

SEC NEWS DIGEST

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ENFORCEMENT PROCEEDINGS

COMMISSION ORDERS LLOYD JOHN NEWTON, BROKER IN INTERLINK DATA FRAUD, TO CEASE AND DESIST, DISGORGE PROCEEDS, AND BE BARRED WITH A RIGHT TO REAPPLY AFTER THREE YEARS

The Commission has accepted a settlement offer in its Administrative Proceeding against Lloyd John Newton of Evergreen Colorado, who sold fraudulent securities as part of a California boiler room operation in 1993. Newton also agreed to be barred from association with any broker, dealer, investment adviser, investment company or municipal securities dealer with a right to reapply after three years and to pay \$75,000 in disgorgement plus interest and a civil penalty. Newton's payments of disgorgement and civil penalties were waived except for \$10,000 based on his demonstrated inability to pay.

The Commission found that Newton participated in the fraudulent solicitation and sale of unregistered securities by Interlink Data Network of Los Angeles. Some of the misrepresentations made by the Newton related to Interlink's supposed ownership of proprietary fiber optic technology, the claimed installation of fiber optic cable in Los Angeles, the company's use of the investors' proceeds, the expected returns on investments, and the claimed plans to list the stock for public trading. Newton sold at least \$700,000 in Interlink Data securities and obtained at least \$75,000 in commissions and other compensation. The Commission has previously taken action against numerous other individuals involved in the Interlink Fraud.

Without admitting or denying the findings of the Commission, Newton consented to an Order to cease and desist from violating Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. (Rels. 33-7543; 34-40027; File No. 3-9391)

COMMISSION SUSTAINS SANCTIONS IMPOSED BY REGISTERED SECURITIES ASSOCIATION ON REMAND

On May 26, resolving a second appeal from this disciplinary proceeding, the Commission sustained the sanctions imposed by the National Association of Securities Dealers, Inc. (NASD) against

Leonard John Ialeggio. Ialeggio formerly was an Agency Manager and Vice President of Marketing at Home Life Insurance Company, and at the time of his misconduct was a registered representative at W.S. Griffith & Co., Inc., Home Life's broker-dealer subsidiary and an NASD member.

In 1996, in connection with Ialeggio's first appeal, the Commission had found that Ialeggio violated just and equitable principles of trade when he requested and retained reimbursement for travel expenses he did not incur, and induced his employer to pay country club initiation fees when he was not entitled to payment. The Commission had remanded the proceeding to the NASD for resanctioning because the NASD's disciplinary decision included findings as to a violation that was not charged or explored before the NASD. On remand, the NASD -- stating explicitly that it was imposing sanctions "without reference to any uncharged matters" -- censured Ialeggio, fined him \$15,000, and ordered him to requalify by examination as a general securities representative.

Resolving Ialeggio's appeal of the resanctioning, the Commission concluded that the NASD's order was confined to the record before the NASD and was a proper exercise of the NASD's authority. In sustaining the sanctions, the Commission found that they were neither excessive nor oppressive for misconduct that cast doubt on Ialeggio's commitment to the fiduciary standards demanded of registered persons. (Rel. 34-40028; File No. 3-8925)

IN THE MATTER OF WARREN CHRISTENSEN, CPA AND TERRENCE DUNNE, CPA

The Commission instituted and simultaneously settled a public administrative proceeding against Warren J. Christensen (Christensen) and Terrence J. Dunne (Dunne) by order dated May 21, 1998. The separate settlements provided that Christensen and Dunne, both certified public accountants, be barred from practice before the Commission. The Commission found that Christensen engaged in improper professional conduct in that he did not adhere to generally accepted auditing standards in the course of his audits of the financial statements of Panworld Minerals International, Inc. (Panworld) for each of the years 1989 through 1992, inclusive. The Commission also found that Dunne engaged in improper professional conduct in that he did not adhere to generally accepted auditing standards in the course of his audit of Panworld's financial statements for the year ended December 31, 1993. Panworld, based in Salt Lake City, Utah, is in the business of acquiring mining properties in the U.S. and South America. Christensen and Dunne, among other things, failed to form a reasonable basis for their conclusions that the carrying values placed on certain mining assets by Panworld were computed in accordance with generally accepted accounting principles. The settlements provided that Christensen and Dunne may apply for permission to resume practicing before the Commission five years and three years, respectively, from the effective date of the order. (Rel. 34-40029; AAE Rel. 1039; File No. 3-9610)

**PUBLIC ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS INSTITUTED
AGAINST JOHN KENNY AND NICHOLSON/KENNY CAPITAL MANAGEMENT, INC.**

On May 27, the Commission instituted public administrative and cease and desist proceedings against John J. Kenny (Kenny) and Nicholson/Kenny Capital Management, Inc. (Nicholson/Kenny) alleging, among other things, that Kenny defrauded two individual investors by recommending that they invest in bond trading programs and other securities offered by Robert C. Wilson (Wilson) who then misappropriated the investors' money. The action also alleges that Kenny aided and abetted Wilson's fraud against insurance companies located in Bradenton, Florida and Dallas, Texas by purchasing securities on margin for them without their authorization and in violation of state insurance regulations. Kenny also failed to disclose to these insurance companies payments of over \$1.2 million from Wilson to him which were used to finance the acquisition of Nicholson/Kenny. Kenny received these purported "loans" as compensation for his past and future referrals to Wilson's trading program, the action alleges. Kenny, a resident of St. Louis, Missouri, is the chairman and chief executive officer of Nicholson/Kenny, an investment adviser located in Boca Raton, Florida.

Kenny and Nicholson/Kenny are, additionally, charged with omitting material information in Nicholson/Kenny's investment adviser registration forms regarding Wilson's financing of Nicholson/Kenny.

Wilson pled guilty to having defrauded the Florida insurance company which was Nicholson/Kenny's advisory client, and was sentenced on January 12, 1998 to serve 57 months in a federal prison term of 57 months. The Commission initiated a civil injunctive action against Wilson and others based upon these violations in December 1995 and that action is pending in the United States District Court for the District of Colorado.

The Commission instituted the current administrative proceedings pursuant to Section 8A of the Securities Act of 1933, Sections 15(b)(6), 19(h) and 21C of the Securities Exchange Act of 1934, and Sections 203(e), (f) and (k) of the Investment Advisers Act. A hearing will be scheduled to determine what, if any, remedial actions are appropriate in the public interest against Kenny and Nicholson/Kenny. (Rels. 33-7544; 34-40030; IA-1723; File No. 3-9611)

COMPLAINT FILED AGAINST EQUISURE, INC. FOR FAILURE TO FILE ANNUAL REPORTS, QUARTERLY REPORTS, CURRENT REPORTS, AND NOTICES OF LATE FILING WITH THE COMMISSION

The Commission announced the filing of a complaint in the United States District Court for the District of Columbia against Equisure, Inc. (Equisure) of Southpoint Office Center, 1650 West 82nd Street, Minneapolis, Minnesota 55431. Equisure is purportedly engaged in the business of providing reinsurance through its wholly-owned Belgian subsidiary Equihot Herverzekering N.V. The Commission has alleged that Equisure repeatedly failed to fulfill its obligations

as a public company to file reports with the Commission that disclose important information about Equisure and its subsidiaries to public investors

According to the complaint, on October 16, 1997, Equisure's public accountants withdrew their audit opinion on the financial statements in Equisure's December 31, 1996 10-K and resigned as Equisure's auditors. Since that time, Equisure has failed to replace the audit opinion withdrawn by its outside auditor. The complaint also alleges that Equisure failed to file an Annual Report on Form 10-K for its fiscal year ended December 31, 1997; filed its Quarterly Reports on Form 10-Q for its fiscal quarters ended June 30, 1997 and September 30, 1997 nearly five months late; failed to file a Current Report on Form 8-K disclosing the resignation of Equisure's auditors; and failed to file a Notification of Late Filing on Form 12b-25 with respect to its Annual Report for its fiscal year ended December 31, 1997 and Quarterly Report for its fiscal quarter ended September 30, 1997.

The Commission seeks a permanent injunction prohibiting Equisure from continuing to fail to file correct and timely Annual, Quarterly, Current Reports, and Notifications of Late Filing with the Commission and an order compelling Equisure to file complete and accurate (1) Annual Reports on Form 10-K for its fiscal years ended December 31, 1996 and December 31, 1997; and (2) a Current Report on Form 8-K disclosing the resignation of its public accountants. [SEC v. Equisure, Inc., USDC for the District of Columbia, 98 Cv. 01298, TGH, D.C.] (LR-15757)

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-3 NORTHERN TELECOM LTD, 2920 MATHESON BLVD E,
MISSISSAUGA ONT CANADA L4W 4M7, A6 0000 (905) 566-3000 - 4,860,000
(\$297,529,200) FOREIGN COMMON STOCK (FILE 333-8746 - MAY 12) (BR. 7)
- F-1 MEXICAN ECONOMIC DEVELOPMENT INC, GENERAL ANAVA NO 601 PTE,
COLONIA VELLA VISTA, MONTERREY NUEVO LEON, 05 (528) 328-6000 - 3,964,158
(\$141,718,648 50) FOREIGN COMMON STOCK (FILE 333-8752 - MAY 12) (BR 2
- NEW ISSUE)