessed against Whelcher, WL Financial Inc. (WL), or Financial Management Group of Virginia, Inc. (Financial Management), based upon defendants' demonstrated inability to pay. The defendants consented to the entry of the Order without admitting or denying the allegations in the Commission's complaint which was filed on September 24, 1992.

On November 27, 1992, the Court entered a Final Judgment of Permanent Injunction (Reserving the Issues of Disgorgement and Civil Penalty) against the defendants by consent. The injunction was based on the defendants' alleged scheme to defraud Whelcher's advisory clients by selling them approximately \$330,000 worth of WL

securities using false and misleading representations concerning WL's business activities and the use of offering proceeds. Additionally, the Commission alleged that Whelchel misappropriated approximately \$42,000 for personal expenses; caused Financial Management and WL to operate as unregistered broker-dealers; and caused WL to operate as an unregistered investment adviser. [SEC v. Michael A. Whelchel, et al., USDC, ED VA, Civil Action No. 92-1345-A] (LR-14888)

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## **HOLDING COMPANY ACT RELEASES**

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### **GULF POWER COMPANY**

A supplemental order has been issued authorizing a proposal by Gulf Power Company (Gulf Power), a wholly owned electric public-utility subsidiary company of The Southern Company, a registered holding company. Gulf Power proposes to issue a note (Note) in connection with the issuance and sale by Bay County, Florida of its Pollution Control Revenue Refunding Bonds, Series 1996 in an aggregate principal amount of \$12.075 million (Revenue Bonds). Gulf Power also proposes to issue its first mortgage bonds, to secure payment of its obligations under the Note, in an amount that corresponds with the principal amount of the related series of the Revenue Bonds. Gulf Power further proposes to use the proceeds from the issuance of the Note to repay obligations of a like principal amount incurred in connection with earlier pollution control financing. (Rel. 35-26507)

### **SEI HOLDINGS, INC.**

A notice has been issued giving interested persons until May 13 to request a hearing on a proposal by SEI Holdings, Inc., a wholly-owned non-utility subsidiary of The Southern Company, a registered holding company, to eliminate geographic restrictions previously imposed by the Commission on electric power brokering or marketing activities and to expand the scope of such activities to include the purchase, sale, and trading of other forms of energy commodities to include, without limitation, natural gas, oil and coal. (Rel. 35-26508)

### **CONSOLIDATED NATURAL GAS COMPANY, ET AL.**

An order has been issued authorizing Consolidated Natural Gas Company (CNG), a registered holding company, and CNG's nonutility subsidiaries, CNG Energy Services Corporation and CNG Products and Services, Inc., to effect a restructuring of a group of companies in the CNG system, which are in the nonutility energy business. (Rel. 35-26509)

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## SELF REGULATORY ORGANIZATIONS

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### DELISTINGS GRANTED

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration Prudential Realty Trust, Capital Shares of Beneficial Interest. (Rel. 34-37130)

An order has been issued granting the application of the Pacific Stock Exchange to strike all series of put and call option contracts respecting the Common Stock of Baltimore Gas & Electric; Cellular Communications International, Inc.; CREE Research, Inc.; and Darden Restaurants, Inc., from listing and registration thereon. (Rel. 34-37135)

### WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until May 13 to comment on the application of CII Financial, Inc. to withdraw from listing and registration on the American Stock Exchange its 7 1/2% Convertible Subordinated Debentures, due 2001. (Rel. 34-37136)

### PROPOSED RULE CHANGES

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-96-08) to permit the quotation of Direct Participation Programs in the OTC Bulletin Board Service and to require the reporting of transactions in DPPs through the Automated Confirmation Transaction Service. Publication of the proposal is expected in the Federal Register during the week of April 22. (Rel. 34-37131)

The Commission received a proposed rule change filing (SR-PSE-96-11) by the Pacific Stock Exchange to amend PSE Rule 8.109(a) to reduce from five to three the minimum number of market makers who must be qualified to trade FLEX Options on an underlying equity security before such options may be traded on that security. Publication of the notice is expected in the Federal Register during the week of April 22. (Rel. 34-37133)

### ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change submitted by the Boston Stock Exchange (SR-BSE-96-03) relating to permanent approval of a program for stopping stock in minimum variation markets. (Rel. 34-37134)



# U.S. Securities and Exchange Commission

Washington, D.C. 20549

(202) 942-0020

News  
Release

FOR IMMEDIATE RELEASE

96-65

## SEC CHAIRMAN LEVITT AND N.Y. ATTORNEY GENERAL VACCO TO HOLD INVESTORS' TOWN MEETING IN NEW YORK CITY

Washington, D.C., April 23, 1996 -- On Wednesday, May 15th, U.S. Securities and Exchange Commission Chairman Arthur Levitt and New York Attorney General Dennis Vacco will hold an Investors' Town Meeting in New York City. The Town Meeting will be held at Town Hall, 123 West 43rd Street in Manhattan from 7:00 to 9:00 p.m. Admission is free and members of the public and press are encouraged to attend.

The New York Town Meeting is the thirteenth in a series of investor town meetings being held by the SEC around the country to promote investor understanding of the securities markets and the risks and rewards of personal finance. Ken and Daria Dolan will serve as moderators. The Dolans are personal finance and investment authors who regularly appear on "CBS This Morning" and host "The Dolans" on the WOR Radio Network. At the meeting, investors will be provided with information on how to invest wisely and on questions they should ask before they invest.

More American households are investing in the markets today than at any other time in history. The more than \$2.4 trillion invested in mutual funds today is more than is on deposit at commercial banks. Due to current economic changes, many Americans are now personally responsible for choosing their own retirement savings plans.

Chairman Levitt will convey basic tips to investors on how they can make informed investment decisions, monitor their investments and avoid investment problems. Attorney General Vacco will address issues affecting individual investors in the state of New York. Ken and Daria Dolan will offer ideas on how to invest wisely.

The Town Meeting forum is also designed to enable government officials to hear directly from investors on how they can better serve the investing public. The U.S. Securities and Exchange Commission and the New York Attorney General's Office are charged with protecting investors.

Registration and investor education displays will occur beginning at 6:00 p.m. Seminars on investment topics will occur from 4:00 to 6:00 p.m. at the New York University School of Continuing Education.

The New York University School of Continuing Education and the New York Post are co-sponsoring this event. The Steering Committee for this event includes representatives of the following organizations: the New York State Office of the American Association of Retired Persons; the American Stock Exchange; the Association for Investment Management and Research; the Association of the Bar of the City of New York-Committee on Securities Regulation; the Investment Company Institute; the Metropolitan New York Society of the Institute of Certified Financial Planners; the Mutual Fund Education Alliance; the National Association of Personal Financial Advisors; and the National Association of Securities Dealers, Inc.

Also on the Steering Committee are: the National Association of Securities Professionals-New York; the National Council of Individual Investors; the National Investor Relations Institute; the New York County Lawyers' Association-Committee on Securities and Exchanges; the New York State Bar Association-Committee on Securities Regulations; the New York Chapter of the International Association for Financial Planning; the New York City Chapter of the American Association of Individual Investors; the New York City Partnership and the Chamber of Commerce, Inc.; the New York City Regional Council of the National Association of Investors Corporation; the New York Society of Security Analysts; the New York State Council on Economic Education; the New York Stock Exchange, Inc.; the North American Securities Administrators Association, Inc.; the Public Securities Association; the Securities Industry Association; the Securities Industry Foundation for Economic Education; and the Security Traders Association of New York. This program is also made possible by the generous support of the Town Hall Helping Hands Program.

Admission is free for all events, but reservations are required and seating is limited. To reserve a seat, individuals may call Barbara Siesto at (212) 748-8352. For further information on press matters or on the program, contact Christine M. Niedermeier, Deputy Director of the SEC's Office of Investor Education and Assistance, at (202) 942-7040.

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