

# SEC NEWS DIGEST

Issue 98-214

November 5, 1998

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## RULES AND RELATED MATTERS

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### APPROVAL OF AMENDMENT TO RULE 210

The Commission has approved changes to its Rules of Practice, Rules 210 and 221. Rule 210 was amended to permit representatives of any federal, state, or local criminal prosecutory authority limited participation for the purpose of requesting a stay in an enforcement or disciplinary proceeding before the Commission. Rule 221 was amended to require only one prehearing conference, instead of two, as previously required. (Rel. 34-40636)

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## ENFORCEMENT PROCEEDINGS

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### NASD ACTION AGAINST WILLIAM GERHAUSER, SR. AND WILLIAM GERHAUSER, JR. SUSTAINED

On November 4, the Commission sustained NASD disciplinary action against William H. Gerhauser, Sr., the former CEO, CFO, and registered financial and operations principal of Rothschild Global Investments, Inc. (RGI), and his son, William C. Gerhauser, Jr., the former President of RGI. RGI was at the time of the conduct at issue a member of the NASD. The Gerhausers were charged with failure to comply with the net capital requirements, and William H. Gerhauser, Sr. was charged additionally with recordkeeping and reporting requirements, pursuant to the former NASD Rules of Fair Practice Article III, Sections 1 and 21(a). Applicants were censured, fined \$15,000 jointly and severally, and required to requalify for positions in the securities industry.

The Commission upheld the NASD findings that William H. Gerhauser, Sr. was liable for RGI's net capital, recordkeeping and reporting violations, because he failed to reduce the firm's net capital by the known deficit in certain margin accounts from February through June 1994. William C. Gerhauser, Jr. incurred responsibility for the firm's net capital deficiency from July 1994 through June 26, 1995, because he intervened in determining the firm's net capital. The Commission also found that the sanctions imposed were neither excessive nor oppressive. (Rel. 34-40639)

**COMMISSION DECLARES ADMINISTRATIVE LAW JUDGE'S SUPPLEMENTAL INITIAL DECISION ON REMAND FINAL**

On November 4, the Commission declared final the supplemental initial decision of an administrative law judge, on remand, setting the amount of disgorgement for Terry T. Steen. Based on Steen's demonstrated inability to pay, the Commission waived the payment of disgorgement, subject however, to the Division of Enforcement's ability to move to re-open the matter under certain limited conditions. (Rel. 34-40640)

**COMMISSION ORDERS SUSPENSION OF ROBERT POTTS TO BEGIN**

On November 4, the Commission ordered that the suspension of Richard D. Potts begin on November 18. On September 24, 1997, a majority of the Commission found that Potts, a certified public accountant acting as concurring partner in the issuance of audit reports containing unqualified audit opinions on the financial statements of Kahler Corporation, engaged in improper professional conduct. At that time, the Commission suspended Potts from practice before the Commission for a period of nine months.

Potts appealed the decision to the United States Court of Appeals for the Eighth Circuit. On August 4, 1998, the Court entered judgement affirming the Commission decision. (Rel. 34-40641)

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**INVESTMENT COMPANY ACT RELEASES**

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**KBK FINANCIAL, INC., ET AL.**

A notice has been issued giving interested persons until November 30 to request a hearing on an application filed by KBK Financial Inc. (Financial) and its wholly-owned subsidiary, KBK Receivables Corporation (Subsidiary), for an order under Section 6(c) of the Investment Company Act for an exemption from Sections 2(a)(48) and 55(a) of the Act. The order would permit Financial, which will elect to be regulated as a business development company (BDC) under the Act, to look to the Subsidiary's assets, rather than Financial's interest in the Subsidiary itself, in determining whether Financial meets certain requirements for BDCs under the Act. (Rel. IC-23521 - November 4)

**UPDATE OF REGISTRATION FORM TO REFLECT FEE RATE CHANGE**

The Commission has issued a release updating the fee rate information in the instructions to Form 24F-2, the form under the Investment Company Act that prescribes the method by which certain investment companies calculate and pay registration fees on securities they issue. As of October 22, 1998, there is a new fee rate of \$278 per \$1,000,000 offered or sold (pro rated for amounts less than \$1,000,000). Registration fees under this new rate are

calculated by multiplying the aggregate offering or sales amount by .000278. This amendment updates the reference to the current fee rate in the instructions to the form. For further information contact Robin Gross Lehv at (202) 942-0690. (Rel. 33-7608; IC-23522)

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## HOLDING COMPANY ACT RELEASES

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### JERSEY CENTRAL POWER & LIGHT COMPANY, ET AL.

A supplemental order has been issued authorizing Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company, electric utility subsidiaries of GPU, Inc., a registered holding company, to modify the terms under which they pay for a leasehold interest in nuclear fuel assemblies and component parts. (Rel. 35-26936)

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## SELF-REGULATORY ORGANIZATIONS

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### PROPOSED RULE CHANGES

The American Stock Exchange filed a proposed rule change (SR-Amex-98-37) under Rule 19b-4 of the Securities Exchange Act of 1934 to approve for listing and trading Index-linked Term Notes. The value of each Note shall be separately linked to a specified domestic mutual fund portfolio Index. Publication of the notice is expected in the Federal Register during the week of November 9. (Rel. 34-40626)

The National Association of Securities Dealers filed with the Commission a proposed rule change under Rule 19b-4 (SR-NASD-97-89) that would add a new interpretation to Rule 2210 of the Conduct Rules of the NASD to permit the use by members and associated persons of bond mutual fund volatility ratings in supplemental sales literature on an interim 18 month pilot basis. Publication of the notice in the Federal Register is expected during the week of November 9. (Rel. 34-40627)

### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

A proposed rule change (SR-PHLX-98-41) filed by the Philadelphia Stock Exchange relating to the extension of the Exchange's pilot program for a system enhancement to the X-Station Electronic Book on the options floor has become 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 November 9. (Rel. 34-40625)

A proposed rule change filed by the Boston Stock Exchange to waive Specialist Transaction fees for all BSE executed, automated order flow for the month of September 1998 (SR-BSE-98-8) has become immediately effective under Section 19(b)(3)(A)(ii) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of November 9. (Rel. 34-40628)

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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-B PROVINCE OF MANITOBA, 1251 AVE OF THE AMERICAS,  
C/O CANADIAN CONSULATE GENERAL, NEW YORK, NY 10020 - 405,185,000  
(\$405,185,000) FOREIGN GOVERNMENT AND AGENCY EQUITY. (FILE 333-9552 -  
OCT. 28) (BR. 99)
- S-8 ITT INDUSTRIES INC, FOUR W RED OAK LANE, WHITE PLAINS, NY 10604  
(914) 641-2000 - 500,000 (\$17,670,000) COMMON STOCK. (FILE 333-66293 -  
OCT. 29) (BR. 5)
- S-8 SHERWIN WILLIAMS CO, 101 PROSPECT AVE NW, CLEVELAND, OH 44115  
(216) 566-2200 - 122,000,000 (\$122,000,000)  
OTHER SECURITIES INCLUDING VOTING TRUST. 100,000 (\$2,506,250)  
COMMON STOCK. (FILE 333-66295 - OCT. 29) (BR. 2)
- S-3 PRECISION OPTICS CORPORATION INC, 22 EAST BROADWAY, GARDNER, MA 01440  
(508) 630-1800 - 1,086,900 (\$1,494,488) COMMON STOCK. (FILE 333-66297 -  
OCT. 29) (BR. 1)
- S-8 INTEGRATED MEASUREMENT SYSTEMS INC /OR/, 9525 SW GEMINI DR, BEAVERTON,  
OR 97008 (503) 626-7117 - 375,000 (\$2,203,125) COMMON STOCK. (FILE  
333-66301 - OCT. 29) (BR. 5)
- S-8 NEW HAMPSHIRE THRIFT BANCSHARES INC, 9 MAIN ST, THE CARRAIG HOUSE,  
NEWPORT, NH 03257 (603) 526-2116 - 208,855 (\$3,681,069) COMMON STOCK.  
(FILE 333-66305 - OCT. 29) (BR. 7)
- S-3 MASCOTECH INC, 21001 VAN BORN RD, TAYLOR, MI 48180 (313) 274-7405 -  
1,006,974 (\$17,464,705.31) COMMON STOCK. (FILE 333-66307 - OCT. 29)  
(BR. 5)
- S-4 XTRA CORP /DE/, 60 STATE ST, C/O X L CO INC, BOSTON, MA 02109  
(617) 367-5000 - 500,000 (\$32,500,000) COMMON STOCK. (FILE 333-66309 -  
OCT. 29) (BR. 6)
- S-4 APPLIED MATERIALS INC /DE/, 3050 BOWERS AVE, SANTA CLARA, CA 95054  
(408) 727-5555 - 2,329,318 (\$53,993,591) COMMON STOCK. (FILE 333-66313 -  
OCT. 29) (BR. 5)
- S-8 MITEL CORP, 350 LEGGET DR, PO BOX 13089, KANATA ONTARIO CANAD, A6  
(613) 592-2122 - 10,200,000 (\$124,812,353) COMMON STOCK. (FILE 333-66315 -  
OCT. 29) (BR. 7)
- S-1 REYNARD MOTORSPORT INC, 8431 GEORGETOWN ROAD, INDIANAPOLIS, IN 46268  
(317) 824-5600 - \$57,500,000 COMMON STOCK. (FILE 333-66317 - OCT. 29)  
(BR. 5 - NEW ISSUE)

S-8 HBO & CO, 301 PERIMETER CTR N, ATLANTA, GA 30346 (770) 393-6000 -  
27,000 (\$350,136) COMMON STOCK. (FILE 333-66319 - OCT. 29) (BR. 3)

S-8 HBO & CO, 301 PERIMETER CTR N, ATLANTA, GA 30346 (770) 393-6000 -  
1,612,962 (\$26,150,630.31) COMMON STOCK. (FILE 333-66321 - OCT. 29)  
(BR. 3)

S-8 SCHUFF STEEL CO, 1841 WEST BUCHANAN ST, PHOENIX, AZ 85009 (602) 252-7787  
- 1,000,000 (\$6,125,000) COMMON STOCK. (FILE 333-66323 - OCT. 29) (BR. 6)

S-8 SCHUFF STEEL CO, 1841 WEST BUCHANAN ST, PHOENIX, AZ 85009 (602) 252-7787  
- 50,000 (\$306,250) COMMON STOCK. (FILE 333-66325 - OCT. 29) (BR. 6)

S-4 ALABAMA NATIONAL BANCORPORATION, 1927 FIRST AVENUE NORTH, BIRMINGHAM, AL  
35209 (205) 583-3600 - 570,000 (\$5,008,754) COMMON STOCK. (FILE 333-66327  
- OCT. 29) (BR. 7)

S-8 HS RESOURCES INC, ONE MARITIME PLAZA 15TH FLOOR, SAN FRANCISCO, CA 94111  
(415) 433-5795 - 1,475,000 (\$13,643,750) COMMON STOCK. (FILE 333-66329 -  
OCT. 29) (BR. 4)

S-8 BINDVIEW DEVELOPMENT CORP, 3355 W ALABAMA, STE 1200, HOUSTON, TX 77098  
(713) 881-9100 - 952,093 (\$16,423,604.25) COMMON STOCK. (FILE 333-66331 -  
OCT. 29) (BR. 3)

SB-2 NOLBO INC, 8426 SUNSTATE STREET, TAMPA, FL 33624 (813) 882-4753 -  
300,000 (\$1,800,000) COMMON STOCK. 60,000 (\$270,030)  
WARRANTS, OPTIONS OR RIGHTS. (FILE 333-66333 - OCT. 29)

S-3 CAPITAL ONE FINANCIAL CORP, 2980 FAIRVIEW PARK DR, STE 1300,  
FALLS CHURCH, VA 22042 (703) 205-1000 - 1,000,000 (\$1,000,000)  
MORTGAGE BONDS. (FILE 333-66335 - OCT. 29) (BR. 7)

S-8 FACTUAL DATA CORP, 5200 HAHNS PEAK DRIVE, SUITE 200, LOVELAND, CO 80525  
(970) 663-5700 - 31,500 (\$173,250) COMMON STOCK. (FILE 333-66337 -  
OCT. 29) (BR. 9)

S-8 AEGIS COMMUNICATIONS GROUP INC, 5950 BERKSHIRE LANE, SUITE 1650, DALLAS,  
TX 75225 (214) 373-8662 - 7,500,000 (\$9,375,000) COMMON STOCK. (FILE  
333-66339 - OCT. 29) (BR. 8)

S-3 STERLING SOFTWARE INC, 300 CRESCENT COURT, SUITE 1200, DALLAS, TX 75201  
(214) 981-1000 - \$107,155,768 UNIT INVESTMENT TRUST. (FILE 333-66341 -  
OCT. 29) (BR. 3)

S-8 WILD OATS MARKETS INC, 1645 BROADWAY, BOULDER, CO 80302 (303) 440-5220  
- 703,060 (\$17,470,988.11) COMMON STOCK. (FILE 333-66347 - OCT. 30)  
(BR. 2)

S-8 BELL ATLANTIC CORP, 1095 AVE OF THE AMERICAS, NEW YORK, NY 10036  
(212) 395-2121 - 25,000,000 (\$1,260,157,500) COMMON STOCK. (FILE  
333-66349 - OCT. 29) (BR. 7)