

# sec news digest

Issue 96-43

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## RULES AND RELATED MATTERS

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### FINAL RULEMAKING CONCERNING SECURITIES FOR PURPOSES OF TRADING IN CERTAIN FUTURES CONTRACTS

The Commission has adopted amendments to Rule 3a12-8 under the Securities Exchange Act which designates the securities of the Federative Republic of Brazil, the Republic of Argentina, and the Republic of Venezuela under the Securities Exchange Act of 1934 for purposes of trading futures contracts on those securities. Publication of the amendments is expected in the Federal Register during the week of March 11. (Rel. 34-36940; International Series Release No. 948, File No. S7-34-95)

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## ENFORCEMENT PROCEEDINGS

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### FORMER CFO CONVICTED OF INSIDER TRADING

The Securities and Exchange Commission announced that on March 4, a federal jury sitting in the Middle District of North Carolina convicted Thomas F. Lanier on all counts of a five-count criminal indictment alleging insider trading violations. The criminal charges included securities fraud and money laundering. Salem Carpet Mills, Inc., is a former North Carolina-based carpet manufacturer.

The indictment alleges that in January, 1992, Lanier, while then Salem's chief financial officer and a director, improperly disclosed to William Clarke Lindley, his Burlington, North Carolina neighbor, material, nonpublic information relating to Salem's confidential merger negotiations with Shaw Industries. This information included the identity of Shaw Industries as Salem's merger partner and the timing of the merger. The merger was announced on February 10, 1992. The indictment alleged that Lindley and Lanier had agreed for Lindley to pay Lanier 35% of his trading profits from the inside information and that Lanier received \$27,500 pursuant to this agreement.

The Commission previously announced the filing of a civil action on May 24, 1995, based on the same set of facts (LR-14507). That matter is still in litigation. [U.S. v. Thomas F. Lanier, USDC MDNC, 95CR317-1] (LR-14838)

## INJUNCTIVE AND ADMINISTRATIVE RELIEF AGAINST ROBERT SIMPSON

The Commission announced that on January 23, the United States District Court for the Middle District of Florida entered a Final Judgment against Robert M. Simpson (Simpson) of Brevard County, Florida, a registered representative formerly associated with a registered broker-dealer. The Final Judgment permanently enjoins Simpson from future violations of the antifraud provisions. In addition, the Final Judgment orders Simpson to disgorge \$353,746 plus prejudgment interest. Without admitting or denying the allegations in the complaint, Simpson consented to the entry of the Final Judgment against him whereby disgorgement is waived and civil penalties are not imposed, based upon Simpson's demonstrated financial inability to pay.

In addition, on March 6, 1996, the Commission entered an Order Instituting Public Proceedings Pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions against Simpson based on the entry of the final judgment against him. Simpson consented to the entry of the Order, without admitting or denying the findings contained therein. The Order bars Simpson from association with any broker, dealer, municipal securities dealer, investment company or investment adviser. [Securities and Exchange Commission v. Robert M. Simpson, Case No. 95-995-CIV-ORL-19, M.D. Fla.] (LR-14839)

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## INVESTMENT COMPANY ACT RELEASES

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### UAM FUNDS, INC.

An order has been issued on an application filed by UAM Funds, Inc., et al., under Section 6(c) of the Investment Company Act for an exemption from Section 12(d)(1)(A)(ii), under Sections 6(c) and 17(b) for an exemption from Section 17(a), and under Rule 17d-1 permitting certain transactions in accordance with Section 17(d) and Rule 17d-1. The order would permit certain money market funds to sell their shares to affiliated investment companies. (Rel. IC-21809 - March 6)

### NOMURA DIVIDEND INCOME FUND, INC.

A notice has been issued giving interested persons until April 1, 1996, to request a hearing on an application filed by Nomura Dividend Income Fund, Inc., for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-21810 - March 6)

### THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

A notice has been issued giving interested persons until April 1, 1996 to request a hearing on an application for an order under Section 6(c) of the Investment Company Act exempting The Northwestern Mutual Life

Insurance Company (NML) and its affiliates, in their capacities as investment advisers, principal underwriters and depositors, from Section 9(a) of the Act with respect to NML's separate accounts organized as unit investment trusts that derive assets from the sale of variable annuity contracts. The exemptions would not apply to NML's and its affiliates' officers, directors and employees who participate directly in the management or administration of the separate accounts or their underlying investment companies, or in the sale of their variable annuity contracts. (Rel. IC-21811 - March 6)

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## **HOLDING COMPANY ACT RELEASES**

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### **NATIONAL FUEL GAS**

A supplemental order has been issued authorizing National Fuel Gas Co. (NFG) to issue and sell through December 31, 1997, up to \$350 million of debentures and medium-term notes and to lend up to \$100 million of the proceeds of such issue to Horizon Energy Development, Inc. (Horizon), NFG's wholly owned nonutility subsidiary created to invest in exempt wholesale generators and foreign utility companies, among other activities. The supplemental order also authorizes NFG to enter into one or more interest rate swap agreements on behalf of Horizon. (Rel. 35-26483)

### **GENERAL PUBLIC UTILITIES CORPORATION**

A supplemental order has been issued releasing jurisdiction over a proposal by General Public Utilities Corporation (GPU), a registered holding company, GPU Service Corporation (GPUSC), Energy Initiatives, Inc. (EII), Energy Services, Inc. (ESI), each a wholly owned nonutility subsidiary of GPU, and GPU's utility subsidiaries, Jersey Central Power & Light Company (JCP&L), Metropolitan Edison Company (Met-Ed), and Pennsylvania Electric Company (Penelec and, together with JCP&L and Met-Ed, Operating Companies). The proposal concerns reporting requirements relating to investments in, and the provision of goods and services to, exempt wholesale generators and foreign utility companies, as well as GPU subsidiary companies which invest in such entities. (Rel. 35-26484)

### **CINERGY CORPORATION**

A notice has been issued to provide all interested persons until April 1, 1996, to request a hearing on a proposal by Cinergy Corporation (Cinergy), a registered holding company, to issue up to seven million shares of common stock from time to time through December 31, 2000, under a new employee incentive compensation plan (Plan). An order has been issued authorizing the solicitation of proxies with respect to the Plan from outstanding Cinergy common stock shareholders prior to the annual shareholder meeting scheduled for April 26, 1996. (Rel. 35-26485)

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## SELF-REGULATORY ORGANIZATIONS

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### PROPOSED RULE CHANGES

The National Securities Clearing Corporation filed a proposed rule change (SR-NSCC-95-17) under Section 19(b) of the Exchange Act seeking to establish additional procedures in connection with placing NSCC members on Class A surveillance. The proposal also seeks to adjust clearing fund deposits and other collateral requirements for NSCC members placed on Class A surveillance. Publication of the proposal is expected in the Federal Register during the week of March 11. (Rel. 34-36930)

The National Securities Clearing Corporation filed a proposed rule change (SR-NSCC-96-05) under Section 19(b)(2) of the Securities Exchange Act. The proposed rule change modifies the Automated Customer Account Transfer Service to facilitate account transfers of shares purchased in an initial public offering. Publication of the proposed rule change is expected in the Federal Register during the week of March 11. (Rel. 34-36931)

The Government Securities Clearing Corporation filed a proposed rule change (SR-GSCC-96-01) under Section 19(b) of the Securities Exchange Act. The proposal relates to the modification and enhancement of GSCC's risk management processes. Publication of the proposal is expected in the Federal Register during the week of March 11. (Rel. 34-36933)

The Participants Trust Company filed with the Commission pursuant to Section 19(a) of the Securities Exchange Act a request for extension of its registration as a clearing agency under Section 17A of the Act through March 31, 1996. Publication of the notice is expected in the Federal Register during the week of March 11. (Rel. 34-36938)

### ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission granted accelerated approval to a proposed rule change submitted by the Pacific Stock Exchange (SR-PSE-96-06) under Rule 19b-4 relating to distribution of interim reports to both registered and beneficial shareholders. (Rel. 34-36916)

The Commission has granted approval and is publishing notice of and granting accelerated approval to a proposed rule change filed under Exchange Act Rule 19b-4 by the New York Stock Exchange (SR-NYSE-95-23) relating to the listing and trading of Investment Company Units. Publication of the approval order is expected in the Federal Register during the week of March 11. (Rel. 34-36923; International Series Release No. 946)