

SEC NEWS DIGEST

Issue 98-96

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COMMISSION ANNOUNCEMENTS

CHAIRMAN LEVITT TO TESTIFY

Chairman Levitt will testify at 2:00 p.m., on May 19, before the House Subcommittee on Finance and Hazardous Materials concerning H.R. 1689, the Securities Litigation Uniform Standards Act of 1997. The testimony will be delivered in Room 2123 of the Rayburn House Office Building.

ENFORCEMENT PROCEEDINGS

IN THE MATTER OF OAKWOOD COUNSELORS, INC. AND PAUL SHERMAN

The Commission announced that on May 18 it ordered that funds disgorged by Oakwood Counselors, Inc. (Oakwood) be distributed to clients of Oakwood whose accounts had been subject to a soft dollar arrangement from 1989 through August 1995 (Order of Distribution).

Pursuant to a settled cease and desist proceeding instituted by the Commission on February 10, 1997, Oakwood disgorged \$298,499 plus prejudgment interest thereon of \$121,264, for a total of \$419,763 (disgorgement fund). On June 13, 1997, the Commission published notice of a proposed plan to distribute the disgorgement fund (Plan of Distribution). The Commission approved the Plan of Distribution on September 15, 1997. As of February 24, 1998, all 83 eligible claimants had submitted valid proof of claim forms to the Commission. The claims totaled \$419,763. Pursuant to the Plan of Distribution, each claimant will receive a pro-rata share of the disgorgement fund. (Rel. IA-1721; File No. 3-9243)

COMPLAINT AGAINST EIGHT NEW YORK STOCK EXCHANGE FLOOR BROKERS AMENDED TO INCLUDE ALLEGATIONS OF TRADING AHEAD OF, AND TRADING INTO, CUSTOMER ORDERS

On May 18, the Commission amended its civil complaint against five of the eight New York Stock Exchange floor brokers, and their firms, originally charged with illegal on floor trading, to add allegations of trading ahead of, and trading into, customer orders. Thomas J.

Cavallino, Robert J. Carucci, Christine A. Beyer, Michael A. Frayler, John J. Savarese, R.M. Carucci. Inc., Touchdown Securities, Inc., MFS Securities Corp. and Oakwood Securities Corp. (collectively, Floor Brokers) engaged in a pattern of initiating and executing orders for their own accounts, while holding unexecuted customer orders for the same securities, often receiving a better price for themselves than they obtained for their customers. The complaint also alleges that the Floor Brokers and Mark R. Savarese, another floor broker charged in the original complaint, filled customer orders by purchasing stock from, and selling stock to, their customers from their own accounts.

The Commission's amended complaint adds charges that the Floor Brokers violated Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and NYSE Rule 92. The complaint also charges the Floor Brokers and Mark R. Savarese with violating NYSE Rule 91. The Commission's complaint also charges the defendants with violating, or aiding and abetting violations of, Sections 11(a) and 17(a) of the Securities Exchange Act of 1934 and Rules 11a-1, 17a-3 and 17a-5 thereunder and NYSE Rules 90(a), 95(a) and 111(a). The complaint seeks permanent injunctive relief, disgorgement of all illegal profits from the defendants, prejudgment interest and civil money penalties. [SEC v. The Oakford Corporation, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS Securities Corp., Oakwood Securities Corp., D'Alessio Securities Corp., William S. Killeen, Thomas W. Bock, Thomas J. Cavallino, Edward J. Mueger, Robert J. Carucci, Christine A. Beyer, Michael A. Frayler, Mark R. Savarese, John J. Savarese and John R. D'Alessio, USDC, SDNY, 98 Civ. 1366, JSR] (LR-15743)

COMMISSION SEEKS TO COMPEL LRG RESTAURANT GROUP, INC. TO FILE DELINQUENT PERIODIC REPORTS

On May 15, the Commission filed a complaint in the United States District Court for the District of Columbia against LRG Restaurant Group, Inc. (LRG Restaurant). The complaint alleges that LRG Restaurant, a restaurant and natural resources properties business whose securities are quoted in the pink sheets, failed to make available to the investing public current and accurate information about its financial condition and results of operation through the filing of periodic reports with the Commission as required by the Securities Exchange Act of 1934 (Exchange Act). Specifically, the complaint alleges that LRG Restaurant has not filed its Annual Reports on Form 10-K for the fiscal years ended November 30, 1996 and 1997, its Quarterly Reports on Form 10-Q for the fiscal quarters ended February 28, May 31 and August 31, 1997 and February 28, 1998, and six Notifications of Late Filing with respect to its delinquent reports. The Commission seeks to compel LRG Restaurant to file its delinquent periodic reports and enjoin LRG Restaurant from further violations of Section 13(a) of the Exchange Act of 1934 and Rules 12b-25, 13a-1 and 13a-13 thereunder. [SEC v. LRG Restaurant Group, Inc., Civil No. 98-CV-01223, D.D.C.] (LR-15744)

QUADRATECH INC. CONSENTS TO INJUNCTION

On May 15, the Commission filed a complaint in the United States District Court for the District of Columbia against Quadrately, Inc. (Quadrately). The complaint alleges that Quadrately, an environmental products company whose securities are quoted in the pink sheets, failed to make available to the investing public current and accurate information about its financial condition and results of operation through the filing of periodic reports with the Commission as required by the Securities Exchange Act of 1934 (Exchange Act). Specifically, the complaint alleges that Quadrately has not filed its Annual Reports on Form 10-K for the fiscal years ended December 31, 1996 and 1997, its Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, June 30 and September 30, 1997, and five Notifications of Late Filing with respect to its delinquent reports. The Commission seeks to compel Quadrately to file its delinquent periodic reports and enjoin Quadrately from further violations of Section 13(a) of the Exchange Act of 1934 and Rules 12b-25, 13a-1 and 13a-13 thereunder. Simultaneously with the filing of the Commission's complaint, Quadrately consented to the entry of a Final Judgment granting the relief sought by the Commission and admitted that it had not filed the periodic reports as described above. [SEC v. Quadrately, Inc., Civil No. 98-CV-01224, D.D.C.] (LR-15745)

ROGER TURNER SENTENCED FOR SECURITIES FRAUD

Roger E. Turner, who operated a registered investment adviser in Grand Prairie, Texas, was sentenced on May 12 to 34 months in prison and ordered to pay \$2.9 million in restitution for violating the antifraud provisions of the Securities Act of 1933. Earlier this year, Turner entered a plea of guilty to an information charging that, from at least January 1990 through January 1997, he falsely represented to investors that he would invest their funds, at times through newly opened IRAs, in safe, solvent investments with substantial returns. Turner instead misapplied their funds, causing investor losses of between \$1.5 million and \$2.5 million, according to the information.

Turner operated a registered investment adviser, Annable Turner & Co., Inc., and was a registered representative of Royal Alliance Associates, Inc., according to the information and other filings with the United States District Court for the Northern District of Texas/Dallas Division. The Fort Worth District Office of the Commission assisted the United States Attorney and the Texas State Securities Board with the criminal investigation. [U.S. v. Roger E. Turner, USDC/ND TX, Dallas Division, 397-CR-427-G] (LR-15746)

INVESTMENT COMPANY ACT RELEASES

FREEDOM MUTUAL FUND, ET AL.

An order has been issued on an application filed by Freedom Mutual Fund, et al. under Section 6(c) of the Investment Company Act granting relief from Section 15(a) of the Act. The order permits the implementation, without prior shareholder approval, of new investment advisory agreements, for a period of up to 150 days following the later of: (i) the date the assignment of the existing investment advisory agreements is deemed to have occurred, or (ii) the date the requested order is issued (but in no event later than October 31, 1998). The order also permits the investment adviser to certain registered management investment companies to receive all fees earned under the new agreements during this interim period. (Rel. IC-23187 - May 15)

ARMADA FUNDS, ET AL.

A notice has been issued giving interested persons until June 4, 1998, to request a hearing on an application filed by Armada Funds (Fund) and National Asset Management Corporation (Adviser) for an order under Section 6(c) of the Investment Company Act exempting applicants from Section 15(a) of the Act to permit implementation, without prior shareholder approval, of new investment advisory agreements in connection with a change in control of the Adviser. The order would cover a period beginning on the date the requested order is issued until the date the new investment advisory agreements are approved or disapproved by the Fund's shareholders (but in no event later than July 6, 1998) (Interim Period). The order also would permit the Adviser to receive all fees earned under the new investment advisory agreements during the Interim Period following shareholder approval. (Rel. IC-23188 - May 15)

GENERAL AMERICAN INVESTORS COMPANY, INC.

A notice has been issued giving interested persons until June 9, 1998, to request a hearing on an application filed by General American Investors Company, Inc. for an order under Section 6(c) of the Investment Company Act exempting Applicant from Section 19(b) of the Act and Rule 19b-1 under the Act. The order would permit applicant to make periodic distributions of net long-term capital gains in any one taxable year, so long as applicant maintains in effect a distribution policy with respect to its preferred stock calling for periodic dividends in an amount equal to a specified percentage of the liquidation preference of the preferred stock. (Rel. IC-23189 - May 15)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGE

The Pacific Exchange filed a proposed rule change (SR-PCX-98-17)

relating to the expansion of the LMM Book Pilot Program. Publication of the proposal is expected in the Federal Register during the week of May 18. (Rel. 34-39995)

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

- S-B REPUBLIC OF KOREA, 460 PARK AVE 20TH, NEW YORK, NY 10005 -
5,000,000,000 (\$5,000,000,000) FOREIGN GOVERNMENT AND AGENCY DEBT (FILE
333-8502 - MAR 20) (BR. 99)
- S-B REPUBLIC OF COLOMBIA, 10 EAST 46TH ST, C/O CONSUL REPUBLIC OF COLOMBIA,
NEW YORK, NY 10017 - 1,475,000,000 (\$1,475,000,000)
FOREIGN GOVERNMENT AND AGENCY DEBT (FILE 333-8504 - MAR 20) (BR 99)
- F-3 WESTERN & CARIBBEAN CELLULAR INC, CARRERA 55 NO 49-101,
MEDELLIN COLOMBIA, (574) 512-9090 - 4,355,850 (\$4,355,850)
FOREIGN COMMON STOCK (FILE 333-8508 - MAR 23) (BR 3)
- S-11 STRATEGIC REALTY CAPITAL CORP, 0, 1251 DUBLIN ROAD, COLUMBUS, OH 43215
(614) 488-1169 - 7,705,000 (\$115,575,000) COMMON STOCK (FILE 333-48501 -
MAR 24) (BR. 8 - NEW ISSUE)
- S-8 PEACOCK FINANCIAL CORP, 248 E MAIN STREET, STE 306, SAN JACINTO, CA
92583 (909) 925-6469 - 400,000 (\$20,000) COMMON STOCK (FILE 333-48503 -
MAR 24) (BR. 2)
- S-8 PEACOCK FINANCIAL CORP, 248 E MAIN STREET, STE 306, SAN JACINTO, CA
92583 (909) 925-6469 - 50,000 (\$15,000) COMMON STOCK (FILE 333-48505 -
MAR 24) (BR. 2)
- S-8 HABERSHAM BANCORP, P O BOX 1980, HIGHWAY 441 N, CORNELIA, GA 30531
(404) 572-6600 - 250,000 (\$4,875,000) COMMON STOCK (FILE 333-48507 -
MAR 24) (BR 7)
- S-8 COYOTE SPORTS INC, 2291 ARAPAHOE AVE, BOULDER, CO 80302 (303) 417-0942
- 1,000,000 (\$6,125,000) COMMON STOCK (FILE 333-48509 - MAR 24) (BR 9)
- S-8 EMPIRE FEDERAL BANCORP INC, 123 SOUTH MAIN STREET, LIVINGSTON, MT 59047
(406) 222-1981 - 362,894 (\$6,466,771) COMMON STOCK (FILE 333-48511 -
MAR 24) (BR 7)
- S-3 ADVENT SOFTWARE INC /DE/, 301 BRANNAN ST, SAN FRANCISCO, CA 94107
(415) 543-7696 - 75,000 (\$3,164,250) COMMON STOCK (FILE 333-48513 -
MAR 24) (BR 9)
- S-3 GRUBB & ELLIS CO, 2215 SANDERS RD, STE 400, NORTHBROOK, IL 60062
(415) 956-1990 (FILE 333-48515 - MAR 23) (BR. 8)

S-3 HI RISE RECYCLING SYSTEMS INC, 16255 NW 54TH AVE, MIAMI, FL 33014
(305) 624-9222 - 3,500,762 (\$12,322,682 24) COMMON STOCK (FILE 333-48517
- MAR. 24) (BR 9)

S-1 US HOME & GARDEN INC, 655 MONTGOMERY ST STE 830, SAN FRANCISCO, CA 94111
(415) 616-8111 - 2,530,000 (\$63,250,000) PREFERRED STOCK. (FILE 333-48519
- MAR 24) (BR 2)

F-3 BIOCHEM PHARMA INC, 275 ARMAND-FRAPPIER BLVD, LAVAL QUEBEC, E6
(514) 681-1744 - 2,800,000 (\$105,000,000) FOREIGN COMMON STOCK. (FILE
333-48521 - MAR 24) (BR. 1)

S-1 ELECTRONICS BOUTIQUE HOLDINGS CORP, 931 MATLACK ST, WEST CHESTER, PA
19382 (610) 430-8100 - 8,625,000 (\$146,625,000) COMMON STOCK. (FILE
333-48523 - MAR 24) (BR. 2 - NEW ISSUE)

S-8 ROGUE WAVE SOFTWARE INC /OR/, 850 SW 35TH ST, CORVALLIS, OR 97333
(541) 754-3010 - 900,000 (\$12,498,084 90) COMMON STOCK (FILE 333-48525 -
MAR 24) (BR 9)

SB-2 HEARTLAND WISCONSIN CORP, 6635 SOUTH 13TH STREET, MILEWAUKEE, WI 53221
(414) 764-9200 - 200,000 (\$1,300,000) COMMON STOCK (FILE 333-48527 -
MAR 24) (BR 9)

S-8 ATLANTIC PHARMACEUTICALS INC, 1017 MAIN CAMPUS DRIVE, SUITE 3900,
RALEIGH, NC 27606 (415) 726-1327 - 59,783 (\$358,698) COMMON STOCK (FILE
333-48531 - MAR. 24) (BR 9)

S-8 DIGITAL MICROWAVE CORP /DE/, 170 ROSE ORCHARD WAY, SAN JOSE, CA 95134
(408) 943-0777 - 2,500,000 (\$34,300,000) COMMON STOCK. (FILE 333-48533 -
MAR 24) (BR. 3)

S-8 DIGITAL MICROWAVE CORP /DE/, 170 ROSE ORCHARD WAY, SAN JOSE, CA 95134
(408) 943-0777 - 500,000 (\$6,860,000) COMMON STOCK. (FILE 333-48535 -
MAR 24) (BR 3)

S-8 EQUITY MARKETING INC, 131 S RODEO DR, BEVERLY HILLS, CA 90212
(310) 887-4300 - 100,000 (\$2,081,000) COMMON STOCK. (FILE 333-48539 -
MAR 24) (BR 5)

S-8 EQUITY MARKETING INC, 131 S RODEO DR, BEVERLY HILLS, CA 90212
(310) 887-4300 - 600,000 (\$14,214,000) COMMON STOCK (FILE 333-48541 -
MAR 24) (BR 5)

S-8 USWEB CORP, 2880 LAKESIDE DR SUITE 350, SANTA CLARA, CA 95054
(408) 987-3200 - 14,984,721 (\$175,295,734) COMMON STOCK (FILE 333-48543 -
MAR 24) (BR 5)

S-3 AMERICAN SUPERCONDUCTOR CORP /DE/, TWO TECHNOLOGY DR, WESTBOROUGH, MA
01581 (508) 836-4200 - 4,025,000 (\$58,614,062 50) COMMON STOCK (FILE
333-48545 - MAR 24) (BR 1)

S-3 PMT SERVICES INC /TN/, 3841 GREEN HILLS VILLAGE DR, NASHVILLE, TN 37215
(615) 254-1539 - 301,588 (\$4,938,503.50) COMMON STOCK. (FILE 333-48547 -
MAR 24) (BR 6)

S-8 S&T BANCORP INC, 800 PHILADELPHIA ST, P O BOX 190, INDIANA, PA 15701
(412) 349-2900 - 1,000,000 (\$53,060,000) COMMON STOCK. (FILE 333-48549 -
MAR 24) (BR 7)

S-3 GROVE PROPERTY TRUST, 598 ASYLUM AVE, HARTFORD, CT 06105 (860) 246-1126
- 2,114,439 (\$22,201,609.50) COMMON STOCK (FILE 333-48551 - MAR 24)
(BR 8)

S-3 ADELPHIA COMMUNICATIONS CORP, MAIN AT WATER STREET, COUDERSPORT, PA
16915 (814) 274-9830 - 3,571,428 (\$87,946,414 50) COMMON STOCK. (FILE
333-48553 - MAR 24) (BR 3)

S-3 AMERICAN INDUSTRIAL PROPERTIES REIT INC, 6210 N BELTLINE RD, STE 170,
IRVING, TX 75063 (972) 756-6000 - 1,000,000 (\$13,187,500) COMMON STOCK
(FILE 333-48555 - MAR 24) (BR 8)

S-3 UNITED DOMINION REALTY TRUST INC, 10 S 6TH ST STE 203, RICHMOND, VA
23219 (804) 780-2691 - 104,920 (\$1,472,158.75) COMMON STOCK. (FILE
333-48557 - MAR. 24) (BR. 8)

S-1 STAR TELECOMMUNICATIONS INC, 223 EAST DE LA GUERRA STREET, STE 202,
SANTA BARBARA, CA 93101 (805) 899-1962 - 3,926,830 (\$162,718,019)
COMMON STOCK (FILE 333-48559 - MAR 24) (BR 3)

S-3 COLONIAL GAS CO, 40 MARKET ST, LOWELL, MA 01852 (508) 458-3171 -
75,000,000 (\$75,000,000) STRAIGHT BONDS (FILE 333-48561 - MAR 24)
(BR. 4)

S-1 FINLAY FINE JEWELRY CORP, 521 FIFTH AVE, NEW YORK, NY 10175
(212) 382-7400 - \$150,000,000 STRAIGHT BONDS (FILE 333-48563 - MAR 24)
(BR 2)

S-3 HNC SOFTWARE INC/DE, 5930 CORNERSTONE CT W, SAN DIEGO, CA 92121
(619) 546-8877 - 2,500,560 (\$91,895,580) COMMON STOCK. (FILE 333-48565 -
MAR 24) (BR. 3)

S-3 FINLAY ENTERPRISES INC /DE, 529 FIFTH AVE, NEW YORK, NY 10175
(212) 382-7400 - 1,840,000 (\$45,080,000) COMMON STOCK 75,000,000
(\$75,000,000) STRAIGHT BONDS (FILE 333-48567 - MAR. 24) (BR 2)

S-3 TETRA TECH INC, 670 N ROSEMEAD BOULEVARD, PASEDNA, CA 91107
(626) 351-4664 - 3,957,873 (\$92,891,279 31) COMMON STOCK (FILE 333-48569
- MAR. 25) (BR. 4)

S-3 IRT PROPERTY CO, 200 GALLERIA PKWY STE 1400, ATLANTA, GA 30339
(770) 955-4406 - 300,000,000 (\$300,000,000) COMMON STOCK (FILE 333-48571
- MAR 24) (BR 8)

S-8 DART GROUP CORP, 3300 75TH AVE, LANDOVER, MD 20785 (301) 731-1200 -
20,400 (\$1,045,500) COMMON STOCK (FILE 333-48573 - MAR 24) (BR 2)

S-3 BERKSHIRE REALTY CO INC /DE, 470 ATLANTIC AVE, BOSTON, MA 02210
(617) 423-2233 - 1,700,000 (\$20,028,125) COMMON STOCK (FILE 333-48575 -
MAR 24) (BR 8)

S-3 TELEGEN CORP /CO/, 101 SAGINAW DRIVE, REDWOOD CITY, CA 94063
(415) 261-9400 - 4,734,662 (\$2,272,637 76) COMMON STOCK (FILE 333-48577 -
MAR 24) (BR. 3)

S-8 KAIRE HOLDINGS INC, 1717 STEWART ST, SANTA MONICA, CA 90404
(310) 312-9652 - 900,000 (\$562,500) COMMON STOCK (FILE 333-48579 -
MAR. 25) (BR. 1)

S-11 HUMPHREY HOSPITALITY TRUST INC, 12301 OLD COLUMBIA PIKE, SILVER SPRING,
MD 20904 (301) 680-4343 - 1,150,000 (\$12,937,500) COMMON STOCK (FILE
333-48583 - MAR. 25) (BR 8)