

sec news digest

Issue 95-227

November 27, 1995

ENFORCEMENT PROCEEDINGS

INITIAL DECISION SUSPENDS CAROLE HAYNES FROM ASSOCIATION WITH ANY BROKER OR DEALER FOR FIVE MONTHS

Administrative Law Judge Glenn R. Lawrence suspended Carole L. Haynes, the sole owner and president of First Potomac Investment Services, Inc., a registered broker-dealer located in Falls Church, Virginia, from association with any broker or dealer under Sections 15(b)(6) and 19(h) of the Securities Exchange Act for a period of five months. Judge Lawrence ordered Haynes under Section 21C of the Exchange Act to permanently cease and desist from committing or causing any violation of, and from committing or causing any future violation of, Sections 9(a)(1) and 10(b) of the Exchange Act and Rule 10b-5 thereunder.

In a March 24, 1995 order, Judge Lawrence found that John G. Broumas, former chairman of the board of Madison National Bank of Virginia and a former director of James Madison Limited, manipulated the market for JML Class A stock and violated Sections 9(a)(1), 9(a)(2) and 10(b) of the Exchange Act and Rule 10b-5 thereunder. Judge Lawrence found that Haynes willfully aided and abetted Broumas and caused his violations of Sections 9(a)(1) and 10(b) of the Exchange Act and Rule 10b-5 thereunder by executing 61 wash trades and matched orders in JML stock.

In considering the sanction, Judge Lawrence took into account that Haynes made some effort to check the propriety of Broumas's behavior with the NASD and the SEC and that she was not involved in Broumas's marking-the-close transactions. Judge Lawrence, however, found the behavior on the part of Haynes very serious in that she executed 61 wash trades on behalf of Broumas in less than one year. Haynes acknowledged no wrongdoing on her part and showed little appreciation for the significance of her illegal activities. Judge Lawrence found that Haynes did not appreciate the high standards of conduct to which she is subject as a registered securities professional, which is especially blameworthy considering that Haynes is formerly an NASD employee and is principal and owner of a broker-dealer firm. (Initial Decision Release No. 78)

VIOLATION OF RESTRICTIVE AGREEMENT

On November 17, the Commission sustained disciplinary action against Litwin Securities, Inc. and Harold A. Litwin, its president, compliance officer, and general securities principal. The NASD found Applicants responsible for effecting approximately 200 purchases and sales of securities as principal on other than a simultaneous net basis, in violation of LSI's restriction agreement and Article III, Section 1 of the Association's Rules of Fair Practice. The NASD censured the firm and Litwin, prohibited LSI from effecting principal transactions of any kind for a period of one year. The NASD also suspended Litwin from association in any principal capacity for a period of six months and required him to requalify by examination before functioning in any principal capacity.

The Commission sustained the NASD's findings of violation and the sanctions imposed, noting that the violations were numerous and occurred over a protracted period of time. (Rel. 34-36500)

CIVIL ACTION AGAINST WILLIAM RAUWERDINK

The Commission filed a complaint today in the United States District Court for the Southern District of New York against William J. Rauwerdink, the former Treasurer, Executive Vice President and Chief Financial Officer of MEDSTAT Group, Inc. (Medstat), a Michigan corporation. The complaint alleges that Rauwerdink engaged in insider trading in violation of Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14e-3 thereunder, by purchasing Medstat common stock while in possession of material nonpublic information about The Thomson Corporation's (Thomson's) planned tender offer for Medstat. The complaint seeks a permanent injunction against future violations of these provisions, an order requiring Rauwerdink to disgorge his illegal trading profits plus prejudgment interest, and a civil penalty pursuant to the Insider Trading Sanctions Act of 1984.

The complaint alleges that Rauwerdink effected the purchase by rolling over approximately \$294,600 from a profit sharing plan at his former employer into the Medstat Employees' Savings Plan (the Plan), a 401(k) plan and directing the Plan trustee to invest half those funds in Medstat stock. Simultaneously with the filing of the complaint, Rauwerdink, without admitting or denying any of the allegations in the complaint, consented to the entry of an order enjoining him from violating Sections 10(b) and 14(e) of the Securities Exchange Act of 1934, and Rules 10b-5 and 14e-3 thereunder, and requiring him to pay \$109,284.50, an amount representing the disgorgement of his illegal trading profits plus prejudgment interest, and a civil penalty of \$109,284.50. [SEC v. William J. Rauwerdink, USDC, SDNY, Civil Action No. 5 CIV. 9974, HB] (LR-14731)

INVESTMENT COMPANY ACT RELEASES

DREYFUS EQUITY FUNDS, INC.

An order has been issued under Section 8(f) of the Investment Company Act of declaring that Dreyfus Equity Funds, Inc. has ceased to be an investment company. (Rel. IC-21529 - November 21)

PREMIER OPPORTUNITY FUND, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that Premier Opportunity Fund, Inc. has ceased to be an investment company. (Rel. IC-21530 - November 21)

PREMIER SMALL COMPANY VALUE FUND, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that Premier Small Company Value Fund, Inc. has ceased to be an investment company. (Rel. IC-21531 - November 21)

FRANKLIN TAX-FREE ADVANTAGE FUND

An order has been issued under Section 8(f) of the Investment Company Act declaring that Franklin Tax-Free Advantage Fund has ceased to be an investment company. (Rel. IC-21532 - November 21)

DREYFUS OMNI FUND, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that Dreyfus Omni Fund, Inc. has ceased to be an investment company. (Rel. IC-21533 - November 21)

COLONIAL SMALL STOCK INDEX TRUST

An order has been issued under Section 8(f) of the Investment Company Act declaring that Colonial Small Stock Index Trust has ceased to be an investment company. (Rel. IC-21535 - November 21)

SMITH BARNEY INC., ET AL.

A notice has been issued giving interested persons until December 18, 1995 to request a hearing on an application filed by Smith Barney Inc., et al. for an order under Section 6(c) of the Investment Company Act exempting applicants from Section 12(d) (1) of the Act, and under Sections 6(c) and 17(b) of the Act exempting applicants from Section 17(a) of the Act. The requested order would permit the Smith Barney Cardinal Investment Fund Inc., which will be registered as an open-end management investment company, to acquire up to 100% of the voting shares of any other Smith Barney open-end management investment company. (Rel. IC-21537 - November 21)

HOLDING COMPANY ACT RELEASES

CINERGY CORP., ET AL.

A notice has been issued giving interested persons until December 18, 1995 to request a hearing on a proposal by Cinergy Corp. (Cinergy), a registered holding company, and Cincinnati Gas & Electric Company (CG&E), its wholly-owned public-utility subsidiary company (Applicants). Applicants request authorization for CG&E to sell certain moveable property of its Woodsdale Generating Station, Units 1 and 7, including gas combustion turbines, transformers, boilers and water pumps (Equipment), to a non-affiliated third-party finance lessor which would concurrently lease back the Equipment to CG&E. CG&E would use the proceeds of the sale to redeem outstanding first mortgage bonds, repay short-term debt or for other general corporate purposes. (Rels. 35-2641; ISR-888 - November 21)

NORTHEAST UTILITIES

A notice has been issued giving interested persons until December 18, 1995 to request a hearing on a proposal by Northeast Utilities, a registered public-utility holding company, to amend its employee stock ownership plan (ESOP) and the related trust agreement to modify the manner in which the ESOP trustee votes the unallocated shares held in the ESOP trust. (Rels. 35-2641; ISR-888 - November 21)

CONSOLIDATED NATURAL GAS COMPANY, ET AL.

A notice has been issued giving interested persons until December 18, 1995 to request a hearing on a proposal by Consolidated Natural Gas Company (Consolidated), a registered holding company, to implement a shareholder rights plan. Under the Plan, Consolidated would distribute to the holders of each share of its outstanding common stock one right to purchase one-half of a share of additional common stock at a price of \$175 per share, subject to adjustment by the board of directors to prevent dilution. Upon the occurrence of certain events related to a possible takeover of Consolidated, each right would become exercisable. Upon exercise, a holder would receive shares of common stock, or other assets or securities of Consolidated, equal to the purchase price of the right then in effect. If Consolidated is acquired in a business combination transaction or more than half of its assets or earning power is transferred, a holder would receive upon exercise common stock of the acquiring company having a value equal to twice the purchase price of the right then in effect. The rights would be subject to redemption by Consolidated or exchange for shares of common stock in some circumstances, and the board of directors of Consolidated may amend the terms of the rights without limitation prior to their exercisability, and in immaterial respects thereafter. (Rels. 35-2641; ISR-888 - November 21)

NORTHEAST UTILITIES SERVICE COMPANY ET AL.

An order has been issued authorizing Northeast Utilities Service Company, North Atlantic Energy Service Corporation, Northeast Nuclear Energy Company, Yankee Atomic Electric Company, and Connecticut Yankee Atomic Power Company, subsidiaries of Northeast Utilities, a registered holding company, to enter into a Reciprocal Support Agreement. Under this agreement, North Atlantic, Northeast Nuclear, Yankee Atomic, and Connecticut Yankee may temporarily share employees, equipment and other resources through December 31, 1998, and NUSCO will provide billing, accounting and other similar services to facilitate the transactions among these companies. (Rel. 35-26414 - November 21)

NATIONAL FUEL GAS COMPANY, ET AL.

A notice has been issued giving interested persons until December 18, 1995 to request a hearing on a proposal by National Fuel Gas Company (National), a registered holding company, and its wholly-owned subsidiary companies, National Fuel Gas Distribution Corporation, National Fuel Gas Supply Corporation, Seneca Resources Corporation, Highland Land & Minerals, Inc., Leidy Hub, Inc., Horizon Energy Development, Inc., Data-Track Account Services, Inc., National Fuel Resources, Inc., and Utility Constructors, Inc. (UCI) (collectively, Subsidiary Companies). Applicants propose to incur short-term borrowings and participate in the National system money pool; and to issue and sell up to \$300 million of commercial paper, and/or \$600 million of short-term unsecured notes under credit facilities with banks and financial institutions, through December 31, 2000. In addition, National seeks authorization to allocate expenses associated with interest swaps among the Subsidiary Companies. (Rels. 35-2641; ISR-888 - November 21)

YANKEE ATOMIC ELECTRIC COMPANY

A notice has been issued giving interested persons until December 18, 1995 to request a hearing on a proposal by Yankee Atomic Electric Company (Yankee Atomic), a subsidiary of both New England Electric System and Northeast Utilities, both registered holding companies. Yankee Atomic proposes to borrow money from one or more banks up to a maximum aggregate amount outstanding at one time of \$10 million, from January 1, 1996 through December 31, 1997. (Rels. 35-2641; ISR-888 - November 21)

ENTERGY CORPORATION, ET AL.

A notice has been issued giving interested persons until December 18, 1995, to request a hearing on a proposal by Entergy Corporation (Entergy), a registered holding company, and its wholly-owned, nonutility subsidiary Entergy Enterprises Inc. (Enterprises) to invest up to \$30 million through September 30, 1997, in one or more new direct or indirect subsidiaries of Entergy and/or Enterprises (New Subsidiaries). Entergy and Enterprises propose to acquire stock and/or debt securities of, make capital contributions and/or open account advances, guarantee indebtedness or grant other extensions of

credit directly to the New Subsidiaries or indirectly through one or more New Subsidiary holding company. The New Subsidiaries, either directly or indirectly, would acquire interest in nonutility businesses including, among others, network-based businesses, telecommunications, energy and security management services businesses or environmental technology businesses. (ReIs. 35-2641; ISR-888 - November 21)

CENTRAL AND SOUTH WEST CORPORATION

An order has been issued authorizing Central and South West Corporation, a registered holding company, to issue and sell up to 5,000,000 shares of its authorized and unissued common stock to the trustee of Central and South West Thrift Plus, an employee benefit plan. (Rel. 35-26413 - November 21)

NORAM ENERGY CORP.

A notice has been issued giving interested persons until December 18, 1995 to request a hearing on an application filed by NorAm Energy Corporation for an order of exemption in connection with its contemplated acquisition of an interest in concessions granted by the government of Colombia to establish natural gas distribution services to areas in Colombia, an interest in concessions granted by the government of Mexico to establish natural gas distribution services in Mexico, and a minority interest in one or more existing Mexican natural gas distribution businesses. (ReIs. 35-2641; ISR-888 - November 21)

SELF REGULATORY ORGANIZATIONS

AMENDMENT FILED TO RULE PROPOSAL

The Municipal Securities Rulemaking Board has filed an amendment to proposed rule change (SR-MSRB-95-13) relating to fees assessed to brokers, dealers and municipal securities dealers. Publication of the notice is expected in the Federal Register during the week of November 27. (Rel. 34-36492)

PROPOSED RULE CHANGES

The National Securities Clearing Corporation filed a proposed rule change (File No. SR-NSCC-95-13) under Section 19(b)(2) of the Securities Exchange Act. The proposed rule change seeks to establish a new membership category for settling banks that will enable members settling mutual fund transactions in same day funds to settle their obligations through a settling bank. Publication of the notice is expected in the Federal Register during the week of November 27. (Rel. 34-36495)

The National Association of Securities Dealers filed a proposed rule change under Rule 19b-4 (SR-NASD-95-50) to amend Section 59 of the Uniform Practice Code to revise the buy-in procedures to clarify the appropriate delivery deadlines for buy-in notices. (Rel. 34-36496)

The Depository Trust Company filed a proposed rule change (File No. SR-DTC-95-22) under Section 19(b) of the Securities Exchange Act. The proposed rule relates to arrangements between DTC and the Chicago Stock Exchange regarding a decision by CHX to withdraw from the clearance and settlement, securities depository and branch receive businesses. Publication in the Federal Register is expected during the week of November 27. (Rel. 34-36497)

The Stock Clearing Corporation of Philadelphia and the Philadelphia Depository Trust Company filed proposed rule changes (SR-SCCP-95-04 and SR-Philadep-95-06) under Section 19(b) of the Securities Exchange Act seeking the authority to release information relating to participants' clearance and settlement activities. Publication of the proposals is expected in the Federal Register during the week of November 27. (Rel. 34-36506)

APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change filed by the Government Securities Clearing Corporation (SR-GSCC-95-02) under Section 19(b)(2) of the Securities Exchange Act. The rule change relates to implementing netting services for non-same-day-settling aspects of next-day and term repurchase and reverse repurchase transactions. (Rel. 34-36491)

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.

S-3 BELLBOUTH CORP, 1155 PEACHTREE ST NE, ATLANTA, GA 30367 (404) 249-2000
- 8,000,000 (\$581,504,000) COMMON STOCK. (FILE 33-63173 - OCT. 03)
(BR. 7)

S-3 SUNGLASS HUT INTERNATIONAL INC, 255 ALHAMBRA CIRCLE, CORAL GABLES, FL
33134 (305) 461-6100 - 1,727,706 (\$82,169,697.36) COMMON STOCK. (FILE
33-97550 - OCT. 02) (BR. 1)

S-4 PHOTONICS CORP, 2940 NORTH FIRST ST, SAN JOSE, CA 95134 (408) 955-7930
- 3,613,839 (\$1,409,397.21) COMMON STOCK. (FILE 33-97552 - OCT. 02)
(BR. 12)

- 8-8 CALIFORNIA BEACH RESTAURANTS INC, 17383 SUNSET BLVD STE 140,
PACIFIC PALISADES, CA 90272 (310) 459-9676 - 1,000,000 (\$10,000)
COMMON STOCK. (FILE 33-97554 - OCT. 02) (BR. 11)
- 8-8 DATA DIMENSIONS INC, 777 108TH AVENUE NE, SUITE 2070, BELLEVUE, WA 98004
(206) 688-1000 - 800,000 (\$1,250,000) COMMON STOCK. (FILE 33-97556 -
OCT. 02) (BR. 10)
- 8-8 US WATS INC, 111 PRESIDENTIAL BLVD, STE 114, BALA CYNWYD, PA 19004
(610) 660-0100 - 3,493,980 (\$4,498,092) COMMON STOCK. (FILE 33-97558 -
OCT. 02) (BR. 7)
- 8-1 FEDERATED INVESTORS /DE, FEDERATED INVESTORS TOWER, PITTSBURGH, PA 15222
(412) 288-1900 - 8,000,000 (\$148,000,000) COMMON STOCK. UNDERWRITER:
MERRILL LYNCH & CO. (FILE 33-97578 - SEP. 29) (BR. 11 - NEW ISSUE)
- 8-1 MOBILEMEDIA COMMUNICATIONS INC, 65 CHALLENGER RD, RIDGEFIELD, NJ 07660
(201) 440-8400 - 225,000,000 (\$225,000,000) STRAIGHT BONDS. (FILE
33-97600 - OCT. 02) (BR. 7)
- 8-4 TN ENERGY SERVICES ACQUISITION CORP, 12 GREENWAY PLAZA SUITE 600,
HOUSTON, TX 77027 (713) 993-0099 - 3,906,275 (\$833) COMMON STOCK. 781,255
(\$1,443,284) PREFERRED STOCK. 3,372,268 (\$18,330,670) COMMON STOCK.
(FILE 33-97604 - OCT. 02) (BR. 3)
- 8-1 EAGLE USA AIRFREIGHT INC, 3214 LODESTAR, HOUSTON, TX 77032
(713) 821-0300 - 836,800,000 COMMON STOCK. (FILE 33-97606 - OCT. 02)
(BR. 4 - NEW ISSUE)
- 8-3 OLYMPIC RECEIVABLES FINANCE CORP, 7825 WASHINGTON AVE SOUTH,
MINNEAPOLIS, MN 55439 (612) 942-9880 - 3,000,000,000 (\$3,000,000,000)
EQUIPMENT TRUST CERTIFICATES. (FILE 33-97608 - OCT. 02) (BR. 12)
- 8-3 MELLON BANK /DE\ NATIONAL ASSOCIATION, TENTH & MARKETS STS, WILMINGTON,
DE 19801 (302) 421-2229 - 1,000,000 (\$1,000,000)
EQUIPMENT TRUST CERTIFICATES. (FILE 33-97610 - OCT. 02) (BR. 11
- NEW ISSUE)
- 8-8 WAVE SYSTEMS CORP, 540 MADISON AVE, NEW YORK, NY 10022 (212) 755-3282 -
2,599,150 (\$9,097,025) COMMON STOCK. (FILE 33-97612 - OCT. 02) (BR. 9)
- 8-3 LIVING CENTERS OF AMERICA INC, 15415 KATY FREEWAY, SUITE 800, HOUSTON,
TX 77094 (713) 578-4700 - 2,975,000 (\$92,040,550) COMMON STOCK. (FILE
33-97616 - OCT. 02) (BR. 5)
- 8-1 TOTAL RENAL CARE HOLDINGS INC, 21250 MAWTHORNE BLVD, SUITE 800,
TORRANCE, CA 90503 (310) 792-2600 - 6,900,000 (\$110,400,000) COMMON STOCK.
(FILE 33-97618 - OCT. 02) (BR. 5)
- 8-8 SCITEX CORP LTD, 7 MANADA ST, INDUSTRIAL PARK, MERZLIA B 46103 ISRAEL,
L3 00000 - 750,000 (\$14,203,125) COMMON STOCK. (FILE 33-97622 - OCT. 02)
(BR. 10)
- 8-8 SCITEX CORP LTD, 7 MANADA ST, INDUSTRIAL PARK, MERZLIA B 46103 ISRAEL,
L3 00000 - 650,000 (\$12,309,375) COMMON STOCK. (FILE 33-97624 - OCT. 02)
(BR. 10)
- 8-8 AVX CORP /DE, 750 LEXINGTON AVE, NEW YORK, NY 10022 (619) 576-2600 -
510,000 (\$17,308,125) COMMON STOCK. (FILE 33-97628 - OCT. 02) (BR. 3)
- 8-8 COPART INC, 282 FIFTH ST, VALLEJO, CA 94590 (707) 644-4468 - 500,000
(\$11,750,000) COMMON STOCK. (FILE 33-97636 - OCT. 02) (BR. 4)
- 8-8 COMPUTATIONAL SYSTEMS INC, 835 INNOVATION DR, KNOXVILLE, TN 37932
(423) 675-2110 - 907,730 (\$10,280,920) COMMON STOCK. (FILE 33-97638 -
OCT. 02) (BR. 8)