

sec news digest

U.S. SECURITIES AND
EXCHANGE COMMISSION

Issue 90-5

January 8, 1990

RULES AND RELATED MATTERS

AMENDMENTS ARE PROPOSED TO FORM N-1A, MUTUAL FUND REGISTRATION FORM

The Commission is publishing for public comment proposed amendments to Form N-1A, the registration form for mutual funds, and related rule changes. The proposed Form N-1A amendments include: (i) revisions of the per share table contained in the prospectus; (ii) two alternative disclosure requirements designed to provide investors with new easily understandable information about fund performance, including a management's discussion and analysis of investment results; and (iii) required disclosure concerning fund portfolio managers.

Comments should be submitted in triplicate to Jonathan Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street NW, Washington, DC 20549. Comments must be received by March 12, 1990, and refer to File No. S7-1-90. FOR FURTHER INFORMATION, CONTACT: Larisa Dobriansky at (202) 272-2097. (Rel. 33-6850 - Jan. 8)

ADMINISTRATIVE PROCEEDINGS

JOSEPH ANTHONY BELMONTE, JR. BARRED

The Commission concluded administrative proceedings against Joseph Anthony Belmonte, Jr. (Belmonte) of Coconut Creek, Florida. Belmonte was formerly registered with the Commission as an investment adviser and was associated with a registered broker-dealer. The Commission accepted an offer of settlement submitted by Belmonte.

The Order Making Findings and Imposing Remedial Sanctions contains findings that: (1) on July 26, 1988, a Final Judgment of Permanent Injunction was entered against Belmonte enjoining him from further violating the registration, antifraud and recordkeeping provisions of the federal securities laws; and (2) the Commission's Complaint alleged, among other things, that while Belmonte was registered as an investment adviser and a registered representative of a broker-dealer, he raised approximately \$8 million from investors through misrepresentations and omissions of material facts; he operated three unregistered investment companies; and he failed to make and keep true, accurate and current various required books and records.

In accordance with the Offer, the Commission ordered that Belmonte be barred from association with any broker, dealer, municipal securities dealer, investment company or investment adviser. (Rel. 34-27575)

CIVIL PROCEEDINGS

COMPLAINT NAMES AMERICAN ASSURANCE UNDERWRITERS GROUP, INC., OTHERS

The Atlanta Regional and Miami Branch Offices announced the filing of a complaint on December 8, 1989, in the U.S. District Court for the Southern District of Florida seeking to enjoin American Assurance Underwriters Groups, Inc. (AAUG), James A. Laiacona, Neil A. Fisher, Mitchell B. Lieberman, Daniel J. Weinberg, William A. Calvo, III, Linda James Marriott and Gena Marie Laiacona from further violations of the antifraud, registration, reporting, broker-dealer and transfer agent provisions of the federal securities laws, and to obtain an accounting and disgorgement of all ill-gotten gains.

The complaint alleges that AAUG's reports, which contain financial information, beginning with AAUG's 1985 Form 10-K through April 30, 1988 Form 10-Q, were false and misleading. The complaint also alleges that Fisher, Jerry Lee Kopelman, Jerome Modell, Lieberman and James A. Laiacona sold AAUG stock to the public in unregistered transactions. Weinberg prepared and audited AAUG's false and misleading financial statements. Calvo, as AAUG's attorney, aided in the preparation, review and filing of AAUG's false and misleading reports and post-effective amendments. (SEC v. American Assurance Underwriters Group, Inc., James A. Laiacona, Neil A. Fisher, Mitchell B. Lieberman, Jerry Lee Kopelman, Jerome Modell, Daniel J. Weinberg, William A. Calvo, III, Linda James Marriott and Gene Marie Laiacona, Civil action No. 89-7016 CIV-PAINE) (LR-12334)

PENNY STOCK PROMOTER ENTERS PLEA AGREEMENT

The Atlanta Regional Office and the Miami Branch Office announced that on December 1, 1989, the U.S. Attorney for the Middle District of Florida filed a two-count criminal information charging Carl W. Martin (Martin) of Mapleton, Utah, a self-employed penny stock promoter, with violations of Sections 5(a) and 17(a) of the Securities Act of 1933. The information alleges that Martin knowingly engaged in a scheme to defraud the investing public by promoting the common stock of Goldcor, Inc. (Goldcor) and that Martin failed to disclose his controlling interest in Goldcor, his sales of Goldcor stock through at least twenty brokerage accounts at eleven broker-dealers, his 1979 felony conviction for federal income tax violations and his 1975 bar by the Commission from association with any registered broker-dealer.

At the time the charging documents were filed, the U.S. Attorney's Office also filed a plea agreement wherein Martin agreed to plead guilty to these felony violations and agreed to cooperate with the U.S. Attorney's Office and the SEC in their continuing investigations. Martin faces a maximum of ten years in federal prison and \$20,000 in fines. (United States v. Carl W. Martin [Case No. 89-299-Cr-Orl-19] [M.D.Fla.]) (LR-12335)

JOHN J. LYNCH CONSENTS TO FINAL JUDGMENT

The New York Regional Office announced on January 4 that John J. Lynch consented to the entry of a Final Judgment in SEC v. Lynch, 89 Civ. 7932 (RJW). The agreement provides for the entry of a permanent injunction, an order of disgorgement in the amount of \$30,324.89, prejudgment interest, and a penalty of \$14,768.80. In addition, Lynch has agreed to cooperate with the Commission. The amounts to be paid are predicated on the truthfulness and completeness of Lynch's sworn financial

disclosures. Should they be inaccurate or incomplete in any material respect, the Commission reserves the right to obtain additional sanctions. The Commission filed its case on November 29, 1989, charging Lynch with misappropriating material, nonpublic information from his employer about companies that would be mentioned in upcoming editions of BusinessWeek magazine, trading securities of these companies for himself, and providing the misappropriated information to others who traded. Lynch previously consented to a temporary restraining order, a preliminary injunction and an asset freeze. (SEC v. John Joseph Lynch 89 Civ. 7932 [RJW] [U.S.D.C.-S.D.N.Y.]) (LR-12336)

COMPLAINT NAMES MICHAEL C. BEATTY

The Chicago Regional Office announced that on December 1, 1989 a complaint was filed in the U.S. District Court for the District of Minnesota seeking a permanent injunction and other equitable relief against Michael C. Beatty, for violations of the registration and antifraud provisions of the federal securities laws.

The complaint alleges that the defendant, between 1984 and 1985, raised over \$4 million in the offer and sale of interests in four limited partnerships and unregistered securities in the form of notes and evidences of indebtedness to over 100 investors in five states.

The complaint alleges that the defendant made material misrepresentations and omissions concerning the safety of the investment, the use of the proceeds, the disciplinary history of the defendant, and the risks associated with the investment. (SEC v. Michael C. Beatty, D. Minn., Case No. 4-89 Civil 1051, filed December 1, 1989) (LR-12337)

COMPLAINT NAMES THADDEUS PENCIKOWSKI, BRUCE J. WARREN

The Commission announced the filing of an action in the United States District Court for the District of Connecticut against Thaddeus Pencikowski and Bruce J. Warren alleging violations of Sections 10(b) and 14(e) of the Securities Exchange Act and Rules 10b-5 and 14e-3 in connection with trading in the securities of Stanadyne Inc. Pencikowski and Warren, without admitting or denying the Commission's allegations, consented to the entry of Final Judgments permanently enjoining them from further violations of the aforementioned provisions and requiring Pencikowski to disgorge \$10,847.06 and to pay a civil penalty of \$9,093.24.

The Commission alleges that on or about January 7, 1988, Warren accepted delivery of a confidential letter, delivered to the office of a Stanadyne director, from the Chairman of Emhart Corporation indicating Emhart's interest in acquiring Stanadyne. Warren had an understanding with the Stanadyne director that Warren would be responsible for certain matters in the director's absence. The Commission alleges that Warren conveyed to Pencikowski the information set forth in the letter, and that, on January 8, 1988, Pencikowski purchased 750 shares of Stanadyne common stock. On January 11, 1988, the date Emhart announced its tender offer for Stanadyne, Pencikowski sold the 750 shares of Stanadyne stock. (SEC v. Thaddeus Pencikowski and Bruce J. Warren, Civil Action No. H90-14EBB (EBB) (U.S.D.C., D. Conn.)) [LR- 12338]

HOLDING COMPANY ACT RELEASES

EASTERN UTILITIES ASSOCIATES

A supplemental order has been issued authorizing Eastern Utilities Associates (EUA) and its wholly owned electric public-utility subsidiary, Eastern Edison Company (Eastern Edison), for EUA to apply up to an aggregate \$15 million of proceeds from the issuance and sale of up to 1,500,000 shares of common stock, authorized by Commission order dated July 28, 1989 (Rel. 35-24930), to purchase the common stock of, and to make capital contributions and/or loans, to EUA Cogenex Corporation, a wholly owned nonutility subsidiary of EUA. (Rel. 35-25011)

SYSTEM ENERGY RESOURCES, INC.

An order has been issued authorizing System Energy Resources, Inc. (SERI), wholly owned subsidiary of Entergy Corporation, to acquire and retire from time to time through December 31, 1992, one or more series of SERI's outstanding first mortgage bonds by means of tender offers, open market, negotiated or other forms of purchases. (Rel. 35-25012)

NATIONAL FUEL GAS COMPANY

An order has been issued authorizing National Fuel Gas Company (National) and certain of its wholly owned subsidiaries to participate in, and incur short-term borrowings through the National system money pool (Pool), through December 31, 1991, in amounts not to exceed: \$230 million for National Fuel Gas Distribution Corp.; \$125 million for National Fuel Gas Supply Corp.; \$125 million for Seneca Resources Corp.; \$35 million for Empire Exploration, Inc.; \$35 million for Penn-York Energy Corp.; \$5 million for Utility Constructors, Inc.; \$5 million for Highland Land & Minerals, Inc.; and \$2 million for Enerop Corp. (collectively Subsidiaries). National has also been authorized, from time to time through December 31, 1991, to issue and sell up to \$120 million of commercial paper (Paper) under an exception from competitive bidding, and/or issue up to \$350 million of short-term unsecured notes (Notes) to certain banks under bank lines of credit, the aggregate principal amount of such borrowings not to exceed \$350 million outstanding at any one time. The proceeds of National's borrowings through Paper and/or Notes shall be made available to its Subsidiaries through the Pool and to National, in an amount up to \$10 million, for its own corporate purposes. (Rel. 35-25013)

EASTERN EDISON COMPANY

An order has been issued authorizing a proposal by Eastern Edison Company (Eastern), Montaup Electric Company (Montaup), Blackstone Valley Electric Company (Blackstone) and EUA Service Corporation (Service), subsidiaries (Subsidiaries) of Eastern Utilities Associates, whereby the Subsidiaries will issue short-term notes, through December 31, 1991, each in the aggregate principal amount outstanding at any one time not to exceed \$25 million for Eastern, \$40 million for Montaup, \$12 million for Blackstone and \$5 million for Service. (Rel. 35-25014)

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)'s OWNED	CUSIP/PRIOR%	FILING STATUS
CLEOPATRA KOHLIQUE INC LONDON FINL TR LTD	COM 13D	12/19/89	5,558 45.0	18567510 0.0	NEW
CLEOPATRA KOHLIQUE INC MCCREARY ANTHONY	COM 13D	12/19/89	1,050 8.5	18567510 0.0	NEW
CLEOPATRA KOHLIQUE INC SHAPIRA ARIE	COM 13D	12/19/89	1,050 8.5	18567510 0.0	NEW
COMPUTER AIDED TIME SHARE MILLER PAUL K	CONV PREF SER A 13D	10/12/89	525 17.5	20465820 0.0	NEW
DEVON GROUP INC NEW VALUE EQUITY ASSOC ET AL	COM 13D	12/29/89	1,180 11.3	25180110 10.5	UPDATE
DOUBLE HELIX FILMS INC SILVA JERRY ET AL	COM PAR \$0.01 13D	12/22/89	1,503 34.3	25857330 0.0	NEW
DUNKIN DONUTS INC A L ACQUISITION CORP	COM 13D	1/ 2/90	6,457 100.0	26550710 89.4	UPDATE
ELJER INDS INC GAMCO INVESTORS INC ET AL	COM 13D	1/ 2/90	895 12.7	28716110 6.7	UPDATE
FIRST WESTN FINL CORP SHAMPOCK ASSOC ET AL	COM 13D	12/29/89	492 7.9	33753110 9.3	UPDATE
FORTUNE FINL GROUP INC BULLARD FRED B. JR	COM 13D	6/15/89	411 9.1	34965110 9.8	REVISION

ACQUISITIONS CONT.

NAME AND CLASS OF STOCK/OWNER	FORM	EVENT DATE	SHRS (000)/ %OWNED	CUSIP/ PRICR%	FILING STATUS
G R I CORP FMR CORP	COM 13D	12/ 7/89	791 35.2	36223210 33.2	UPDATE
GALOOD LEMIS TOYS INC DEL FIDELITY INTL LTD	COM 13D	12/ 7/89	36 0.4	36409110 5.7	UPDATE
GALOOD LEMIS TOYS INC DEL FMR CORP	COM 13D	12/ 6/89	36 0.4	36409110 5.7	UPDATE
GARNET RESOURCES CORP FS GARNET ASSOC ET AL	COM 13D	12/19/89	784 9.3	36625510 0.0	NEW
GEO INTL CORP GAMCO INVESTORS INC ET AL	COM 13D	12/26/89	1,365 8.2	37291210 7.1	UPDATE
GOLD RESV CORP NORTHGATE EXPL	COM 13D	12/28/89	0 0.0	38068710 N/A	UPDATE
HERITAGE BANCORP INC DEL PACELLA JOSEPH A ET AL	COM 13D	12/21/89	331 4.6	42720710 5.2	UPDATE
HYDE ATHLETIC INDS INC FMR CORP	COM 13D	12/ 7/89	248 9.0	44863210 6.0	UPDATE
INTERNATIONAL BROADCAST SYS CL A SPECIAL SITUATIONS FUND LTD	CL A 13D	10/26/89	260 15.1	45916910 0.0	NEW
KEMPER CORP FIDELITY INTL LTD	COM 13D	12/ 7/89	3,161 6.5	48839610 6.5	UPDATE
KEMPER CORP FMR CORP	COM 13D	12/ 6/89	3,161 6.5	48839610 6.5	UPDATE
LEISURE CONCEPTS INC GRACE EDWARD P III ET AL	COM 13D	12/20/89	236 7.5	52539710 5.1	UPDATE
NETWORK SYS CORP FIDELITY INTL LTD	COM 13D	11/ 3/89	2,166 7.4	64121710 6.2	UPDATE
NETWORK SYS CORP FMR CORP	COM 13D	12/13/89	2,166 7.4	64121710 6.2	UPDATE
NOVAR ELECTPS CORP RTZ CORP PLC ET AL	COM 13D	12/22/89	1,099 40.1	66987610 0.0	NEW
ODYSSEY ENTMT LTD KING ALAN ET AL	COM PAR \$0.05 13D	12/22/89	1,686 30.0	67611530 0.0	NEW
OLYMPUS CAP CORP CENTURY PARTNERS	COM 13D	12/29/89	198 7.8	68199310 6.8	UPDATE

ACQUISITIONS CONT.

PORTS OF CALL INC FMR CORP	COM	13D	12/13/89	1,524 61.7	73702810 62.8	UPDATE
PRIMARK CORP FIDELITY INTL LTD ET AL	COM	13D	12/21/89	1,373 7.2	74190310 9.7	UPDATE
PRIMARK CORP KELSO MANAGEMENT CO ET AL	COM	13D	12/20/89	491 2.6	74190310 0.0	NEW
QED EXPL INC SIETE OIL GAS CORP	COM	14D-1	1/ 2/90	320 14.6	74790220 2.3	UPDATE
QED EXPL INC SIETE OIL GAS CORP	COM	14D-1	1/ 2/90	320 14.6	74790220 2.3	UPDATE
SHERWOOD GROUP INC S G I PARTNERS L P	COM	13D	12/27/89	4,404 33.5	82438010 32.4	UPDATE
SMITH INTL INC DRESSER INDS	COM	13D	12/28/89	0 0.0	83211010 46.5	UPDATE
SNELLING & SNELLING INC INTEGRITY FUND INC ET AL	COM	13D	12/20/89	162 13.5	83306010 12.5	UPDATE
STAFF BLIRS INC NEW STATE OF WISCONSIN INVEST	COM BD	13D	12/20/89	N/A N/A	85237710 6.3	UPDATE
TRANSCONTINENTAL RLTY INVS FRIEDMAN WILLIAM S ET AL	SH BEN INT	13D	12/11/89	1,253 10.2	89361710 8.7	UPDATE
WESTERN UNION CAMERON DORT A III ET AL	CL B CUM CONV PFD	13D	12/15/89	0 0.0	95980730 0.0	NEW
WESTMARK INTL INC FIDELITY INTL LTD	COM	13D	12/14/89	332 3.4	96057810 5.1	UPDATE
WESTMARK INTL INC FMR CORP	COM	13D	12/12/89	332 3.4	96057810 5.1	UPDATE
WOLVERINE WORLD WIDE INC FMR CORP	COM	13D	12/ 7/89	584 8.7	97809710 12.1	UPDATE
ZENITH LABS INC HEINE SECURITIES CORP ET AL	COM	13D	12/20/89	2,070 41.2	98936520 41.2	UPDATE
ZENITH LABS INC WYVERN PARTNERS INC	COM	13D	12/20/89	285 5.7	98936520 0.0	NEW

ACQUISITIONS CONT.

NAME AND CLASS OF STOCK/OWNER	FORM	EVENT DATE	SHRS (000)/ % OWNED	CUSIP/ PRIOR%	FILING STATUS
ATI MED INC ROXBURY PARTNERS ET AL	COM 13D	1/ 2/90	342 6.4	00207510 0.0	NEW
ANANGEL-AMERN SHIPHOLDINGS L SPONSORED ADR ANGELICOUSSIS SHIPHLDGS ET AL	13D	12/21/89	724 9.1	03272120 0.0	NEW
ATWOOD OCEANICS INC KORSANT PHILIP B ET AL	COM 13D	12/22/89	221 5.8	05009510 8.1	UPDATE
BIO VASCULAR INC MERDOX MEDICALS INC	COM 13D	12/28/89	333 9.2	09092310 9.2	UPDATE
BRAE CORP BEAR STEARNS & CO	COM 13D	12/18/89	2,068 24.8	10480210 0.0	NEW
BRAIDAS CORP BARCLAY & CO INC ET AL	COM 13D	12/ 7/89	1,316 44.2	10502810 31.0	UPDATE
BRAIDAS CORP XMZ INC	COM 13D	12/ 7/89	0 0.0	10502810 N/A	UPDATE
BUCKEYE FINL CORP STATE SVGS BK	COM 13D	12/28/89	0 0.0	11816610 42.6	UPDATE
BUILDERS TRANSPORT INC WALENTAS DAVID C ET AL	COM 13D	12/29/89	328 6.7	12008410 5.9	UPDATE
CANAL CAPITAL CORP EDELMAN ASHER B. ET AL	COM 13D	12/28/89	2,280 52.7	13700310 51.7	UPDATE
CIRCADIAN INC SARLO GEORGE S ET AL	COM 13D	12/22/89	559 12.2	17253110 0.0	NEW
COUNSELLORS TANDEM SECS FD ORION CAP CORP ET AL	PFD STK 13D	12/21/89	167 19.0	22226920 8.5	UPDATE
ELSINDRE CORP GOLDSMITH FINL	COM 13D	12/28/89	7,457 12.4	29030810 9.9	UPDATE
FANSTEEL INC DEL PATRICIA INVMTS INC ET AL	COM 13D	12/27/89	657 7.6	30726010 0.0	NEW
FARAH INC KORSANT PHILIP B ET AL	COM 13D	12/22/89	333 5.4	30738710 7.3	UPDATE
FORTUNE FINL GROUP INC BULLARD FRED B. JR. ET AL	COM 13D	12/22/89	443 9.8	34965110 10.4	UPDATE
FORTUNE FINL GROUP INC BULLARD FRED B. JR. ET AL	COM 13D	12/22/89	443 9.8	34965110 10.4	UPDATE