

SEC NEWS DIGEST

Issue 98-177

September 14, 1998

COMMISSION ANNOUNCEMENTS

COMMISSION MEETINGS

OPEN MEETING - WEDNESDAY, SEPTEMBER 23, 1998 - 10:00 A.M.

The subject matter of the open meeting scheduled for Wednesday, September 23, 1998, at 10:00 a.m., will be:

Consideration of whether to adopt an amendment to Rule 102(e) of the Commission Rules of Practice clarifying the Commission's standard for determining when accountants engage in "improper professional conduct." FOR FURTHER INFORMATION CONTACT: Michael J. Kigin, Associate Chief Accountant, Office of the Chief Accountant at (202) 942-4400 or David R. Fredrickson, Assistant General Counsel, Office of the General Counsel at (202) 942-0890.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

DIVISION OF MARKET REGULATION ISSUES STAFF LEGAL BULLETIN NO. 8 DISCUSSING BROKER-DEALER ORDER HANDLING DURING CIRCUIT BREAKER TRADING HALTS AND BROKER-DEALER RESPONSIBILITY TO MAINTAIN ADEQUATE SYSTEMS CAPACITY

On September 9, the staff of the Division of Market Regulation issued Staff Legal Bulletin No. 8 (MR), in conjunction with the release of the Division's reconstruction of market trading that occurred on October 27 and 28, 1998. Staff Legal Bulletin No. 8 provides broker-dealers with guidance about how to handle customer orders and notify customers when marketwide circuit breakers halt trading. The bulletin also reminds broker-dealers about their responsibility to maintain adequate internal systems capacity.

When circuit breakers halted trading on October 27, 1997, a number of broker-dealers reportedly had problems determining how to properly handle retail orders they had received following the markets' early close. Staff Legal Bulletin No. 8 clarifies that on the rare occasions that circuit breakers halt trading, broker-dealers should handle pending and new orders the same way they currently handle orders when a market imposes a regulatory trading halt. Staff Legal Bulletin No. 8 also discusses the steps that broker-dealers should take, during a circuit breaker trading halt, to notify customers about how orders will be handled.

Following the heavy trading volume on October 27 and 28, 1997, the Commission received several customer complaints about poor or untimely executions from broker-dealers, and about delays in accessing online brokerage accounts. Staff Legal Bulletin No. 8 emphasizes to broker-dealers the importance of having adequate systems capacity to handle high volume or high volatility trading days.

Staff Legal Bulletin No. 8 represents staff views. It is not a rule, regulation or Commission statement and the Commission has neither approved nor disapproved its content. For further information concerning the bulletin, contact John Heine at (202) 942-0020. (Press Rel. 98-84)

KENNETH DOMINGUES NAMED CHIEF ACCOUNTANT OF THE DIVISION OF INVESTMENT MANAGEMENT

The Commission today announced the selection of Kenneth V. Domingues as Chief Accountant in the Commission's Division of Investment Management. As Chief Accountant, Mr. Domingues's primary responsibility will be the development and execution of the accounting and auditing policies, programs, and procedures of the Commission that pertain to investment companies. Mr. Domingues is expected to join the Commission in October.

Barry Barbash, Director of the Division of Investment Management, said, "Ken brings a wealth of experience to the Commission, and will help the Division keep up with the tremendous growth and innovation of the fund industry. We are particularly pleased that Ken has come out of retirement to share his knowledge and expertise with his colleagues and to serve investors and his country."

From 1986 to his retirement in 1997, Mr. Domingues, 66, served in a variety of capacities, including chief financial officer and treasurer at Franklin Resources, Inc., an investment management firm based in San Mateo, California. Prior to joining Franklin, Mr. Domingues was an audit partner with the accounting firm of Coopers & Lybrand, where he served for 26 years.

Mr. Domingues earned his BS in accounting from the University of San Francisco and is a Certified Public Accountant. (Press Rel. 98-85)

ENFORCEMENT PROCEEDINGS

FORMER MITCHELL HUTCHINS PORTFOLIO MANAGER SETTLES FRAUD CHARGES; FORMER SUPERVISOR CHARGED

The Commission today announced the institution and settlement of administrative proceedings against Stephen H. Brown, the former day-to-day co-portfolio manager of the PaineWebber Short-Term U.S. Government Income Fund (Fund). The order finds that Brown violated, among other things, the antifraud provisions of the federal securities laws in the purchase and pricing of certain securities in the Fund's portfolio in 1993-94. During that time, Brown was employed by Mitchell Hutchins Asset Management, Inc., the Fund's investment adviser. Brown consented to entry of the order, without admitting or denying the findings. The order imposes a cease and desist order against Brown and bars him from association with any investment adviser, investment company, broker, dealer, or municipal securities dealer, provided he may reapply to associate after three years.

The Fund's prospectus described its investment objective as achieving the highest level of income consistent with preservation of capital and low volatility of net asset value (NAV), and disclosed "no present intention" of investing in certain classes of volatile, mortgage-backed securities. The order found that Brown nevertheless began purchasing such inappropriate securities in September 1993. The order also found that Brown overstated the prices of certain securities in the Fund's portfolio, thereby overstating its NAV, and materially understated the duration of the portfolio. The order found that Brown's conduct had the effect of obscuring the volatile NAV effects of the inappropriate securities he purchased.

Also today, the Commission issued an order instituting administrative proceedings against Ellen Griggs, a former chief investment officer at Mitchell Hutchins and a former co-portfolio manager of the Fund. Griggs was charged with failure reasonably to supervise Stephen Brown with a view toward preventing his violations of the federal securities laws. Griggs has not settled the charges against her, and pursuant to the order in her action, a date will be set for a hearing on the matter.

In September 1997, the Commission entered an administrative order charging Mitchell Hutchins with violations of the antifraud provisions in the marketing and management of the Fund in 1993 and early 1994. The firm consented to entry of that order, without admitting or denying the Commission's findings. (Administrative Proceedings in the Matter of Ellen Griggs - Rel. IA-1750, File No. 3-9703; Administrative Proceedings in the Matter of Stephen H. Brown - Rels. 33-7579, 34-40435, IA-1751, IC-23434; File No. 3-9704)

INVESTMENT COMPANY ACT RELEASES

SIT MUTUAL FUNDS, INC., ET AL.

An order has been issued on an application filed by SIT Mutual Funds, Inc., SIT Mutual Funds II, Inc., SIT Mid Cap Growth Fund, Inc., SIT Large Cap Growth Fund, Inc., SIT U.S. Government Securities Fund, Inc., SIT Money Market Fund, Inc. (collectively, Funds), and SIT Investment Associates, Inc. (Adviser) under Section 12(d)(1)(J) of the Investment Company Act exempting applicants from Sections 12(d)(1)(A) and (B) of the Act, under Sections 6(c) and 17(b) of the Act exempting applicants from Section 17(a) of the Act, and under Section 17(d) of the Act and Rule 17d-1 under the Act to permit registered open-end investment companies to invest uninvested cash in an affiliated money market fund. The requested order would extend to current and subsequently created series of the Funds and any other registered open-end investment company advised by the Adviser. The order supersedes an existing order. (Rel. 34-23432 - September 11)

EMERGING MARKETS GROWTH FUND, INC.

A notice has been issued giving interested persons until October 6, 1998, to request a hearing on an application filed by Emerging Markets Growth Fund, Inc. (EMGF) under Section 6(c) of the Investment Company Act for an exemption from Section 22(e) of the Act and Rule 22c-1 under the Act. The order would permit EMGF to operate as a registered open-end investment company that would redeem its shares at monthly intervals. (Rel. IC-23433 - September 11)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGES

The American Stock Exchange filed a proposed rule change (SR-Amex-98-32) to make certain changes to its Constitution and Rules that will become effective at the time they become the Constitution and Rules of the American Stock Exchange LLC (New Amex). Publication of the proposal is expected in the Federal Register during the week of September 14. (Rel. 34-40426)

The American Stock Exchange filed a proposed rule change (SR-Amex-98-23) under Section 19(b)(1) of the Securities Exchange Act of 1934 relating to integrated market making for Fund shares. Publication of the proposal is expected in the Federal Register during the week of September 14. (Rel. 34-40428)

The Chicago Board Options Exchange filed a proposed rule change

(SR-CBOE-98-06) relating to the Rerouting of Retail Automatic Execution System (RAES) Eligible Orders for the Last Five Minutes of the Scheduled Trading Day. Publication of the proposal is expected in the Federal Register during the week of September 14. (Rel. 34-40430)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change filed by the National Association of Securities Dealers through its wholly owned subsidiary the Nasdaq Stock Market, Inc. to extend the fees currently charged under NASD Rule 7010(1) for the execution of transactions in SelectNet (SR-NASD-98-65) has become immediately effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of September 14. (Rel. 34-40427)

DELISTINGS GRANTED

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration Milestone Properties, Inc., Common Stock, \$0.01 Par Value, and its \$.78 Convertible Series A Preferred Stock. (Rel. 34-40431)

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration Wahlco Environmental Systems, Inc., Common Stock, \$0.01 Par Value. (Rel. 34-40432)

RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events

- Item 1 Changes in Control of Registrant.
- Item 2 Acquisition or Disposition of Assets
- Item 3. Bankruptcy or Receivership
- Item 4. Changes in Registrant's Certifying Accountant
- Item 5 Other Materially Important Events.
- Item 6 Resignations of Registrant's Directors
- Item 7. Financial Statements and Exhibits
- Item 8 Change in Fiscal Year.
- Item 9 Regulation S Offerings.

The following companies have filed 8-K reports for the date indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. 8-K reports may be obtained in person or by writing to the Commission's Public Reference Branch at 450 Fifth Street, N W , Washington, D C 20549 or at the following e-mail box address <public info @ sec> In most cases, this information is also available on the Commission's website <www.sec.gov>

NAME OF ISSUER	STATE CODE	8K ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
ACADIA NATIONAL HEALTH SYSTEMS INC	CO	X									09/09/98	
ADE CORP	MA						X				06/11/98	AMEND
ADELPHIA COMMUNICATIONS CORP	DE				X	X					09/10/98	
ADVANTA MORTGAGE LOAN TRUST 1998-3	NY				X	X					09/08/98	
AGRIBIOTECH INC	NV	X			X	X					08/28/98	
AIRPLANES LTD					X						09/11/98	
AIRPLANES US TRUST	DE				X						09/11/98	
ALLSTATE CORP	DE				X						09/11/98	
AMAZON COM INC	DF	X			X	X					08/27/98	
AMC ENTERTAINMENT INC	DE				X						09/02/98	
ANNIES HOMEGROWN INC	DE	X				X					08/27/98	
APPAREL TECHNOLOGIES INC	DE				X						08/31/98	
AVIATION GROUP INC	NC	X				X					08/28/98	
BAKER HUGHES INC	DE						X				08/27/98	
BANC ONE CORP /OH/	OH			X		X					08/06/98	AMEND
BANC ONE CORP /OH/	OH				X						09/08/98	
BEAR STEARNS ASSET BACKED SECURITIE S INC	DE				X	X					09/09/98	
CAMBRIDGE TECHNOLOGY PARTNERS MASSA CHUSETTS INC		X				X					08/31/98	
CASE CORP	DE				X	X					09/09/98	
CBL & ASSOCIATES PROPERTIES INC	DE	X									09/11/98	
CHASE MANHATTAN CORP /DE/	DE				X						09/10/98	
CHIREX INC	DE				X	X					09/01/98	
CKS GROUP INC	DE				X	X					09/01/98	
CLEAR CHANNEL COMMUNICATIONS INC	TX				X	X					09/11/98	
CLEAR CHANNEL COMMUNICATIONS INC	TX				X	X					09/11/98	
CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES CORP	DE				X	X					08/17/98	
DAYTON HUDSON RECEIVABLES CORP	MN				X						09/11/98	
DCI TELECOMMUNICATIONS INC	CO				X	X					09/11/98	
DEPUY INC	DE	X				X					06/30/98	AMEND
DIGI INTERNATIONAL INC	DE				X	X					09/10/98	
EASTERN ENVIRONMENTAL SERVICES INC	DE	X				X					09/04/98	
ECC SOIL SYSTEMS INC	NE				X	X					08/25/98	
EQUIVEST FINANCE INC	FL	X				X					08/24/98	
FIRST CHICAGO NBD CORP	DE				X						09/08/98	
FIRST ENTERTAINMENT HOLDING CORP	NV						X				09/11/98	
FIRST NATIONAL BANK OF ATLANTA					X	X					08/31/98	
FIRSTCITY FINANCIAL CORP	DE				X	X					09/09/98	
FORD MOTOR CO	DE				X	X					09/11/98	
FRESH FOODS INC	NC						X				08/27/98	
GALAXY FOODS CO	DE	X									09/11/98	
GENERAL INSTRUMENT CORP	DE				X	X					09/09/98	
GENLYTE GROUP INC	DE	X				X					08/30/98	
GMAC COMMERCIAL MORTGAGE SECURITIES INC	DE	X				X					08/27/98	
GTI CORP	DE					X					09/10/98	
HEI INC	MN			X							09/03/98	
HMH PROPERTIES INC	DE				X	X					08/05/98	
HOME CHOICE HOLDINGS INC	DE	X				X					09/11/98	
HOST MARRIOTT CORP/MD	DE				X	X					08/05/98	
IMH ASSETS CORP IMPAC CMB TRUST 199 8 Cl COL MOR BOND 1998 Cl	DE				X	X					08/10/98	
INLAND ENTERTAINMENT CORP	UT				X	X					08/27/98	
IXC COMMUNICATIONS INC	DE				X	X					09/08/98	
KRANZCO REALTY TRUST	MT				X	X					09/10/98	
LAKE ARIEL BANCORP INC	PA						X				09/08/98	
LASER VISION CENTERS INC	DE				X	X					09/01/98	

NAME OF ISSUER	STATE CODE	BK ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
LEXINGTON CORPORATE PROPERTIES TRUS T	MD		X					X			08/27/98	
MAGELLAN PETROLEUM CORP /DE/	DE				X						09/11/98	
MARKETSPAN CORP	NY		X	X		X	X				08/24/98	
MELLON BANK NA MELLON BANK HOME EQU ITY LOAN TRUST 1996-1	NY				X		X				09/10/98	
MIDDLESEX WATER CO	NJ				X						09/11/98	
MIDWAY AIRLINES CORP	DE				X		X				09/11/98	
MOBILEMEDIA COMMUNICATIONS INC	DE				X						09/11/98	
MOBILEMEDIA CORP	DE				X						09/11/98	
MORGAN STANLEY CAP I INC COMM MORT PASS THR CER SER 1998 XL2							X	X			09/03/98	
NEIMAN MARCUS FUNDING CORP	DE		X								08/31/98	
NETMANAGE INC	DE		X		X	X					08/27/98	
NOODLE KIDOODLE INC	DE		X								09/11/98	
NOXSO CORP	VA			X			X				09/11/98	
NTS PROPERTIES IV	KY				X						09/10/98	
NTS PROPERTIES VI/MD	MD				X						09/10/98	
OIS OPTICAL IMAGING SYSTEMS INC	DE				X	X					09/01/98	
ORPHAN MEDICAL INC	MN				X	X					09/11/98	
P COM INC	DE				X	X					09/11/98	
PARADIGM TECHNOLOGY INC /DE/	DE				X	X					09/11/98	
PRIDE INTERNATIONAL INC	LA				X	X					09/09/98	
PROFFITTS INC	TN				X	X					08/28/98	
PRUDENTIAL BANK & TRUST CO /GA/	GA				X	X					08/31/98	
QUADRAMED CORP	DE				X	X					08/31/98	
RANCON REALTY FUND I	CA		X				X				08/28/98	
RECKSON SERVICES INDUSTRIES INC	DE		X			X		X			08/27/98	
RENT WAY INC	PA				X	X					09/11/98	
REPUBLIC GROUP INC	DE				X	X					05/14/98	
RESIDENTIAL ASSET SECURITIES CORP	DE				X	X					09/11/98	
SANTA BARBARA RESTAURANT GROUP INC	DE		X		X	X					09/01/98	
SCFC BOAT LOAN TRUST 1992-1	IL				X	X					08/31/98	
SCFC RECREATIONAL VEHICLE LOAN TRUS T 1991-1	IL				X	X					08/31/98	
SCHEIN PHARMACEUTICAL INC	DE						X				09/10/98	
SHERWIN WILLIAMS CO	OH				X	X					09/10/98	
SMARTALK TELESERVICES INC	CA				X	X					08/28/98	
SOUTHEASTERN INCOME PROP II LP	VA		X				X				08/13/98	
SOUTHERN PACIFIC FUNDING CORP	CA				X						09/11/98	
SOVEREIGN BANCORP INC	PA				X	X					09/07/98	
STEWART ENTERPRISES INC	LA		X								09/09/98	
STRUCTURED ASSET MORTGAGE INVESTMEN TS INC	DE				X						09/01/98	
TEAM AMERICA CORPORATION	OH				X	X					09/10/98	
ULTRATECH STEPPER INC	DE						X				06/11/98	AMEND
UNITED NATURAL FOODS INC	DE				X	X					09/03/98	
US FOODSERVICE/MD/	DE				X						09/09/98	
USAA FEDERAL SAVINGS BANK				X							08/31/98	
VANDERBILT MORT & FIN INC MFR HSG S R SUB PA TH CE SR 1998C	TN				X	X					08/27/98	
VOICE POWERED TECHNOLOGY INTERNATIO NAL INC	CA			X		X					09/03/98	
WESTERN BANCORP	CA				X	X					08/25/98	