

SEC NEWS DIGEST

Issue 97-6

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RULES AND RELATED MATTERS

REVISED EFFECTIVE DATE AND REVISED COMPLIANCE DATES FOR COMMISSION RULES

The Commission revised the effective date for the Limit Order Display Rule (Rule 11Ac1-4 under the Exchange Act) and the ECN Amendment to the Quote Rule (Rule 11Ac1-1 under the Exchange Act), and revised the schedule for phasing-in compliance with the rules. The new effective date for the rules is January 20, 1997, and on that day, compliance with the rules will be required with respect to all exchange-traded securities and 50 Nasdaq securities. On February 7, 1997, an additional 100 Nasdaq securities will be phased-in, and on February 28, 1997, an additional 850 Nasdaq securities will be phased-in. (Rel. 34-38139)

ENFORCEMENT PROCEEDINGS

PUBLIC ADMINISTRATIVE PROCEEDINGS INSTITUTED AGAINST DAVID SCHWARTZ

The Commission on January 8 issued an Order Instituting Proceedings Pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 And Notice of Hearing (Order) against David P. Schwartz (Schwartz).

The Order alleges that, from September 1986 to August 1992, Schwartz was associated with Morgan Stanley & Co., Inc. as a registered representative. On November 8, 1994, the Commission filed a complaint against Schwartz, among others, SEC v. Edward A. Cantor, Michael Levine and David P. Schwartz, 94 Civ. 8079 (JGK) (S.D.N.Y.), alleging that Schwartz violated Section 14(e) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 14e-3 by illegally conveying material, nonpublic information he learned from defendant Levine to defendant Cantor, who thereafter purchased DeSoto, Inc. (DeSoto) securities prior to the announcement on November 9, 1989, of a tender offer for DeSoto by Sutton Holding Corp. On December 14, 1995, Schwartz was permanently enjoined on consent from future violations of Section 14(e) of the Exchange Act and Rule 14-3; ordered to pay \$3,041.02 in disgorgement plus prejudgment interest; and ordered to pay an ITSFEA penalty of \$14,822.00.

A hearing will be scheduled to determine whether the allegations against Schwartz are true and, if so, what, if any, remedial sanction is appropriate. (Rel. 34-38135)

PETER TOSTO BARRED FROM ASSOCIATION IN SECURITIES INDUSTRY

The Commission accepted an offer of settlement from Peter C. Tosto of New York, New York and Laguna Beach, California. Based on its findings that Tosto had been enjoined on July 1, 1996 from violating certain provisions of the federal securities laws, the Commission ordered Tosto to be immediately barred from association with any broker, dealer, municipal securities dealer, investment company or investment adviser.

On July 1, 1996 Tosto was enjoined by consent, without admitting or denying the underlying factual allegations, from violating the securities registration provisions of Section 5(a) and (c) of the Securities Act, the antifraud provisions of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act, and the broker-dealer registration provisions of Section 15(a)(1) of the Exchange Act (SEC v. Balance for Life, Inc., et al., 95-D-2471, D. Colo., Judgment entered July 1, 1996, LR-14984).

The amended complaint alleged that from July 1991 through December 1992 Tosto operated as an unregistered broker-dealer, offered and sold unregistered securities of Balance for Life, Inc., and made false statements that Balance for Life stock would soon be publicly trading on Nasdaq at substantial price increases when he had no reasonable basis for his statements. (Rel. 34-38136)

IN THE MATTER OF CAROLYN SAFER KENNER

The Commission entered an order on January 8 requiring Carolyn Safer Kenner to cease and desist from committing or causing violations of the antifraud, beneficial ownership disclosure, and proxy solicitation provisions of the federal securities laws, and from causing issuer disclosure violations by Ross Cosmetics Distribution Centers, Inc. (RCDC). Kenner was the vice president, secretary and a director of RCDC from its inception in June 1982 through May 1989. Specifically, the Order finds that to effectuate a scheme to prevent full disclosure of related party transactions and control of RCDC, Kenner signed two RCDC annual reports and one proxy statement that contained false disclosures and omitted material facts. Kenner also failed to file a Schedule 13G and amendments thereto, and failed to file timely a Form 3 and Forms 4, which reflected her ownership, purchases and sales of RCDC stock. Furthermore, Kenner signed a letter of representation to RCDC's auditors falsely claiming that the company had properly recorded or disclosed in its financial statements all related party transactions and that the company's accounting practices were in conformity with GAAP. Kenner consented to the Order without admitting or denying the Commission's findings. (Rel. Nos. 33-7378; 34-38141; AAE Rel. 869)

FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF ENTERED BY
CONSENT AGAINST ARIE FROM

The Commission announced that on December 27 Judge Tena Campbell of the United States District Court for the District of Utah issued a Final Judgment of Permanent Injunction and Other Relief by consent against defendant Arie From (From) enjoining him from future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. From also was ordered to pay a \$10,000 second tier civil penalty under the Remedies Act.

The Commission's complaint alleges that, from December 1991 through mid-March 1992, From and six other defendants violated the federal securities laws by selling unmarketable securities with a total purported value of \$165 million to two new registered investment companies known as Public Funding Portfolios, Inc. and American Vision Funds, Inc. (Fund) without disclosing that those securities were grossly overvalued; and attempting to use shares of the Funds as collateral for millions of dollars of margin loans from brokerage firms nationwide with knowledge that the publicly quoted net asset values for the shares had been grossly inflated. [SEC v. Michael Carnicle, Michael Hansen, William Straughan, Randy Glad, Lionel Reifler, Howard Ray and Arie From, Civil Action No. 1:95-CV-0110C, D. Utah] (LR-15209)

JUDGMENT ENTERED IN SEC v. CITI FINANCIAL SERVICES, ET AL.

On December 26, United States District Judge William J. Rea of Los Angeles granted the Commission's motion for summary judgment against Harold Goldstein and Robert Singleton and permanently enjoined them from future 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 thereunder. Judge Rea also held Goldstein liable for \$282,903.43 in disgorgement and prejudgment interest, and held Singleton liable for \$199,747.68 in disgorgement and prejudgment interest, plus \$150,000 in civil penalties.

The defendants engaged in the fraudulent offer and sale of brokered certificates of deposit. The defendants falsely claimed that they were affiliated with Citibank and Citicorp, and that they were purchasing FDIC insured certificates of deposit with investor monies. Defendants have no affiliation with Citicorp and did not purchase any certificates of deposit on behalf of investors. [SEC v. Citi Financial Services, Citi Corp Realty Partners IV, Harold Goldstein, Richard Thomas Mandell, a.k.a. Mark Morgenlender, Robert Singleton, Mark Barquera, a.k.a. Mark Cabrerro and Roberta Crampton, Civil No. 96-0349 WJR, BQRx, C.D. Cal.] (LR-15210)

INVESTMENT COMPANY ACT RELEASES

UNITED FINANCIAL GROUP, INC.

A notice has been issued giving interested persons until February 3 to request a hearing on an application filed by United Financial Group, Inc. for an order under Sections 6(c) and 6(e) of the Investment Company Act granting an exemption from all provisions of the Act until December 30, 1997. (Rel. IC-22443 - January 7)

MASTER INVESTMENT TRUST, SERIES II

A notice has been issued giving interested persons until February 3 to request a hearing on an application filed by Master Investment Trust, Series II for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-22444 - January 7)

THE HANOVER FUNDS, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that The Hanover Funds, Inc. has ceased to be an investment company. (Rel. IC-22445 - January 7)

PROVIDENTMUTUAL MONEYFUND, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that ProvidentMutual Moneyfund, Inc. has ceased to be an investment company. (Rel. IC-22446 - January 7)

PROVIDENTMUTUAL TAX-FREE BOND FUND

An order has been issued under Section 8(f) of the Investment Company Act declaring that ProvidentMutual Tax-Free Bond Fund has ceased to be an investment company. (Rel. IC-22447 - January 7)

PROVIDENTMUTUAL TOTAL RETURN TRUST

An order has been issued under Section 8(f) of the Investment Company Act declaring that ProvidentMutual Total Return Trust has ceased to be an investment company. (Rel. IC-22448 - January 7)

PROVIDENTMUTUAL U.S. GOVERNMENT FOR INCOME, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that ProvidentMutual U.S. Government for Income, Inc. has ceased to be an investment company. (Rel. IC-22449 - January 7)

PROVIDENTMUTUAL WORLD FUND, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that ProvidentMutual World Fund, Inc. has ceased to be an investment company. (Rel. IC-22450 - January 7)

PROVIDENTMUTUAL VALUE SHARES, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that ProvidentMutual Value Shares, Inc. has ceased to be an investment company. (Rel. IC-22451 - January 7)

PROVIDENTMUTUAL INVESTMENT SHARES, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that ProvidentMutual Investment Shares, Inc. has ceased to be an investment company. (Rel. IC-22452 -January 7)

PROVIDENTMUTUAL GROWTH FUND, INC.

An order has been issued under Section 8(f) of the Investment Company Act declaring that ProvidentMutual Growth Fund, Inc. has ceased to be an investment company. (Rel. IC-22453 - January 7)

SELF-REGULATORY ORGANIZATIONS

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

A proposed rule change filed by the American Stock Exchange to issue a one-time credit against its monthly Floor Facility Fee (SR-Amex-96-48) has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of January 13. (Rel. 34-38124)

A proposed rule change filed by the Chicago Stock Exchange to waive certain member charges in its Membership Dues and Fees Schedule (SR-CHX-96-32) has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of January 13. (Rel. 34-38125)

PROPOSED RULE CHANGE

The Pacific Stock Exchange (SR-PSE-96-48) filed a proposed rule change to codify certain existing procedures relating to a.m. settled index options. Publication of the proposal is expected in the Federal Register during the week of January 13. (Rel. 34-38127)

The Chicago Stock Exchange filed a proposed rule change (SR-CHX-96-33) to amend Article IX, Rule 10A to increase the circuit breaker parameters on a one-year pilot basis. Publication of the notice is

expected in the Federal Register during the week of January 13.
(Rel. 34-38130)

WITHDRAWAL GRANTED

An order has been issued granting the application of CAM Designs, Inc. to withdraw from listing and registration its Class A Common Stock, \$.001 Par Value, Units (consisting of two shares of Class A Common Stock and one Class A Warrant); Redeemable Class A Warrants expiring July 23, 2000 on the Pacific Stock Exchange. (Rel. 34-38109)

DELISTING GRANTED

An order has been issued granting the application of the American Stock Exchange to strike from listing and registration Bankers Trust New York Corporation, 6% Convertible Capital Securities, due 2033. (Rel. 34-38134)

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 ABIGAIL ADAMS NATIONAL BANCORP INC, 1627 K ST NW, WASHINGTON, DC 20006
(202) 466-4090 - 16,416 (\$186,732) COMMON STOCK. (FILE 333-19155 -
JAN. 02) (BR. 7)
- S-3 PMT SERVICES INC /TN/, TWO MARYLAND FARMS SUITE 200, BRENTWOOD, TN 37027
(615) 254-1539 - 424,999 (\$7,118,733.25) COMMON STOCK. (FILE 333-19157 -
JAN. 02) (BR. 6)
- S-8 MEMC ELECTRONIC MATERIALS INC, 501 PEARL DR, ST PETERS, MO 63376
(314) 279-5500 - 3,000,000 (\$69,187,500) COMMON STOCK. (FILE 333-19159 -
JAN. 02) (BR. 6)
- S-3 INTELLIGENT ELECTRONICS INC, 411 EAGLEVIEW BLVD, EXTON, PA 19341
(610) 458-5500 - 1,220,152 (\$8,693,583) COMMON STOCK. (FILE 333-19161 -
JAN. 02) (BR. 3)
- S-3 ALLIED GROUP INC, 701 FIFTH AVE, DES MOINES, IA 50309 (515) 280-4211 -
500,000 (\$15,515,625) COMMON STOCK. (FILE 333-19163 - JAN. 02) (BR. 1)
- S-8 NORAND CORP /DE/, 550 SECOND ST S E, CEDAR RAPIDS, IA 52401
(319) 369-3100 - 1,100,000 (\$19,250,000) COMMON STOCK. (FILE 333-19165 -
JAN. 02) (BR. 3)
- S-1 ORION NEWCO SERVICES INC, 2440 RESEARCH BLVD SUITE 400, ROCKVILLE, MD
20850 (301) 258-8101 - \$322,000,000 STRAIGHT BONDS. (FILE 333-19167 -
JAN. 02) (BR. 3 - NEW ISSUE)

- S-8 ALLEGRO NEW MEDIA INC, 16 PASSAIC AVENUE 6, FAIRFIELD, NJ 07004
(201) 808-1992 - 3,000,000 (\$11,625,000) COMMON STOCK. (FILE 333-19169 -
JAN. 02) (BR. 9)
- S-3 BERKSHIRE GAS CO /MA/, 115 CHESHIRE RD, PITTSFIELD, MA 01201
(413) 442-1511 - 200,000 (\$3,450,000) COMMON STOCK. (FILE 333-19171 -
JAN. 02) (BR. 4)
- S-3 TRANSCEND SERVICES INC, 3353 PEACHTREE RD NE STE 1000, ATLANTA, GA 30326
(404) 364-4600 - 1,557,346 (\$8,082,626) COMMON STOCK. (FILE 333-19177 -
JAN. 02) (BR. 1)
- S-8 CHICAGO PIZZA & BREWERY INC, 26131 MARGUERITE PWY STE A, MISSION VIEJO,
CA 92692 - 124,001 (\$627,755.06) COMMON STOCK. (FILE 333-19179 - JAN. 02)
(BR. 9)
- S-1 JYRA RESEARCH INC, 41 THURLOE SQ, LONDON, NY 21212 - 1,053,100
(\$7,503,338) COMMON STOCK. (FILE 333-19183 - JAN. 02)
- S-4 PHYSICIANS RESOURCE GROUP INC, THREE LINCOLN CENTER SUITE 1540,
5430 LBJ FREEWAY, DALLAS, TX 75240 (214) 982-8200 - 10,000,000
(\$176,250,000) COMMON STOCK. (FILE 333-19185 - JAN. 02) (BR. 1)