

# sec news digest

Issue 96-90

May 14, 1996

---

## COMMISSION ANNOUNCEMENTS

---

### JAMES DONAHUE APPOINTED ASSOCIATE EXECUTIVE DIRECTOR (FINANCE)

James M. McConnell, Executive Director of the Commission, announced the appointment of James F. Donahue to the position of Associate Executive Director (Finance) effective May 12, 1996. Mr. Donahue will serve as the agency's Comptroller and has over 22 years of financial and human resources experience with the federal government. His previous position was Deputy Associate Director for the U.S. Bureau of Mines, which has been eliminated as part of the 1996 budget cuts. He also served as the Budget Officer and a budget analyst in other agencies. Throughout his career, Mr. Donahue has conducted training in financial management for the Interior Department and the Office of Personnel Management.

---

## ENFORCEMENT PROCEEDINGS

---

### TRADING SUSPENSION ORDERED IN SECURITIES OF COMPARATOR SYSTEMS CORP.

The Commission today announced the suspension of trading in the securities of Comparator Systems Corp. from 9:30 a.m. EDT on May 14, 1996 until 11:59 p.m. EDT on May 28, 1996.

The Commission ordered this trading suspension because of questions raised as to the adequacy and accuracy of publicly-disseminated information about Comparator. This information concerns, among other things, the valuation of certain assets reported on the company's financial statements. The Commission determined that the public interest and the protection of investors requires a suspension of trading in Comparator securities. (Rel. 34-37209)

ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS SETTLED WITH BRIAN PAONESSA, STANLEY JENKINS AND SAM SEHON

The Commission has settled administrative and cease-and-desist proceedings with Brian Paonessa, Stanley Jenkins and Sam Sehon (respondents), previously instituted against them and others on August 14, 1995, pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b), 19(h) and 21C of the Securities Exchange Act of 1934. Respondents, without admitting or denying the findings contained therein, consented to the entry of an order which: (i) finds that Paonessa violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; (ii) finds that Paonessa, Sehon, and others, aided and abetted by Jenkins, violated Section 15(a)(1) of the Exchange Act; (iii) bars Paonessa from the securities industry with the right to reapply after four years; (iv) bars Jenkins and Sehon from the securities industry with the right to reapply after one year; (v) orders Paonessa and Sehon to disgorge \$149,500 and \$10,400, respectively, and prejudgment interest, respectively, provided, however, that payment of such disgorgement is waived, based upon their demonstrated financial inability to pay; and (vi) orders that an administrative penalty not be imposed against respondents based on their demonstrated financial inability to pay. (Rel. 33-7290; 34-37199)

ORDER OF PERMANENT INJUNCTION AND CONTINUED ASSET FREEZE (RESERVING THE ISSUES OF DISGORGEMENT AND CIVIL PENALTIES) ISSUED AGAINST THADDEUS WATLEY, POWER 2000 AND TED'S NEUTRAL CORNER, INC.

On May 9, the U.S. District Court for the Eastern District of Pennsylvania issued an Order of Permanent Injunction and Continued Asset Freeze (Reserving the Issues of Disgorgement and Civil Penalties) against Thaddeus E. Watley, a/k/a Ted Watley (Watley), a local radio personality, and two entities he controls: Power 2000 and Ted's Neutral Corner, Inc. (Ted's Neutral Corner). Watley, without admitting or denying the allegations of the complaint filed in this matter, consented to the entry of the Order of Permanent Injunction and Continuing Asset Freeze against him, Power 2000 and Ted's Neutral Corner.

The Commission alleges that, from November 1995 through the present, Watley engaged in a \$2.8 million fraudulent offering of securities in Power 2000. He solicited the investors, most of whom were African-American, through a radio talk show known as "Ted's Neutral Corner," as well as through other means. According to the complaint, the defendants falsely claimed that over 80 percent of the funds would be held in interest bearing accounts for a period of

one year, after which time they would be invested at the discretion of a Power 2000 board of directors. At least \$61,141 was raised from 162 investors, and nearly all of the money was misappropriated. To further the scheme, the defendants also made false and misleading statements about the entities and material facts concerning, among other things, Watley's record of criminal convictions for fraud-related offenses.

In addition to permanently enjoining the defendants from violations of the antifraud provisions of the Securities Act of 1933 and the Exchange Act of 1934, the May 9, 1996 Order reserves, for later resolution, the issues of disgorgement, prejudgment interest and the imposition of civil penalties, pending a full accounting of all funds raised by Power 2000 and a determination of the defendants' ability to pay any sums ordered by the Court. The Order also provides that the asset freeze, which was entered on May 1, 1996, remain in place pending further order by the Court. The Court further ordered that \$24,200 of the assets frozen be transferred into the Court's registry, where they will be held and applied towards any disgorgement ultimately ordered by the Court. [SEC v. Thaddeus E. Watley, et al., Civil Action No. 96-CV-3411, E.D.Pa.] (LR-14907)

COMPLAINT FILED AGAINST RANDALL BRADBURY, THE BRADBURY FINANCIAL GROUP, INC., AND TBFG INTERNATIONAL, LTD.

The Commission announced that on May 13 it filed a complaint against Randall E. Bradbury (Bradbury), The Bradbury Financial Group, Inc. (BFG), a registered investment adviser, and TBFG International, Ltd. (TBFG).

The complaint alleges as follows: From approximately February 1992 through approximately February 1994, Bradbury and BFG defrauded advisory clients and other investors by making material misrepresentations, and omitting to state material information, concerning securities that Bradbury recommended and/or sold to them, including securities of Carib Med, Inc., a now defunct developmental pharmaceutical company, and TBFG, a purported international financing and export-import company controlled by Bradbury. Bradbury also failed to disclose material conflicts of interest with respect to certain investments, recommended unsuitable investments, and acted as an unregistered broker-dealer.

The complaint charges all three defendants with violating Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act (Exchange Act) and Rule 10b-5 thereunder, and charges Bradbury and BFG with also violating Sections 15(a) and

(c) of the Exchange Act and Rules 10b-3, 10b-5, 10b-10 and 15c1-2 promulgated thereunder, and Sections 206(1), (2), and (3) of the Investment Advisers Act of 1940, and seeks permanent injunctive relief, disgorgement, and civil penalties. [SEC v. Randall E. Bradbury, The Bradbury Financial Group, Inc., and TBFG International, Ltd., 96 CV 758, RSP, NDNY] (LR-14908)

#### DAN STUART ENJOINED

On May 2, the Honorable William J. Zloch, United States District Judge for the Southern District of Florida, entered a permanent injunction enjoining Dan Stuart (Stuart) from violating Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, thereunder.

The defendant consented to the relief without admitting or denying the allegations set forth in a complaint filed by the Commission on April 22, 1996. The Court further ordered Stuart to pay disgorgement in the amount of \$735,000, including pre-judgment interest, but waived payment of all but \$225,000 of the disgorgement and declined to impose civil penalties based upon sworn representations by Stuart concerning his inability to pay the additional sum.

The Commission's complaint alleged that agents of TransAmerica Wireless Systems, Inc. (TransAmerica) and Intercontinental Telecommunications Corporation (ITC), acting at the direction of Stuart, misrepresented or failed to disclose material facts in connection with the sale of general partnership interests in ventures formed to create "wireless cable" television systems. Among other misrepresentations, TransAmerica and ITC falsely claimed to be negotiating for FCC licenses and made unrealistic predictions to investors of the exorbitant profits to be made. [SEC v. Dan Stuart, S.D. Florida, Civil Action No. 96-6425-CIV-Zloch] (LR-14909)

#### OSCAR OLSON CHARGED WITH SECURITIES FRAUD IN PRIME BANK SCHEME

The Commission announced that on May 8 it filed an amended complaint adding Oscar Olson as a defendant for his role in the creation, implementation and misappropriation of investor funds in connection with the offer and sale of interests in the Konex Roll Program, an investment which purportedly was designed to purchase and trade in "Prime Bank Instruments." The Commission's original complaint alleged that from January 1993 to the present, Konex Holding Corp. raised at least \$12.5 million from the Chicago Housing Authority through the offer and sale of investments in the Roll Program. In fact, the Roll Program was nothing more than a scam to defraud investors. The amended complaint alleges, among other things, that

Olson created and instituted the Roll Program, prepared and disseminated procedures he expected to be used by the promoters and others to carry out the scheme and personally misappropriated investor funds. In the process, Olson made false and misleading statements to others concerning the existence and legitimacy of the Roll Program, the use of investor proceeds and the returns and risks of investing in the Roll Program with the knowledge and intent that such statements be disseminated to investors. The amended complaint seeks the entry of orders of Preliminary and Permanent Injunction, disgorgement including prejudgment interest, an asset freeze and civil penalties against Olson. [SEC v. John D. Lauer, Clifton Capital Investors, L.P., Konex Holding Corp., Lyle E. Neal, Copol Investments Limited, Joseph Polichemi and Oscar William Olson, Jr., USDC, N.D. Ill., No. 94 C 3770] (LR-14910)

---

#### INVESTMENT COMPANY ACT RELEASES

---

##### BAKER, FENTRESS & COMPANY, ET AL.

An order has been issued on an application filed by Baker, Fentress & Company, et al., under Section 6(c) of the Investment Company Act granting an exemption from Sections 2(a)(3)(D), 2(a)(19), and 12(d)(3) of the Act, under Sections 6(c) and 17(b) of the Act granting an exemption from Section 17(a) of the Act, and under Section 17(d) of the Act and Rule 17d-1 thereunder. The order permits Baker, Fentress & Company, an internally managed closed-end investment company, to purchase all of the stock of John A. Levin & Co., Inc. (LEVCO), an investment adviser and broker-dealer. After the acquisition, the order permits LEVCO to implement an incentive compensation plan for certain of its employees, and allows it to continue to operate and advise certain limited partnerships. (Rel. IC-21949 - May 10)

##### THE ASIA TIGERS FUND, INC., ET AL.

An order has been issued on an application filed by The Asia Tigers Fund, Inc., et al. under Rule 17d-1 under the Investment Company Act to permit certain transactions in accordance with Section 17(d) of the Act and Rule 17d-1. The order permits Oppenheimer & Co., Inc. to receive a fee from the applicant investment companies (Funds) for its services as lending agent in connection with the loan of portfolio securities owned by the Funds. The proposed fee would be based upon a share of the proceeds derived by the Funds from the securities lending program. (Rel. IC-21950 - May 10)

**JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY, ET AL.**

A notice has been issued giving interested persons until June 4 to request a hearing on an application filed by John Hancock Mutual Life Insurance Company (John Hancock Mutual), John Hancock Variable Life Insurance Company (John Hancock Variable, together with John Hancock Mutual, the Companies), John Hancock Variable Annuity Account JF (the Account), and John Hancock Funds, Inc. (JHFI) (collectively, Applicants). Applicants seek an order pursuant to Section 6(c) of the Investment Company Act granting exemptions from the provisions of Sections 26(a)(2)(C) and 27(c)(2) thereof to the extent necessary to permit the deduction of mortality and expense risk and certain optional benefit rider charges from the assets of the Account in connection with the issuance and sale of certain variable annuity contracts (Contracts). Exemptive relief also is requested to the extent necessary to permit the deduction of mortality and expense risk and certain optional benefit rider charges from the assets of any other separate account established in the future by the Companies in connection with the issuance of variable annuity contracts that are materially similar to the Contracts, and for which JHFI or certain other broker-dealers may act as distributor and principal underwriter. (Rel. IC-21951 - May 10)

**EMERGING MARKETS GROWTH FUND, INC., ET AL.**

A notice has been issued giving interested persons until June 4 to request a hearing on an application filed by Emerging Markets Growth Fund, Inc., et al. (EMGF) for an order under Section 17(b) of the Investment Company Act granting an exemption from Section 17(a) of the Act to permit EMGF to acquire all of the assets of New World Investment Fund. Because of certain affiliations, the two funds may not rely on Rule 17a-8 under the Act. (Rel. IC-21952 - May 10)

---

**HOLDING COMPANY ACT RELEASES**

---

**AMERICAN ELECTRIC POWER CO., ET AL.**

An order has been issued authorizing a proposal by American Electric Power Company, Inc. (AEP), a registered holding company, and AEP Resources, Inc. (Resources), a non-utility subsidiary company of AEP, for AEP, through December 31, 2000, to increase its direct and indirect investments in exempt wholesale generators (EWGs) and foreign utility companies (FUCOs) to an amount equal to 50% of its consolidated retained earnings; for AEP to issue and sell debt and equity securities; for Resources to directly or indirectly acquire the securities of EWGs and FUCOs; and for AEP and Resources directly or indirectly to guarantee securities of EWGs and FUCOs. (Rel. 35-26516)

---

## SELF-REGULATORY ORGANIZATIONS

---

### WITHDRAWAL GRANTED

An order has been issued granting the application of Semiconductor Packaging Materials Co., Inc. to withdraw from listing and registration on its Common Stock, \$.10 Par Value on the American Stock Exchange. (Rel. 34-37200)

### APPROVAL OF PROPOSED RULE CHANGES

The Commission has approved a proposed rule change (SR-CBOE-96-09) filed by the Chicago Board Options Exchange relating to the listing and trading of index options on the Indice de Precios y Cotizaciones (IPC), a cash-settled, broad-based index comprised of 35 of the largest and most actively traded stocks on the Mexican Stock Exchange (Bolsa). The IPC is widely recognized as the benchmark equity index for Mexico. Publication of the Order is expected in the Federal Register during the week of May 13. (Rel. 34-37189; IS-977)

The Commission has approved a proposed rule change (SR-Amex-96-12) filed by the American Stock Exchange to list and trade warrants based on the Select Technology Stock Index. (Rel. 34-37195)

The Commission has granted approval to a proposed rule change (SR-MSRB-95-13) filed by the Municipal Securities Rulemaking Board relating to an increase in the annual fee and the inception of an assessment on inter-dealer sales transactions. Publication of the order is expected in the Federal Register the week of May 13. (Rel. 34-37197)

### ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved on an accelerated basis a proposed rule change (SR-CBOE-96-18) filed by the Chicago Board Options Exchange which amends CBOE Rule 24.4A, "Position Limits for Industry Index Options," to establish a hedge exemption from industry (narrow-based) index option position and exercise limits. Publication of the approval order is expected in the Federal Register during the week of May 13. (Rel. 34-37196)

### PROPOSED RULE CHANGE

The Chicago Board Options Exchange filed a proposed rule change (SR-CBOE-96-24) to terminate its fee program for members who, for more than a prescribed percentage of transactions, submit trade information pursuant to CBOE Rule 6.51 after the date on which the

trade is executed (as of adds). The Exchange also proposes to revise the structure of its as of add summary fine program. Publication of the notice is expected in the Federal Register during the week of May 13. (Rel. 34-37201)

---

**SIGNIFICANT NO-ACTION, EXEMPTIVE AND INTERPRETIVE LETTERS**

---

The following is a list of significant no-action and interpretative letters recently issued by the Division of Corporation Finance. These letters express the view of the Division respecting novel or important questions arising under the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, and the Investment Advisers Act of 1940. Copies of these letters may be obtained by writing to the Public Reference Room, Securities and Exchange Commission, Washington, D.C. 20549, or by making a request in person at the Public Reference Room, 450 Fifth Street, N.W., Room 1024, Washington, D.C., stating the name of the subject company, the Act and the Section of the Act to which it relates, and the public availability date.

<u>COMPANY</u>	<u>ACT/SECTION/RULE OR RELEASE</u>	<u>DATE MAILED</u>	<u>PUBLIC AVAILABILITY DATE</u>
TOTAL	1933 Act - Section 5 1940 Act - Section 8	01/26/96	01/26/96
American Society of Corporate	1934 Act - Rule 14a-4 and Schedule 14A Secretaries (Item 7)	02/27/96	02/27/96
The Walt Disney Company	1933 Act - Rule 144(c) 1934 Act - Form 8-B and Sections 12(b) and 13(a)	02/09/96	02/09/96



<u>COMPANY</u>	<u>ACT/SECTION/RULE OR RELEASE</u>	<u>DATE MAILED</u>	<u>PUBLIC AVAILABILITY DATE</u>
W.R. Grace & Co.	1934 Act - Rule 14a-8 (c) (7)	02/29/96	02/29/96
Louisiana- Pacific Corporation	1934 Act - Rules 14a-8 (c) (3), 14a-8(c) (6) and 14a-8 (c) (7)	02/29/96	02/29/96

---

### 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.

- SB-2 MINISTRY PARTNERS INVESTMENT CORP, 1150 NORTH MAGNOLIA AVENUE, ANAHEIM, CA 92803 (714) 229-3619 - 5,000,000 (\$5,000,000) STRAIGHT BONDS. (FILE 333-4028-LA - MAY. 03) (BR. 11 - NEW ISSUE)
- S-1 EMPIRE OF CAROLINA INC, 5150 LINTEN BLVD, DEL RAY BEACH, FL 33484 (407) 498-4000 - 3,697,633 (\$48,069,229) COMMON STOCK. (FILE 333-4440 - MAY. 03) (BR. 11)
- S-1 PRINTRAK INTERNATIONAL INC, 1250 NORTH TUSTIN AVE, ANAHEIM, CA 92807 (714) 238-2000 - 2,875,000 (\$31,625,000) COMMON STOCK. (FILE 333-4610 - MAY. 03) (BR. 9 - NEW ISSUE)
- S-8 PACE HEALTH MANAGEMENT SYSTEMS INC, 1025 ASHWORTH RD, STE 200, WEST DES MOINES, IA 50265 (515) 222-1717 - 200,000 (\$1,775,000) COMMON STOCK. (FILE 333-4636 - MAY. 03) (BR. 9)
- SB-1 NEWCARE HEALTH CORP, 3600 OAK MANOR LANE, BLDG 4, LARGO, FL 34644 (813) 586-4262 - 714,286 (\$1,428,572) COMMON STOCK. (FILE 333-4782 - MAY. 06) (BR. 5)
- S-8 INTERVISUAL BOOKS INC /CA, 2850 OCEAN PARK BLVD, SUITE 225, SANTA MONICA, CA 90405 (310) 396-8708 - 300,000 (\$787,500) COMMON STOCK. (FILE 333-4784 - MAY. 06) (BR. 12)
- S-8 VALUE HEALTH INC / CT, 22 WATERVILLE RD, AVON, CT 06001 (203) 678-3400 - 182,835 (\$5,291,244.90) COMMON STOCK. (FILE 333-4786 - MAY. 06) (BR. 9)
- S-4 U S ALCOHOL TESTING OF AMERICA INC, 10410 TRADEMARK ST, RANCHO CUCAMONGA, CA 91730 (909) 466-8378 - 3,208,972 (\$10,163,691) COMMON STOCK. (FILE 333-4790 - MAY. 06) (BR. 6)