

alleged that Long and Lugo effected a "free-riding" scheme in which Long placed or directed purchase orders for securities at numerous broker-dealers in several states, but failed to pay for the securities. The complaint further alleged that the victimized broker-dealers unknowingly purchased securities from Long and Lugo through a broker-dealer Lugo worked for to fill Long's repudiated purchase orders.

For further information, see Litigation Release Nos. 12512 and 13361.

Litigation Release No. 13751 /August 9, 1993

Accounting and Auditing Enforcement Release No. 475 / August 9, 1993

SEC v. Corporate Capital Resources, Inc., Daniel D. Weston, Lloyd Blonder, R. Marvin Mears and Morris L. Lerner
Civil Action No. 92 7001-WJR (JRx), (C.D. Cal.)

The Securities and Exchange Commission today announced that the U.S. District Court for the Central District of California entered Final Judgments of Permanent Injunction against defendants Corporate Capital Resources, Inc., Daniel D. Weston, Lloyd Blonder, R. Marvin Mears and Morris L. Lerner. Defendants, without admitting or denying the allegations in the complaint, consented to the issuance of the Final Judgments that permanently restrain and enjoin all defendants from future violations of Section 17(a) of the Securities Act of 1933, Sections 10(b) and 13(a) of the Securities Exchange Act of 1934 and Rules 10b-5, 12b-20, 13a-1 and 13a-13 promulgated thereunder and Section 34(b) of the Investment Company Act.

The Commission's Complaint alleged that defendants issued false and misleading financial statements that materially overstated the value of Corporate Capital Resources' holdings in its various investee companies. These aggregate overvaluations of Corporate Capital Resources' net asset value ranged from 7% to 53% and were contained in Corporate Capital Resources' periodic filings with the Commission for each of its accounting periods ended September 30, 1988 through March 31, 1990 and were used to sell securities to the public.

The Complaint further alleges that Corporate Capital Resources improperly recorded a sham sale of one of its investee companies for the period ended September 30, 1989. This transaction had the effect of materially inflating reported earnings in fiscal year 1989.