

sec news digest

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COMMISSION ANNOUNCEMENTS

AUTHORIZATION OF PUBLICATION OF REGULATORY FLEXIBILITY AGENDA

The Commission has authorized the publication of its April 1996 Regulatory Flexibility Act Agenda. The agenda is a general announcement to the public intended to provide advance notice of rulemaking actions. The agenda, which will not be available to the public until its publication, has been submitted by the Commission to the Regulatory Information Service Center for inclusion in the Unified Agenda of Federal Regulations, which is scheduled for publication in the Federal Register in April 1996. Public comments regarding the agenda and the individual agenda entries are due by June 30, 1996. (Rel. Nos. 33-7270; 34-36915; 39-2338; C-21795; IA-1558; File No. S7-5-96)

AVAILABILITY OF REPORT BY TASK FORCE ON DISCLOSURE SIMPLIFICATION

The Commission's Task Force on Disclosure Simplification submitted its report at the Commission's Open Meeting held at 10:00 a.m. today. The report will be available on the SEC's Internet web site. The address for the web site is "<http://www.sec.gov>".

ENFORCEMENT PROCEEDINGS

FINAL JUDGMENT ENTERED AGAINST SAMUEL WILLIAMS

The Commission announced that on February 8 the Honorable Daniel T.K. Hurley entered a Final Judgment of Permanent Injunction, by consent, against Samuel L. Williams (Williams), a former registered representative of a registered broker-dealer. The Final Judgment enjoins Williams from violating the antifraud provisions of the federal securities laws.

The complaint alleged that between March 15, 1991 and May 13, 1992, Williams, while associated with a registered broker-dealer, falsely represented to investors that he would invest their money in mutual funds and/or other securities, when, in fact, he used the money for his own personal benefit. In total, the complaint alleged that Williams misappropriated approximately \$1.5 million from eight investors. The complaint further alleged that Williams concealed the scheme by mailing customers false brokerage account statements. Payment of disgorgement in the amount of \$1,513,327 and civil money penalties were waived based upon Williams' demonstrated financial inability to pay. For further information, see Litigation Release No. 14554. [SEC v. Samuel L. Williams, Civil Action No. 95-8384-CIV-HURLEY, S.D. Fla.] (LR-14831)

CIVIL ACTION AGAINST HUGHES CAPITAL CORPORATION, ET AL.

On February 28, the United States District Court for the District of New Jersey entered an order, signed on February 16, 1996, by the Honorable William G. Bassler, granting the Commission's Motion for Summary Judgment, on the issue of disgorgement, holding defendants Hughes Capital Corporation (Hughes Capital), Lionel Reifler, Susan Lachance Reifler, Gilbert Beall, and the Estate of John Knoblauch, jointly and severally liable for \$1,394,252.40, plus interest. Reifler, Beall and Knoblauch "intentionally" participated in the fraud and Lachance, who negligently participated, received benefits as Reifler's wife. Additionally, the Court held those defendants, plus defendants Howard Ackerman, Ira Victor, and Frederic Mascolo, who also negligently participated in the fraud, individually liable in varying amounts for a total disgorgement award of \$1,950,562.98, plus pre-judgment interest of \$2,381,595.69, for an aggregate award of \$4,332,158.67. No deductions were allowed for "business expenses."

The Court concluded that the defendants, each of whom had varying levels of participation, orchestrated a sham initial public offering in which they acquired all of the offered units, artificially inflated the securities' price by disseminating false and misleading information about Hughes Capital's business prospects, and then sold the securities at a substantial profit. The defendants raised almost two million dollars through the scheme, laundered the proceeds through numerous controlled-accounts, and used the funds for their own personal purposes. [SEC v. Hughes Capital Corporation, Lionel Reifler, Susan Lachance, Gilbert Beall, Howard Ackerman, Ira Victor, Frederic Mascolo and the Estate of John Knoblauch, Civil Action No. 88-5238, WGB] (LR-14832)

RULE 102(e) PROCEEDINGS INSTITUTED AGAINST JOHN GOLDBERGER AND C. KIRK FRENCH

The Commission instituted administrative proceedings pursuant to Rule 102(e) of the Commission's Rules of Practice against John M. Goldberger, CPA, and C. Kirk French, CPA. Goldberger was the audit partner for the 1990 audit of the financial statements of Chambers Development Company, Inc. French was the manager for the 1989 and 1990 Chambers audits. The Commission's Order finds that Goldberger and French failed to conduct the 1990 audit in accordance with GAAS, and French also failed to conduct the 1989 audit in accordance with GAAS. Specifically, Goldberger and French failed to obtain sufficient competent evidential matter to afford a reasonable basis for the auditors' opinion on Chambers' financial statements; failed to assess properly whether the company's financial statements were fairly presented in accordance with GAAP; and failed to exercise due professional care in the performance of the audit. The Commission's Order denies Goldberger and French the privilege of appearing or practicing before the Commission as accountants with the right to apply to resume practicing or appearing before the Commission in eighteen months. Without admitting or denying the findings in the Commission's Order, Goldberger and French consented to the entry of the Commission's Order and the sanction imposed therein. (Rel. 34-36921; AAE Rel. 767)

INVESTMENT COMPANY ACT RELEASES

PACIFICA FUNDS TRUST, ET AL.

A notice has been issued giving interested persons until March 26 to request a hearing on an application filed by Pacifica Funds Trust, et al. for an order under Section 6(c) of the Investment Company Act exempting applicants from Section 15(a) of the Act. First Interstate Bancorp, the holding company of First Interstate Capital Management, Inc. (Adviser), will be merged with Wells Fargo Company. The merger will result in the assignment, and thus the termination, of Pacifica Funds Trust's and Pacifica Variable Trust's (Trusts) existing advisory agreements with the Adviser. Applicants request an order to permit the implementation, without shareholder approval, of interim advisory agreements during a period not to exceed 120 days beginning with the earlier of the consummation date of the merger or May 1, 1996 and ending with shareholder approval or disapproval of the interim advisory agreements. The order also will permit the Adviser to receive fees earned under the interim advisory agreements following approval by the Trusts' shareholders. (Rel. IC-21794 - March 1)

NATIONAL FEDERAL SECURITIES TRUST

An order has been issued under Section 8(f) of the Investment Company Act declaring that National Federal Securities Trust has ceased to be an investment company. (Rel. IC-21796 - March 4)

NATIONAL TOTAL RETURN FUND

An order has been issued under Section 8(f) of the Investment Company Act declaring that National Total Return Fund has ceased to be an investment company. (Rel. IC-21797 - March 4)

NATIONAL BOND FUND

An order has been issued under Section 8(f) of the Investment Company Act declaring that National Bond Fund has ceased to be an investment company. (Rel. IC-21798 - March 4)

NATIONAL SECURITIES TAX EXEMPT BONDS, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that National Securities Tax Exempt Bonds, Inc. has ceased to be an investment company. (Rel. IC-21799 - March 4)

ZURICH LIFE INSURANCE COMPANY OF AMERICA, ET AL.

A notice has been issued giving interested persons until March 29 to request a hearing on an application filed by Zurich Life Insurance Company of America, Kemper Investors Life Insurance Company, Federal Kemper Life Assurance Company, Zurich Life Variable Annuity Separate Account, and Investors Brokerage Services, Inc. Applicants seek an order under Section 6(c) of the Investment Company Act exempting them from Sections 26(a)(2)(C) and 27(c)(2) of the Act, to the extent necessary to permit the deduction of a mortality and expense risk charge from the assets of certain separate accounts that fund certain individual deferred variable annuity contracts. (Rel. IC-21800 - March 4)

NATIONS FUND PORTFOLIOS, INC., ET AL.

A notice has been issued giving interested persons until March 22 to request a hearing on an application filed by Nations Fund Portfolios, Inc., et al. for an order under Section 6(c) of the Investment Company Act exempting applicants from Section 15(a) of

the Act. National Westminster Bank plc (NatWest) has agreed to acquire control of Gartmore plc (Gartmore), the parent of the sub-adviser to applicant investment companies (Funds). The change of control of Gartmore will result in the assignment, and thus the termination, of the existing sub-advisory contract between the Funds and the sub-adviser. The order would permit the implementation, without shareholder approval, of new sub-advisory contracts for a period of up to 120 days following the date of the change in control of Gartmore (but in no event later than September 30, 1996). The order also would permit the sub-adviser to receive from the Funds fees earned under the new sub-advisory contracts following approval by the Funds' shareholders. (Rel. IC-21801; IS-941 - March 4)

SELF-REGULATORY ORGANIZATIONS

WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until March 22 to comment on the application of Gulf Canada Resources Limited to withdraw from listing and registration on the American Stock Exchange its Ordinary Shares, No Par Value and Fix/Adjustable Rate Senior Preference Shares, Series 1, No Par Value. (Rel. 34-36914)

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.

- S-8 FLANDERS CORP, 2469 E 7000 S, SALT LAKE CITY, UT 84121 (801) 943-4300 - 75,000 (\$187,500) COMMON STOCK. (FILE 333-1392 - FEB. 14) (BR. 12)
- SB-2 QUALMARK CORP, 1329 W 121 AVENUE, 303-254-8800, DENVER, CO 80234 (303) 254-8800 - 1,657,500 (\$6,429,375) COMMON STOCK. (FILE 333-1454-D - FEB. 16) (BR. 8 - NEW ISSUE)
- SB-2 ECOMAT INC, 147 PALMER AVE, MAMARONECK, NY 10543 (914) 777-3600 - 3,200,000 (\$20,000,000) COMMON STOCK. 160,000 (\$160) WARRANTS, OPTIONS OR RIGHTS. 320,000 (\$3,300,800) COMMON STOCK. (FILE 333-1524 - FEB. 21) (BR. 5 - NEW ISSUE)
- S-8 PERIPHONICS CORP, 4000 VETERANS MEMORIAL HIGHWAY, BOHEMIA, NY 11716 (516) 467-0500 - 10,500 (\$245,437.50) COMMON STOCK. (FILE 333-1544 - FEB. 20) (BR. 9)

REGISTRATIONS CONT.

F-8 HCO ENERGY LTD, 2700 400 3RD AVE SW, CALGARY ALBERTA CANADA, A0
(403) 231-8400 - 2,565,762 (\$2,336,767.75) FOREIGN COMMON STOCK. (FILE
333-1580 - FEB. 21) (BR. 4 - NEW ISSUE)

S-8 MATERIAL TECHNOLOGY INC, 11835 WEST OLYMPIC BLVD, EAST TOWER STE 705,
LOS ANGELES, CA 90064 (310) 208-5589 - 120,000 (\$180,000) COMMON STOCK.
(FILE 333-1590 - FEB. 21) (BR. 8)