

# sec news digest

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June 3, 1991

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U.S. SECURITIES  
EXCHANGE COMMISSION

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## COMMISSION ANNOUNCEMENTS

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### WILLIAM MCLUCAS TO TESTIFY

William R. McLucas, Director of the Division of Enforcement, will testify before the General Oversight and Investigations Subcommittee of the House Committee on Banking, Finance and Urban Affairs on June 4. Subject of the hearing will be Latin Investment Corp. The hearing will begin at 10:00 a.m. in Room 2128 of the Rayburn House Office Building.

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## RULES AND RELATED MATTERS

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### FINAL RULE AMENDMENT

The Commission has adopted amendments to Rule 2a-7 under the Investment Company Act. The amendments, which became effective on June 1, 1991, exclude tax-exempt money market funds from the requirement that a money market fund's board approve or ratify the acquisition of any security that is unrated or is rated by only one rating agency. FOR FURTHER INFORMATION CONTACT: Lawrence Stoller at (202) 272-2107. (Rel. IC-18177)

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## CIVIL PROCEEDINGS

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### CONTEMPT MOTION FILED AGAINST EURELL POTTS

The Atlanta Regional Office announced that on May 16, it filed a Motion to Show Cause why Eurell V. Potts (Potts) should not be held in civil contempt of the U.S. District Court for the Middle District of Tennessee by reason of Potts' failure to obey the Court's order of April 19, 1990 requiring Potts to disgorge \$2,447,402.25. The amount ordered disgorged represents all profits received and losses avoided, directly or indirectly, as a result of Potts' purchases and sales of Banco Resources, Ltd. common stock. By that same order the Court permanently enjoined Potts, by default, from future violations of the registration and antifraud provisions of the federal securities laws.

The Commission's motion asks that, upon Potts' failure to show cause, he be incarcerated until he pays the ordered disgorgement. [SEC v. Banco Resources, Ltd., Civil Action No. 3-88-0586, M.D. Tenn.] (LR-12866)

#### PIETRO GATTINI AND GATTINI CORPORATION ENJOINED

On May 31, the Commission announced that the District Court for the District of New Jersey has entered a permanent injunction by default against Pietro Gattini with respect to future violations of Section 13(d) of the Securities Exchange Act and Rule 13d-1 promulgated thereunder, and with respect to aiding and abetting violations of Section 13(a) of the Exchange Act and Rules 13a-1, 13a-11 and 13a-13 promulgated thereunder. The District Court for the District of New Jersey also previously entered a permanent injunction against Gattini Corporation for future violations of Section 13(d) of the Exchange Act and Rule 13d-1 promulgated thereunder. Gattini Corporation consented to the entry of the permanent injunction without admitting or denying the allegations of the Commission's complaint. Gattini owns Gattini Corporation and has been the president, chief executive officer, and chairman of the board of Allure Cosmetics, Ltd. since May of 1988. [SEC v. Allure Cosmetics, Ltd., Kurt Tauss, Gattini Corporation, and Pietro Gattini, USDC for the District of New Jersey, Civil Action No. 90-2673, NHP] (LR-12869)

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#### CRIMINAL PROCEEDINGS

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#### ROBERT LUND SENTENCED

The Denver Regional Office, the Salt Lake City Branch Office and the U.S. Attorney for the District of Utah announced that on May 20, Robert C. Lund was sentenced by Chief Judge Bruce S. Jenkins to serve thirty months in prison and two years on supervised release. Lund was also ordered to pay \$12,000 in restitution and, among other things, to stay out of the stock promotion or money-raising business without the prior written approval of the U.S. Probation Officer.

On March 18, 1991, Lund, formerly of Salt Lake City, Utah and more recently residing in Minnesota, pleaded guilty to one count of securities fraud and to one count of wire fraud. The charges against Lund resulted from an F.B.I. undercover operation.

Lund also pleaded guilty to a one-count misdemeanor information charging Lund with failure to inform the Internal Revenue Service that items designated as loans to him on the 1987 corporate tax return for Heritage Development Corporation, an entity controlled by Lund, were in actuality consulting fees. [U.S. v. Pete T. Bourdos, Gary E. Galbraith, William C. Grant, and Robert C. Lund, USDC for the District of Utah, Central Division, Criminal Action File No. 90-CR-0090J] (LR-12867)

#### PHILLIP WAGERS SENTENCED

The Denver Regional Office, the Salt Lake City Branch Office and the U.S. Attorney for the District of Utah announced that on May 21, Phillip Gregory Wagers was sentenced by Utah District Court Judge David K. Winder to serve six months in home confinement and five years on probation. Wagers was also fined \$14,000.

On February 26, 1991, Wagers, of Salt Lake City, Utah, pleaded guilty to one count of securities fraud and one count of willful failure to file his 1987 federal individual income tax return.

The information charged Wagers with having created several false documents, including fictitious shareholder lists, used in listing the common stock of Resorts Plus, Inc., in the National Quotation Bureau, Inc.'s "pink sheets." The information also alleged that Wagers assisted in the manipulation of the price of Resorts Plus stock through the use of nominee shareholders. Finally, the information alleged that Wagers received more than \$3,000 in gross income during 1987.

The action against Wagers resulted from an undercover operation of the F.B.I. The sentence imposed on Wagers takes into account his cooperation with law enforcement authorities. [U.S. v. Phillip Gregory Wagers, USDC for the District of Utah, Central Division, Criminal Action File No. 91-CR-0043W] (LR-12868)

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## INVESTMENT COMPANY ACT RELEASES

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### THE INFINITY MUTUAL FUNDS

A notice has been issued giving interested persons until June 25 to request a hearing on an application filed by The Infinity Mutual Funds, et al. The application is for a conditional order under Section 6(c) of the Investment Company Act (Act) exempting applicants from Sections 18(f)(1), 18(g) and 18(i) of the Act. The order would permit applicants to issue and sell separate classes of shares representing interests in the same investment portfolio, which classes would be identical in all respects except for class designation, voting rights, exchange privileges and the allocation of certain expenses. (Rel. IC-18167 - May 28)

### EBI FLEX FUND OF THE EBI SERIES TRUST

A notice has been issued giving interested persons until June 27 to request a hearing on an application filed by EBI Flex Fund of the EBI Series Trust and EBI Equity Fund, EBI Income Fund and EBI Cash Management Fund of the EBI Funds, Inc. The application is for an order under Section 6(c) of the Investment Company Act amending an existing order (IC-16873, March 17, 1989) to permit applicants to change the way in which a contingent deferred sales load is calculated. (Rel. IC-18168 - May 28)

### COLUMBUS INCOME SHARES

An order has been issued under Section 8(f) of the Investment Company Act declaring that Columbus Income Shares, Inc. has ceased to be an investment company. (Rel. IC-18169 - May 28)

### BAILLIE GIFFORD INTERNATIONAL FUND

A conditional order under Section 6(c) of the Investment Company Act (Act) has been issued on an application filed by Baillie Gifford International Fund, Inc. The conditional order grants an exemption from the provisions of Section 12(d)(3) of the

Act and Rule 12d3-1 thereunder to the extent necessary to permit the applicant to invest in equity or convertible debt securities issued by foreign issuers that derived more than 15% of their gross revenues from their activities as a broker, dealer, underwriter, or investment adviser, provided such investments meet the conditions described in proposed amended Rule 12d3-1. (Rel. IC-18170; International Series Rel. 276 - May 28)

#### TRANSAMERICA CASH RESERVE AND TRANSAMERICA CURRENT INTEREST

An order has been issued under Section 17(b) of the Investment Company Act (Act) granting relief from Section 17(a) of the Act. The order permits Transamerica Cash Reserve, Inc. (TCR) to acquire substantially all of the assets and certain of the liabilities of Transamerica Money Market Fund, a portfolio of Transamerica Current Interest, Inc., in exchange for shares of TCR. (Rel. IC-18171 - May 29)

#### ASSOCIATED CAPITAL INSTITUTIONAL TRUST

An order has been issued under Section 8(f) of the Investment Company Act declaring that Associated Capital Institutional Trust has ceased to be an investment company. (Rel. IC-18172 - May 29)

#### VOYAGEUR GRANIT INSURED TAX EXEMPT FUND VOYAGEUR GRANIT GOVERNMENT SECURITIES FUND

Orders have been issued under Section 8(f) of the Investment Company Act declaring that Voyageur Granit Insured Tax Exempt Fund, Inc. and Voyageur Granit Government Securities Fund, Inc., have ceased to be investment companies. (Rels. IC-18173 and IC-18175, respectively - May 29)

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#### HOLDING COMPANY ACT RELEASES

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#### AMERICAN ELECTRIC POWER COMPANY

An order has been issued authorizing a proposal by American Electric Power Company, Inc. (AEP), a registered holding company, and its wholly owned Service Company, American Electric Power Service Corporation (Service). According to the proposal, Service will issue and sell up to \$90 million principal amount of secured notes (Notes) in two series: (1) \$20 million principal amount of 9% Mortgage Notes (Series D) due December 15, 1999 and (2) \$70 million principal amount of 9.6% Mortgage Notes (Series E) due December 15, 2008, under an exception from competitive bidding. The proceeds of the Notes will be used to prepay two series of outstanding notes issued by Service in connection with financing AEP's corporate headquarters building in Columbus, Ohio. AEP has been authorized to guaranty Service's obligations under the Notes. (Rel. 35-25319)

#### LOUISIANA POWER & LIGHT COMPANY

A supplemental order has been issued to correct an order issued by the Commission on May 17 (HCAR No. 25279) authorizing certain transactions by Louisiana Power & Light Company, an electric public-utility subsidiary company of Entergy Corporation, a registered holding company, by changing the date of December 31, 1991 mentioned therein to December 31, 1992. (Rel. 35-25320)

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## LISTING, DELISTING AND UNLISTED TRADING ACTIONS

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### WITHDRAWALS GRANTED

Orders have been issued granting the applications of the following companies to withdraw from listing and registration on the American Stock Exchange the specified securities: Uno Restaurant Corporation, Common Stock, \$.01 Par Value (Rel. 34-29252); and Seitel, Inc., Common Stock, \$.01 Par Value (Rel. 34-29255).

### WITHDRAWALS SOUGHT

A notice has been issued giving interested persons until June 20 to comment on the application of ConferTech International, Inc. to withdraw its Common Stock, \$.01 Par Value, from listing and registration on the Boston Stock Exchange. (Rel. 34-29253)

### UNLISTED TRADING PRIVILEGES SOUGHT

An order has been issued granting the application of the Philadelphia Stock Exchange for unlisted trading privileges in the common stock of four issues which are listed and registered on one or more other national securities exchanges and are reported in the consolidated transaction reporting system. (Rel. 34-29254)

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## SELF-REGULATORY ORGANIZATIONS

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### ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change submitted by the American Stock Exchange (SR-AMEX-91-08) allowing the addition of one expiration month in the current calendar year for the Japan Index Option. Publication of the order is expected in the Federal Register during the week of May 27. (Rel. 34-29239)

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## SIGNIFICANT NO-ACTION AND INTERPRETATIVE LETTERS

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### INTERPRETATION OF NEW RULES UNDER SECTION 16 OF THE EXCHANGE ACT

The Division of Corporation Finance has announced the publication of staff correspondence interpreting the new Section 16 rules. Copies of the letter may be obtained by writing to, or by making a request in person at, the Public Reference Room, Securities and Exchange Commission, 450 5th Street, N.W., Room 1024, Washington, D.C. 20549. Each request must state the name of the subject company, the Act and the Section of the Act to which it relates, and the public availability date.

Letter

Availability  
Date

Subject

Bell, Boyd &  
Lloyd

June 3, 1991

Interpretive letter  
regarding reporting  
of derivative securi-  
ties pursuant to  
Section 16(a)

## ACQUISITION OF SECURITIES

Companies and individuals must report to the Commission within ten days on Schedule 13D if after the acquisition of equity securities of a public company their beneficial interest therein exceeds five percent. Persons eligible to use the short form (Schedule 13G) may in lieu of filing a Schedule 13D file a Schedule 13G within 45 days after the end of the calendar year in which the person became subject to Section 13(d)(1). Companies and individuals making a tender offer must have on file at the time the tender offer commences a Schedule 14D-1.

Below is a list of recent filings of Schedules 13D and 14D, which includes the following information: Column 1 - the company purchased (top), and the name of the purchaser; Column 2 - the type of security purchased; Column - 3 - the type of form filed; Column 4 - the date the transaction occurred; Column 5 - the current number of shares (in 000's) owned (top) and the current percent owned; Column 6 - the CUSIP number (top) and the percent owned; and Column 7 - the status of the filing, i.e., new, update or revision.

NAME AND CLASS OF STOCK/OWNER	FORM	EVENT DATE	SHRS(000)/%OWNED	CUSIP/PRIOR%	FILING STATUS
ALLOU HLTH & BEAUTY CARE INC DAVIS J MORTON ET AL	CL A 13D	5/ 4/91	320 12.4	01978210 12.4	UPDATE
CORONA CORP GOODMAN NED ET AL	CL A SUB VTG 13D	4/29/91	3,759 2.3	21999210 0.0	NEW
CORONA CORP GOODMAN NED ET AL	CL B 13D	4/29/91	6,954 83.8	21999220 86.1	UPDATE
ESCO ELECTRS CORP FIDELITY INTL LTD	COM TR RCPT 13D	5/13/91	1,084 9.7	26903020 10.8	UPDATE
ESCO ELECTRS CORP FMR CORP	COM TR RCPT 13D	5/17/91	1,084 9.7	26903020 10.8	UPDATE
ENGEX INC DAVIS J MORTON ET AL	COM 13D	5/ 4/91	281 28.8	29285110 28.8	UPDATE
FIRST WESTN FINL CORP SHAMROCK ASSOC ET AL	COM 13D	5/28/91	456 7.1	33753110 6.4	UPDATE

## ACQUISITIONS CONT.

NAME AND CLASS OF STOCK/OWNER	FORM	EVENT DATE	SHRS(000)/ %OWNED	CUSIP/ PRIOR%	FILING STATUS
GOAL SYS INTL INC	COM		1,034	38020310	
STATE OF WISCONSIN INVEST	BD	13D 5/ 7/91	5.7	0.0	NEW
GULF RES & CHEM CORP	COM		3,627	40249610	
NYCAL CORP		13D 5/24/91	34.3	0.0	NEW
IONICS INC	COM		281	46221810	
FIDELITY INTL LTD		13D 5/21/91	5.1	5.7	UPDATE
IONICS INC	COM		281	46221810	
FMR CORP		13D 5/20/91	5.1	5.7	UPDATE
KEYSTONE CONS INDS INC	COM		3,392	49342210	
SIMMONS HAROLD C.ET AL		13D 5/23/91	61.7	60.6	UPDATE
MEDALIST INDS INC	COM		235	58402010	
KATZ MICHAEL DAVID ET AL		13D 5/ 1/91	10.1	11.6	UPDATE
MEDITRUST	SH BEN INT		1,357	58599010	
FIDELITY INTL LTD		13D 5/19/91	6.0	6.1	UPDATE
MEDITRUST	SH BEN INT		1,357	58599010	
FMR CORP		13D 5/16/91	6.0	6.1	UPDATE
NEW PLAN RLTY TR	COM		4,908	64805910	
BELEGGINGSMAATSCHAPPIJ MIDAS		13D 5/14/91	12.5	11.5	UPDATE
NEWBERRY BANCORP INC	CL A		118	65066720	
BRENNER KEITH E		13D 5/28/91	5.1	5.1	UPDATE
PANSOPHC SYS INC	COM		2,456	69863110	
SOROS GEORGE ET AL		13D 5/ 2/91	13.7	12.1	UPDATE
PARLUX FRAGRANCES INC	COM		850	70164510	
LEKACH ILIA ET AL		13D 5/14/91	35.2	33.7	UPDATE
ROLLINS INC	COM		2,732	77571110	
GAMCO INVESTORS INC ET AL		13D 5/24/91	11.5	12.2	UPDATE
SEQUA CORP	CL A		387	81732010	
GAMCO INVESTORS INC ET AL		13D 5/24/91	4.1	3.3	UPDATE
SILVAR LISCO	COM		1,995	82729310	
INTERGRAPH CORP		13D 5/16/91	21.2	0.0	NEW
SQUARE D CO	COM		24,331	85220610	
SCHNEIDER S A ET AL		14D-1 5/29/91	100.0	1.4	UPDATE
SUBURBAN BANCORP	CL A		191	86434620	
MIDWEST BANK FUND LP ET AL		13D 3/ 1/91	5.5	5.2	UPDATE
XSIRIUS SCIENTIFIC INC	COM		627	98390810	
DAVIS J MORTON		13D 5/ 4/91	21.7	0.0	NEW
XSIRIUS SUPERCONDUCTIVITY IN	CL A		3,313	98391510	
DAVIS J MORTON ET AL		13D 5/ 4/91	34.2	0.0	NEW

RECENT 8K FILINGS

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.

The companies listed below 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. Copies of the reports may be purchased from the Commission's Public Reference Room (when ordering, please give the date of the report). An invoice will be included with the requested material when mailed.

NAME OF ISSUER	STATE CODE	8K ITEM NO.								DATE	COMMENT
		1	2	3	4	5	6	7	8		
ALBANY INTERNATIONAL CORP /NY/	NY	NO ITEMS								05/28/91	
ALCO STANDARD CORP	OH	X						X		05/16/91	
AMERICAN HOUSING TRUST IV	NY				X					05/25/91	
AMERICAN HOUSING TRUST VI	NY				X					05/25/91	
BAGDAD CHASE INC	NV							X		05/24/91	
BAY AREA HOLDINGS INC	CA			X						01/25/91	AMEND
BAYBANKS INC	MA				X	X				05/24/91	
BIOENERGY INC	IL					X	X			04/30/91	AMEND
BW HOME EQUITY TRUST 1990 I	CA				X	X				05/15/91	
BW TRUST 1989 1	CA				X	X				05/15/91	
BW TRUST 1990-1	CA				X	X				05/15/91	
CARE GROUP INC	DE				X	X				05/21/91	
CARENENETWORK INC	WI				X	X				05/13/91	
CENTRUM INDUSTRIES INC	DE		X			X				05/03/91	
CHAPARRAL MINING CORP					X	X				05/22/91	
CHASE MANHATTAN CREDIT CARD TRUST 1990-A					X	X				05/15/91	
CHASE MANHATTAN CREDIT CARD TRUST 1991-A	DE				X	X				05/15/91	
CHIQUITA BRANDS INTERNATIONAL INC	NJ				X	X				05/22/91	
CITICORP MORT SEC INC REMIC PASS THRO CI				X						05/23/91	
COMERICA INC /NEW/	DE				X	X				05/28/91	
COMMONWEALTH MORTGAGE OF AMERICA L P	DE		X							05/15/91	
COMMUNITY BANCSHARES INC /TN	TN				X	X				05/15/91	
CONSOLIDATED FINANCIAL CORP /DE/	DE	X				X	X			05/24/91	
CONSOLIDATED PRODUCTS INC /IN/	IN				X	X				05/07/91	
COVINGTON DEVELOPMENT GROUP INC	DE					X				05/24/91	
DRIVEFONE INC	DE					X				05/28/91	
FARMLAND FOODS INC	KS		X				X			03/15/91	AMEND
FIRST COMMERCIAL CORP	AR					X				05/28/91	
FIRST PREFERENCE FUND INC	UT					X				11/10/89	
FIRST PREFERENCE FUND INC	UT					X				04/20/90	
FIRST PREFERENCE FUND INC	UT		X				X			10/01/90	
FIRST PREFERENCE FUND INC	UT		X				X			10/19/90	
FIRST PREFERENCE FUND INC	UT		X				X			11/15/90	