

sec news digest

Issue 94-186

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ENFORCEMENT PROCEEDINGS

COMPLAINT FILED AGAINST MORRIS ENGLISH, JR.

The Commission announced the filing of a complaint on September 26 in the U.S. District Court for the Central District of California against Morris D. English, Jr. (English), the former president and sole shareholder of the Wellington Group, Inc. (Wellington), alleging fraud in connection with the sale of unregistered trust deed investments. The Commission's complaint seeks a permanent injunction against future violations of the registration and antifraud provisions, disgorgement and prejudgment interest.

The Commission's complaint alleges that from 1986 through 1990, Wellington offered and sold its trust deed investments to approximately 1500 investors in several states. Investors were told that they would acquire a fractionalized interest in a promissory note, secured by a trust deed assigned to investors in proportion to their investment, either individually or through a limited partnership.

The Commission's complaint further alleges that English caused Wellington to engage in a number of fraudulent practices such as failing to record trust deed assignments and misusing investor funds. From January 1989 through August 1990, Wellington raised approximately \$35 million from investors. During this time, English misused a portion of the \$35 million raised for business and personal uses. From at least September 1989 through March 1990, Wellington also operated a Ponzi scheme. [SEC v. Morris D. English, Jr., Civil Action No. 94-6472 AWT, AJWx, C.D. Cal.] (LR-14258)

COMPLAINT FILED AGAINST WEYMAN SINYARD, THOMAS POULAKIDAS, RANDY DEPOISTER AND FINANCIAL RESOURCES ADVISORY, INC.

On September 26, the Commission filed a complaint in the U.S. District Court for the Northern District of Illinois against Weyman B. Sinyard

(Sinyard), president of Jarco, Inc. (Jarco), Thomas P. Poulakidas (Poulakidas), former general counsel of Jarco, Randy Depoister (Depoister) and Depoister's registered investment adviser, Financial Resources Advisory (FRA). The complaint requests the entry of an Order of Permanent Injunction against the defendants based on their violations and/or aiding and abetting violations of the securities registration and antifraud provisions of the federal securities laws. The complaint alleges that between December 1987 to March 1991, Sinyard, Poulakidas, Depoister and FRA fraudulently offered and sold investments in the form of Jarco promissory notes to the public collectively raising over \$1 million from at least twenty-three investors residing in Illinois and Indiana. Specifically, the complaint alleges that the defendants misrepresented and omitted to state material facts regarding, among other things, the risks, returns and duration of the investment, the true nature of the investment and the use of investor funds. In addition to injunctive relief, the complaint requests ancillary relief in the form of, among other things, an accounting, disgorgement and civil penalties. [SEC v. WEYMAN B. SINYARD, et al., N.D. Ill., Civil Action File No. 94C-5856] (LR-14259)

TEMPORARY RESTRAINING ORDER ISSUED AGAINST JOHN HICKEY, MAMIE TANG AND CONTINENTAL CAPITAL FINANCIAL GROUP, INC.

The Commission today announced that on September 19 the Honorable Fern M. Smith, of the United States District Court for the Northern District of California, granted a Temporary Restraining Order (Order) against John A. Hickey (Hickey), Mamie Tang (Tang), Continental Capital Financial Group, Inc. (CCFG) and others.

The Commission's complaint alleges that from July 1992 through July 1994, Hickey, Tang and CCFG offered and sold unregistered securities in the form of limited partnership interests to the general public, obtaining approximately \$15,000,000 from 400 investors via the securities offering, and that Defendants Hickey, Tang and CCFG and their agents have made numerous misrepresentations and omissions concerning the securities that they have offered and sold. In particular, the defendants are alleged to have misrepresented the value of real estate purportedly securing the investment, and overstated their personal net worth in connection with personal guarantees they provided. In addition, the complaint alleges that the defendants failed to use investors funds for the purposes for which they were purportedly raised and diverted funds to their own use.

The Order temporarily restrains and enjoins the defendants from violating, directly or indirectly, Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of

1934, and Rule 10b-5 thereunder. The Order further freezes the assets of Hickey, Tang, CCFG and certain affiliated entities, temporarily enjoins the Defendants from transferring assets or destroying records, appoints a temporary receiver for CCFG, and grants the Commission's request for expedited discovery. The Order also orders the defendants to show cause why a preliminary injunction should not be granted. [SEC v. John A. Hickey, Mamie Tang, Continental Capital Financial Group, Inc., Civil Action No. C94-3336-FMS, ND Cal.] (LR-14260)

CIVIL ACTION AGAINST RALPH COTTON, FRANCES PARELLA, JOHN LONG AND JAMES BAUDO

The Commission announced that on September 27 it filed a complaint in the United States District Court for the District of Colorado against Dr. Ralph L. Cotton (Cotton), a former director of Electromedics, Inc. (Electromedics), Frances W. Parella (Parella), Cotton's sister, and John F. Long (Long) and James J. Baudo (Baudo), Cotton's stock brokers at a Denver area broker-dealer firm. The complaint charges that Cotton both purchased Electromedics stock while in possession of material, nonpublic information regarding a possible business combination involving Electromedics, and disclosed such information to Parella, Long, Baudo and seven relatives or friends. The complaint further alleges that Cotton and twelve of his relatives, friends and stock brokers, including Parella, Long, and Baudo, purchased, or caused to be purchased, a total of 61,950 shares of Electromedics stock on November 1, 1993.

The complaint also charges that Parella, Long and Baudo purchased Electromedics stock while in possession of material, nonpublic information obtained from Cotton, and/or caused others to purchase Electromedics stock. The Commission asks in its complaint that Cotton, Parella, Long and Baudo be enjoined permanently from violating Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder, and that they pay disgorgement of at least \$66,951.60, \$27,450, \$6,833.75, and \$16,812.50, respectively, with prejudgment interest, and that they pay appropriate statutory penalties. [SEC v. Ralph L. Cotton, et al., USDC, Colorado, Civil Action No. 94-B-2222] (LR-14261)

CIVIL INJUNCTIVE ACTION INSTITUTED AGAINST A FORMER PAINWEBBER REGISTERED REPRESENTATIVE

The Commission announced that a complaint was filed on September 28 in the United States District Court for the District of Maryland against David Jeffrey Rice (Rice), a former registered representative of the Baltimore, Maryland branch office of PaineWebber, Inc. (PaineWebber). Rice consented to the entry of a permanent injunction enjoining him from future violations of the antifraud provisions of the Securities Act of 1933 and the antifraud and broker-dealer registration provisions of the Securities Exchange Act of 1934. Rice also consented to the entry of an order that notes the appropriateness of a civil penalty, but does not impose a penalty based on his demonstrated inability to pay. Simultaneously with the filing of the complaint, the Honorable Herbert N. Maletz entered the Final Judgment and Order.

The complaint alleges that, from August 1990 through August 1993, Rice conducted a fraudulent scheme wherein he misappropriated at least \$3.7 million from 37 different PaineWebber customers' accounts. He used at least \$1.5 million of the customers' funds to finance his personal investments and living expenses. To conceal his fraud, Rice continuously lied to his customers about certain transactions. Additionally, he acted as an unregistered broker-dealer by selling them certain investments outside of the control and supervision of PaineWebber. [SEC v. David Jeffrey Rice, Civil Action No. MJG-94-2678, D. Md.] (LR-14265)

INVESTMENT COMPANY ACT RELEASES

KIDDER, PEABODY PREMIUM ACCOUNT FUND AND KIDDER, PEABODY GOVERNMENT MONEY MARKET FUND

An order has been issued on an application filed by Kidder, Peabody Premium Account Fund and Kidder, Peabody Government Money Fund, Inc. under Section 6(c) of the Investment Company Act for an exemption from Rule 24f-2 under the Act. The order permits applicants to pay a share registration fee due under Rule 24f-2 based on net sales rather than on gross sales for its 1993 fiscal year. (Rel. IC-20586 -September 28)

AUSA LIFE INSURANCE COMPANY, INC., ET AL.

An order has been issued on an application filed by AUSA Life Insurance Company, Inc. (AUSA) and Diversified Investors Variable Funds of AUSA Life Insurance Company, Inc. (Diversified Account) permitting the transfer of assets from the Keynote Series Account of The Mutual Life Insurance Company of New York (MONY Keynote) to the Diversified Account, and approving the offer of exchange of interests in MONY Keynote for interests in the Diversified Account through assumption reinsurance by AUSA of group variable annuities issued by The Mutual Life Insurance Company of New York, the purchase payments for which are allocated to MONY Keynote. (Rel. IC-20587 - September 28)

NUVEEN SELECT MATURITIES MUNICIPAL FUND 2

A notice has been issued giving interested persons until October 24 to request a hearing on an application filed by Nuveen Select Maturities Municipal Fund 2 for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-20588 - September 28)

AMCAP FUND, INC., ET AL.

A notice has been issued giving interested persons until October 24 to request a hearing on an application filed by AMCAP Fund, Inc., et al. for a conditional order under Section 6(c) of the Investment Company Act to exempt applicants from Sections 13(a)(2), 13(a)(3), 18(f)(1), 22(f), and 22(g) of the Act, and Rule 2a-7 thereunder; under Sections 6(c) and 17(b) of the Act to exempt applicants from Section 17(a)(1); and under Section 17(d) of the Act and Rule 17d-1 thereunder to permit applicants to effect certain joint transactions. The order would permit applicants to offer a deferred compensation plan to certain directors and members of their advisory boards, under which the directors and advisory board members may elect to have their deferred compensation adjusted at a rate equal to the rate of return of shares of one or more investment companies of The American Funds Group. (Rel. IC-20589 - September 28)

EQUITABLE LIFE INSURANCE COMPANY OF IOWA, ET AL.

An order has been issued under Section 6(c) of the Investment Company Act exempting Equitable Life Insurance Company of Iowa, Equitable Separate Account A (Separate Account), and Equitable of Iowa Securities Network, Inc. from the provisions of Sections 22(d), 26(a)(2)(C) and 27(c)(2) of the Act. Exemptive relief has been granted to permit the deduction of mortality and expense risks charges from the assets of the Separate Account in connection with the offer and sale of certain deferred variable annuity contracts (Contracts), and from the assets of any other separate account established in the future by Equitable to fund other variable annuity contracts that will be substantially similar to the Contracts. Exemptive relief also was granted to permit the waiver, under certain circumstances, of the contingent deferred sales charge that otherwise would be imposed under the Contracts. (Rel. IC-20590 - September 28)

AMERICAN ENTERPRISE LIFE INSURANCE COMPANY, ET AL.

An order has been issued pursuant to Section 6(c) of the Investment Company Act exempting American Enterprise Life Insurance Company (American Enterprise Life), American Enterprise Variable Annuity Account (Variable Account), and IDS Financial Services Inc. from the provisions of Sections 22(d), 26(a)(2)(C) and 27(c)(2) of the Act. The order provides exemptions to the extent necessary to permit the deduction of a mortality and expense risk charge from the assets of existing and future subaccounts of the Variable Account or any other subaccounts established in the future by American Enterprise Life to support individual deferred fixed/variable annuity contracts (Contracts); and the application of the "Waiver of Withdrawal Charges" benefit under certain of those Contracts. (Rel. IC-20591 - September 28)

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 ROSEVILLE TELEPHONE CO, P O BOX 969, ROSEVILLE, CA 95678 (916) 786-1407
- 400,000 (\$9,600,000) COMMON STOCK. (FILE 33-55575 - SEP. 22) (BR. 7)
- S-8 INFINITY BROADCASTING CORP, 600 MADISON AVE, NEW YORK, NY 10022
(212) 750-6400 - 200,000 (\$5,937,500) COMMON STOCK. (FILE 33-55577 - SEP. 22) (BR. 8)
- S-4 FLEET FINANCIAL GROUP INC /RI/, 50 KENNEDY PLZ, PROVIDENCE, RI 02903
(401) 278-6000 - 9,000,000 (\$232,522,628) COMMON STOCK. (FILE 33-55579 - SEP. 22) (BR. 2)
- S-8 SAFECARD SERVICES INC, 3001 E PERSHING BLVD, CHEYENNE, WY 82001
(307) 771-2700 - 2,400,000 (\$37,390,950) COMMON STOCK. (FILE 33-55581 - SEP. 22) (BR. 6)
- S-3 CRIIMI MAE INC, 11200 ROCKVILLE PIKE, ROCKVILLE, MD 20852 (301) 468-9200
- 1,000,000 (\$10,250,000) COMMON STOCK. (FILE 33-55583 - SEP. 22) (BR. 11)
- S-8 SAFECARD SERVICES INC, 3001 E PERSHING BLVD, CHEYENNE, WY 82001
(307) 771-2700 - 200,000 (\$3,280,325) COMMON STOCK. (FILE 33-55585 - SEP. 22) (BR. 6)
- S-8 TRANSAMERICA CORP, 600 MONTGOMERY ST, SAN FRANCISCO, CA 94111
(415) 983-4000 - 1,400,000 (\$72,450,000) COMMON STOCK. (FILE 33-55587 - SEP. 23) (BR. 12)
- S-8 KINGS ROAD ENTERTAINMENT INC, 1901 AVE OF THE STARS STE 605,
LOS ANGELES, CA 90067 (213) 552-0057 - 850,000 (\$664,062.50) COMMON STOCK.
(FILE 33-83864 - SEP. 12) (BR. 11)
- S-6 VOYAGEUR TAX EXEMPT TRUST SERIES 1, 90 SOUTH SEVENTH ST STE 4400,
C/O VOYAGEUR FUND MANAGERS INC, MINNEAPOLIS, MN 55402 - INDEFINITE SHARES.
(FILE 33-84086 - SEP. 20) (BR. 17 - NEW ISSUE)
- F-6 EMPEROR INTERNATIONAL HOLDINGS LTD /ADR/, 48 WALL ST,
C/O BANK OF NEW YORK, NEW YORK, NY 10286 (212) 495-1727 - 10,000,000
(\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. UNDERWRITER:
BT SECURITIES CORP, GOLDMAN SACHS & CO, KIDDER PEABODY & CO,
MORGAN STANLEY & CO INC. (FILE 33-84090 - SEP. 20) (BR. 99 - NEW ISSUE)
- N-1A ROULSTON FAMILY OF FUNDS, 4000 CHESTER AVE, CLEVELAND, OH 44103
(216) 431-3000 - INDEFINITE SHARES. (FILE 33-84186 - SEP. 20) (BR. 17
- NEW ISSUE)

REGISTRATIONS CONT.

- S-1 CLARK USA INC, 8182 MARYLAND AVE, ST LOUIS, MO 63105 (314) 854-9696 - 100,000,000 (\$100,000,000) STRAIGHT BONDS. (FILE 33-84190 - SEP. 20) (BR. 3 - NEW ISSUE)
- S-1 CLARK USA INC, 8182 MARYLAND AVE, ST LOUIS, MO 63105 (314) 854-9696 - 8,625,000 (\$172,500,000) COMMON STOCK. UNDERWRITER: BT SECURITIES CORP, GOLDMAN SACHS & CO, KIDDER PEABODY & CO INC, MERRILL LYNCH & CO, MORGAN STANLEY & CO. (FILE 33-84192 - SEP. 20) (BR. 3)
- S-1 TCF BANCORP INC, 310 STATE ST, BRISTOL, TN 37620 - 1,190,250 (\$11,902,500) COMMON STOCK. (FILE 33-84196 - SEP. 21) (BR. 2 - NEW ISSUE)
- S-8 CHINA TIRE HOLDINGS LTD, BANK OF CHINA TWR 52ND FLR, 1 GARDEN RD, CENTRAL HONG KONG, F5 - 900,000 (\$15,187,500) COMMON STOCK. (FILE 33-84198 - SEP. 21) (BR. 5)
- S-3 CAIRN ENERGY USA INC, 8235 DOUGLAS AVE STE 1221, DALLAS, TX 75225 (214) 369-0316 - 1,926,000 (\$14,445,000) COMMON STOCK. UNDERWRITER: PETRIE PARKMAN & CO. (FILE 33-84206 - SEP. 21) (BR. 3)
- S-8 AMERICAN EAGLE GROUP INC, 12801 N CENTRAL EXPWY, STE 800, DALLAS, TX 75243 (214) 448-1400 - 1,256,550 (\$14,322,407.30) COMMON STOCK. (FILE 33-84212 - SEP. 21) (BR. 10)
- S-8 INTERLEAF INC /MA/, PROSPECT PLACE, 9 HILLSIDE AVE, WALTHAM, MA 02154 (617) 290-0710 - 750,000 (\$3,285,000) COMMON STOCK. (FILE 33-84214 - SEP. 21) (BR. 9)
- F-6 ATLAS PACIFIC LTD /ADR/, 48 WALL ST, C/O BANK OF NEW YORK, NEW YORK, NY 10286 (212) 495-1727 - 10,000,000 (\$1,000,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 33-84216 - SEP. 21) (BR. 99 - NEW ISSUE)
- F-6 BAHIA SUL CELULOSE SA /ADR/, 111 WALL ST, C/O CITIBANK N A, NEW YORK, NY 10043 (212) 657-7531 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 33-84218 - SEP. 21) (BR. 99 - NEW ISSUE)
- S-8 EXPLOSIVE FABRICATORS INC, 1301 COURTESY RD, LOUISVILLE, CO 80027 (303) 666-6551 - 300,000 (\$957,000) COMMON STOCK. (FILE 33-84220 - SEP. 21) (BR. 6)
- S-3 JUDICATE INC, 1500 WALNUT ST STE 1300, PHILADELPHIA, PA 19102 (516) 546-6200 - 3,649,359 (\$3,768,068.93) COMMON STOCK. (FILE 33-84222 - SEP. 21) (BR. 6)
- S-3 DAW TECHNOLOGIES INC /UT, 2700 S 900 W, SALT LAKE CITY, UT 84119 (801) 977-3100 - 400,000 (\$2,012,500) COMMON STOCK. (FILE 33-84224 - SEP. 21) (BR. 10)
- S-8 QUIDEL CORP /DE/, 10165 MCKELLAR CT, SAN DIEGO, CA 92121 (619) 552-1100 - 500,000 (\$1,656,250) COMMON STOCK. (FILE 33-84254 - SEP. 21) (BR. 4)
- S-8 CHESAPEAKE ENERGY CORP, 6104 NORTH WESTERN, OKLAHOMA CITY, OK 73118 (405) 848-8000 - 418,000 (\$3,204,538) COMMON STOCK. (FILE 33-84256 - SEP. 21) (BR. 3)

REGISTRATIONS CONT.

- S-8 CHESAPEAKE ENERGY CORP, 6104 NORTH WESTERN, OKLAHOMA CITY, OK 73118
(405) 848-8000 - 290,000 (\$3,326,375) COMMON STOCK. (FILE 33-84258 -
SEP. 21) (BR. 3)
- S-1 MVE HOLDINGS INC, TWO APPLETREE SQ STE 100, 8011 34TH AVE SOUTH,
BLOOMINGTON, MN 55425 (612) 853-9626 - 80,000,000 (\$110,000,000)
STRAIGHT BONDS. (FILE 33-84262 - SEP. 21) (BR. 10 - NEW ISSUE)
- S-8 NORTHFIELD LABORATORIES INC /DE/, 1560 SHERMAN AVE, STE 1000, EVANSTON,
IL 60201 (708) 864-3500 - 1,138,385 (\$9,744,575.60) COMMON STOCK. (FILE
33-84264 - SEP. 21) (BR. 4)
- S-1 LSB FINANCIAL CORP, 101 MAIN ST, LAFAYETTE, IN 47902 (317) 742-1064 -
1,719,250 (\$17,192,500) COMMON STOCK. UNDERWRITER: CAPITAL RESOURCES INC.
(FILE 33-84266 - SEP. 21) (BR. 2 - NEW ISSUE)
- S-1 SOCIETY NATIONAL BANK, SOCIETY CENTER, 127 PUBLIC SQ, CLEVELAND, OH
44114 (216) 689-3000 - 2,000,000 (\$2,000,000) EQUIPMENT TRUST CERTIFICATES.
(FILE 33-84268 - SEP. 21) (BR. 11)
- S-1 MONTEREY BAY BANCORP INC, 36 BRENNAN ST, WATSONVILLE, CA 95076
(408) 722-3885 - 5,091,625 (\$50,916,250) COMMON STOCK. (FILE 33-84272 -
SEP. 21) (BR. 1 - NEW ISSUE)