

SEC NEWS DIGEST

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RULES AND RELATED MATTERS

INVESTMENT ADVISERS ACT RULE PROPOSALS

The Commission has issued a release proposing for public comment new rules, amendments to rules, and a form under the Investment Advisers Act of 1940 to implement provisions of the National Securities Markets Improvement Act of 1996 that reallocate regulatory responsibilities for investment advisers between the Commission and the states. The proposals, among other things, would establish the process by which certain advisers would withdraw from Commission registration, exempt certain advisers from the prohibition on Commission registration, and define certain terms. Comments on the proposals must be received on or before February 10, 1997. (Release No. IA-1601) In a companion release, the Commission stayed certain rule provisions and suspended a form under the Investment Advisers Act of 1940 pending the outcome of the proposals. (Release No. IA-1602) FOR FURTHER INFORMATION, Contact Cynthia G. Pugh at (202) 942-0690.

ADOPTION OF REGULATION M

On December 18, 1996, the Commission adopted a new anti-manipulation regulation, Regulation M, and Rules 100 through 105 thereunder, governing securities offerings. The new regulation simplifies, modifies, and in some cases, eliminates provisions that otherwise restrict the activities of issuers, underwriters, and others participating in a securities offering. Regulation M is adopted under various provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 (Exchange Act), and the Investment Company Act of 1940, and replaces Rules 10b-6, 10b-6A, 10b-7, 10b-8, and 10b-21 under the Exchange Act. The Commission also adopted related amendments to Items 502(d) and 508 of Regulations S-B and S-K, and to Rules 10b-18 and 17a-2 under the Exchange Act, as well as technical amendments to various rules and schedules to reflect the adoption of Regulation M. For further information, contact the Office of Risk Management and Control at (202) 942-0772, Division of Market Regulation, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. (Release Nos. 33-7375; 34-38067; IC-22412; International Series Release No. 1039).

ENFORCEMENT PROCEEDINGS

LYNN ROY OYLER PLEADS GUILTY IN PRIME BANK SCHEME

The Securities and Exchange Commission announced that on December 11 Lynn Roy Oyler pled guilty in United States District Court in Salt Lake City, Utah, to one count of wire fraud and one count of failure to file a federal income tax return.

The indictment charged that Oyler, from July 1991 through February 1993, offered and sold investments in a "roll" or letter of credit program, falsely representing that: the program offered a rate of return of up to 25% per month; investors' funds would be deposited into an account held with an international bank; there was an ongoing relationship with several "prime banks" and the instruments purchased and leveraged would be scrutinized by two separate banking entities prior to each transaction; and the program was generating a return when Oyler was in fact using funds to pay off earlier investors in the manner of a pyramid scheme. Approximately 260 investors lost approximately \$3 million.

In connection with the same scheme, on October 19, 1994, Oyler was permanently enjoined from violating the antifraud provisions of Section 17(a) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act and the registration provisions of Sections 5(a) and 5(c) of the Securities Act, pursuant to his consent (Securities and Exchange Commission v. Lynn R. Oyler, Delta Star Corporation, Bowen Bo Wagner, Interfirst Equities Corporation and Fortune Plus Management Company, Civil Action No. 93-NC 0335, D. Utah). See LR-13548 (March 4, 1993); LR-13562 (March 16, 1993); LR-13720 (July 21, 1993); and LR-13874 (November 15, 1993). [United States Of America v. Lynn Roy Oyler, 1:96CR 0042J, D. Utah] (LR-15195)

COURT ISSUES ORDER SETTING DISGORGEMENT AGAINST BLYTHE OLIN SELDEN AND SHIAWASSEE SHORES RETIREMENT PARK, INC.

The Commission announced that on August 5, 1996, the United States District Court for the Eastern District of Michigan issued a Disgorgement Order against Blythe Olin Selden, a resident of Linden, Michigan, and Shiawassee Shores Retirement Park, Inc., a Michigan corporation of which Selden is the sole shareholder. Specifically, the Disgorgement Order set disgorgement in the amount of \$5,682,294, plus prejudgment interest against Selden and Shiawassee. However, the Disgorgement Order also provided that disgorgement would be deemed fully satisfied by distributions made to investors in the pending bankruptcy proceedings of Shiawassee and Selden in the United States Bankruptcy Court for the Eastern District of Michigan, Case No. 95-30468 and Case No. 95-30469, respectively. The Court also ordered that, based upon Selden and Shiawassee's sworn representations concerning their financial condition, which are contained in Selden's and Shiawassee's bankruptcy petitions filed in

the bankruptcy proceedings, Selden and Shiawassee did not have to pay a civil penalty.

The Court had previously issued an Order of Preliminary and Permanent Injunction against Selden and Shiawassee which enjoined them from further violations of the antifraud provisions of the federal securities laws. The Commission's complaint alleged, among other things, that, between 1984 and early April 1994, Selden and Shiawassee engaged in the fraudulent offer and sale of at least \$5.1 million in unregistered promissory notes to approximately 200 investors. [SEC v. Blythe Olin Selden and Shiawassee Shores Retirement Park, Inc., USDC for the Eastern District of Michigan, Civ. Action File No. 94-40148] (LR-15196)

OSCAR WILLIAM OLSON PERMANENTLY ENJOINED

The Commission announced that on November 27, Oscar William Olson was permanently enjoined from future violations of the antifraud provisions of the federal securities laws. In addition, Olson was ordered to disgorge \$575,000 plus prejudgment interest of \$168,000. Payment of disgorgement was waived and Olson was not ordered to pay a civil penalty, based on his financial inability to pay. Olson consented to the entry of the order without admitting or denying the allegations in the complaint. The Commission's complaint alleged that from January 1993 to July 1994, Konex Holding Corp. raised at least \$12.5 million from the Chicago Housing Authority through the offer and sale of investments in the Konex Roll Program, an investment which purportedly was designed to purchase and trade in "Prime Bank Instruments." In fact, the Roll Program was nothing more than a scheme to defraud investors. As a part of the scheme, Olson made false and misleading statements to others concerning the existence and legitimacy of the Roll Program, the use of investor proceeds and the returns and risks of investing in the Roll Program, with the knowledge and intent that such statements be disseminated to investors. In addition, Olson personally misappropriated investor funds. [SEC v. John D. Lauer, Clifton Capital Investors, L.P., Konex Holding Corp., Lyle E. Neal, Copol Investments Limited, Joseph Polichemi and Oscar William Olson, Jr., N.D. Ill., No. 94 C 3770, filed June 21, 1994] (LR-15197)

INVESTMENT COMPANY ACT RELEASES

PAINWEBBER/KIDDER, PEABODY CALIFORNIA TAX EXEMPT MONEY FUND

A notice has been issued giving interested persons until January 13, 1997, to request a hearing on an application filed by Painwebber/Kidder, Peabody California Tax Exempt Money Fund for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-22409 - December 19)

PAINWEBBER/KIDDER, PEABODY GOVERNMENT MONEY FUND, INC.

A notice has been issued giving interested persons until January 13, 1997, to request a hearing on an application filed by PaineWebber/Kidder, Peabody Government Money Fund, Inc. for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-22410 - December 19)

HARRIS TRUST & SAVINGS BANK, ET AL.

A notice has been issued giving interested persons until January 13, 1997 to request a hearing on an application filed by Harris Trust & Savings Bank (Harris Bank), et al. for an order pursuant to Sections 6(c) and 17(b) of the Investment Company Act exempting applicants from Section 17 (a) of the Act. The requested order would permit a collective investment fund sponsored by Harris Bank to transfer securities to portfolios of open-end management investment companies advised by Harris Bank in exchange for portfolio shares. (Rel. IC-22411 - December 19)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGES

The Participants Trust Company filed a proposed rule change (File No. SR-PTC-96-07) under Section 19(b) of the Securities Exchange Act that clarifies and extends PTC's right to set-off credit balances in an account of a defaulting participant against an unpaid debit balance of the defaulting participant and makes several related changes to PTC's rules. Publication of the proposal is expected in the Federal Register during the week of December 23. (Rel. 34-38059)

NASD Regulation, Inc. has filed a proposed rule change (SR-NASD-96-47) under Rule 19b-4 of the Exchange Act relating to the policy and practice concerning the application of the eligibility provision in Rule 10304 of the Code of Arbitration Procedure of the National Association of Securities Dealers, Inc. Publication of the proposal is expected to be made in the Federal Register during the week of December 23. (Rel. 34-38060)

WITHDRAWALS

A notice has been issued giving interested persons until January 13, 1997, to comment on the application of Providence Energy Corporation to withdraw from listing and registration on the American Stock Exchange, Common Stock, \$1.00 Par Value. (Rel. 34-38062)

A notice has been issued giving interested persons until January 13, 1997, to comment on the application of Centennial Technologies, Inc.

to withdraw from listing and registration on the American Stock Exchange, Common Stock, \$.01 Par Value. (Rel. 34-38063)

An order has been issued granting the application of Technitrol, Inc. to withdraw from listing and registration its Common Stock, \$0.125 Par Value, and its Common Stock Purchase Rights on the American Stock Exchange. (Rel. 34-38064)