

# SEC NEWS DIGEST

Issue 99-15

January 25, 1999

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## COMMISSION ANNOUNCEMENTS

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### SEC TO HOST ROUNDTABLE ON THE ROLE OF INDEPENDENT INVESTMENT COMPANY DIRECTORS

**What:** The Securities and Exchange Commission will host a roundtable on the role of independent investment company directors. The conference will explore the critical watchdog role that independent directors play in protecting the interests of fund shareholders.

The roundtable will bring together independent directors, senior fund executives, legal counsel to funds, investor advocates, leading academics and others to examine this role and to work toward recommendations to improve the current system of fund governance.

**Panel**

**Topics:**

- Fund fees and expenses
- Fund distribution and brokerage arrangements
- Fund disclosure
- Valuation of fund portfolio securities

**When:** February 23 and 24, 1999  
9:00 a.m. - 5:00 p.m. daily

**Where:** U.S. Securities and Exchange Commission  
450 5th Street, N.W.  
Washington, DC 20549  
William O. Douglas Room

**Attendance:** The roundtable will be open to the public. Seating, which is on a first-come, first-serve basis, will be limited. (Press Rel. 99-7)

### NOTICE OF PROPOSED PLAN OF DISGORGEMENT AND OPPORTUNITY FOR COMMENT BY NON-PARTIES

The Commission announced that it published a "NOTICE OF PROPOSED PLAN OF DISGORGEMENT AND OPPORTUNITY FOR COMMENT BY NON-PARTIES" in connection with its previously instituted and settled public administrative proceedings against Sharon Bartock (Bartock).

Pursuant to an order entered by the Commission on October 7, 1997, (Order), a payment of \$10,000 was made by Bartock to the Comptroller of the Commission. This amount represents disgorgement and prejudgment interest paid by Bartock as a result of conduct described in the Order. Under the Proposed Plan, the funds will be used to pay 13 investors to whom Bartock offered and sold the unregistered collateral trust bonds of C'est Lestial Waters, Inc.

All interested parties are advised that the Proposed Plan may be obtained by submitting a written request to Tamika Whitney, Paralegal Specialist, Securities and Exchange Commission, Philadelphia District Office, The Curtis Center, Suite 1120E, 601 Walnut Street, Philadelphia Pa, 19106. (Rel. 33-7633; 34-40960; File No. 3-9125)

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## **RULES AND RELATED MATTERS**

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### **GRANT OF EXEMPTIVE RELIEF FROM CERTAIN PROVISIONS OF THE TENDER OFFER REGULATIONS**

The Commission granted an exemptive order from certain provisions of the Securities Exchange Act of 1934 (Exchange Act) to Zeneca Group PLC with regard to a tender offer for the shares and American Depositary Shares of Astra AB. The order granted relief from certain withdrawal rights provisions of Section 14(d)(5) of the Exchange Act and Rules 14d-7 and 14d-10 thereunder, and confirmed that the offer could employ certain practices consistent with Swedish law and practice. For further information contact Tina Chalk at (202) 942-2920. (Rel. 34-40962; Intern. Ser. Rel. 1178)

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## **ENFORCEMENT PROCEEDINGS**

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### **COMMISSION SANCTIONS FORMER OFFICERS AND BRANCH MANAGER OF PENNY-STOCK BROKER-DEALERS**

The Commission instituted and simultaneously settled administrative proceedings against Richard Marchese, Eric Monchecourt and William Masucci permanently barring each from the securities industry and from participating in the offer or sale of any penny stock. The orders are based upon consent injunctions recently entered by the District of Colorado enjoining them from violating the antifraud provisions of the federal securities laws. The Commission filed the civil action seeking such injunctive relief in 1990, charging Marchese, Monchecourt, Masucci and others with having engaged in fraudulent sales practices, among other unlawful conduct, in connection with several penny stocks during 1988 and part of 1989 to customers of Power Securities Corporation and Allied Capital Group, now defunct broker-dealers that were based in Denver, Colorado. The civil action was stayed for several years because of related

criminal proceedings involving Marchese and Monchecourt. Marchese, who last resided in Manhattan Beach, California, and was acquitted in 1996 of criminal charges that he engaged in wire and mail fraud, was president of Power Securities at the time of the charged violations. Monchecourt, who last resided in the vicinity of Rochester, New York, where he and Marchese grew up, and is currently serving time in a federal penitentiary based on a sentence imposed in 1998 by a federal judge following Monchecourt's plea of guilty to criminal charges of money laundering, was vice-president of Power Securities at the time of the charged violations. Masucci, who last resided in the vicinity of Rochester, New York, and recently had his securities license revoked by the Commonwealth of Massachusetts for conduct engaged in as national sales manager of H.J. Meyers, was a branch manager in Florida for Allied Capital at the time of the charged violations. (Rel. 34-40966; File No. 3-9817)

#### **FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF ENTERED AGAINST MILLENNIUM SOFTWARE SOLUTIONS, INC.**

The Commission announced that, on December 29, 1998, the United States District Court for the Southern District of New York entered a Final Judgment By Default Of Permanent Injunction And Other Relief Against Defendant Millennium Software Solutions, Inc. (Millennium). The Final Judgment permanently enjoins Millennium from further violations of Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and directs Millennium to disgorge \$380,225 (the amount that it profited from its fraudulent conduct), plus prejudgment interest, and to pay a \$380,225 civil penalty.

The Final Judgment arises from a complaint filed on December 8, 1997, in which the Commission alleged that since at least November 1997, Millennium and its president, Mark Shkolir, had raised hundreds of thousands of dollars by offering and selling Millennium common stock and warrants to investors by misrepresenting Millennium's financial condition and falsely stating that Charles Schwab & Co., a registered broker-dealer, was affiliated with the Millennium offering. Millennium was described in the complaint as a Delaware corporation that claimed to be in the business of developing solutions to computer problems arising from the arrival of the year 2000.

Millennium failed to answer, plead or otherwise respond to the Commission's complaint. The litigation against Shkolir is pending. For further information see LR-15603 and LR-15583. [SEC v. Millennium Software Solutions, Inc. and Mark Shkolir, 97 Civ. 9019, AKH, USDC, SDNY] (LR-16039)

#### **DAVID DARLING SENTENCED IN CRIMINAL ACTION**

The Commission and the U.S. Attorney for the Southern District of California announced that on January 12 Judge Marilyn Huff sentenced David Darling to 46 months in prison in connection with a scheme to defraud investors in Amtel Communications, Inc. Darling and Randall Kuhlmann pled guilty to fraudulently inducing potential investors to

invest in Amtel's sale-leaseback pay telephone program. Kuhlmann will be sentenced on April 19, 1999.

The criminal charges against Darling and Kuhlmann are based on the same activities alleged in a civil action brought by the Commission on July 17, 1995, against Amtel, Kuhlmann, and Darling. The Commission alleged that the defendants raised \$51.4 million from investors by selling pay telephones, contracting to lease the pay telephones for \$50 per month, and repurchasing the pay telephones at the original cost when the lease terminated. Amtel also conducted a Ponzi scheme, whereby investors were paid with new investor money. For further information see LR-15547 and LR-14713. [U.S. v. Randall Smith Kuhlmann, et al., Criminal Case No. 97-CRZ871-H, USDC, SD Cal.] (LR-16040)

**MOTION FOR ORDER TO SHOW CAUSE FILED AGAINST J. MEDSKER AND UNIFIED FINANCIAL SERVICES AGENCY CORP. BY SEC FOR FAILURE TO MAKE PAYMENT**

The Commission announced that on December 24, 1998, it filed a Motion for Order to Show Cause why Joseph P. Medsker, as the corporate representative of Unified Financial Services Agency Corp. (UFS Agency), should not be held in contempt for UFS Agency's failing to pay \$15,000 on December 2, 1998 as required by a December 2, 1997 order. That order, entered by consent against all three defendants, required UFS Agency to pay \$65,000 in disgorgement over 3 years due to its involvement in a scheme to defraud investors and adviser clients. The order was entered in the underlying action filed by the Commission which alleged that Medsker, UFS Agency and Unified Financial Services Advisory Corp. (UFS Advisory), a registered investment adviser, engaged in a scheme to defraud in connection with the offer, purchase and sale of more than \$2.2 million in unregistered partnership interests and participated in a cover up of that scheme. In addition, the complaint alleged that Medsker churned a trading account for one of the partnerships. Finally, the complaint alleged that Medsker and UFS Agency acted as unregistered investment advisers and Medsker and UFS Advisory failed to disclose to clients that Medsker was previously sanctioned by the National Association of Securities Dealers, Inc. Medsker, UFS Agency and UFS Advisory consented, without admitting or denying the allegations of the complaint, among other things, to be enjoined from future violations of the federal securities laws, and UFS Agency was ordered to pay the aforementioned disgorgement, payment of which was guaranteed by UFS Advisory. Civil penalties were not ordered based on the defendants' demonstrated inability to pay. In a related administrative proceeding, Medsker was barred from the industry and UFS Advisory was censured and required to comply with certain remedial undertakings. [SEC v. Joseph P. Medsker, Unified Financial Services Agency Corp. and Unified Financial Services Advisory Corp., Civil Action No. C3-96-381, USDC, S.D. Ohio] (LR-16041)

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## INVESTMENT COMPANY ACT RELEASES

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### OLD MUTUAL SOUTH AFRICA EQUITY TRUST

A notice has been issued giving interested persons until February 16, 1999, to request a hearing on an application filed by Old Mutual South Africa Equity Trust for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-23660 - January 22)

### MBL LIFE ASSURANCE CORPORATION, ET AL.

A notice has been issued giving interested persons until February 12, 1999, to request a hearing on an application filed by MBL Life Assurance Corporation, MBL Variable Contract Account-2 and MBL Variable Contract Account-3 seeking an order pursuant to Section 26 (b) of the Investment Company Act (Act) approving a proposed substitution of securities of the Dreyfus Life and Annuity Index Fund for those of the MBL Growth Fund, Inc., and pursuant to Section 17(b) of the Act exempting related transactions from Section 17(a) of the Act. (Rel. IC-23661 - January 22)

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## SELF-REGULATORY ORGANIZATIONS

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### APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change submitted by the Chicago Board Options Exchange (SR-CBOE-98-33) to clarify its exercise advice procedures. (Rel. 34-40951)

### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

The Commission issued a notice of filing of immediate effectiveness of a proposed rule change by the American Stock Exchange (SR-Amex-98-48) relating to the listing and trading of term notes linked to Select Sector SPDRs<sup>SM</sup>. Publication is expected in the Federal Register during the week of January 25. (Rel. 34-40956)

### PROPOSED RULE CHANGE

The Chicago Board Options Exchange filed a proposed rule change (SR-CBOE-98-53) to amend its firm quote requirement. Publication of the proposal is expected in the Federal Register during the week of January 25. (Rel. 34-40957)

### WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until February 12, 1999, to comment on the application of ABM Industries

Incorporated to withdraw its Common Stock, \$0.01 Par Value, and Preferred Stock Purchase Rights from listing and registration on the Pacific Exchange. (Rel. 34-40967)

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## RECENT 8K FILINGS

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Form 8-K is used by companies to file current reports on the following events:

- Item 1 Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Bankruptcy or Receivership.
- Item 4 Changes in Registrant's Certifying Accountant.
- Item 5 Other Materially Important Events.
- Item 6 Resignations of Registrant's Directors
- Item 7 Financial Statements and Exhibits.
- Item 8 Change in Fiscal Year
- Item 9 Regulation S Offerings

The following companies have filed 8-K reports for the date indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified 8-K reports 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>.

NAME OF ISSUER	STATE CODE	8K ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
A I RECEIVABLES CORP	DE				X	X					01/21/99	
ADVANCED ELECTRONIC SUPPORT PRODUCT S INC	FL				X	X					12/31/98	
AIR PRODUCTS & CHEMICALS INC /DE/	DE				X						12/31/98	
AMC ENTERTAINMENT INC	DE				X	X					01/15/99	AMEND
AMERICAN BANKNOTE CORP	DE				X	X					01/19/99	
AMERICAN EXPRESS CENTURION BANK	DE				X	X					01/15/99	AMEND
AMERICAN PAD & PAPER CO	DE				X						01/22/99	
ANDOVER BANCORP INC	DE				X	X					01/21/99	
ASCENT ENTERTAINMENT GROUP INC	DE				X						01/22/99	
AUTONOMOUS TECHNOLOGIES CORP	FL				X						01/14/99	
AVONDALE INDUSTRIES INC	LA				X	X					01/19/99	
BA MASTER CREDIT CARD TRUST /									X		12/31/98	
BALTIMORE GAS & ELECTRIC CO	MD			X							01/22/99	
BANKBOSTON CORP	MA				X	X					01/21/99	
BANKERS TRUST CORP	NY				X	X					01/21/99	
BEAR STEARNS COMPANIES INC	DE				X	X					01/19/99	
BEAR STEARNS COMPANIES INC	DE				X	X					01/20/99	
BECTON DICKINSON & CO	NJ	X									01/21/99	
BERKLEY W R CORP	DE				X						01/20/99	
BERKSHIRE HATHAWAY INC	DE							X			12/21/98	AMEND
BIOCONTROL TECHNOLOGY INC	PA				X						01/22/99	
BLAIR CORP	DE				X	X					01/22/99	

NAME OF ISSUER	STATE CODE	8K ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
BOMBARDIER CAPITAL MORTGAGE SECURIT IZATION CORP	VT						X				01/20/99	
BOSTON CHICKEN INC	DE						X				01/19/99	
BOSTONFED BANCORP INC	DE		X								12/31/98	
BRIGHTSTAR INFORMATION TECHNOLOGY G ROUP INC	DE					X	X				11/10/98	AMEND
CARDIOGENESIS CORP	DE					X	X				01/06/99	
CENTENNIAL CELLULAR CORP	DE		X								01/07/99	
CHASE MANHATTAN CORP /DE/ CHINA PACIFIC INC	DE					X	X				12/31/98	
CHINA PACIFIC INC	NV					X	X				01/19/99	
COCA COLA ENTERPRISES INC	DE					X	X				01/19/99	
COMMONWEALTH BANCORP INC	PA					X	X				01/19/99	
CONTROLLED ENVIRONMENTAL AQUACULTUR E TECHNOLOGY INC	CO	X									01/19/99	
CORNUCOPIA RESOURCES LTD							X				01/21/99	
COVEST BANCSHARES INC	DE					X	X				01/22/99	
DARLING INTERNATIONAL INC	DE					X	X				01/14/99	
DETROIT EDISON CO	MI					X					01/22/99	
DEUTSCHE FLOORPLAN RECEIVABLES L P	DE					X	X				12/31/98	
DTE ENERGY CO	MI					X					01/22/99	
DURA AUTOMOTIVE SYSTEMS INC	DE					X	X				01/19/99	
DYNAMIC MATERIALS CORP	DE					X	X				01/14/99	
EFI ELECTRONICS CORP	DE	X									03/31/98	AMEND
ESTERLINE TECHNOLOGIES CORP	DE					X	X				01/19/99	
FARMER MAC MORTGAGE SECURITIES CORP	DE	X									01/22/99	
FIRST BANK CORPORATE CARD MASTER TR UST	NY					X	X				01/22/99	
FIRST LEESPORT BANCORP INC	PA					X	X				01/12/99	
FIRST OMNI BANK CREDIT CARD MASTER TRUST							X				12/31/98	
FIRST UNION DIRECT BANK N A						X	X				01/15/99	
FIRST UNION MASTER CREDIT CARD TRUS T						X	X				01/15/99	
FOREST OIL CORP	NY					X	X				01/22/99	
FORTUNE BRANDS INC	DE					X	X				01/22/99	
GENERAL MOTORS CORP	DE					X					01/22/99	
GLOBALSTAR LP	DE					X	X				01/21/99	
GLOBALSTAR TELECOMMUNICATIONS LTD						X	X				01/21/99	
GLOBE BUSINESS RESOURCES INC	OH					X					01/22/99	
GREENPOINT CREDIT CORP	DE					X					11/30/98	
GREENPOINT CREDIT CORP	DE					X					12/31/98	
GUARANTY FEDERAL BANCSHARES INC	DE					X	X				01/22/99	
HARLEYSVILLE NATIONAL CORP	PA					X	X				01/20/99	
HELLER FINANCIAL INC	DE					X	X				01/20/99	
HICKORY TECH CORP	MN					X					01/21/99	
HIGH PLAINS CORP	KS	X									01/21/99	
HOME BANCORP/IN	IN					X					01/21/99	
HORIZON PHARMACIES INC	DE						X				11/08/98	AMEND
HOST MARRIOTT CORP/ HOST MARRIOTT L P	MD					X					01/21/99	
HOUSEHOLD AUTOMOBILE REVOLVING TRUS T I	DE						X				12/03/98	
IATROS HEALTH NETWORK INC	DE					X	X				01/08/99	
INMARK ENTERPRISES INC	DE	X									01/14/99	
INTEGRATED CIRCUIT SYSTEMS INC	PA					X	X				01/22/99	
INTERNATIONAL BUSINESS MACHINES COR P	NY					X					01/21/99	
INTERNATIONAL KNIFE & SAW INC	DE	X					X				11/25/98	AMEND
INTERNATIONAL TECHNOLOGY CORP	DE					X	X				12/23/98	
JONES APPAREL GROUP INC	PA					X	X				01/01/99	
JUST FOR FEET INC	AL						X				01/21/99	

NAME OF ISSUER	STATE CODE	8K ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
KARTS INTERNATIONAL INC	NV				X						01/20/99	
KAUFMAN & BROAD HOME CORP	DE		X				X				01/22/99	
LANDAIR CORP	TN					X					01/22/99	
LANXIDE CORP	DE			X			X				01/15/99	
LASON INC	DE					X	X				12/31/98	
LDP III	CA		X								01/14/99	
MBNA AMERICA BANK NATIONAL ASSOCIAT ION	DE				X	X					01/10/99	
MBNA AMERICA BK NAT ASSOC MBNA MAST ER CREDIT CARD TRUST II					X	X					01/10/99	
MEDICAL RESOURCES INC /DE/	DE				X	X					12/21/98	
MERCANTILE CREDIT CARD MASTER TRUST	NY				X	X					01/22/99	
MERRILL LYNCH MORTGAGE INVESTORS IN C	DE				X	X					12/28/98	
MERRILL LYNCH MORTGAGE INVESTORS IN C	DE				X	X					12/28/98	
MIRAVANT MEDICAL TECHNOLOGIES	DE				X						01/15/99	
MORGAN STANLEY CAP I INC COMM MORT PASS THR CER SER 1998 XL2	DE					X					01/06/99	
NATIONAL AUTO CREDIT INC /DE/	DE				X						01/15/99	
NET 2 L P	DE		X				X				01/07/99	
NEW YORK BAGEL ENTERPRISES INC	KS							X			01/22/99	
NEWPORT NEWS SHIPBUILDING INC	DE				X	X					01/19/99	
NIAGARA BANCORP INC	DE		X								12/31/98	
NL INDUSTRIES INC	NJ				X	X					01/22/99	
NORTHWEST AIRLINES CORP	DE				X	X					01/19/99	
NORWEST ASSET SEC CORP MORT PASS TH R CERT SER 1998-33 TRUST					X	X					12/23/98	
NORWEST ASSET SEC CORP MORT PASS TH R CERT SER 1998-34 TRUST					X	X					12/23/98	
NORWEST ASSET SECURITIES CORP	DE				X	X					01/15/99	AMEND
NORWEST ASSET SECURITIES CORP	DE				X	X					01/15/99	AMEND
NORWEST ASSET SECURITIES CORP	DE				X	X					01/22/99	
OAKHURST CO INC	DE		X			X					01/19/99	
OCCIDENTAL PETROLEUM CORP /DE/	DE					X					01/20/99	AMEND
PAM TRANSPORTATION SERVICES INC	DE		X			X					01/11/99	
PEOPLES BANK CREDIT CARD MASTER TRU ST	CT		X								12/31/98	
PMI GROUP INC	DE				X	X					01/20/99	
PROVIDIAN MASTER TRUST					X						01/15/99	
PROVIDIAN NATIONAL BANK /NEW/					X						01/15/99	
PULITZER PUBLISHING CO	DE				X	X					01/17/99	
QUANTITATIVE METHODS CORP	NV	X	X			X	X				01/12/99	
RADIANCE MEDICAL SYSTEMS INC /DE/	DE		X		X	X					01/14/99	
REALTY INFORMATION GROUP INC	DE		X			X					01/08/99	
RED OAK HEREFORD FARMS INC	NV				X						01/18/99	
RMED INTERNATIONAL INC	CO				X	X					01/21/99	
SANTA FE GAMING CORP	NV				X	X					01/14/99	
STAR SCIENTIFIC INC	DE		X	X		X					01/15/99	
SYNOPSIS INC	DE				X	X					01/20/99	
TANDYCRAFTS INC	DE		X			X					01/22/99	
TELENETICS CORP	CA				X	X					01/20/99	
TELESCAN INC	DE				X	X					01/14/99	
U S WEST INC /DE/	DE				X	X					12/31/98	
UNICO INC /NM/	NM		X			X					10/27/98	AMEND
UNION PLANTERS CORP	TN				X	X					01/21/99	
USX CORP	DE					X					01/22/99	
VAIL BANKS INC	CO				X						01/15/99	
VEECO INSTRUMENTS INC	DE				X	X					01/21/99	
WASHINGTON MUTUAL INC	WA					X					01/19/99	



NAME OF ISSUER	STATE	8K ITEM NO.									DATE	COMMENT	
	CODE	1	2	3	4	5	6	7	8	9			
ZEMEX CORP	DE					X	X					01/21/99	
ZOMAX OPTICAL MEDIA INC	MN	X						X				01/07/99	
7TH LEVEL INC	DE				X			X				01/15/99	