

sec news digest

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COMMISSION ANNOUNCEMENTS

SEC ESTABLISHES COOPERATIVE RELATIONSHIP WITH SOUTH AFRICAN SECURITIES MARKET REGULATORS

Chairman Levitt today signed understandings with key South African authorities responsible for overseeing the nation's securities markets. These understandings establish a cooperative and consultative relationship which is fundamental to effective market regulation, oversight of cross-border offerings and enhanced enforcement.

This relationship has been forged between the SEC and three South African authorities: the Financial Services Board (FSB), which regulates financial markets and brokerage institutions; the Securities Regulation Panel (SRP), which oversees corporate takeovers and mergers and administers insider trading laws; and the Office for Banks (OFB), which supervises the nation's banks. (Press Rel. 95-37)

ENFORCEMENT PROCEEDINGS

DECISION ORDERS DISGORGEMENT AND INJUNCTION IN MANIPULATION CASE

On February 28, the Honorable Harold Baer, Jr. of the U.S. District Court of the Southern District of New York, after trial ordered a permanent injunction against Rosario Russell Ruggiero and Lawrence Caito, and disgorgement by Capital Shares, Inc. and Ruggiero. Finding that defendants had violated the antifraud and other provisions of the federal securities laws, the court ordered Capital Shares and Ruggiero

to disgorge, respectively, \$983,867 and \$72,000, plus respective prejudgment interest of \$937,223 and \$67,481, representing profits from a January to October 1987 manipulation of shares of Big O Tires, Inc., Cliff Engle Ltd., Digital Metcom, Inc., Fountain Powerboat Industries, Inc., Tunex International, Inc., Flores de New Mexico, Inc., and TS Industries, Inc. Caito is the president and owner of Capital Shares, a brokerage firm located in North Providence, RI. During 1987, Ruggiero was a stockbroker at E.F. Hutton and Co. and later at Haas Securities. [SEC v. Henry W. Lorin, et al., 94 Civ. 7461, HG, SDNY] (LR-14425)

CIVIL ACTION AGAINST BANKERS ALLIANCE CORP.

The Commission announced the entry on March 2 of an order temporarily enjoining Bankers Alliance Corp. and certain affiliated entities and individuals from the fraudulent sale of unregistered securities. Based upon the Commission's application and complaint filed on March 1, 1995 in the United States District Court for the District of Columbia against Bankers Alliance Corp. (BAC), Carpe Diem International, Inc., Lee Financial Group, Ltd., L.F.S. Lee Financial Services, B.A. Holding Co., Roy Lee, Steven Higley, Terry Plack, Wayne Wakefield, Michael Saliba, Allan Nash, Michael Daily, and John Finnegan, the Court also ordered an accounting and an asset freeze. The complaint seeks an order permanently enjoining each of the defendants from violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 (Securities Act), Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder, disgorgement of ill-gotten gains, and a civil penalty.

The Commission's complaint alleged that the defendants were engaged in the ongoing fraudulent offer and sale of unregistered securities trading in foreign currencies. The complaint alleges that the defendants have, among other things, misrepresented the nature of the investment program, made inflated and baseless claims of potential profits to investors, and misrepresented the background and investment experience of BAC and its affiliates. [SEC v. Bankers Alliance Corp., et al., Civil Action No. 95-0428, PLF, D.D.C.] (LR-14427)

INVESTMENT COMPANY ACT RELEASES

RIVERS FUNDS

INTERMEDIATE TERM TAX FREE FUND OF VERMONT, INC.

Orders have been issued under Section 8(f) of the Investment Company Act declaring that Rivers Funds and Intermediate Term Tax Free Fund of Vermont, Inc. have ceased to be investment companies. (Rels. IC-20927 and IC-20928 - February 28, respectively)

CITYFED FINANCIAL CORP.

A conditional order has been issued on an application filed by Cityfed Financial Corp. under Sections 6(c) and 6(e) of the Investment Company Act exempting applicant from all provisions of the Act, except Sections 9, 17(a) (as modified in the application), 17(d) (as modified), 17(e), 17(f), and 36 through 45, and 47 through 51 of the Act, and the rules thereunder. The requested order exempts applicant until the earlier of one year from the date of the order or such time as Cityfed would no longer be required to register as an investment company under the Act. The requested exemption would extend an exemption originally granted until March 15, 1995. (Rel. IC-20929 - February 28)

JACKSON NATIONAL LIFE INSURANCE COMPANY OF MICHIGAN, ET AL.

A notice has been issued giving interested persons until March 27 to request a hearing on an application filed by Jackson National Life Insurance Company of Michigan (Company), Jackson National Michigan Separate Account-I (Separate Account) and Jackson Financial Services, Inc. (collectively, Applicants). Applicants seek an order under Section 6(c) of the Investment Company Act exempting them from the provisions of Sections 26(a)(2)(C) and 27(c)(2) of the Act. The order would permit exemptions to the extent necessary to permit the deduction of a mortality and expense risk charge from the assets of the Separate Account and other separate accounts established by the Company in the future in connection with the issuance and sale of certain flexible premium individual deferred variable annuity contracts (Contracts) or contracts that are similar in all material respects to the Contracts. (Rel. IC-20930 - February 28)

DEAN WITTER REYNOLDS INC., ET AL.

A notice has been issued giving interested persons until March 27 to request a hearing on an application filed by Dean Witter Reynolds Inc., Dean Witter Select Municipal Trust, Dean Witter Select Corporate Trust, Dean Witter Select Investment Trust, Dean Witter Select Equity Trust, and Dean Witter Select Government Trust for an order under Section 6(c) for exemptions from Sections 2(a)(32), 2(a)(35), 22(c), 22(d), and 26(a)(2)(C) of the Investment Company Act and Rule 22c-1 thereunder, and pursuant to Section 11(a) to amend a prior order granting relief from Section 11(c). (Rel. IC-20931 - March 1)

DEAN WITTER SELECT EQUITY TRUST, ET AL.

A notice has been issued giving interested persons until March 27 to request a hearing on an application filed by Dean Witter Select Equity Trust, et al. for an order under Sections 6(c) and 17(b) of the Investment Company Act exempting applications from Section 17(a) of the Act. The order would permit a terminating series of a unit investment trust to sell portfolio securities to a new series of the trust. (Rel. IC-20932 - March 1)

BROOKHOLLOW TRUST

An order has been issued under Section 8(f) of the Investment Company Act declaring that Brookhollow Trust has ceased to be an investment company. (Rel. IC-20933 - March 1)

HOLDING COMPANY ACT RELEASES

THE SOUTHERN COMPANY, ET AL.

An order has been issued authorizing The Southern Company (Southern), a registered holding company, and The Southern Development and Investment Group, Inc., a non-utility subsidiary of Southern, to invest from time to time through December 31, 2002, up to \$5 million as a limited partner in a fund which will invest in companies commercializing electrotechnologies and renewable energy technologies. (Rel. 35-26240)

ENERGY INITIATIVES, INC., ET AL.

An order has been issued authorizing a proposal by Energy Initiatives, Inc. (EII) and NCP Energy, Inc. (NCP), each a non-utility subsidiary of General Public Utilities Corporation (GPU), a registered holding company. NCP requests the authority to distribute to EII, by way of a dividend, all of NCP's assets, including all of the outstanding common stock of each subsidiary of NCP, other than certain assets related to the Syracuse Cogeneration Project. (Rel. 35-26241)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGES

The Boston Stock Exchange filed a proposed rule change (SR-BSE-95-05) relating to the implementation of a three-day settlement standard for securities transactions. Publication is expected in the Federal Register during the week of March 6. (Rel. 34-35422)

The Midwest Securities Trust Company filed a proposed rule change (SR-MSTC-94-21) to establish an automated program for the transfer of certain securities between MSTC and transfer agents. Publication of the proposed rule change is expected in the Federal Register during the week of March 6. (Rel. 34-35424)