

SEC NEWS DIGEST

Issue 98-245

December 22, 1998

ENFORCEMENT PROCEEDINGS

REQUEST BY JOHN CRUTE FOR RECONSIDERATION DENIED

The Commission has denied a request by John M. W. Crute for reconsideration of its decision in which Crute was censured, fined \$3,544.27, and assessed costs. The Commission's earlier decision sustained the National Association of Securities Dealers, Inc.'s finding that Crute violated the NASD's Free-Riding and Withholding Interpretation by trading "hot issues" and NASD rules requiring that he provide written notice to each of two NASD member firms disclosing his involvement with the other firm. The Commission denied Crute's request for reconsideration based on his failure to raise any valid grounds to challenge the earlier decision. (Rel. 34-40811; File No. 3-9428)

WILLIAM BETHEA BARRED

The Commission today announced the issuance of an Order permanently barring William C. Bethea, by consent, from association with any broker, dealer, municipal securities dealer, investment adviser or investment company. The Commission's order was based upon the entry of an order, on November 30, 1998, by Judge Lacey A. Collier of the United States District Court for the Northern District of Florida, enjoining Bethea from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 15B(c)(1) of the Exchange Act and Rules G-17 and G-20 of the Municipal Securities Rulemaking Board, in the action styled Securities and Exchange Commission v. William C. Bethea, Civil Action No. 3:98cv457/LAC/MD (N.D. Fla. 1998); Lit. Rel. No. 15985 (Nov. 23, 1998).

The Commission's complaint, filed on November 23, 1998, alleged that Bethea, while serving as head of the Public Finance Department of Stephens, authorized secret payments to one Florida public official (Terry Busbee of the Escambia County Utilities Authority) and facilitated the secret compensation of another (Larry O'Dell of Osceola County), for the purpose of obtaining or retaining municipal securities business for Stephens. Bethea's failure to disclose the arrangements, the payments, and the actual and potential conflicts of interest they created, violated the antifraud provisions as well as fair dealing and gratuities rules of the Municipal Securities Rulemaking Board, according to the complaint. The complaint further

alleged that Bethea defrauded the issuer and purchasers of a 1992 Walton County, Florida bond issue by failing to disclose ù in the face of a duty to do so ù Stephens' compensation of a consultant and an employee of another underwriting firm, in violation of the same provisions. Finally, the complaint alleged that Bethea: endorsed the conferral of an undisclosed favor upon a third Florida public official; enlisted third parties to serve as conduits for campaign contributions; and created false and misleading books and records at Stephens to cover up the illicit payments, in further violation of fair-dealing rules. (Rel. 34-40818; File No. 3-9792)

PRELIMINARY INJUNCTION ENTERED AND ASSET FREEZE CONTINUED AGAINST WARPNET HOLDINGS LLC AND KEVIN TAUBER

On December 18, United States District Judge Dale Kimball issued a preliminary injunction and continued the asset freeze ordered against WARPnet Holdings, LLC, and Kevin A. Tauber on December 11, 1998.

The Commission's complaint alleged that WARPnet, ostensibly a provider of advanced Internet technology, sold interests in WARPnet by falsely claiming the company had agreements to provide Internet services for the Church of Jesus Christ of Latter-day Saints, the Salt Lake Organizing Committee for the Olympic Winter Games of 2002, the Western Governors' University, the Rolling Stones rock band, and singer Garth Brooks.

The complaint alleged that since the summer of 1998, WARPnet, a Missouri limited liability company, and Tauber had sold units in WARPnet by telling potential investors that they would receive a percentage of the profits to be realized by WARPnet from its service contracts with the above-mentioned and other entities and that WARPnet would repurchase any interests after one year at a profit to the investor of \$2 per unit. It was alleged that by engaging in such conduct WARPnet and Tauber had violated Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Act of 1934 and Rule 10b-5 thereunder. [SEC v. WARPnet Holdings, LLC and Kevin A. Tauber, Docket No. 2:98CV-0884B, USDC, D. UT] (LR-16006)

SEC OBTAINS JUDGMENTS IN INSIDER TRADING AGAINST JACK SEIBALD, BERNHARD SEIBALD AND STEWART SPECTOR

On December 14, the U.S. District Court for the Southern District of New York signed a final judgment in the Commission's insider trading case against Jack D. Seibald, Bernhard Seibald, and Stewart R. Spector. Without admitting or denying the Commission's allegations against them, the defendants consented to the final judgment, which orders Jack Seibald to pay disgorgement of \$62,147.27, prejudgment interest of \$57,267.55, and a civil penalty of \$127,067.05; Bernhard Seibald to pay disgorgement of \$9,712.24, prejudgment interest of \$8,949.63, and a civil penalty of \$9,712.24; and Stewart Spector to pay disgorgement of \$21,932.37, prejudgment interest of \$20,210.25, and a civil penalty of \$21,932.37. As part of the settlement, the case was dismissed as to the two relief defendants, Fron Capital

Corporation and DeKalb Holdings, Inc.

In its complaint, filed on March 28, 1995, the Commission alleged that Jack Seibald, while employed as an equity research analyst at Salomon Brothers Inc. in 1990 and 1991, obtained material, nonpublic information relating to public companies he followed and unlawfully conveyed such information to his brother Bernard, his father-in-law Stewart Spector, his friend Eric Fessler, and the chief financial officer of one of the public companies he followed. The complaint further alleged that after receiving such information from Jack Seibald, these individuals unlawfully traded in the securities of the subject companies for their own accounts and, in the case of Bernhard Seibald and Stewart Spector, for the accounts of the relief defendants Fron and DeKalb, whose beneficial owners were related to the Seibalds. Fessler settled the case when it was filed (see Litigatoin Release No. 14449), and the chief financial officer settled in a separate action filed shortly before this one (see Litigation Release No. 14445). [SEC v. Jack D. Seibald, et al., Civil Action No. 95 Civ. 2081, LLS, SDNY] (LR-16007)

INVESTMENT COMPANY ACT RELEASES

IEI CAPITAL CORP.

A notice has been issued giving interested persons until January 12, 1999, to request a hearing on an application filed by IEI Capital Corp. for an order under Section 6(c) of the Investment Company Act exempting it from all provisions of the Act. (Rel. IC-23612 - December 18)

PRINCIPAL MANAGEMENT CORPORATION, ET AL.

A notice has been issued giving interested persons until January 15, 1999, to request a hearing on an application filed by Principal Management Corporation, et al. for an order exempting applicants from Section 15(a) of the Investment Company Act and Rule 18f-2 under the Act. The order would permit applicants to enter into and materially amend investment subadvisory agreements without obtaining shareholder approval. (Rel. IC-23613 - December 21)

MITCHELL HUTCHINS INSTITUTIONAL SERIES, ET AL.

A notice has been issued giving interested persons until January 15, 1999, to request a hearing on an application filed by Mitchell Hutchins Institutional Series, et al. exempting applicants from Section 15(a) of the Act and Rule 18f-2 under the Act. The order would permit applicants to enter into and materially amend investment sub-advisory agreements without shareholder approval. (Rel. IC-23614 - December 21)

CALVERT SOCIAL INVESTMENT FUND, ET AL.

A notice has been issued giving interested persons until January 14, 1999, to request a hearing on an application filed by Calvert Social Investment Fund, et al. for an order exempting applicants from Section 15(a) of the Investment Company Act. The order would permit a subadviser to a registered investment company to serve under a subadvisory agreement without prior shareholder approval for a period beginning on the date the requested order is issued (Order Date) and continuing through the date the subadvisory agreement is approved or disapproved by the shareholders of the investment company, but in no event longer than 90 days from the Order Date. (Rel. IC-23615 - December 21)

AETNA VARIABLE FUND, ET AL.

An order has been issued pursuant to Section 6(c) of the Investment Company Act exempting Aetna Variable Fund, Aetna Income Shares, Aetna Variable Encore Fund, Aetna Balanced VP, Inc., Aetna Generation Portfolios, Inc., Aetna Variable Portfolios, Inc., Aetna Get Fund, Portfolio Partners, Inc. (each a Fund), Aetna Life Insurance and Annuity Company (ALIAC), and Aeltus Investment Management, Inc. (Aeltus) 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 any current or future series of each Fund and shares of any other investment company that is offered as a funding medium for insurance products and for which ALIAC, Aeltus, or any of their affiliates, may now or in the future serve as investment adviser, principal underwriter or administrator, to be offered and sold to, and held by (1) variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies, (2) qualified pension and retirement plans outside of the separate account context, and (3) the investment adviser of any Fund or any of the Adviser's affiliates. (Rel. IC-23616 - December 21)

HOLDING COMPANY ACT RELEASES

THE PEOPLES NATURAL GAS COMPANY, ET AL.

An order has been issued authorizing a proposal by The Peoples Natural Gas Company (PNG) and CNG Producing Company (CNGP), both subsidiaries of Consolidated Natural Gas Company, a registered holding company, for PNG to sell all of its gas production and related properties to CNGP. (Rel. 35-26954)

INTERSTATE ENERGY CORPORATION

A notice has been issued giving interested persons until January 13, 1999, to request a hearing on a proposal by Interstate Energy Corporation, a registered holding company, to implement a

stockholder rights plan. (Rel. 35-26955)

INTERSTATE ENERGY CORPORATION, ET AL.

An order has been issued authorizing Interstate Energy Corporation (IEC), a registered holding company, its wholly owned subsidiary, Alliant Industries, Inc. (Alliant) and certain other subsidiaries, through December 31, 2000, to: (1) form and fund a utility money pool and a nonutility money pool in aggregate amounts not to exceed \$450 million and \$600 million, respectively, through the issuance and sale of commercial paper and bank borrowings; (2) finance the acquisition of foreign utility companies and exempt wholesale generators through the issuance and sale of commercial paper and bank borrowings in an amount not to exceed \$300 million; and (3) issue guarantees in an aggregate principal amount not to exceed \$600 million. The Commission reserved jurisdiction over the participation of Wisconsin Power & Light, a public utility subsidiary of IEC, in the utility money pool. (Rel. 35-26956)

SELF-REGULATORY ORGANIZATIONS

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change filed by the Chicago Board Options Exchange to change the frequency of the rebalancing of the Dow Jones High Yield Select 10 Index (SR-CBOE-98-52) 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 December 21. (Rel. 34-40808)

PROPOSED RULE CHANGE

Emerging Markets Clearing Corporation filed a proposed rule change (SR-EMCC-98-10) to offer its members netting services. Publication of the proposal is expected in the Federal Register during the week of December 21. (Rel. 34-40810; International Series Rel. 1174)

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>.

- F-6 MEDYA HOLDING AS, CITIBANK, 111 WALL ST, NEW YORK, NY 10043
(212) 657-5100 - 100,000,000 (\$5,000,000)
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-9728 - DEC. 11) (BR. 99
- NEW ISSUE)
- S-3 KIMBERLY CLARK CORP, P O BOX 619100, DFW AIRPORT STATION, DALLAS, TX
75261 (972) 281-1200 - 500,000,000 (\$500,000,000) STRAIGHT BONDS. (FILE
333-68903 - DEC. 15) (BR. 4)
- S-8 ASECO CORP, 500 DONALD LYNCH BLVD, MARLBORO, MA 01752 (508) 481-8896 -
50,000 (\$103,910) COMMON STOCK. (FILE 333-68907 - DEC. 15) (BR. 5)
- S-8 RESOURCE BANCSHARES MORTGAGE GROUP INC, 7909 PARKLANE ROAD SUITE 150,
COLUMBIA, SC 29223 (803) 741-3000 - 275,076 (\$3,955,592.88) COMMON STOCK.
(FILE 333-68909 - DEC. 15) (BR. 7)
- S-8 WAVE SYSTEMS CORP, 480 PLEASANT ST, LEE, MA 01238 (413) 243-1600 -
500,000 (\$1,935,000) COMMON STOCK. (FILE 333-68911 - DEC. 15) (BR. 3)
- S-8 ORLEANS HOMEBUILDERS INC, ONE GREENWOOD SQUARE,
3333 STREET ROAD SUITE 101, BENSALEM, PA 19020 (215) 245-7500 - 300,000
(\$529,318.75) COMMON STOCK. (FILE 333-68915 - DEC. 15) (BR. 6)
- S-8 HI/FN INC, 2105 HAMILTON AVE, STE 230, SAN JOSE, CA 95125 (408) 558-8066
- 3,449,900 (\$6,783,413.28) COMMON STOCK. (FILE 333-68917 - DEC. 15)
(BR. 5)
- S-8 ORLEANS HOMEBUILDERS INC, ONE GREENWOOD SQUARE,
3333 STREET ROAD SUITE 101, BENSALEM, PA 19020 (215) 245-7500 - 25,000
(\$29,750) COMMON STOCK. (FILE 333-68919 - DEC. 15) (BR. 6)
- S-8 SUMMA INDUSTRIES, 21250 HAWTHORNE BLVD., SUITE 500, TORRANCE, CA 90503
(310) 792-7024 - 100,000 (\$993,750) COMMON STOCK. (FILE 333-68921 -
DEC. 15) (BR. 6)
- S-3 PLC SYSTEMS INC, 10 FORGE PK, FRANKLIN, MA 02038 (508) 478-5991 -
\$12,000,000 COMMON STOCK. (FILE 333-68923 - DEC. 15) (BR. 5)
- S-3 CINTAS CORP, 6800 CINTAS BLVD, P O BOX 625737, CINCINNATI, OH 45262
(513) 459-1200 - 13,545 (\$767,832) COMMON STOCK. (FILE 333-68925 -
DEC. 15) (BR. 2)
- S-8 MORTON INDUSTRIAL GROUP INC, 1021 WEST BIRCHWOOD STREET, MORTON, IL
61550 (309) 266-7176 - 1,166,711 (\$18,883,582) COMMON STOCK. (FILE
333-68927 - DEC. 15) (BR. 6)
- S-8 STAFF LEASING INC, 600 301 BLVD W, STE 202, BRADENTON, FL 34205
(941) 748-4340 - 2,500,000 (\$29,375,000) COMMON STOCK. (FILE 333-68929 -
DEC. 15) (BR. 8)
- S-4 UNITED SECURITY BANCORPORATION, 9506 N NEWPORT HWY, SPOKANE, WA 99218
(509) 467-6949 - 1,900,000 (\$12,785,346.58) COMMON STOCK. (FILE 333-68931
- DEC. 15) (BR. 7)
- S-3 CMS ENERGY CORP, FAIRLANE PLZ SOUTH STE 1100, 330 TOWN CENTER DR,
DEARBORN, MI 48126 (313) 436-9200 - 400,000,000 (\$400,000,000)
STRAIGHT BONDS. (FILE 333-68933 - DEC. 15) (BR. 2)
- S-3 BODDIE NOELL PROPERTIES INC, C/O BODDIE NOELL PROPERTIES INC,
3850 ONE FIRST UNION CENTER, CHARLOTTE, NC 28202 (704) 333-1367 - 950,032
(\$10,806,614) COMMON STOCK. (FILE 333-68935 - DEC. 15) (BR. 8)
- S-3 CMS ENERGY CORP, FAIRLANE PLZ SOUTH STE 1100, 330 TOWN CENTER DR,
DEARBORN, MI 48126 (313) 436-9200 (FILE 333-68937 - DEC. 15) (BR. 2)
- F-3 VISIBLE GENETICS INC, 700 BAY ST, SUITE 1000, TORONTO ONTARIO CANA, A6
(212) 702-5700 - 76,734 (\$810,541.24) COMMON STOCK. (FILE 333-68939 -
DEC. 15) (BR. 5)

S-8 FIRST HEALTH GROUP CORP, 3200 HIGHLAND AVE, HEALTH COMPARE CORP,
DOWNERS GROVE, IL 60515 (630) 241-7900 - \$43,400,000 COMMON STOCK. (FILE
333-68941 - DEC. 15) (BR. 1)

S-8 FIRST HEALTH GROUP CORP, 3200 HIGHLAND AVE, HEALTH COMPARE CORP,
DOWNERS GROVE, IL 60515 (630) 241-7900 - \$3,100,000 COMMON STOCK. (FILE
333-68943 - DEC. 15) (BR. 1)

S-8 SBS TECHNOLOGIES INC, 2400 LOUISIANA BOULEVARD NE,
AFC BUILDING 5 SUITE 600, ALBUQUERQUE, NM 87110 (505) 875-0600 - 1,500,000
(\$32,692,280.37) COMMON STOCK. (FILE 333-68945 - DEC. 15) (BR. 5)

S-8 QUEST EDUCATION CORP, 1327 NORTHMEADOW PKWY SUITE 132, ROSWELL, GA 30076
(770) 475-9930 - 500,000 (\$5,220,000) COMMON STOCK. (FILE 333-68947 -
DEC. 15) (BR. 8)

S-3 CITIGROUP INC, 399 PARK AVENUE, LEGAL DEPT 20TH FLOOR, NEW YORK, NY
10043 (212) 559-1000 (FILE 333-68949 - DEC. 15) (BR. 1)

S-3 GE CAPITAL MORTGAGE SERVICES INC, THREE EXECUTIVE CAMPUS, P O BOX 5260,
CHERRY HILL, NJ 08002 (609) 661-6100 - 1,000,000 (\$1,000,000)
EQUIPMENT TRUST CERTIFICATES. (FILE 333-68951 - DEC. 15) (BR. 8)

S-8 USABANCSHARES INC, ONE LINCOLN PLAZA, 1535 LOCUST STREET, PHILADELPHIA,
PA 19102 (215) 596-4200 - 530,670 (\$4,179,026.25) COMMON STOCK. (FILE
333-68955 - DEC. 15) (BR. 7)

S-8 GRAND TOYS INTERNATIONAL INC, 1710 RTE TRANSCANADIENNE,
DORVAL QUEBEC CANADA, A8 (914) 666-3200 - 2,021,095 (\$11,155,028.75)
COMMON STOCK. (FILE 333-68957 - DEC. 15) (BR. 2)

S-3 AULT INC, 7300 BOONE AVE N, BROOKLYN PARK, MN 55428 (612) 493-1920 -
78,865 (\$517,552) COMMON STOCK. (FILE 333-68959 - DEC. 15) (BR. 5)

S-8 ASTROPOWER INC, SOLAR PARK, NEWARK, DE 19716 (302) 366-0400 - 500,000
(\$4,375,000) COMMON STOCK. (FILE 333-68961 - DEC. 15) (BR. 5)

S-8 COMTECH TELECOMMUNICATIONS CORP /DE/, 105 BAYLIS RD, MELVILLE, NY 11747
(516) 777-8900 - 450,000 (\$4,190,625) COMMON STOCK. (FILE 333-68967 -
DEC. 15) (BR. 7)

S-8 SYMMETRICOM INC, 2300 ORCHARD PARKWAY, SAN JOSE, CA 95131 (408) 428-7813
- 873,169 (\$4,602,137) COMMON STOCK. (FILE 333-68969 - DEC. 15) (BR. 7)

S-8 BIKERS DREAM INC, 11631 STERLING AVE, RIVERSIDE, CA 92503 (909) 343-1883
- 150,000 (\$440,625) COMMON STOCK. (FILE 333-68971 - DEC. 15) (BR. 5)

S-8 800 TRAVEL SYSTEMS INC, 4802 GUNN HIGHWAY, TAMPA, FL 33624
(913) 908-0903 - 925,000 (\$3,935,000) COMMON STOCK. (FILE 333-68973 -
DEC. 15) (BR. 9)

S-8 WORLDTEX INC, 212 12TH AVE NE, P O BOX 2363, HICKORY, NC 28601
(704) 328-5381 - 750,000 (\$2,762,500) COMMON STOCK. (FILE 333-68975 -
DEC. 15) (BR. 2)

S-8 BALANCED CARE CORP, 5021 LOUISE DR, SUITE 200, MECHANICSBURG, PA 17055
(717) 796-6100 - 1,000,000 (\$7,062,500) COMMON STOCK. (FILE 333-68977 -
DEC. 16) (BR. 8)

S-8 SUMMA INDUSTRIES, 21250 HAWTHORNE BLVD., SUITE 500, TORRANCE, CA 90503
(310) 792-7024 - 500,000 (\$4,968,750) COMMON STOCK. (FILE 333-68981 -
DEC. 15) (BR. 6)

S-3 UNIVIEW TECHNOLOGIES CORP, 10911 PETAL ST, STE 208, DALLAS, TX 75234
(214) 503-8880 - 1,955,560 (\$1,349,336) COMMON STOCK. (FILE 333-68985 -
DEC. 15) (BR. 2)

S-1 CONSOL ENERGY INC, C/O CONSOL INC, 1800 WASHINGTON RD, PITTSBURGH, PA
15241 - \$10,000,000 COMMON STOCK. (FILE 333-68987 - DEC. 15) (NEW ISSUE)

S-3 CITIGROUP INC, 399 PARK AVENUE, LEGAL DEPT 20TH FLOOR, NEW YORK, NY
10043 (212) 559-1000 - 100,000 (\$4,653,125) COMMON STOCK. (FILE 333-68989
- DEC. 16) (BR. 1)

- S-3 AMERICAN CAPITAL STRATEGIES LTD, 3 BETHESDA METRO CENTER, SUITE 860,
BETHESDA, MD 20814 (301) 951-6122 - 500,000 (\$7,562,500) COMMON STOCK.
(FILE 333-68991 - DEC. 16) (BR. 22)
- S-8 AMERICAN CAPITAL STRATEGIES LTD, 3 BETHESDA METRO CENTER, SUITE 860,
BETHESDA, MD 20814 (301) 951-6122 - 1,828,252 (\$27,652,311) COMMON STOCK.
(FILE 333-68993 - DEC. 16) (BR. 22)
- S-1 MEGO MORTGAGE CORP, 1000 PARKWOOD CIRCLE, SUITE 500, ATLANTA, GA 30339
(770) 952-6700 - 71,666,876 (\$42,555,791) COMMON STOCK. (FILE 333-68995 -
DEC. 16) (BR. 7)
- S-4 MEGO MORTGAGE CORP, 1000 PARKWOOD CIRCLE, SUITE 500, ATLANTA, GA 30339
(770) 952-6700 - 41,445,000 (\$41,445,000) STRAIGHT BONDS. (FILE 333-68997
- DEC. 16) (BR. 7)
- S-3 CARNIVAL CORP, 3655 N W 87TH AVE, PO BOX 1347, MIAMI, FL 33178
(305) 599-2600 (FILE 333-68999 - DEC. 16) (BR. 5)