

SEC NEWS DIGEST

Issue 99-52

March 18, 1999

COMMISSION ANNOUNCEMENTS

RICHARD WALKER TO TESTIFY

Richard H. Walker, Director of the Commission's Division of Enforcement, will testify before the Senate Permanent Subcommittee on Investigations on March 23 concerning Securities Fraud on the Internet. The hearing will begin at 9:30 a.m. in Room 342 of the Dirksen Senate Office Building.

COMMISSION MEETINGS

CLOSED MEETING - THURSDAY, MARCH 25, 1999 - 2:30 P.M.

The subject matter of the closed meeting scheduled for Thursday, March 25, 1999, at 2:30 p.m., will be: Institution and settlement of administrative proceedings of an enforcement nature; and Institution of injunctive actions.

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.

ENFORCEMENT PROCEEDINGS

SEC BARS FORMER CHIEF FINANCIAL OFFICER OF DIVISION OF SUNRISE MEDICAL INC. BECAUSE OF ACCOUNTING FRAUD

The Commission announced today the filing of an administrative proceeding barring Robert S. Barton (Barton), the former chief financial officer of Bio Clinic Corporation (Bio Clinic), a division of Sunrise Medical Inc. (Sunrise Medical), from practicing before it as an accountant. Sunrise Medical is a Carlsbad, California manufacturer of medical devices.

The administrative proceeding is based on the entry on March 1 of an injunction against Barton in federal court in Los Angeles for violations of the antifraud provisions of the Securities Act of 1933 (Securities Act) and the antifraud, books and records, and internal

accounting controls provisions of the Securities Exchange Act of 1934 (Exchange Act). The complaint alleged that Barton orchestrated a large-scale accounting fraud that inflated Sunrise Medical's earnings by 16% in 1994 and 40% in 1995. Barton also engaged in insider trading by exercising stock options knowing that Sunrise Medical's filings were false.

Barton consented to the injunction without admitting or denying the allegations. The injunction prohibits Barton from violating Section 17(a) of the Securities Act and Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5 and 13b2-1 thereunder. Barton consented to the entry of the bar under Rule 102(e) of the Commission's Rules of Practice without admitting or denying the findings of the Commission. (Rel. 34-41181; AAE Rel. 1118; File No. 3-9851)

SEC SHUTS DOWN \$30 MILLION PRIME BANK SCHEME TARGETING CHURCH GROUPS AND RETIREMENT FUNDS

On March 16, Judge Jerry Buchmeyer, United States District Judge for the Northern District of Texas, granted the Commission's request for a temporary restraining order to halt a fraudulent scheme to offer and sell unregistered "prime bank" securities throughout the United States. In connection with the scheme, approximately \$30 million has been raised from more than 100 investors nationwide. The fraudulent trading program was developed by Benjamin Franklin Cook (Cook) and his company, Denel Finance Ltd (Denel), and marketed to investors chiefly by Gerald Lee Pate (Pate), Ellsworth Wayne McLaws, (McLaws) and Alan Clagg (Clagg), all named as defendants in this matter.

According to the Commission's complaint, the defendants targeted religious and charitable groups and persons investing retirement funds. To induce investment in the scheme, the defendants misrepresented the use and safety of investor funds. Defendants represent, for example, that investor funds will be transferred to a London bank, secured by a bank guarantee and used as collateral to trade financial instruments with top 50 European banks. This trading activity, investors are told, will provide them with annual returns of 24 to 60 percent. In reality, the prime bank program marketed to investors does not exist. Denel has not sent any funds to Europe for use in a trading program and funds have not been secured by any type of guarantee. Rather, defendants have misappropriated investment funds for personal and unauthorized uses, including making Ponzi payments to existing investors with funds provided by new investors. [SEC v. Benjamin Franklin Cook, et al., 3:99CV0571-X, USDC, ND/TX, Dallas] (LR-16089)

JEFFREY STREICH AND HOWARD BOYAR SETTLE INSIDER TRADING CASE

The Commission today announced that Jeffrey L. Streich, the remaining defendant in the Commission's insider trading case filed on December 3, 1998, has settled the Commission's charges against him. Streich consented, without admitting or denying the

Commission's allegations, to the entry of a Final Judgment permanently enjoining him from violating Sections 7(f), 10(b) and 14(e) of the Securities Exchange Act of 1934 (Exchange Act), Rules 10b-5 and 14e-3 thereunder, and Regulation X of the Federal Reserve Board Regulations, and ordering him to disgorge his and his tippees' trading profits of \$1,039,970, plus prejudgment interest. Based on his demonstrated inability to pay, disgorgement was waived. As an additional part of the settlement, Streich consented to the entry of a Commission Order barring him from association with any broker, dealer, municipal securities dealer, investment adviser or investment company. The Order, which the Commission entered today, is based on Streich's earlier criminal conviction in New York State Supreme Court of two felony counts.

In addition, the Commission today filed a complaint in the United States District Court for the Southern District of New York against Howard Boyar of New York, New York. The complaint alleges that Boyar engaged in insider trading in advance of public announcements concerning the securities of eight publicly traded companies. According to the complaint, Boyar, who was a registered representative, received tips containing material nonpublic information concerning these companies from his friend Streich. The complaint alleges that Boyar realized trading profits of \$156,050 based on these tips, and his brokerage customers collectively realized \$51,881 in profits in trades recommended by him. The complaint also alleges that Boyar paid Streich about \$10,000 in cash from his illegal profits. Boyar consented, without admitting or denying the allegations in the complaint, to the entry of a Final Judgment enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and requiring him to disgorge illegal trading profits of \$207,931, plus prejudgment interest. Based on his demonstrated inability to pay, disgorgement was waived. Boyar also has consented to the entry of a Commission Order barring him from association with any broker, dealer, municipal securities dealer, investment adviser, or investment company. For further information see LR-15741 (May 15, 1998); Rel. 34-40787 (Dec. 14, 1998); Rel. 34-40788 (Dec. 14, 1998); and LR-15990 (Dec. 3, 1998). [SEC v. Marisa Baridis, Jeffrey Streich, Keith Youngswick a/k/a/ Keith Youngs, and Tina Eichenholz, Civil Action No. 98-8535, JSM, SDNY; SEC v. Howard Boyar, 99 Civil Action No. 2008, JSM, SDNY] (LR-16090); Administrative Proceedings in the Matter of Jeffrey L. Streich - Rel. 34-41182; File No. 3-9852)

INVESTMENT COMPANY ACT RELEASES

PROTECTIVE LIFE INSURANCE COMPANY, ET AL.

A notice has been issued giving interested persons until April 12, 1999, to request a hearing on an application filed by Protective Life Insurance Company (Protective Life), American Foundation Life Insurance Company (American Foundation), Protective Variable Life Separate Account (Life Account), Protective Variable Annuity

Separate Account (Annuity Account), and Variable Annuity Account A of American Foundation (Account A) (collectively, Applicants). Applicants seek an order pursuant to Section 26(b) approving the substitution of shares of Oppenheimer Variable Account Funds representing interests in its Oppenheimer Money Fund for shares of Protective Investment Company representing interests in its Money Market Fund and currently held by the Life Account, Annuity Account, and Account A to support variable life insurance contracts or variable annuity contracts issued by Protective Life or American Foundation. (Rel. IC-23740 - March 16)

THE BRINSON FUNDS, ET AL.

A notice has been issued giving interested persons until April 12, 1999, to request a hearing on an application filed by The Brinson Funds, et al. for an order under Sections 6(c) and 17(b) of the Investment Company Act granting an exemption from Section 17(a) of the Act. The order would permit in-kind redemptions of shares of certain registered investment companies by certain affiliated persons of the investment companies. (Rel. IC-23741 - March 17)

HARTFORD LIFE AND ANNUITY INSURANCE COMPANY, ET AL.

An order has been issued to Hartford Life and Annuity Insurance Company, ICMG Registered Variable Life Separate Account One and Hartford Life and Annuity Insurance Company Separate Account Six (together with ICMG Registered Variable Life Separate Account One, the Accounts). Pursuant to Section 26(b) of the Investment Company Act, the order permits the Accounts to substitute shares of the Bond Portfolio, Diversified Equity Portfolio, Diversified Mid Cap Portfolio, Large Cap Growth Portfolio and MidCap Value Portfolio of One Group Investment Trust for shares of the Bond Fund, Growth and Value Fund, Mid Cap Opportunity Fund, Growth Fund and Intrinsic Value Fund of Pegasus Variable Fund currently held by the Accounts. Pursuant to Section 17(b) of the Act, the order exempts related transactions from Section 17(a) of the Act. (Rel. IC-23742 - March 17)

WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO, ET AL.

A notice has been issued giving interested persons until April 12, 1999, to request a hearing on an application filed by Western Reserve Life Assurance Co. of Ohio, WRL Series Life Account, PFL Life Insurance Company, Legacy Builder Variable Life Separate Account, and AFSG Securities Corporation (collectively Applicants). Applicants seek an order pursuant to Section 6(c) of the Investment Company Act granting exemption from provisions of the Act and rules thereunder to the extent necessary to permit reliance on certain exemptions provided in paragraph (b) of Rule 6e-2, and, in addition, exemptions from the provisions of Sections 2(a)(32) and 27(i)(2)(A) of the Act and Rules 6e-2(b)(12) and 22c-1, thereunder, to the extent necessary to permit the sale of certain modified single premium life insurance policies by the Applicants and certain other persons that may become the principal underwriter for the policies.

SELF-REGULATORY ORGANIZATIONS

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

The National Association of Securities Dealers filed a notice of filing and immediate effectiveness of a proposed rule change (SR-NASD-99-13) amending NASD Rule 7010 to establish a pilot program to provide a transaction credit for listed securities. Publication of the proposal is expected in the Federal Register during the week of March 22. (Rel. 34-41174)

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.

Registration statements 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>.

F-6 KAZAKHTELECOM /ADR/, BANK OF NEW YORK, 101 BARCLAY ST 22W, NEW YORK, NY
10286 - 20,000,000 (\$1,000,000) DEPOSITARY RECEIPTS FOR COMMON STOCK
(FILE 333-10098 - MAR 08) (BR 99 - NEW ISSUE)

F-1 OPTIMAL ROBOTICS CORP, 4700 DE LA SAVANE, STE 101, MONTRAAAL QUEBEC, B6
(514) 738-8885 - 3,450,000 (\$32,343,750) FOREIGN COMMON STOCK (FILE
333-10102 - MAR 08) (BR 3)

S-3 PIONEER STANDARD ELECTRONICS INC, 4800 E 131ST ST, CLEVELAND, OH 44105
(216) 587-3600 - 1,000,000 (\$7,470,000) COMMON STOCK (FILE 333-74225 -
MAR. 10) (BR 5)

F-1 MIH LTD, ABBOT BLD MOUNT STREET, TORTOLA,
ROAD TOWN, BRITISH VIRGIN ISLANDS, (284) 494-5471 - \$100,000,000
FOREIGN COMMON STOCK (FILE 333-74227 - MAR 11) (BR 37 - NEW ISSUE)

S-8 MEDTRONIC INC, 7000 CENTRAL AVE NE, MS 316, MINNEAPOLIS, MN 55432
(612) 574-4000 - 124,180 (\$8,801,258) COMMON STOCK (FILE 333-74229 -
MAR 11) (BR 5)

S-8 GLOBAL DIGITAL INFORMATION INC, 455 WARD CORNER RD, STE 110, LOVELAND,
OH 45140 (425) 643-0777 - 2,000,000 (\$66,000) COMMON STOCK (FILE
333-74231 - MAR. 11) (BR 9)

S-8 WYMAN PARK BANCORPORATION INC, 11 WEST RIDGELY RD, LUTHERVILLE, MD 21094
(410) 252-6450 - 40,468 (\$446,667) COMMON STOCK (FILE 333-74235 -
MAR 11) (BR 7)

- S-8 CISCO SYSTEMS INC, 170 WEST TASMAN DRIVE, SAN JOSE, CA 95134
(408) 526-4000 - 251,388 (\$4,033,919 54) COMMON STOCK. (FILE 333-74237 -
MAR 11) (BR 3)
- S-3 OLYMPIC CASCADE FINANCIAL CORP, 1001 FOURTH AVENUE, STE 2200, SEATTLE,
WA 98154 (312) 751-8833 - 403,113 (\$1,648,732) COMMON STOCK. (FILE
333-74243 - MAR 11) (BR. 7)
- S-8 WYMAN PARK BANCORPORATION INC, 11 WEST RIDGELY RD, LUTHERVILLE, MD 21094
(410) 252-6450 - 101,171 (\$1,116,667) COMMON STOCK. (FILE 333-74249 -
MAR 11) (BR. 7)
- S-8 ATWOOD OCEANICS INC, 15835 PARK TEN PL DR, SUITE 200, HOUSTON, TX 77084
(713) 492-2929 - 670,000 (\$13,127,813) COMMON STOCK. (FILE 333-74255 -
MAR 11) (BR 4)
- S-8 VALASSIS COMMUNICATIONS INC, 19975 VICTOR PARKWAY, LIVONIA, MI 48152
(313) 591-3000 - 3,325,000 (\$156,690,625) COMMON STOCK. (FILE 333-74263 -
MAR 11) (BR 2)