

SEC NEWS DIGEST

Issue 99-192

October 5, 1999

ENFORCEMENT PROCEEDINGS

COMMISSION SUSTAINS CHICAGO BOARD OPTIONS EXCHANGE DISCIPLINARY ACTION AGAINST WILLIAM MURPHY

The Commission has sustained the Chicago Board Options Exchange, Inc.'s (CBOE) disciplinary action against William J. Murphy. The CBOE found that Murphy made discretionary trades in options and securities without advance written approval from his clients and his firm, Oppenheimer & Co., and that he also made unauthorized transfers of put warrants. The CBOE found that this conduct was inconsistent with just and equitable principles of trade and also, with respect to certain options transactions, violated CBOE Rule 9.10(a). The CBOE censured Murphy, barred him from association with any Exchange member organization for two months, and fined him \$10,000.

Murphy admitted to all of the facts necessary to support findings of violations. The Commission rejected Murphy's arguments pertaining to the CBOE's jurisdiction and procedures. The Commission concluded that the CBOE's sanctions were not disproportionate. (Rel. 34-41804; File No. 3-9682)

SEC CHARGES FRAUD IN HEDGE FUND COLLAPSE

On October 4, the Commission instituted, and simultaneously settled, administrative proceedings against two co-owners of Morgan Fuller Capital Management (Morgan Fuller), a San Francisco investment adviser. The Commission alleges that Morgan Fuller, the adviser to the Paradigm Capital Fund (Paradigm), misrepresented Paradigm's financial performance and concealed the collapse of the Fund in communications with investors. The Commission has charged James Fuller (Fuller), a former Vice President of the New York Stock Exchange, and Gordon Taubenheim (Taubenheim) with aiding and abetting Morgan Fuller's violations of the antifraud provisions of the Investment Advisers Act (Advisers Act).

The orders instituting public proceedings allege that, beginning in early 1997, Morgan Fuller acted as investment adviser to Paradigm, a hedge fund with initial investments of just under one million dollars. The fund manager's trading strategy proved disastrous; the fund lost over half its value in one week alone. In an apparent

effort to recoup these trading losses, one of Morgan Fuller's principals arranged for Paradigm to purchase shares of Bankas Hermis, a Lithuanian bank, at a substantial discount in a private transaction. Paradigm paid \$240,000 -- nearly all of the fund's remaining assets -- to purchase the stock at the end of February 1997. The stock was never delivered, essentially wiping out the fund.

Notwithstanding the non-delivery of the Bankas Hermis stock, Morgan Fuller sent quarterly reports to Paradigm's investors in April and July 1997 representing that the fund had generated returns of 6% in the first quarter and losses of 4% in the second quarter. However, these calculations included the market value of the Bankas Hermis stock which had not been delivered to Paradigm. In fact, the fund had suffered substantial trading losses and had lost nearly its entire value.

The orders further allege that Fuller and Taubenheim were aware of Paradigm's losses and thus knew or were reckless in not knowing that the investor letters were false and misleading.

Fuller and Taubenheim have settled this matter, without admitting or denying the Commission's allegations, by agreeing to cease and desist from future violations of the Advisers Act. In addition, Fuller has consented to the payment of a civil penalty of \$15,000 and to a suspension from association with any investment adviser for a period of nine months. Similarly, Taubenheim has consented to the payment of a civil penalty of \$10,000 and to a suspension from association with any investment adviser for a period of six months. (In the Matter of James Fuller - Rel. IA-1842, File No. 3-10073; In the Matter of Gordon Taubenheim - Rel. IA-1843; File No. 3-10074)

INVESTMENT COMPANY ACT RELEASES

NUVEEN FLOATING RATE FUND, ET AL.

A notice has been issued giving interested persons until October 26 to request a hearing on an application filed by Nuveen Floating Rate Fund, et al. for an exemption from Sections 18(c) and 18(i) of the Investment Company Act, Rule 23c-3 under the Act, and pursuant to Section 17(d) of the Act and Rule 17d-1 under the Act. The order would permit certain registered closed-end management investment companies to issue multiple classes of shares, and impose asset-based distribution fees and early withdrawal charges. (Rel. IC-24066 - October 1)

SCHWAB CAPITAL TRUST, ET AL.

A notice has been issued giving interested persons until October 26 to request a hearing on an application filed by Schwab Capital Trust, et al. for an order exempting applicants from Sections

12(d)(1)(A) and (B) of the Investment Company Act and from Section 17(a) of the Act. The order would permit certain registered open-end management investment companies to acquire shares of other registered open-end management investment companies both within and outside the same group of investment companies. (Rel. IC-24067 - October 1)

HOLDING COMPANY ACT RELEASES

ALABAMA POWER COMPANY

A notice has been issued giving interested persons until October 26 to request a hearing on a proposal by Alabama Power Company (APC), a wholly owned electric public utility subsidiary of The Southern Company, a registered holding company, to allow APC to purchase and sell distribution facilities in accordance with a statute enacted by the state of Alabama. (Rel. 35-27080)

SELF-REGULATORY ORGANIZATIONS

ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission granted accelerated approval to a proposed rule change submitted by the Pacific Exchange (SR-PCX-99-21) amending the definition of "Local Securities". (Rel. 34-41921)

The Commission granted accelerated approval to a proposed rule change submitted by the Pacific Exchange (SR-PCX-99-24), as well as noticed and granted accelerated approval of Amendment No. 3 thereto, relating to automated opening rotations. Publication of the proposal is expected in the Federal Register during the week of October 4. (Rel. 34-41970)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

A proposed rule change (SR-Phlx-99-16) filed by the Philadelphia Stock Exchange to eliminate certain obsolete procedural provisions relating to the process for appointing equity and option specialist units, and for transferring and reallocating equities books and options classes has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of October 4. (Rel. 34-41939)

A proposed rule change filed by the National Association of Securities Dealers clarifying Web CRD policies (SR-NASD-99-50) has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of October 4. (Rel. 34-41946)

A proposed rule change filed by the Chicago Stock Exchange (SR-CHX-99-15) relating to membership dues and fees has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of October 4. (Rel. 34-41947)

PROPOSED RULE CHANGES

The Chicago Stock Exchange filed a proposed rule change (SR-CHX-99-08) and Amendment No. 1 relating to access to an after-hours trading session. Publication of the notice in the Federal Register is expected during the week of October 4. (Rel. 34-41968)

The Chicago Stock Exchange filed a proposed rule change (SR-CHX-99-14) relating to "Stop" and "Stop Limit" Orders. Publication of the proposal is expected in the Federal Register during the week of October 4. (Rel. 34-41969)

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.

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: <publicinfo@sec>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

F-8 SUMMIT REAL ESTATE INVESTMENT TRUST, 1969 UPPER WATER STREET SUITE 2101, PURDYS WHARF TOWER HALIFAX, NOVA SCOTIA CANADA B3J 3R3, A5 00000 (902) 492-7404 - 1,515 (\$12,271 50) UNIT INVESTMENT TRUST. (FILE 333-10874 - SEP. 24) (BR. 8 - NEW ISSUE)

F-7 ORVANA MINERALS CORP, 2007 1177 WEST HASTINGS ST, VANCOUVER BC V6E 2K3, A1 00000 (303) 279-6027 - 1,000,000 (\$135,272) FOREIGN COMMON STOCK. (FILE 333-10878 - SEP. 24) (BR. 4 - NEW ISSUE)

F-6 SONERA GROUP PLC /ADR/, 111 WALL STREET, NEW YORK, NY 10043 - 100,000,000 (\$5,000,000) DEPOSITARY RECEIPTS FOR COMMON STOCK (FILE 333-10880 - SEP 24) (BR. 99 - NEW ISSUE)

F-1 SONERA GROUP PLC, TEOLLISUUSKATA 15, FIN-00510, HELSINKI FINLAND, H9 00000 - 38,193,800 (\$998,385,932) FOREIGN COMMON STOCK. (FILE 333-10884 - SEP. 24) (BR. 7 - NEW ISSUE)

F-6 G COLLADO SA DE CV /ADR/, ONE WALL STREET, NEW YORK, NY 10286 (212) 495-1727 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-10888 - SEP. 27) (BR. 99 - NEW ISSUE)

F-3 ASE TEST LTD, 10 WEST FIFTH ST, NANTZE EXPORT PROCESSING ZONE,
 KAOHSIUNG TAIWAN REP, F5 - 110,000,000 (\$110,000,000) STRAIGHT BONDS.
 (FILE 333-10892 - SEP. 27) (BR. 1)

S-4 AT HOME CORP, 425 BROADWAY ST, REDWOOD CITY, CA 94063 (650) 569-5000 -
 10,021,614 (\$354,678,017) COMMON STOCK. (FILE 333-87911 - SEP. 28)
 (BR. 3)

S-8 FROZEN FOOD EXPRESS INDUSTRIES INC, 1145 EMPIRE CENTRAL PLACE, DALLAS,
 TX 75247 (214) 630-8090 - 300,000 (\$1,715,625) COMMON STOCK. (FILE
 333-87913 - SEP. 28) (BR. 5)

S-8 FROZEN FOOD EXPRESS INDUSTRIES INC, 1145 EMPIRE CENTRAL PLACE, DALLAS,
 TX 75247 (214) 630-8090 - 1,500,000 (\$8,578,125) COMMON STOCK (FILE
 333-87915 - SEP. 28) (BR. 5)

S-8 INTERACTIVE INTELLIGENCE INC, 8909 PURDUE ROAD, INDIANAPOLIS, IN 46268
 (317) 872-3000 - 5,863,704 (\$150,990,378) COMMON STOCK. (FILE 333-87919 -
 SEP. 28) (BR. 3)

S-8 INTERNATIONAL BUSINESS MACHINES CORP, 1 NEW ORCHARD ROAD, ARMONK, NY
 10504 (914) 499-1900 - 423,044 (\$4,996,996) COMMON STOCK. (FILE 333-87925
 - SEP. 28) (BR. 3)

S-8 CREATIVE MASTER INTERNATIONAL INC, 18 BEDFORD RD CASEY IND BLDG,
 TAIKOKTSUI KOWLOON HONG KONG, BELLE HARBOR, NY 11694 (718) 474-6568 -
 230,000 (\$1,049,375) COMMON STOCK (FILE 333-87929 - SEP. 28) (BR. 5)

S-1 MAGAININ PHARMACEUTICALS INC, 5110 CAMPUS DR, PLYMOUTH MEETING, PA 19462
 (610) 941-5231 - 5,000,000 (\$5,100,000) COMMON STOCK. (FILE 333-87933 -
 SEP. 28) (BR. 1)

S-8 AT&T CORP, 32 AVENUE OF THE AMERICAS, NEW YORK, NY 10013 (212) 387-5400
 - 2,000,000 (\$67,750,000) COMMON STOCK. (FILE 333-87935 - SEP. 28)
 (BR. 7)

S-3 CONAGRA INC /DE/, ONE CONAGRA DR, OMAHA, NE 68102 (402) 595-4000 -
 4,016,662 (\$93,025,829) COMMON STOCK (FILE 333-87937 - SEP. 28) (BR. 4)

S-3 URSUS TELECOM CORP, 440 SAWGRASS CORPORATE PKWY, STE 112, SUNRISE, FL
 33325 (954) 846-7887 - 300,000 (\$5,662,500) COMMON STOCK (FILE 333-87939
 - SEP. 28) (BR. 7)

S-3 FPL GROUP INC, 700 UNIVERSE BLVD, JUNO BEACH, FL 33408 (561) 694-4000 -
 \$500,000,000 STRAIGHT BONDS. (FILE 333-87941 - SEP. 28) (BR. 2)

S-8 NETEGRITY INC, 245 WINTER ST, WALTHAM, MA 02154 (617) 890-1700 (FILE
 333-87943 - SEP. 28) (BR. 3)

S-3 CALLON PETROLEUM CO, 200 N CANAL ST, NATCHEZ, MS 39120 (601) 442-1601
 (FILE 333-87945 - SEP. 28) (BR. 4)

S-4 KENTUCKY INVESTORS INC, 200 CAPITAL AVE, P O BOX 717, FRANKFORT, KY
 40602 (502) 223-2361 - 291,685 (\$5,822,033) COMMON STOCK. (FILE 333-87947
 - SEP. 28) (BR. 5)

S-3 PACKAGED ICE INC, 8572 KATY FREEWY, STE 101, HOUSTON, TX 77024
 (713) 464-9384 - 931,328 (\$3,343,468) COMMON STOCK. (FILE 333-87949 -
 SEP. 28) (BR. 4)

S-3 KIDEO PRODUCTIONS INC, 611 BROADWAY STE 523, NEW YORK, NY 10012 -
 1,005,000 (\$1,099,218.75) COMMON STOCK. (FILE 333-87951 - SEP. 28)
 (BR. 5)

S-8 HNC SOFTWARE INC/DE, 5930 CORNERSTONE CT W, SAN DIEGO, CA 92121
 (619) 546-8877 - 250,000 (\$5,750,000) COMMON STOCK. (FILE 333-87953 -
 SEP. 28) (BR. 3)

S-8 INTELLIGENT LIFE CORP, 11811 US HIGHWAY ONE, STE 101, N PALM BEACH, FL
 33408 (561) 627-7330 - 3,000,000 (\$19,560,000) COMMON STOCK (FILE
 333-87955 - SEP. 28) (BR. 8)

S-8 PROTEIN DESIGN LABS INC/DE, 2375 GARCIA AVE, MOUNTAIN VIEW, CA 94043
(415) 903-3700 - 1,925,000 (\$58,565,940.17) COMMON STOCK. (FILE 333-87957
- SEP. 28) (BR. 1)

S-8 INTEGRATED SYSTEMS INC, 201 MOFFETT PARK DIRVE, SUNNYVALE, CA 95054
(408) 542-1500 - 1,800,000 (\$21,582,000) COMMON STOCK. (FILE 333-87959 -
SEP 28) (BR 3)

S-8 MELLON BANK CORP, ONE MELLON BANK CTR, 500 GRANT ST, PITTSBURGH, PA
15258 (412) 234-5000 - 10,125,000 (\$332,765,888) COMMON STOCK (FILE
333-87961 - SEP. 28) (BR. 7)

S-4 HEALTH CARE PROPERTY INVESTORS INC, 4675 MACARTHUR COURT 9TH FL,
SUITE 900, NEWPORT BEACH, CA 92660 (949) 221-0600 - 20,444,000
(\$30,553,115) COMMON STOCK. 4,000,000 (\$75,124,000) PREFERRED STOCK.
(FILE 333-87963 - SEP. 28) (BR. 8)

S-3 POLLUTION RESEARCH & CONTROL CORP /CA/, 506 PAULA AVE, GLENDALE, CA
91201 (818) 247-7601 - 1,646,560 (\$4,116,400) COMMON STOCK. (FILE
333-87965 - SEP. 28) (BR. 5)

S-8 GENZYME CORP, ONE KENDALL SQ, CAMBRIDGE, MA 02139 (617) 252-7500 -
2,700,000 (\$16,537,500) COMMON STOCK. (FILE 333-87967 - SEP. 28) (BR. 1)

S-3 CHROMAVISION MEDICAL SYSTEMS INC, 33171 PASEO CORVEZA,
SAN JUAN CAPISTRANO, CA 92675 (949) 443-3355 - \$21,424,250 COMMON STOCK.
(FILE 333-87969 - SEP. 28) (BR. 5)

S-8 STAPLES INC, 500 STAPLES DRIVE, P O BOX 9328, FRAMINGHAM, MA 01702
(508) -25-3-50 - 25,000 (\$514,062 50) COMMON STOCK. (FILE 333-87971 -
SEP. 28) (BR. 2)

S-8 ID SYSTEMS INC, 35 FRANKLIN SQUARE, ROCHESTER N Y , NY 14605
(000) 000-0000 - 2,362,500 (\$8,156,327.50) COMMON STOCK (FILE 333-87973 -
SEP 28) (BR 9)

S-3 COMPUMED INC, 1230 ROSECRANS AVE STE 1000, MANHATTAN BEACH, CA 90266
(310) 643-5106 - 4,452,594 (\$4,229,964 30) COMMON STOCK. (FILE 333-87975 -
SEP. 28) (BR. 3)

S-3 PRECISION OPTICS CORPORATION INC, 22 EAST BROADWAY, GARDNER, MA 01440
(978) 630-1800 - 2,000,000 (\$2,062,500) COMMON STOCK. (FILE 333-87977 -
SEP. 28) (BR. 1)

S-3 SILICON VALLEY RESEARCH INC, 6360 SAN IGNACIO AVE, SAN JOSE, CA 95119
(408) 361-0333 - 17,157,159 (\$2,402,002.26) COMMON STOCK. (FILE 333-87979
- SEP. 28) (BR. 3)

S-3 MACE SECURITY INTERNATIONAL INC, 1000 CROWFORD PLACE, SUITE 400,
MOUNT LAUREL, NJ 08054 (856) 778-2300 - 11,299,124 (\$84,404,456)
COMMON STOCK. (FILE 333-87981 - SEP. 28) (BR. 2)

S-3 STORAGE USA INC, 165 MADISON AVENUE SUITE 1300, SUITE 1100, MEMPHIS, TN
38103 (901) 252-2000 - 14,622 (\$387,030) COMMON STOCK. (FILE 333-87983 -
SEP. 28) (BR. 8)

S-1 EBENX INC, 5500 WAYZATA BLVD STE 1450, GOLDEN VALLEY, MN 55416
(612) 525-2700 - \$69,000,000 COMMON STOCK (FILE 333-87985 - SEP. 28)
(NEW ISSUE)

S-8 INPRISE CORP, 100 ENTERPRISE WAY, SCOTTS VALLEY, CA 95066 (408) 431-1000
- 2,300,000 (\$8,856,150) COMMON STOCK (FILE 333-87987 - SEP 28) (BR 3)

S-8 GRC INTERNATIONAL INC, 1900 GALLOWS RD, VIENNA, VA 22182 (703) 506-5005
- 296,271 (\$2,666,439) COMMON STOCK (FILE 333-87989 - SEP. 28) (BR. 7)

SB-2 ALLQUEST COM CORP, 6110 PINEMONT, HOUSTON, TX 77092 (713) 353-0400 -
1,400,000 (\$8,400,000) COMMON STOCK. 140,000 (\$1,400)
WARRANTS, OPTIONS OR RIGHTS. 140,000 (\$1,008,000) COMMON STOCK. (FILE
333-87991 - SEP. 28) (NEW ISSUE)

- S-8 ACADIA REALTY TRUST, 20 SOUNDVIEW MARKETPLACE, PO BOX 1679,
PORT WASHINGTON, NY 11050 (516) 767-8830 - 2,328,269 (\$12,077,895.44)
COMMON STOCK. (FILE 333-87993 - SEP. 28) (BR. 8)
- S-8 FUSION MEDICAL TECHNOLOGIES INC, 1615 PLYMOUTH STREET, MOUNTAIN VIEW, CA
94043 (415) 903-4000 - 1,549,847 (\$20,244,876) COMMON STOCK. (FILE
333-87995 - SEP. 28) (BR. 5)
- S-1 CACHEFLOW INC, 650 ALMANOR AVENUE, SUNNYVALE, CA 94086 (408) 220-2200 -
\$50,000,000 COMMON STOCK (FILE 333-87997 - SEP. 28) (NEW ISSUE)
- S-3 AMERITRADE HOLDING CORP, 4211 SOUTH 102ND ST, OMAHA, NE 68127
(402) 331-7856 - 200,000,000 (\$200,000,000) STRAIGHT BONDS. (FILE
333-87999 - SEP. 28) (BR. 7)