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# sec news digest

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## ADMINISTRATIVE PROCEEDINGS

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### THOMAS D. PIXLEY PERMANENTLY BARRED

The Commission instituted public proceedings against Thomas D. Pixley, former president and chairman of the board of I.M. Simon & Co., a registered broker-dealer in Missouri. Simultaneously, Pixley submitted an Offer of Settlement. Without admitting or denying the findings contained in the Order, Pixley consented to an Order Instituting Public Proceedings, Making Findings and Imposing Remedial Sanctions (Order) under Sections 15(b) and 19(h) of the Securities Exchange Act of 1934. The Order finds that Pixley violated and aided and abetted violations of the antifraud and books and record-keeping provisions of the Exchange Act. Specifically, Pixley participated in an undisclosed kickback scheme which resulted in defrauding certain municipal funds; caused I.M. Simon to violate the Currency and Foreign Transactions Reporting Act of 1970; and caused I.M. Simon's general ledger to falsely reflect I.M. Simon's receipt and disposition of certain monies. The Commission permanently barred Pixley from association with any broker, dealer, investment company, investment adviser, or municipal securities dealer. (Rel. 34-27316)

### PROCEEDINGS INSTITUTED AND SANCTIONS IMPOSED AGAINST WILLIAM S. HOGLUND

The Commission instituted proceedings and imposed remedial sanctions against William S. Heglund, an individual registered with the Commission as a broker-dealer. Heglund consented to the findings and sanctions without admitting or denying the findings.

The Commission found that Heglund, from approximately December 1986 to the present, violated the antifraud provisions of the securities laws, in that he induced investors to tender approximately \$1,800,000 to him for the purpose of effecting securities transactions in his market maker accounts on various securities exchanges, and then converted, dissipated, and secreted the majority of such funds for his own personal use. The Commission also found that Heglund failed to return at least \$1,560,000 to investors.

The Commission revoked Heglund's registration as a broker-dealer and barred him from association with any broker, dealer, investment company, investment adviser, or municipal securities dealer. (Rel. 34-27317)

### GILBERT C. SCHULMAN AND STUART GOTTLIEB BARRED IN BBS MATTER

The Commission instituted and settled public administrative proceedings and barred New Jersey residents Gilbert C. Schulman and Stuart Gottlieb, a former principal and an employee, respectively, of Bevill, Bresler & Schulman, Inc. (BBS), formerly a registered broker-dealer, from association with any broker, dealer, investment company, investment adviser, or municipal securities dealer.

In its Order, the Commission made findings, to which Schulman and Gottlieb consented, that, among other illegal practices, Schulman and Gottlieb violated the antifraud provisions of the securities laws by causing BBS to enter into government security repurchase agreements in which the government securities underlying the agreements had already been sold in other repurchase agreements. The Commission also found that they aided and abetted BBS in its violations of the recordkeeping and net capital requirements, that they had been permanently enjoined from violating the antifraud provisions, and that Schulman had been convicted of tax fraud, conspiracy, and mail fraud. Schulman admitted that he had been permanently enjoined and convicted, and Gottlieb admitted that he had been permanently enjoined. Neither admitted nor denied the other allegations. BBS ceased operations in April 1985, and in May 1985 was placed in liquidation under the Securities Investor Protection Act. (Rel. 34-27319)

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## **CIVIL PROCEEDINGS**

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### **COMPLAINT NAMES EARL FALLEN AND EDWARD G. KANAVEL, JR.**

The Houston Branch Office filed a civil injunctive action on September 21 in the U.S. District Court for the Southern District of Texas against Earl Fallen and Edward G. Kanavel, Jr. The Complaint alleges that defendants violated the antifraud provisions of the securities laws and aided and abetted the antifraud and books and records provisions of the Investment Advisers Act. It further alleges that some of these violations occurred in connection with the business of Greentree Financial Group, Ltd., a defunct company formerly registered with the Commission as an investment adviser.

The Complaint alleges that defendants raised approximately \$4 million from several hundred investors through the offer and sale of securities in the form of interests in limited partnerships and joint ventures involving approximately 30 different investment programs. According to the Complaint, defendants offered for sale and sold these securities through written and oral communications which consisted of and contained untrue statements of material facts and which omitted to state material facts concerning, among other things, the use of investors proceeds. It seeks injunctive and certain additional relief from the Court. (SEC v. Earl Fallen, et al., Civil Action No. H-89-3223, USDC SDTX). (LR-12266)

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## **CRIMINAL PROCEEDINGS**

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### **GREGORY T. HARRY SENTENCED**

The Denver Regional Office, the Salt Lake City Branch Office, and the U.S. Attorney for the District of Utah announced that on September 26 Senior U.S. District Court Judge Aldon J. Anderson sentenced Gregory T. Harry to five years of probation and fined him \$25,000 in connection with his earlier guilty plea to two counts of securities fraud. Judge Anderson kept the issue of restitution open, stating that if the U.S. Probation Office can determine an amount, the amount is to be paid.

Harry earlier pled guilty to an Information charging him with securities fraud in his packaging and selling of pre-1933 shell corporations. Admitting his knowledge that shareholders lists and minutes of shareholders' meetings were fabricated, Harry also indicated that alleged shareholders' meetings did not take place. Harry further admitted that he knew the shells likely would be used as vehicles to take companies public and that the stock likely would be boxed, listed in the pink sheets, and subject to manipulation in its trading. (U.S. Gregory T. Harry, USDC DUT, Central Division, Criminal Action No. 89-CR-0089A). (LR-12264)

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## **INVESTMENT COMPANY ACT RELEASES**

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### **FRANKLIN INVESTMENT TRUST**

An order has been issued exempting Franklin Investment Trust and Franklin Valuemark Funds from Section 17(a) of the Investment Company Act to permit the Trust to merge into Valuemark. (Rel. IC-17160 - Oct. 4)

### **VERMONT LIFE INSURANCE COMPANY**

An order has been issued to Vermont Life Insurance Company and Vermont Variable Life Insurance Account approving the substitution of securities issued by the Variable Insurance Products Fund and Zero Coupon Bond Fund for securities issued by the NLV Series Fund, Inc. (Rel. IC-17161 - Oct. 4)

### **FIDELITY AND GUARANTY LIFE INSURANCE COMPANY**

A notice has been issued giving interested persons until October 30 to request a hearing on an application filed by Fidelity and Guaranty Life Insurance Company, F&G Life Variable Annuity Account, and F&G Securities, Inc. for an order granting exemptions from the provisions of Sections 26(a)(2)(C) and 27(c)(2) of the Investment Company Act to permit the deduction of mortality and expense risk charges from the assets of the Account. (Rel. IC-17162 - Oct. 4)

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## SELF-REGULATORY ORGANIZATIONS

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### ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval for 60 days to a proposed rule change filed by the National Association of Securities Dealers (SR-NASD-89-38) that continues the pilot program between the NASD and the International Stock Exchange of the United Kingdom and the Republic of Ireland, Ltd. (Rel. 34-27320)

### TEMPORARY ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change filed by the National Association of Securities Dealers (SR-NASD-89-43) to extend until November 30, 1989 the Commission's previous temporary approval of the limit order capabilities of its Small Order Execution System. (Rel. 34-27321)

### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

The National Securities Clearing Corporation filed a proposed rule change which became effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. The proposal (SR-NSCC-89-15) would establish a fee structure for NSCC's PC Access Telecommunications System. (Rel. 34-27323)

### TEMPORARY APPROVAL OF PROPOSED RULE CHANGE

The Commission approved, on a three-month temporary basis, a proposed rule change filed by the National Securities Clearing Corporation (SR-NSCC-89-13) that would authorize it to distribute, on behalf of mutual funds that participate in NSCC's Fundserv Networking Service, dividends on shares held by participating NSCC member broker-dealers. (Rel. 34-27324)

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## SECURITIES ACT REGISTRATIONS

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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-18 PATIENT COMMUNICATIONS SYSTEMS INC, 4405 INTERNATIONAL BLVD STE C-102, NORCROSS, GA 30093 (404) 381-5051 - 3,000,000 (\$3,000,000) COMMON STOCK. 300,000 (\$300) WARRANTS, OPTIONS OR RIGHTS. 300,000 (\$360,000) COMMON STOCK. UNDERWRITER: ANDERSON BRYANT & CO. (FILE 33-31033-A - SEP. 18) (BR. 9 - NEW ISSUE)
- S-18 CORPORATE ACQUISITION GROUP INC, 9015 SWEETBRUSH, HOUSTON, TX 77064 (713) 469-5810 - 1,000,000 COMMON STOCK. 1,000,000 WARRANTS, OPTIONS OR RIGHTS. 1,000,000 WARRANTS, OPTIONS OR RIGHTS. 1,000,000 (\$1,000,000) COMMON STOCK. 1,000,000 (\$5,000,000) COMMON STOCK. (FILE 33-31215-FW - SEP. 21) (BR. 12 - NEW ISSUE)
- S-4 HNB FINANCIAL GROUP, 16531 BOLSA CHICA RD, HUNTINGTON BEACH, CA 92649 (714) 840-4681 - 244,725 (\$2,691,975) COMMON STOCK. (FILE 33-31250 - SEP. 27) (BR. 1)
- S-4 CITIZENS BANCSHARES INC /OH/, 10 EAST MAIN ST, SALINEVILLE, OH 43945 (216) 679-2328 - 90,000 (\$2,925,000) COMMON STOCK. (FILE 33-31296 - SEP. 27) (BR. 1 - NEW ISSUE)
- S-8 SILICON VALLEY GROUP INC, 541 E TRIMBLE RD, SAN JOSE, CA 95131 (408) 432-9300 - 871,790 (\$6,974,320) COMMON STOCK. 125,180 (\$1,001,440) COMMON STOCK. 300,000 (\$2,040,000) COMMON STOCK. (FILE 33-31298 - SEP. 28) (BR. 9)
- S-1 CHRYSLER FINANCIAL CORP, 27777 FRANKLIN RD, SOUTHFIELD, MI 48034 (313) 948-3060 - 1,000,000 (\$1,000,000) OTHER SECURITIES INCLUDING VOTING TRUST. (FILE 33-31300 - SEP. 28) (BR. 11)
- S-8 NOVELL INC, 122 EAST 1700 SOUTH, PROVO, UT 84606 (801) 379-5900 - 2,120,000 (\$59,095,000) COMMON STOCK. (FILE 33-31301 - SEP. 28) (BR. 9)
- S-1 FIRST NATIONAL BANK OF CHICAGO /USA/, ONE FIRST NATIONAL PLAZA, CHICAGO, IL 60670 (312) 732-4000 - 1,000,000 (\$1,000,000) OTHER SECURITIES INCLUDING VOTING TRUST. (FILE 33-31306 - SEP. 28) (BR. 12)

- S-1 CATERAIR HOLDINGS CORP, 10400 FERNWOOD RD, BETHESDA, MD 20817 (301) 380-1734 - 20,000 (#2,000,000) COMMON STOCK. 20,000 (#1,660,272) PREFERRED STOCK. 34,316 (#339,728) WARRANTS, OPTIONS OR RIGHTS. 116,666 (#1,166,660) COMMON STOCK. 62,851 WARRANTS, OPTIONS OR RIGHTS. (FILE 33-31307 - SEP. 28) (BR. 12)
- S-3 FIRST EXECUTIVE CORP, 11444 W OLYMPIC BLVD, LOS ANGELES, CA 90064 (213) 312-1000 - 638,179 (#358,975.69) COMMON STOCK. (FILE 33-31310 - SEP. 27) (BR. 10)
- S-8 COMMUNITY BANCSHARES INC /TN, 2175 GERMANTOWN RD SOUTH, STE 104, GERMANTOWN, TN 38138 (901) 755-6067 - 242,800 (#2,095,214) COMMON STOCK. (FILE 33-31311 - SEP. 28) (BR. 1)
- S-8 CENTURY TELEPHONE ENTERPRISES INC, 1900 N 18TH STE 700, MONROE, LA 71211 (318) 388-9500 - 1,510,853 (#48,064,011) COMMON STOCK. 1,510,853 PREFERRED STOCK. (FILE 33-31314 - SEP. 28) (BR. 7)
- S-8 AMERICAN PRECISION INDUSTRIES INC, 2777 WALDEN AVE, BUFFALO, NY 14225 (716) 856-0600 - 250,000 (#3,627,140) COMMON STOCK. (FILE 33-31315 - SEP. 28) (BR. 4)
- S-8 BALDWIN & LYONS INC, 3100 N MERIDIAN ST, INDIANAPOLIS, IN 46208 (317) 636-9800 - 50,000 (#50,000) COMMON STOCK. (FILE 33-31316 - SEP. 28) (BR. 10)
- S-3 BLOCKBUSTER ENTERTAINMENT CORP, 901 E LAS OLAS BLVD, FT LAUDERDALE, FL 33301 (305) 524-8200 - 4,245,328 (#66,333,250) COMMON STOCK. (FILE 33-31335 - SEP. 28) (BR. 11)
- S-11 STRUCTURED ASSET SECURITIES CORPORATION, 1999 BRYAN STE 3550, DALLAS, TX 75201 (214) 720-6064 - 1,000,000,000 (#1,000,000,000) OTHER SECURITIES INCLUDING VOTING TRUST. (FILE 33-31337 - SEP. 28) (BR. 12)
- S-4 KEYCORP, ONE KEYCORP PLZ, PO BOX 88, ALBANY, NY 12201 (518) 486-8000 (FILE 33-31340 - SEP. 29) (BR. 1)

#### REGISTRATIONS EFFECTIVE

Aug. 3: Racal Electronics PLC, 33-30310.

Aug. 10: BET PLC, 33-29591; MMC Group PLC, 33-30338.

Aug. 11: GMBS, Inc., 33-30023.

Aug. 14: Alta Energy Corporation, 33-29500; Ashland Capital, Inc., 33-28650-D; Bio-Medicus, 33-29794; BP Exploration (Alaska) Inc., 33-30278; The British Petroleum Company, p.l.c., 33-30278-02; Chesapeake Capital Corp., 33-29937-FW; Consolidated Cigar Corp., 33-26987; FHC-Compcare, Inc., 33-30406; Golden West Financial Corporation, 33-29286; HME Acquisition Corporation and Horace Mann Educators Corporation, 33-28608; Interstate Gas Gathering Systems, Inc., 33-27453-NY; Lillian Vernon Corporation, 33-30287; NFW Capital Group, Inc., 33-17608-NY; Motels of America Series XVI, A Limited Partnership, 33-27163; Natures UP Corporation, 33-26321-NY; Nova Corporation of Alberta, 33-30319; OCG Technology, Inc., 33-29609; Pardee Resources Company, 33-29263; PepsiCo, Inc., 33-30372; Pharmacontrol Corp., 33-30195; Pinnacle Petroleum, Inc., 33-30443; Prudential-Bache Tax Credit Program and Prudential-Bache Investor Services II, Inc., 33-28571; RPS Housing Fund II L.P., 33-28424; Tenneco Credit Corporation, 33-30380; The Standard Oil Company, 33-30278-01; Surrey Enterprises, Inc., 33-26290; Warner Technologies, Inc., 33-28884-LA.

Apr. 15: AVI Entertainment Group, Inc., 33-28016-LA; Artagraph Reproduction Technology Inc., 33-29932; Belden & Blake Energy Company, 33-28387; Cash Trust Series, 33-29838; Mr. Coffee, Inc., 33-21001, 33-22197; Conner Peripherals, Inc., 33-30164; Edu-Care International, Inc., 33-30024-A; Exess, Inc., 33-29204; The Gorman-Rupp Company, 33-30146; Government Trust 3-A - 3-D, 33-30048 - 33-30048-03; Kemper Government Securities Trust, Series 31, 32, 33, 33-29999; Litetron Corporation, 33-28985-A; Medical Dynamics, Inc., 33-29497; Octel Communications Corporation, 33-30160; Pinnacle Financial Services, Inc., 33-30022-C; Sears Tax Exempt Investment Trust, California Municipal Portfolio, Series 58, 33-27908; Sears Tax Exempt Investment Trust, Long Term Municipal Portfolio, Series 88, 33-28633; SunTrust Banks, Inc., 33-30368; Trans-Atlantic Video, Inc., 33-27596-NY; Wisconsin Electric Power Co., 33-30405.

Apr. 16: Bradford Bankshares, Inc., 33-29695-A; CRA Limited, 33-29280; Continental Bank Corporation, 33-30444; First Bank System, Inc., 33-30257; Florida Power & Light Company, 33-30360; General Re Corporation, 33-30116; Tax Exempt Securities Trust, Series 309, 33-29395; McDonald's Corporation, 33-30411; Millicom Incorporated, 33-30117; Synergy Funding, Inc., 33-29278-NY; Tompkins Bancorp, Inc., 33-30254.