

SEC NEWS DIGEST

Issue 98-190

October 1, 1998

ENFORCEMENT PROCEEDINGS

SEC SANCTIONS RHUMBLINE ADVISERS AND ITS OWNER JOHN NELSON FOR FAILURE TO SUPERVISE

On September 29, 1998, the Commission instituted and simultaneously settled an administrative proceeding against RhumbLine Advisers and its chief executive officer, John D. Nelson, for failing to supervise Bing Sung, RhumbLine's former chief investment officer. The Commission found that Sung engaged in unauthorized trading and that he concealed and misrepresented losses in two of RhumbLine's pension fund clients' accounts, AT&T Corp. and the Massachusetts Pension Reserves Investment Trust. In 1996, the AT&T account sustained losses of \$150 million, and the PRIT account sustained losses of \$12 million, caused, in large part, by Sung's unauthorized trading. RhumbLine and Nelson failed to detect Sung's unauthorized trading and false performance reports, despite red flags which should have alerted them. Further, RhumbLine had no controls or procedures for reviewing Sung's trading or his performance reports. Sung had sole responsibility for placing trades, reviewing compliance with account guidelines and calculating and reviewing performance. RhumbLine agreed to a censure, undertakings and a \$50,000 penalty. Nelson agreed to be suspended from association with an investment adviser for three months, and suspended from association in a supervisory and proprietary capacity for nine months, and a \$10,000 penalty. (Rel. IA-1765; File No. 3-9744)

ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS AGAINST SCHUYLKILL CAPITAL MANAGEMENT LTD. AND HOWARD TRAUGER SETTLED

On September 30, 1998, the Commission instituted administrative and cease and desist proceedings pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act (Advisers Act) against Schuylkill Capital Management Limited (SCM), a registered investment adviser, and, its president, Howard A. Trauger (Trauger), have been settled. The Commission instituted administrative and cease and desist proceedings against SCM and Trauger on September 30, 1997.

The Commission's Order Making Findings and Imposing Remedial Sanctions and Cease and Desist Order (Order) finds that from December 1993 through August 1995, SCM and a registered broker dealer engaged in an undisclosed soft dollar arrangement where SCM received secretarial and telephone services in return for soft

dollar credits earned from client brokerage commissions directed to the broker dealer. Furthermore, between December 1993 and August 1995, SCM failed to disclose to its clients and in filings made with the Commission, the nature and terms of its participation in the soft dollar arrangement with the broker. The term "soft dollar" generally refers to an arrangement where an investment adviser uses commission dollars generated by securities trades executed in client accounts to pay for research, brokerage, or other products and services.

The Commission's Order finds that SCM willfully violated Sections 204, 206(2) and 207 of the Advisers Act and Rule 204-1(b) thereunder. Also, the Order finds that Trauger willfully aided and abetted and caused SCM's violations of Sections 204 and 206(2) of the Advisers Act and Rule 204-1(b) thereunder and, in addition, willfully violated Section 207 of the Advisers Act.

The respondents each consented to the entry of the Order without admitting or denying the Commission's findings. The Commission's Order requires Schuykill and Trauger to cease and desist from continuing to violate certain Sections of the Advisers Act; to perform undertakings to prevent a reoccurrence of an undisclosed soft dollar arrangement; and to disgorge to clients ill gotten gains obtained as a result of the undisclosed soft dollar arrangement. Finally, Schuykill and Trauger are each required to pay a civil penalty. (Rel. IA-1766; File No. 3-9457)

ABN AMRO-NSM INTERNATIONAL FUNDS MANAGEMENT, B.V. SANCTIONED

On September 30, 1998, the Commission entered an Order Instituting Administrative and Cease and Desist Proceedings against ABN AMRO-NSM International Funds Management, B.V. (AANIFM), a Netherlands company and a registered investment adviser with the Commission.

The Order contains findings that, between January 1993 and October 1995, AANIFM, while acting as a sub-adviser, executed 242 transactions on a riskless principal basis and 163 transactions on a principal basis through affiliated broker-dealers under common control with AANIFM. The Order made further findings that AANIFM failed to disclose to the clients the capacity in which it was acting and failed to obtain their consent prior to the transactions. The Order also made findings that, among other things, AANIFM failed to disclose these transactions in its Form ADV filed with the Commission. By engaging in this conduct, the Order found that AANIFM violated Sections 206(3) and 207 of the Investment Advisers Act.

The Order required that AANIFM cease and desist from committing or causing any violation, and any future violation, of Sections 206(3) and 207 of the Advisers Act, that AANIFM pay a civil penalty of \$25,000 and that AANIFM undertake certain previously instituted policies and procedures designed to prevent and detect future violations of Sections 206(3) and 207 of the Advisers Act and provide training to certain employees regarding those policies and

procedures. AANIFM consented to the issuance of the Order, without admitting or denying any of the Commission's findings. (Rel. IA-1767; File No. 3-9751)

ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AGAINST ALLEN WEINSTEIN

The Commission announced that on September 30, 1998, it instituted and simultaneously settled administrative proceedings against Allen Weinstein of Hollywood, Florida. Weinstein consented, without admitting or denying the Commission's findings, to an order barring him from association with any broker, dealer, investment adviser, investment company or municipal securities dealer. The proceeding was based on Weinstein's previous conviction for his participation in a securities manipulation scheme.

The Commission found that on December 19, 1996, the federal district court entered a judgment of conviction based upon Weinstein's prior guilty plea to one felony count for conspiracy to commit securities fraud for having concealed the ownership interest of one of his co-conspirators in Sheffield Securities, a now defunct broker-dealer. Sheffield Securities was an integral participant in the securities manipulation scheme. Weinstein participated in the manipulation scheme while associated with Sheffield Securities from April 1985 through March 1989. Weinstein was sentenced to three years probation and 150 hours of community service, and ordered to pay a \$2,000 fine and a \$50 special assessment. (Rel. 34-40501; File No. 3-9745)

ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AGAINST DOUGLAS SELANDER

The Commission announced that on September 30, 1998, it instituted and simultaneously settled administrative proceedings against Douglas C. Selander of Eden Prairie, Minnesota. Selander consented, without admitting or denying the Commission's findings, to an order barring him from association with any broker, dealer, investment adviser, investment company or municipal securities dealer, and from participating in an offering of penny stock. The proceeding was based on Selander's previous conviction for his participation in a securities manipulation scheme.

The Commission found that on December 19, 1996, the federal district court entered a judgment of conviction based upon Selander's prior guilty plea to one felony count for conspiracy to commit wire fraud, mail fraud, and securities fraud for his participation in a scheme to manipulate the prices of three penny stocks and three stocks traded in the over-the-counter market. Selander participated in the manipulation scheme while associated with L'Argent Securities, a now defunct registered broker-dealer, from July 1986 through October 1989. Selander was sentenced to four years probation and six months detention in a halfway house or similar facility, and ordered to pay a \$4,000 fine and a \$50 special assessment. (Rel. 34-40502; File No. 3-9746)

ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AGAINST JOHN MARSALA

The Commission announced that on September 30, 1998, it instituted and simultaneously settled administrative proceedings against John Marsala of New York, New York. Marsala consented, without admitting or denying the Commission's findings, to an order barring him from association with any broker, dealer, investment adviser, investment company or municipal securities dealer, with the right to reapply in five years, and from participating in an offering of penny stock for five years. The proceeding was based on Marsala's previous conviction for his participation in a securities manipulation scheme.

The Commission found that on December 20, 1996, the federal district court entered a judgment of conviction based upon Marsala's prior guilty plea to one felony count for conspiracy to commit securities fraud for his participation in a scheme to manipulate the prices of a penny stock and a stock traded in the over-the-counter market. Marsala participated in the manipulation scheme while associated with Douglas Stewart Securities, Inc., a registered broker-dealer, from November 1986 through August 1989. Marsala was sentenced to three years probation, five months of home confinement, and 150 hours of community service. (Rel. 34-40503; File No. 3-9747)

ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AGAINST IRWIN FRANKEL

The Commission announced that on September 30, 1998, it instituted and simultaneously settled administrative proceedings against Irwin Frankel of Westin, Florida. Frankel consented, without admitting or denying the Commission's findings, to an order barring him from association with any broker, dealer, investment adviser, investment company or municipal securities dealer, and from participating in an offering of penny stock. The proceeding was based on Frankel's previous conviction for his participation in a securities manipulation scheme.

The Commission found that on December 20, 1996, the federal district court entered a judgment of conviction based upon Frankel's prior guilty plea to one felony count for conspiracy to commit securities fraud for his participation in a scheme to manipulate the prices of three penny stocks. Frankel participated in the manipulation scheme while associated with Corporate Securities Group, Inc., a now defunct registered broker-dealer, from May through June 1988, and while associated with Allegiance Securities, also a now defunct registered broker-dealer, from July 1988 through September 1989. Frankel was sentenced to four years probation, six months of home confinement, and 300 hours of community service, and ordered to pay a \$3,000 fine and a special assessment of \$50. (Rel. 34-40504; File No. 3-9748)

ORDER OF SUSPENSION PURSUANT TO RULE 102(e) OF THE RULES OF PRACTICE OF THE SECURITIES AND EXCHANGE COMMISSION AGAINST JAMES NEAREN

On September 30, 1998, the Commission issued an Order of Suspension Pursuant to Rule 102(e)(2) of the Rules of Practice of the Securities and Exchange Commission (Order) against James W. Nearen, an attorney. The Order finds that Nearen pleaded guilty to and was convicted of one count each of securities fraud, conflict of interest by a former government employee and money laundering, each felonies, in United States v. James W. Nearen, 96 Cr. 874 (E.D.N.Y.). On January 22, 1998, he was sentenced to eighteen months incarceration and three years probation. The Order further finds that Nearen's license to practice law has been revoked by the State of Colorado. Based on the foregoing, the Commission ordered that Nearen be forthwith suspended from appearing or practicing before the Commission as an attorney. (Rel. 34-40505; File No. 3-9749)

SETTLEMENT ANNOUNCED WITH WILLIAM BRIGGS, CFO OF PHILADELPHIA STOCK EXCHANGE

On September 30, 1998, the Commission settled its pending case against William N. Briggs, CFO at the Philadelphia Stock Exchange (PHLX). Without admitting or denying the allegations, Briggs consented to the entry of an Order imposing a censure and undertakings. The undertakings preclude Briggs from acting as CFO for the PHLX or any successor for a period of two years. Additionally, for two years, Briggs must be supervised by an officer of the PHLX in all that he does.

From 1983 to May 1995, Briggs was employed by the Stock Clearing Corporation of Philadelphia (SCCP) and the Philadelphia Depository Trust Company (Philadep), both subsidiaries of the PHLX. The Commission's Order finds that Briggs was a cause of four violations of Section 19(g) of the Exchange Act by SCCP and Philadep, including SCCP's and Philadep's failure to safeguard their participants' fund deposits from unapproved uses; SCCP's application of an unapproved cap on its participants' fund formula; SCCP's use of inaccurate pricing to calculate mark-to-market payments; and Philadep's application of a volume discount fee without required Board approval and without filing said fee with the Commission. The Order also finds that Briggs violated SCCP's Rule 4 in connection with SCCP's failure to safeguard its participants' funds.

The Commission previously instituted and simultaneously settled separate administrative and cease and desist proceedings against SCCP and Philadep and cease and desist proceedings against Timothy J. Guiheen, former President and CEO of SCCP and Philadep. (Rel. 34-40506; File No. 3-9361)

WESTCAP REGISTERED REPRESENTATIVES AND SUPERVISORS SANCTIONED

On September 30, 1998, the Commission entered, by consent, an Order Instituting Public Administrative Proceedings, Making Findings and Imposing Remedial Sanctions (Order) against Craig Leibold (Leibold),

Jeffrey Oetting (Oetting), Tom Pollard (Pollard), and Mark Salter (Salter), all of Houston, Texas. The Order alleges that from 1993 through February 1994, Leibold and Oetting traded a customer account in an excessive manner, after receiving discretionary authority from the customer. According to the Order, at the time of their fraud, Leibold and Oetting were registered representatives at Westcap Securities, L.P. (Westcap), a registered broker-dealer. The Order also alleges that Pollard, Westcap's Head of Sales, and Salter, Westcap's Head Trader, failed reasonably to supervise Leibold and Oetting. According to the Order, although Westcap's compliance officer repeatedly notified Pollard and Salter of compliance concerns regarding the registered representatives, both Pollard and Salter failed adequately to respond to these red flags. The Order requires Leibold and Oetting to cease and desist from violating the antifraud provisions of the federal securities laws. It bars Leibold and Oetting from association with any registered entities, with a right to reapply after five years. It also suspends Pollard from association with any broker-dealer for six months, and bars him from association with any broker-dealer in a supervisory or proprietary capacity with a right to reapply after one year. The Order also suspends Salter from association with any broker-dealer for three months, and with any broker-dealer in a supervisory capacity for six months. Finally, it imposes civil penalties against all four respondents. (Rel. 33-7591; 34-40507; File No. 3-9750)

ADMINISTRATIVE PROCEEDING INSTITUTED AGAINST J. DAVID GLOVER, JR.

On September 30, the Commission entered an Order Instituting Public Administrative Proceeding Pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions (Order) against J. David Glover, Jr. (Glover). Glover consented to the entry of the Order without admitting or denying its findings. The Order finds that Glover, who was the branch manager of a registered broker-dealer, failed reasonably to supervise a registered representative within the meaning of Section 15(b)(4)(E) of the Securities Exchange Act of 1934. Specifically, the Order finds that beginning in at least the middle of 1993 and continuing until September 1994, the registered representative conducted a massive scheme to defraud her clients by, among other things, engaging in undisclosed excessive trading in client accounts and misrepresenting the value of client accounts by preparing and mailing fictitious account statements from outside the broker-dealer's premises to conceal her fraud. The Order suspends Glover from association for three months with any broker or dealer and an additional six months from association in a supervisory or proprietary capacity with any broker or dealer, and imposes a civil penalty of \$5,000. (Rel. 34-40508; File No. 3-9752)

MICHELLE SOTNIKOW CONSENTS TO BAR FROM PARTICIPATING IN ANY OFFERING OF PENNY STOCK

On September 30, the Commission instituted administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act

of 1934 (Exchange Act) against Michelle Sotnikow (Sotnikow). The Order Instituting Proceedings, Making Findings and Imposing Remedial Sanctions (Order) finds that Sotnikow was a New York stock promoter who ran the public relations firm Internetwork Communications. The Order further finds that on September 18, 1998, the Commission filed a civil injunctive action against Sotnikow alleging violations of the antifraud and registration provisions of the federal securities laws in connection with her participation in an offering of Systems of Excellence, Inc. stock, which was a penny stock, in 1995 and 1996. The Order additionally finds that on September 22, 1998, Sotnikow, without admitting or denying the allegations in the complaint, consented to the entry of a Permanent Injunction against her, prohibiting her from violating Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act, and Exchange Act Rule 10b-5, and granting other relief. Simultaneously with the institution of the administrative proceedings, the Commission accepted Sotnikow's offer of settlement in which she consented, without admitting or denying the Commission's findings, to the issuance of the Order which bars her from participating in any offering of penny stock. (Rel. 34-40509; File No. 3-9753)

FORMER H.J. MEYERS BROKER SETTLES FRAUD CHARGES; FORMER SUPERVISOR AND H.J. MEYERS CHARGED

The Commission announced that it filed a complaint against Rita K. Savla, a former registered representative of H.J. Meyers & Co., Inc. The complaint alleges that during June and July 1996, while working in H.J. Meyers' Boston branch office, Savla engaged in a free-riding scheme by purchasing 76,000 shares of stock in nominee accounts at a cost of more than \$1.25 million, without any intention or ability to pay for the purchases. Without admitting or denying the allegations in the Commission's complaint, Savla has agreed to a permanent injunction but disgorgement has been waived in view of her demonstrated financial inability to pay.

Simultaneously, the Commission instituted administrative and cease and desist proceedings against H.J. Meyers and Tobin J. Senefeld, the former branch manager of H.J. Meyers' Boston branch office and Savla's supervisor. The Commission charged Senefeld with participating with Savla in the free-riding scheme. Senefeld allegedly purchased 30,000 shares of stock in nominee accounts at a cost of \$364,825 without any intention or ability to pay for the purchases.

The Commission charged H.J. Meyers with failing reasonably to supervise Savla and Senefeld. H.J. Meyers received indications of possible free-riding in its Boston branch office but failed to investigate or take any action. The Commission also charged H.J. Meyers with failing to cancel or liquidate on a timely basis purchases of stock that were not paid for by the settlement date. (Rel. 34-40510, File No. 3-9754 - Administrative Proceedings in the Matter of H.J. Meyers & Co, Inc. and Tobin J. Senefeld) [SEC v. Rita K. Savla, Civil Action No. 98-CV-119 84, EFH, D.Mass.] (LR-15915)

COMPLAINT FILED AGAINST BING SUNG

The Commission today announced that it filed an injunctive action against Bing Sung, the former chief investment officer of RhumbLine Advisers, a Massachusetts investment adviser. The Commission's complaint alleges that, during 1995 and 1996, Sung engaged in unauthorized trading in the options accounts of two of RhumbLine's pension fund clients, AT&T Corp. and the Massachusetts Pension Reserves Investment Trust (PRIT). The complaint further alleges that the AT&T account sustained losses in 1996 of \$150 million, and the PRIT account sustained losses of \$12 million. Sung concealed and misrepresented these losses from AT&T.

The complaint alleges that Sung violated 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, and that he aided and abetted RhumbLine's violations of Sections 206(1) and 206(2) of the Investment Advisers Act. [SEC v. Bing Sung, USDC, D. MA, C.A. No. 98-cv-11985, WGY] (LR-15916)

FEDERAL CIVIL COMPLAINT FILED AGAINST LUIS BULAS, JR.

The Commission announced that on September 23, 1998, it filed a federal civil complaint against Luis Bulas, Jr. (Bulas) in the Southern District of Florida, seeking a permanent injunction, an accounting and disgorgement of ill-gotten gains, and civil penalties, based on allegations that from approximately March 1995 through October 1997 Bulas misappropriated more than \$700,000 from eleven investors. According to the SEC's complaint, Bulas, a former registered representative offered brokerage services to the public through his unregistered broker-dealers, JLH Financial Services, Inc. and J.L. Henry & Company, Inc. The complaint alleges that Bulas obtained funds from investors on the false pretense that he would invest their monies in stocks, mutual funds, secured promissory notes and other investments. The SEC contends that Bulas employed a variety of schemes and devices in order to misappropriate investors' funds, including the creation of false stock certificates and false purchase confirmation statements. Based upon the above conduct, the SEC alleges that Bulas violated Section 17(a) of the Securities Act of 1933, Sections 10(b) and 15(a)(1) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. [SEC v. Luis Bulas, Jr., Civil Action No. 98-2238, CIV-LENARD] (LR-15917)

BENJAMIN BUSH SENTENCED TO 51 MONTHS

On September 28, 1998, Benjamin Bush (Bush), a formerly registered investment adviser and former president of the defunct investment advisory firm, Ben Bush Investment Management, Inc. (BBIN), was sentenced to 51 months in federal prison for stealing \$1.3 million from his clients and ordered to pay restitution upon his release from prison. The criminal action, by the U.S. Attorney's Office for the Central District of California, followed an enforcement action by the Securities and Exchange Commission which, on January 24, 1997, obtained consent judgments against Bush and BBIN based on the

same conduct underlying the criminal action. The consent judgments permanently enjoined Bush and BBIM from future violations of the antifraud provisions of the securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Advisers Act, as well as the custody and possession, books and records and filing requirements of the Advisers Act. The judgments further required Bush and BBIM to pay disgorgement, prejudgment interest and civil penalties. The Commission also barred Bush from the securities industry and revoked BBIM's investment adviser registration.

The Commission's complaint alleged that from January 1995 through September 1996, Bush, through BBIM: misappropriated at least \$450,000 from clients; sent clients account statements falsely showing that he had purchased investments on their behalf when he had not; commingled client and personal funds in a single bank account which he used to pay personal expenses such as rent and alimony, and to purchase personal items such as hockey tickets and jewelry; used forged brokerage statements to solicit business; and induced several clients to purchase 94 year old Brazilian bonds of uncertain value, which Bush kept in a personal safety deposit box at a local bank.

On September 26, 1996, the Commission obtained a temporary restraining order which ordered Bush and BBIM to cease their fraudulent activities and froze Bush's assets. This relief was continued by a preliminary injunction entered on October 4, 1996. On April 7, 1998, Bush plead guilty to one count of money laundering. For further information, see Litigation Release Nos. 15101, 15132, 15241 and 15710. [U.S. v. Benjamin Bush, Criminal Action No. 98 CR 35, C.D. Cal.] (LR-15918)

COMMISSION FILES COMPLAINT AGAINST TOP CAL MICRO OFFICERS

The Commission filed a complaint in the Northern District of California on September 30, 1998, against Chan M. Desaigoudar, the former chairman and chief executive officer of California Micro Devices Corporation, and Steven J. Henke, the company's former treasurer and principal financial officer.

The Commission's complaint alleges that throughout Cal Micro's fiscal year ended June 30, 1994, Desaigoudar and Henke artificially inflated the company's publicly reported revenue by, among other things, recognizing revenue on unshipped or non-existent products. As a result, Cal Micro's financial statements, as incorporated in its quarterly reports on Form 10-Q for at least the third fiscal quarter of 1994 and its annual report on Form 10-K for the fiscal year ended June 30, 1994, were materially false and misleading. The complaint also alleges that Desaigoudar and Henke engaged in illegal insider trading in Cal Micro stock, thereby avoiding losses of approximately \$444,175 and \$469,020, respectively.

In its complaint, the Commission seeks permanent injunctions against future violations, disgorgement, civil penalties, and officer and director bars. [SEC v. Steven J. Henke and Chan M. Desaigoudar, USDC, NDCA, Civil Action No. 98-21004, JF] (LR-15919; AAE Rel. 1083)

TWO CHARGED WITH INSIDER TRADING IN PORTLAND GENERAL MERGER

The Commission has sued, and simultaneously reached settlements with, two Portland, Oregon residents, including a former member of the Board of Directors of Portland General Corporation, on charges of insider trading in connection with the July 1996 announcement of a definitive merger agreement between Portland General and Enron Corporation. The settlements, which include nearly \$340,000 in repayment of illegal profits, civil penalties and prejudgment interest, as well as permanent injunctions against future violations of the federal securities laws, follow the filing by the Commission on September 30, 1998, of a complaint in the United States District Court for the Southern District of New York.

Named as defendants in the complaint are Ellison C. Morgan and Peter J. Brix. Brix was a member of the Board of Directors of Portland General at the time of its merger with Enron.

According to the complaint, at a Portland General Board meeting on June 18, 1996, Brix learned that, after several months of negotiations, Portland General expected to reach a definitive merger agreement with Enron within six to eight weeks. The complaint alleges that following this meeting Brix disclosed non-public information about the merger negotiations to Morgan, a close personal friend, and that Morgan then purchased 20,000 shares of Portland General stock on June 21 in the name of a corporation he controlled. Morgan purchased the stock at an average price of \$29.684 per share, for a total cost of \$593,682.76.

The complaint further alleges that following the July 22, 1996 announcement of a definitive merger agreement between Portland General and Enron, Portland General stock opened at \$34.50, up \$6.375 (22.7%) over its prior closing price. The complaint alleges that Morgan sold his 20,000 shares the day after the announcement at an average price of \$35.25, for total receipts, net of commissions, of \$702,974.49. Morgan's profits on the trades were \$109,291.73.

In settlement of the Commission's lawsuit, Morgan and Brix consented to the issuance of permanent injunctions that will prohibit each man from committing fraud in connection with the purchase or sale of securities, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Morgan further agreed to disgorge his illegal profits of \$109,291.73, plus a civil penalty of an equal amount and prejudgment interest of \$11,224.56, for a total of \$229,808.02. Brix also agreed to pay a civil penalty of \$109,291.73, equal to Morgan's disgorgement. The two consented to issuance of the permanent injunctions and other relief without admitting or denying the allegations contained in the Commission's complaint. [SEC v. Ellison C. Morgan and Peter J. Brix, USDC, SDNY, Civil Action No. 98CIV 6905, DC] (LR-15920)

INVESTMENT COMPANY ACT RELEASES

INTEGRITY LIFE INSURANCE COMPANY, ET AL.

An order has been issued pursuant to Section 6(c) of the Investment Company Act to Integrity Life Insurance Company (Integrity), Separate Account Ten of Integrity Life Insurance Company (Separate Account Ten), National Integrity Life Insurance Company (National Integrity, together with Integrity, the Companies), and Select Ten Plus Division of Separate Account II of National Integrity Life Insurance Company (Select Ten Plus Division) (collectively, the Applicants) exempting the Applicants, and other separate accounts of the Companies or affiliated insurance companies that support materially similar investment divisions, from the provisions of Section 12(d)(3) of the Act, to the extent necessary to permit the divisions of Separate Account Ten and the Select Ten Plus Division to invest up to 10% of their total assets in securities of issuers that derive more than 15% of their gross revenues from securities related activities. (Rel. IC-23474 - September 29)

HOLDING COMPANY ACT RELEASES

EASTERN ENTERPRISES

An order has been issued authorizing a proposal by Eastern Enterprises (Eastern), a public utility holding company exempt from regulation under Section 3(a)(1) of the Public Utility Holding Company Act. Eastern has been authorized under Sections 9(a)(2) and 10 of the Act to acquire all of the issued and outstanding voting securities of Essex County Gas Company, a gas public utility company. In addition, Eastern has been granted an exemption under Section 3(a)(1) of the Act from all provisions of the Act, except Section 9(a)(2). (Rel. 35-26923)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGES

The Chicago Board Options Exchange filed a proposed rule change (SR-CBOE-98-38) to approve for listing and trading four Principal-Protected Notes; the value of each Note shall be separately linked to a specified domestic mutual fund portfolio Index. Publication of the notice is expected in the Federal Register during the week of September 28. (Rel. 34-40481)

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-98-69) clarifying the application of its mutual fund breakpoint sales rules to modern portfolio investment strategies.

Publication of the proposal is expected in the Federal Register during the week of October 5. (Rel. 34-40500)

APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change (SR-MSRB-97-9) and Amendment No. 1 submitted by the Municipal Securities Rulemaking Board which give brokers, dealers and municipal securities dealers (collectively referred to as "dealers") the option of disclosing their consulting arrangements to issuers, pursuant to Section (c) of the rule, on either an issue-specific or issuer-specific basis. Publication in the Federal Register is expected during the week of October 5. (Rel. 34-40499)

WITHDRAWALS GRANTED

An order has been issued granting the application of The Source Information Management Company to withdraw its Common Stock, \$0.01 Par Value, from listing and registration on the Boston Stock Exchange. (Rel. 34-40497)

An order has been issued granting the application of Bogen Communication International, Inc. to withdraw its Common Stock, \$.001 Par Value, and its Redeemable Warrants to purchase one share of Common Stock from listing and registration on the American Stock Exchange. (Rel. 34-40498)

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.

- F-1 MEDITERRANEAN FOOD CO LTD, ATALAR MAHALLEST YASAR ERKIN SOKAK NO 8, P.K.5, KORFEZ/YARIMCA, 41740 KICAEI TURKEY, W8 - 3,125,000 (\$19,050,000) FOREIGN COMMON STOCK. (FILE 333-9432 - SEP. 23) (BR. 4 - NEW ISSUE)
- S-8 BEI MEDICAL SYSTEMS CO INC /DE/, 100 HOLLISTER ROAD, STE 2500, TETERBOR, NJ 07608 ((20) 1) -727- - 1,050,000 (\$1,806,000) COMMON STOCK. (FILE 333-64155 - SEP. 24) (BR. 5)
- S-8 U S PHYSICAL THERAPY INC /NV, 3040 POST OAK BLVD STE 222, HOUSTON, TX 77056 (713) 297-7000 - 350,000 (\$3,478,125) COMMON STOCK. (FILE 333-64159 - SEP. 24) (BR. 1)
- S-8 ITT INDUSTRIES INC, FOUR W RED OAK LANE, WHITE PLAINS, NY 10604 (914) 641-2000 - 7,500,000 (\$247,275,000) COMMON STOCK. (FILE 333-64161 - SEP. 24) (BR. 5)

S-3 TETRA TECH INC, 670 N ROSEMEAD BOULEVARD, PASADENA, CA 91107
(626) 351-4664 - 274,886 (\$5,154,113) COMMON STOCK. (FILE 333-64165 -
SEP. 24) (BR. 6)

S-8 GTECH HOLDINGS CORP, 55 TECNOLOGY WAY, WEST GREENWICH, RI 02817
(401) 392-1000 - 750,000 (\$19,195,312) COMMON STOCK. (FILE 333-64167 -
SEP. 24) (BR. 3)

SB-2 PATHWAYS GROUP INC, 14201 N E 200TH STREET, WOODINVILLE, WA 98072
(425) 483-3411 - 854,508 (\$9,163,112) COMMON STOCK. (FILE 333-64169 -
SEP. 24) (BR. 9)

S-8 SURMODICS INC, 9924 W 74TH ST, EDEN PRAIRIE, MN 55344 (612) 829-2700 -
877,700 (\$5,934,147) COMMON STOCK. (FILE 333-64171 - SEP. 24) (BR. 9)

S-8 SURMODICS INC, 9924 W 74TH ST, EDEN PRAIRIE, MN 55344 (612) 829-2700 -
982,240 (\$4,718,750) COMMON STOCK. (FILE 333-64173 - SEP. 24) (BR. 9)

S-3 SAKS INC, 750 LAKESHORE PARKWAY, BIRMINGHAM, AL 35211 (205) 941-4000 -
2,500,000,000 STRAIGHT BONDS. (FILE 333-64175 - SEP. 24) (BR. 2)

SB-2 INTERVEST BANCSHARES CORP, 10 ROCKEFELLER PLAZA, STE 1015, NEW YORK, NY
10020 (212) 757-7300 - 172,000 (\$1,567,500) COMMON STOCK. (FILE 333-64177
- SEP. 24) (BR. 7)

S-8 EBAY INC, 2005 HAMILTON AVE, STE 350, SAN JOSE, CA 95125 - 8,132,662
(\$124,138,529) COMMON STOCK. (FILE 333-64179 - SEP. 24) (BR. 8)

S-8 HEALTH CARE & RETIREMENT CORP / DE, ONE SEAGATE, TOLEDO, OH 43604
(419) 252-5500 - 3,500,000 (\$84,875,000) COMMON STOCK. (FILE 333-64181 -
SEP. 24) (BR. 8)

S-3 PSS WORLD MEDICAL INC, 4345 SOUTHPOINT BLVD, STE 250, JACKSONVILLE, FL
32216 (904) 332-3000 - 787,500 (\$13,092,188) COMMON STOCK. (FILE
333-64183 - SEP. 24) (BR. 1)

S-8 PSS WORLD MEDICAL INC, 4345 SOUTHPOINT BLVD, STE 250, JACKSONVILLE, FL
32216 (904) 332-3000 - 200,000 (\$3,325,000) COMMON STOCK. (FILE 333-64185
- SEP. 24) (BR. 1)

S-8 PSS WORLD MEDICAL INC, 4345 SOUTHPOINT BLVD, STE 250, JACKSONVILLE, FL
32216 (904) 332-3000 - 1,205,554 (\$20,042,335) COMMON STOCK. (FILE
333-64187 - SEP. 24) (BR. 1)

S-8 PULSEPOINT COMMUNICATIONS, 6307 CARPINTERIA AVE, CARPINTERIA, CA 93013
(805) 566-2255 - 750,000 (\$2,835,000) COMMON STOCK. (FILE 333-64189 -
SEP. 24) (BR. 3)

S-8 SANTA BARBARA RESTAURANT GROUP INC, 1200 NORTH HARBOR BLVD, SUITE 200,
ANAHEIM, CA 92803 (714) 640-6004 - 2,135,990 (\$12,530,893) COMMON STOCK.
(FILE 333-64191 - SEP. 24) (BR. 5)

S-8 SCHOOL SPECIALTY INC, 1000 NORTH BLUEMOUND DRIVE, APPLETON, WI 54914
(920) 734-2756 - 3,415,000 (\$53,132,380) COMMON STOCK. (FILE 333-64193 -
SEP. 24) (BR. 4)

S-3 CHRYSLER CORP /DE, 1000 CHRYSLER DR, CIMS 485 11 51, AUBURN HILLS, MI
48326 (810) 576-5741 - 30,000,000 (\$1,497,300,000) COMMON STOCK. (FILE
333-64195 - SEP. 24) (BR. 5)

S-3 GB&T BANCSHARES INC, P O BOX 2760, 500 JESSE JEWELL PARKWAY S E,
GAINSVILLE, GA 30503 - 40,000 (\$860,000) COMMON STOCK. (FILE 333-64197 -
SEP. 24) (BR. 7)

S-11 WESTPAC SECURITISATION MANAGEMENT PTY LTD, 60 MARTIN PLAXE 25TH FLOOR,
NEW SOUTH WALES 2000 AUSTRALIA SYDNEY, (011) 612-9226 - 1,000,000
(\$1,000,000) FLOATING RATE NOTES. (FILE 333-64199 - SEP. 24) (BR. 8)

S-8 DRESSER INDUSTRIES INC /DE/, 2001 ROSS AVE, P O BOX 718, DALLAS, TX
75201 (214) 740-6000 - 1 (\$30.53) COMMON STOCK. (FILE 333-64201 - SEP. 24)
(BR. 5)

- S-3 EXCEL REALTY TRUST INC, 16955 VIA DEL CAMPO STE 100, SAN DIEGO, CA 92127
(619) 485-9400 - 349,751 (\$8,757,766) COMMON STOCK. (FILE 333-64203 -
SEP. 24) (BR. 8)
- S-4 CITY HOLDING CO, 25 GATEWATER ROAD, P O BOX 7520, CHARLESTON, WV 25313
(304) 769-1102 - 10,500,000 (\$411,494,623) COMMON STOCK. (FILE 333-64205 -
SEP. 24) (BR. 7)
- S-8 CIGNA CORP, ONE LIBERTY PLACE 1650 MARKET ST, PO BOX 7716, PHILADELPHIA,
PA 19192 (215) 761-6211 - 4,500,000 (\$288,000,000) COMMON STOCK. (FILE
333-64207 - SEP. 24) (BR. 1)
- S-4 KILLBUCK BANCSHARES INC, 165 N MAIN STREET, KILLBUCK, OH 44637
(330) 276-4881 - 43,602 (\$1,441,591) COMMON STOCK. (FILE 333-64209 -
SEP. 24) (BR. 7)
- S-1 BARNESANDNOBLE COM INC, 76 NINTH AVE, 11TH FL, NEW YORK, NY 10011
(212) 414-6000 - \$100,000,000 COMMON STOCK. (FILE 333-64211 - SEP. 24)
(NEW ISSUE)
- S-8 ACADIANA BANCSHARES INC /LA, 107 WAEST VERMILION ST, LAFAYETTE, LA 70501
(318) 232-4631 - 273,125 (\$4,316,513.06) COMMON STOCK. (FILE 333-64213 -
SEP. 24) (BR. 7)
- S-3 TEXAS NEW MEXICO POWER CO, 4100 INTERNATIONAL PLZ, PO BOX 2943,
FORT WORTH, TX 76113 (817) 731-0099 - \$200,000,000 MORTGAGE BONDS. (FILE
333-64215 - SEP. 24) (BR. 2)
- S-8 WHX CORP, 110 EAST 59TH ST, 30TH FL, NEW YORK, NY 10022 (212) 355-5200
- 1,900,000 (\$25,200,000) COMMON STOCK. (FILE 333-64217 - SEP. 24)
(BR. 6)
- S-4 RELIANCE BANCORP INC, 585 STEWART AVE, GARDEN CITY, NY 11530
(516) 222-9300 - 50,000,000 (\$50,000,000) STRAIGHT BONDS. (FILE 333-64219
- SEP. 25) (BR. 7)
- S-2 GOLD KIST INC, 244 PERIMETER CTR PKWY NE, ATLANTA, GA 30346
(404) 393-5000 - 22,000,000 (\$22,000,000) STRAIGHT BONDS. (FILE 333-64221
- SEP. 25) (BR. 4)
- S-1 COLUMBIA BANCORP \OR\, 316 EAST THIRD ST, THE DALLES, OR 97058
(503) 298-6649 - 1,150,000 (\$11,500,000) COMMON STOCK. (FILE 333-64225 -
SEP. 25) (BR. 7)
- S-4 UNITED RENTALS NORTH AMERICA INC, FOUR GREENWICH OFFICE PARK, GREENWICH,
CT 06830 (203) 622-3131 - 205,000,000 (\$205,000,000) STRAIGHT BONDS.
(FILE 333-64227 - SEP. 25) (BR. 6)
- S-8 FIDELITY NATIONAL FINANCIAL INC /DE/, 17911 VON KARMAN AVE, STE 300,
IRVINE, CA 92614 (949) 622-5000 - 2,978 (\$1,638,108) COMMON STOCK. (FILE
333-64229 - SEP. 25) (BR. 1)
- S-8 SYNTROLEUM CORP, 5000 WEST 95TH STREET SUITE 260, P O BOX 7568,
SHAWNEE MISSION, KS 66207 (913) 652-1000 - 3,005,388 (\$31,744,410)
COMMON STOCK. (FILE 333-64231 - SEP. 25) (BR. 4)