

SEC NEWS DIGEST

Issue 98-149

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COMMISSION ANNOUNCEMENTS

CHAIRMAN ARTHUR LEVITT SENDS LETTERS TO MORE THAN 9,000 COMPANIES REGARDING YEAR 2000 READINESS DISCLOSURE

Executives at more than 9,000 publicly traded companies will receive letters from the Chairman of the Securities and Exchange Commission this week asking them to focus their attention on the disclosure of their companies' Year 2000 readiness. This letter directs their attention to the new interpretive release on disclosure of Year 2000 issues passed by the Commission on July 29, 1998. The complete letter follows. (Press Rel. 98-70)

BELINDA BLAINE NAMED ASSOCIATE DIRECTOR IN THE DIVISION OF MARKET REGULATION

Chairman Levitt announced today that Belinda A. Blaine has been named Associate Director for the Office of Market Supervision in the Commission's Division of Market Regulation. She was most recently Counselor to Chairman Levitt and succeeds Howard Kramer, who left the Commission in July. (Press Rel. 98-71)

RULES AND RELATED MATTERS

CORRECTION TO FINAL REGULATION 17Ad-18

The Commission is correcting the instructions to Part II of Form TA-Y2K to clarify that only non-bank transfer agents that are "not" eligible for an exemption under Rule 17Ad-13 must complete Part II. The completion of Form TA-Y2K is required by new Rule 17Ad-18, which was published Monday, July 13, 1998 (63 FR 37688). Rule 17Ad-18 requires certain transfer agents to file with the Commission two reports on Form TA-Y2K regarding their Year 2000 preparations. The first report is due by August 31, 1998. (Rel. 34-40163A)

ENFORCEMENT PROCEEDINGS

INITIAL DECISION AGAINST MICHAEL MARKOWSKI

On August 3, Administrative Law Judge Lillian A. McEwen issued an initial decision in the administrative proceeding against Michael J. Markowski. Judge McEwen found that on February 6, 1996, the United States District Court for the Southern District of New York entered a final consent judgment against Markowski permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rules 10b-5 and 10b-6 in connection with a scheme to manipulate the securities of Capucino's, Inc., Mountaintop Corp., and Auto Depot, Inc. Markowski was also sanctioned by the National Association of Securities Dealers (NASD) in 1996 and in 1991 for manipulating those and other securities, and for other violations of the NASD's Rules of Fair Practice.

Judge McEwen determined it was in the public interest to bar Markowski from association with any broker or dealer. (Initial Decision No. 129; File No. 3-9277)

COMMISSION SUSTAINS NASD DISCIPLINARY ACTION AGAINST SIDNEY ENG

The Commission has sustained the disciplinary action taken by the National Association of Securities Dealers, Inc. (NASD) against Sidney C. Eng of San Anselmo, California. Eng formerly was associated with PaineWebber, Inc. as a registered general securities representative. The NASD censured Eng, fined him \$75,000, barred him from association with any NASD member in any capacity and assessed hearing costs.

The Commission found, as had the NASD, that Eng engaged in insider trading when he purchased the stock of Pioneer Fed BanCorp, Inc. (Pioneer) on the basis of material, non-public information regarding merger negotiations between executives of Pioneer and another Hawaiian bank, First Hawaiian, Inc. That material, non-public information was provided to Eng by his father-in-law, Kenneth M. Wong, a Pioneer director. (Rel. 34-40297; File No. 3-9308)

ADMINISTRATIVE PROCEEDINGS INSTITUTED AGAINST JON STEWART

The Commission has entered an Order Instituting Administrative Proceedings Pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 (Order) against Jon Mark Stewart (Stewart) of Fort Lauderdale, Florida. The Order alleges that from November 1991 through January 1992, Stewart, while a registered representative of a registered broker dealer, was also employed as a salesperson at an unregistered securities boiler room operation. The Order further alleges that Stewart was indicted for the fraudulent offer and sale of investment contracts in connection with his employment at the

securities boiler room operation. On July 26, 1996, Stewart pled guilty to one count of wire fraud and was sentenced to four months in prison, three years probation and ordered to pay \$332,705 in restitution (U.S. v. Jon Stewart, Case No. 95-8113-CR-RYSKAMP, SD Fla.). (34-40296; File No. 3-9665)

SEC INITIATES CIVIL FRAUD ACTION AGAINST DAIN RAUSCHER, INC. AND TWO INVESTMENT BANKERS

The Commission announced that on August 3 it sued broker-dealer Dain Rauscher, Inc. and two investment bankers, Kenneth D. Ough and Virginia O. Horler, for fraud in the offer and sale of over \$980 million in notes in thirteen municipal securities offerings in Orange County, California, in 1993 and 1994.

The Commission alleges that the offering documents for the notes were materially misleading. Specifically, the offering documents failed to disclose the investment purpose of these offerings and the intended investment of the note proceeds in the Orange County Investment Pools (County Pools). For one tax-exempt offering, the offering documents also failed to disclose material facts which could have jeopardized the tax-exempt status of these notes.

The Commission alleges that Dain Rauscher, Ough, and Horler participated in drafting the offering documents and approved them for use in sales to investors. The complaint further alleges that Dain Rauscher, Ough, and Horler knew, or were reckless in not knowing, significant negative information that was misrepresented in and/or omitted from the offering documents. Despite this knowledge, Dain Rauscher, Ough, and Horler failed to diligently inquire into these matters and otherwise take steps to assure that the disclosure concerning the County Pools and the transactions was not false or misleading.

The Commission seeks permanent injunctions and civil penalties against each of the defendants. [SEC v. Dain Rauscher, Inc., et al., Civil Action No. SA CV 98-639 LHM, ANx, C.D. Cal.] (LR-15829)

JUDGE'S ORDER IGNORED, ARREST WARRANT ISSUED

Judge John McBryde, federal judge for the Northern District of Texas, issued a warrant for the arrest of Gary Moss of El Paso, Texas, for failing to appear in Court on August 3 as previously ordered. The arrest warrant is the latest development in Moss' continuing failure to fully comply with a Securities and Exchange Commission subpoena served on Moss on November 11, 1997. The subpoena required Moss to appear and testify and produce certain documents and records related to Moss' financial dealings and securities sales activities.

When Moss failed to comply with the Commission's subpoena, the Commission filed an application with the Court on May 4, 1998 to enforce compliance. On May 13, Judge McBryde ordered Moss to appear in Court on July 17 to provide evidence as to why he should not be compelled to comply with the Commission's subpoena. At the hearing

on July 17, Judge McBryde ordered Moss to appear at the Commission's offices on July 20 to testify and produce all required documents. On July 20, Moss appeared for testimony at the Commission's offices, but failed to produce all the documents mentioned in the subpoena in violation of the Court's order. Upon a second subpoena enforcement application by the Commission on July 29, Judge McBryde ordered Moss to appear again in Court on August 3 or be subject to coercive sanctions to enforce compliance of the Commission's subpoena. Moss' failure to appear before Judge McBryde as ordered prompted the issuance of the arrest warrant. [SEC v. Gary Moss, 4:98-MC-0010, USDC, NDTX, Fort Worth] (LR-15830)

INVESTMENT COMPANY ACT RELEASES

NOTICES OF DEREGISTRATIONS UNDER THE INVESTMENT COMPANY ACT

For the month of July 1998, a notice has been issued giving interested persons until August 25, 1998, to request a hearing on any of the following applications for an order under Section 8(f) of the Investment Company Act declaring that the applicant has ceased to be an investment company:

GTF Advantage Funds [File No. 811-8353]
John Hancock Investment Trust IV [File No. 811-5732]
TCW/DW Balanced Fund [File No. 811-7558]
The BlackRock Government Income Trust [File No. 811-6334]
Oppenheimer Strategic Income & Growth Fund [File No. 811-6639]
Jefferson-Pilot Investment Grade Bond Fund, Inc. [File No. 811-2808]
Jefferson-Pilot Capital Appreciation Fund, Inc. [File No. 811-2013]
Colonial Value Investing Portfolios -- Income Portfolio [File No. 811-5217]
Putnam Dividend Growth Fund [File No. 811-4523]
Putnam Diversified Premium Income Trust [File No. 811-5800]
Vanguard Small Capitalization Stock Fund, Inc. [File No. 811-928]
(Rel. IC-23369 - July 31)

BANKERS TRUST COMPANY, ET AL.

A notice has been issued giving interested persons until August 25 to request a hearing on an application filed by Bankers Trust Company, et al. for an order to permit certain registered management investment companies to use cash collateral from securities lending transactions (Cash Collateral) to purchase shares of an affiliated registered management investment company (Trust), and to pay fees based on a share of the revenue generated from securities lending transactions to Bankers Trust Company (Bankers Trust). The order also would permit Bankers Trust and certain of its affiliates to engage in principal securities transactions with, and receive brokerage commissions from, certain other registered investment companies that are affiliated with Bankers Trust solely as a result of investing Cash Collateral in the Trust. (Rel. IC-23370 - July 31)

BARR ROSENBERG VARIABLE INSURANCE TRUST

A notice has been issued giving interested persons until August 25 to request a hearing on an application filed by Barr Rosenberg Variable Insurance Trust (Trust) and Rosenberg Institutional Equity Management (RIEM). The Trust and RIEM are requesting an order pursuant to Section 6(c) of the Investment Company Act exempting them from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the Act, and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder to the extent necessary to permit shares of the Trust and all similar investment companies for which RIEM or its affiliates may in the future serve as investment manager, investment adviser, investment sub-adviser, administrator, manager, principal underwriter or sponsor to be sold to and held by separate accounts funding variable annuity and variable life insurance contracts issued by both affiliated and unaffiliated life insurance companies; qualified pension and retirement plans outside of the separate account context; and RIEM (representing seed money investments). (Rel. IC-23372 - July 31)

HOLDING COMPANY ACT RELEASES

ENTERGY CORPORATION, ET AL.

A notice has been issued giving interested persons until August 24 to request a hearing on a proposal by Entergy Corporation (Entergy), a registered holding company, and its wholly owned subsidiary, Entergy Power, Inc. (EPI), for EPI to sell prior to December 31, 1999 a portion of its undivided interest in Unit No. 2 of the Independence Steam Electric Generating Station and related property to East Texas Electric Cooperative, Inc., a nonassociate company, for a purchase price of approximately \$30 million. EPI also proposes to pay dividends to Entergy, from time to time through December 31, 1999, with proceeds of the sale of assets that EPI does not need for its own corporate purposes. (Rel. 35-26901)

SELF-REGULATORY ORGANIZATIONS

WITHDRAWAL GRANTED

An order has been issued granting the application of Financial Federal Corporation to withdraw its Common Stock, \$.50 Par Value, from listing and registration on the American Stock Exchange. (Rel. 34-40294)

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-8 REUTERS GROUP PLC /ADR/, 85 FLEET STREET, LONDON EC44AJ ENGAND,
NEW YORK, NY 10260 (017) 154-2818 - 12,500,000 (\$132,125,000)
FOREIGN COMMON STOCK (FILE 333-59981 - JUL 28) (BR. 99)
- S-8 NETGRAVITY INC, 1700 S AMPHLETT BLVD STE 350, SAN MATEO, CA 94402 -
4,203,834 (\$55,570,658.17) COMMON STOCK. (FILE 333-59983 - JUL. 28)
(BR 3)
- S-8 VISTA BANCORP INC, 305 ROSEBERRY ST, P O BOX 5360, PHILLIPSBURG, NJ
08865 (908) 859-9500 - 100,000 (\$2,169,000) COMMON STOCK (FILE 333-59987
- JUL 28) (BR 7)
- S-8 WATKINS JOHNSON CO, 3333 HILLVIEW AVE, PALO ALTO, CA 94304
(415) 493-4141 - 150,000 (\$3,618,750) COMMON STOCK (FILE 333-59989 -
JUL 28) (BR 5)
- S-8 ARXA INTERNATIONAL ENERGY INC, 110 CYPRESS STATION DRIVE, SUITE 280,
STE 280, HOUSTON, TX 77090 (281) 444-1088 - 80,000 (\$50,000) COMMON STOCK
(FILE 333-59991 - JUL. 28) (BR 2)
- S-8 ARXA INTERNATIONAL ENERGY INC, 110 CYPRESS STATION DRIVE, SUITE 280,
STE 280, HOUSTON, TX 77090 (281) 444-1088 - 40,000 (\$30,000) COMMON STOCK
(FILE 333-59993 - JUL 28) (BR. 2)
- S-8 MADDEN STEVEN LTD, 52-16 BARNETT AVE, LONG ISLAND CITY, NY 11104
(718) 446-1800 - 1,030,000 (\$9,785,000) COMMON STOCK (FILE 333-59995 -
JUL 28) (BR 2)
- S-3 MERRILL LYNCH & CO INC, 250 VESEY ST, WORLD FINANCIAL CTR N TOWER,
NEW YORK, NY 10281 (212) 449-1000 (FILE 333-59997 - JUL. 28) (BR 7)
- S-3 ADELPHIA COMMUNICATIONS CORP, MAIN AT WATER STREET, COUDERSPORT, PA
16915 (814) 274-9830 - 10,400,000 (\$393,900,000) COMMON STOCK. 100,000
(\$446,639,120) PREFERRED STOCK. (FILE 333-59999 - JUL. 28) (BR 7)
- S-3 TELETECH HOLDINGS INC, 1700 LINCOLN STREET, SUITE 1400, DENVER, CO 80203
(303) 894-4000 - 2,905,493 (\$31,780,282 43) COMMON STOCK. (FILE 333-60001
- JUL. 28) (BR 8)
- S-8 E SPIRE COMMUNICATIONS INC, 131 NATIONAL BUSINESS PKWY, STE 100,
ANNAPOLIS JUNCTION, MD 20701 (310) 617-4200 - 75,000 (\$1,645,312 50)
COMMON STOCK. (FILE 333-60003 - JUL. 28) (BR. 7)
- S-3 PAREXEL INTERNATIONAL CORP, 195 WEST ST, WALTHAM, MA 02154
(617) 487-9900 - 255,908 (\$8,941,425.50) COMMON STOCK. (FILE 333-60005 -
JUL. 28) (BR. 1)
- S-8 COSMETIC CENTER INC, 8700 ROBERT FULTON DR, COLUMBIA, MD 21046
(301) 497-6800 - 1,100,361 (\$4,380,821.40) COMMON STOCK. (FILE 333-60007 -
JUL. 28) (BR 2)

S-8 PROTEIN POLYMER TECHNOLOGIES INC, 10655 SORRENTO VALLEY RD, SAN DIEGO, CA 92121 (619) 558-6064 - 500,000 (\$750,000) COMMON STOCK. (FILE 333-60011 - JUL. 28) (BR. 1)

S-8 DANIEL INDUSTRIES INC, 9753 PINE LAKE DR, HOUSTON, TX 77055 (713) 467-6000 - 30,000 (\$539,100) COMMON STOCK. (FILE 333-60013 - JUL 28) (BR 5)

S-3 WOODROAST SYSTEMS INC, 10250 VALLEY VIEW ROAD, SUITE 145, EDEN PRAIRIE, MN 55344 (612) 944-5113 - 735,000 (\$230,055) COMMON STOCK. (FILE 333-60015 - JUL 28) (BR. 5)

S-8 CNS INC /DE/, PO BOX 39802, MINNEAPOLIS, MN 55439 (612) 820-6696 - 750,000 (\$3,328,125) COMMON STOCK (FILE 333-60017 - JUL. 28) (BR 5)

S-8 BAKER J INC, 555 TURNPIKE ST, CANTON, MA 02021 (617) 828-9300 - 850,000 (\$8,144,000) COMMON STOCK. (FILE 333-60021 - JUL 28) (BR 2)

S-8 BRIGHT HORIZONS FAMILY SOLUTIONS INC, ONE KENDALL SQUARE, BUILDING 200, CAMBRIDGE, MA 02139 (615) 256-9915 - 3,876,327 (\$91,578,225 38) COMMON STOCK. (FILE 333-60023 - JUL 28) (BR 1)

S-3 CDW COMPUTER CENTERS INC, 200 N MILWAUKEE AVE, VERNON HILLS, IL 60061 (847) 465-6000 - 612,360 (\$28,915,026 84) COMMON STOCK (FILE 333-60025 - JUL. 28) (BR 2)

S-8 CERPLEX GROUP INC/DE, 9477 WAPLES ST, SUITE 150, SAN DIEGO, CA 92121 (714) 660-1232 - 996,279 (\$358,660.44) COMMON STOCK (FILE 333-60027 - JUL 28) (BR. 3)

S-8 WENDYS INTERNATIONAL INC, 4288 W DUBLIN GRANVILLE RD, P O BOX 256, DUBLIN, OH 43017 (614) 764-3100 - 200,000 (\$4,556,000) COMMON STOCK (FILE 333-60031 - JUL 28) (BR. 5)

S-8 WENDYS INTERNATIONAL INC, 4288 W DUBLIN GRANVILLE RD, P O BOX 256, DUBLIN, OH 43017 (614) 764-3100 - 6,000,000 (\$136,680,000) COMMON STOCK (FILE 333-60033 - JUL. 28) (BR. 5)

S-8 AT HOME CORP, 425 BROADWAY ST, 415-944-7200, REDWOOD CITY, CA 94063 (415) 569-5110 - 5,575,000 (\$251,049,218.75) COMMON STOCK (FILE 333-60037 - JUL 28) (BR 3)

S-3 MBIA INC, 113 KING ST, ARMONK, NY 10504 (914) 273-4545 (FILE 333-60039 - JUL 28) (BR 1)

S-8 OPEN MARKET INC, 245 FIRST ST, CAMBRIDGE, MA 02142 (617) 621-9500 - 4,500,000 (\$69,750,000) COMMON STOCK (FILE 333-60041 - JUL 28) (BR 3)

S-3 K SWISS INC, 20664 BAHAMA ST, CATSWORTH, CA 91311 (818) 998-3388 - 347,294 (\$9,051,349.88) COMMON STOCK (FILE 333-60043 - JUL. 28) (BR. 2)

S-4 CHARTER ONE FINANCIAL INC, 1215 SUPERIOR AVE, CLEVELAND, OH 44114 (216) 566-5300 - 2,238,075 (\$30,540,513) COMMON STOCK. (FILE 333-60045 - JUL 28) (BR. 7)

S-8 WALL DATA INC, 11332 NE 122ND WAY, KIRKLAND, WA 98034 (206) 814-9255 - 260,000 (\$3,559,400) COMMON STOCK. (FILE 333-60047 - JUL 28) (BR. 3)

S-3 AT HOME CORP, 425 BROADWAY ST, 415-944-7200, REDWOOD CITY, CA 94063 (415) 569-5110 - 2,875,000 (\$129,464,843.75) COMMON STOCK. (FILE 333-60049 - JUL. 28) (BR. 3)

SB-2 MICRO MEDIA SOLUTIONS INC, 501 WALLER ST., SUITE 400, AUSTIN, TX 78702 ((51) 2) -476- - 7,683,242 (\$75,603,101 28) COMMON STOCK (FILE 333-60051 - JUL. 28) (BR 1)

S-4 CONSOLIDATION CAPITAL CORP, 800 CONNECTICUT AVENUE N W, STE 1111, WASHINGTON, DC 20006 (202) 261-6000 - 24,000,000 (\$526,512,000) COMMON STOCK. (FILE 333-60053 - JUL. 28) (BR. 9)

S-1 SENSUS DRUG DEVELOPMENT CORP, 98 SAN JACINTO BLVD, TE 430, AUSTIN, TX 78701 (512) 487-2000 - \$46,000,000 COMMON STOCK. (FILE 333-60055 - JUL 28)

- S-8 INSITE VISION INC, 965 ATLANTIC AVE, ALAMEDA, CA 94501 (510) 865-8800 -
265,521 (\$1,020,596 34) COMMON STOCK. (FILE 333-60057 - JUL. 28) (BR. 1)
- S-8 ALBERTO CULVER CO, 2525 ARMITAGE AVE, MELROSE PARK, IL 60160
(708) 450-3039 - 250,000 (\$6,257,812 50) COMMON STOCK (FILE 333-60059 -
JUL 28) (BR 2)
- S-8 PERFUMANIA INC, 11701 N W 101 RD, MIAMI, FL 33178 (305) 889-1600 -
600,000 (\$1,021,875) COMMON STOCK. (FILE 333-60061 - JUL 28) (BR 1)