

SEC NEWS DIGEST

Issue 99-55

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COMMISSION ANNOUNCEMENTS

CHAIRMAN LEVITT TO TESTIFY

Chairman Arthur Levitt will testify before the Senate Subcommittee on Securities on Wednesday, March 24 concerning the Commission's fee collections. The hearing will begin at 10:00 am in Room 538 of the Dirksen Senate Office Building.

RULES AND RELATED MATTERS

OFFER AND SALE OF SECURITIES TO CANADIAN TAX-DEFERRED RETIREMENT ACCOUNTS

The Commission has issued a release soliciting public comment on proposed new Rule 237 under the Securities Act of 1933, new Rule 7d-2 under the Investment Company Act of 1940, and amendments to Rule 12g3-2 under the Securities Exchange Act of 1934. These new rules and rule amendments would enable investors who hold securities in certain Canadian tax-deferred retirement accounts, but who reside or are temporarily present in the United States, to manage their investments in those Canadian accounts. The proposals would permit securities of foreign investment companies and other foreign issuers to be offered and sold to those accounts without the securities or the investment companies being registered under the U.S. securities laws. The rules would not, however, affect the applicability of the antifraud provisions of the U.S. securities laws. FOR FURTHER INFORMATION, contact Cynthia Gurnee Pugh at (202) 942-0690. (Rels. 33-7656, 34-41189, IC-23745; File No. S7-10-99).

TRADEPOINT FINANCIAL NETWORKS PLC APPROVAL OF ORDER GRANTING LIMITED VOLUME EXEMPTION

The Commission approved an order granting a limited volume exemption from registration as an exchange under Section 5 of the Securities Exchange Act. Publication of the order is expected in the Federal Register during the week of March 22. (Rel. 34-41199; International Series Rel. 1189)

ENFORCEMENT PROCEEDINGS

CEASE AND DESIST PROCEEDINGS SETTLED AGAINST MIRON LESHEM

The Commission today announced the entry of an Order by the Commission ordering Leshem to cease and desist from committing or causing any violations and any future violations of the antifraud provisions of the federal securities laws, barring Leshem from participation in penny stock offerings, and ordering Leshem to pay \$3,000 in disgorgement, plus prejudgment interest.

In his Offer, Leshem, without admitting or denying the findings, consents to the issuance of an Order by the Commission which finds that Leshem offered to pay, and directly or indirectly paid, or caused to be paid, 1,500 shares of Debbie Reynolds Hotel & Casino, Inc. in undisclosed compensation to a broker-dealer for having previously purchased 10,000 shares of the same stock at approximately \$2.00 per share. (Rel. 33-7658; 34-41197; File No. 3-9153)

ADMINISTRATIVE PROCEEDINGS INSTITUTED AGAINST GERARD BURNS

The Commission has instituted public administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act) against Gerard Burns (Burns). The Order Instituting Proceeding alleges that Burns was the chief executive officer and president of VDS Enterprises, Inc. (VDS), a public company, and that on October 21, 1998, the United States District Court for the Southern District of Florida entered a final judgment of permanent injunction and other relief, by default.

Previously, on September 29, 1997, the Commission filed a complaint, alleging that Burns provided a VDS "Business Profile" to investors which overvalued VDS' assets and shareholder equity by at least 300% and 150%, respectively, and overvalued service contracts by at least 800%. The complaint also alleged that the Business Profile also misrepresented the use of stock sale proceeds, as well as Burns' background and experience, and failed to disclose his prior securities fraud conviction. The Commission further alleged in its complaint that the Form 8-K Burns filed or caused to be filed with the Commission misrepresented the value of certain VDS property.

On October 21, 1998, the final judgment enjoined Burns from further violations of Section 17(a) of the Securities Act of 1933 and Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13b2-1, and 13b2-2 thereunder and from further violations, as a control person, of Sections 13(a) and 13(b)(2)(A) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11 and 13a-13 thereunder (SEC v. Gerard Burns, et al., Civil Action No. 97-3111-CIV-MOORE, S.D. Fla.). A hearing will be scheduled to determine what remedial sanctions, if any, should be imposed. (Rel. 34-41198; File No. 3-

COURT ENFORCES COMMISSION SUBPOENA REQUIRING BROKER TO ANSWER QUESTIONS ABOUT POSSIBLE FRAUD AND FORGERY

The Commission announced that the U.S. District Court for the District of Massachusetts has granted the Commission's application for enforcement of an investigative subpoena and ordered a broker for a Massachusetts brokerage firm to answer questions about possible fraud and forgery in his dealings with an elderly investor. According to the Commission's court filing, broker David Cottrill had refused to answer questions about his dealings with the investor when subpoenaed to give testimony in a Commission investigation of mutual fund sales practices.

According to the Commission's application for enforcement of its subpoena to Cottrill, Cottrill refused to answer certain questions because he claimed to be the subject of a criminal investigation arising from his dealings with the investor. He further claimed that he should not be required to assert his Fifth Amendment privilege against self-incrimination when questioned but instead be allowed to provide no response at all. The court granted the Commission's application to enforce its subpoena against Cottrill and ordered him to appear at the Commission's Boston office and respond to questions by the Commission staff. [SEC v. Cottrill, MBD No. 99-10096, D. Mass.] (LR-16093)

COMMISSION SETTLES CASE AGAINST RADIO TALK SHOW HOST FOR FAULTY DISCLOSURE

The Commission announced that a final consent judgment has been entered in the Commission's action against Edward B. Taxin and the Taxin Network. On March 11, Judge Kimba M. Wood permanently enjoined Taxin and his company from further violations of Section 17(b) of the Securities Act of 1933, and ordered them to pay \$30,000 in penalties.

The Commission's action, commenced on October 27, 1998, was part of a large-scale effort by the Commission to address unlawful touting of securities over the Internet. The Commission alleged that Taxin received compensation for touting certain microcap stocks on a radio program, the Financial Hour, and in an Internet newsletter, the Investor's Chronicle, without properly disclosing the receipt of such compensation, in violation of Section 17(b) of the Securities Act. Taxin and the Taxin Network consented to the entry of the final judgment without admitting or denying the allegations in the complaint. [SEC v. Edward B. Taxin and the Taxin Network, 98 Civ. 7661, KMW, SDNY] (LR-16094)

INVESTMENT COMPANY ACT RELEASES

TODD INVESTMENT ADVISORS, INC.

A notice has been issued giving interested persons until April 12, 1999, to request a hearing on an application by Todd Investment Advisors, Inc. (Todd) for an order under Section 6(c) of the Investment Company Act of 1940 (Act) for an exemption from Section 15(a) of the Act. The order would permit the implementation, without prior shareholder approval, of a new investment sub-advisory agreement (New Agreement) for a period of not more than 150 days beginning on the later of the date on which the acquisition by Fort Washington Investment Advisors, Inc. of Todd is consummated or the date on which the requested order is issued and continuing through the date the New Agreement is approved or disapproved by the shareholders (but in no event later than September 9, 1999) (Interim Period). The order would also permit payment of all fees earned under the New Agreement during the Interim Period following shareholder approval. (Rel. IC-23746 - March 22)

HOLDING COMPANY ACT RELEASES

ENOVA CORPORATION

A notice has been issued giving interested persons until April 13, 1999, to request a hearing on a proposal by Enova Corporation (Enova), a public utility holding company exempt from registration under Section 3(a)(1) of the Act by Rule 2. Enova requests an order under Section 3(a)(1) of the Act exempting it from all provisions of the Act, except Section 9(a)(2). (Rel. 35-26992)

PUBLIC SERVICE COMPANY OF OKLAHOMA

A notice has been issued giving interested persons until April 13, 1999, to request a hearing on a proposal by Public Service Company of Oklahoma, an electric public utility subsidiary of Central and South West Corporation, a registered holding company, to increase the amount of capital contributions and guarantees it can make to Nuvest L.L.C. to \$5 million and \$18 million, respectively. (Rel. 35-26992)

EASTERN ENTERPRISES

A notice has been issued giving interested persons until April 13, 1999, to request a hearing on a proposal by Eastern Enterprises (Eastern), a public utility holding company exempt from registration under Section 3(a)(1) of the Act by Rule 2, to acquire all of the issued and outstanding common stock of Colonial Gas Company, a Massachusetts gas utility. Eastern also requests an order under Section 3(a)(1) of the Act exempting it from all provisions of the Act, except Section 9(a)(2). (Rel. 35-26992)

CONSOLIDATED NATURAL GAS COMPANY, ET AL.

A notice has been issued giving interested persons until April 13, 1999, to request a hearing on a proposal by Consolidated Natural Gas Company (CNG), a registered holding company, and CNG International Corporation (CNG International), a nonutility subsidiary of CNG, to, through December 31, 2003: (1) invest up to \$750 million to acquire entities engaged in foreign gas-related activities; (2) enter into guarantees and provide other credit support for obligations of CNG International or its subsidiaries up to an aggregate amount not exceeding \$750 million in the case of entities which are not foreign utilities companies or exempt wholesale generators engaged in gas-related activities; (3) increase the authorized capital of CNG International from 30,000 to 200,000 shares of common stock; and (4) issue and sell securities of CNG and CNG International and its subsidiaries, subject a reservation of jurisdiction. (Rel. 35-26992)

SELF-REGULATORY ORGANIZATIONS

ACCELERATED APPROVAL OF AMENDMENT TO PROPOSED RULE CHANGE

The Commission noticed and granted accelerated approval to an amendment to a proposed rule change (SR-NASD-98-26) submitted by the National Association of Securities Dealers instituting, on a pilot basis, new primary Nasdaq market maker standards for Nasdaq national market securities. Publication is expected in the Federal Register during the week of March 22. (Rel. 34-41195)

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>.

S-8 ADECCO SA, 100 REDWOOD SHORES PKWY, REDWOOD CITY, CA 94065
(415) 610-1000 - 125,000 (\$62,157,500) FOREIGN COMMON STOCK (FILE
333-10112 - MAR 12) (BR 8)

S-3 DYNAMOTIVE TECHNOLOGIES CORP, 3650 WESTBROOK MALL, VANCOUVER B C CANADA,
A1 (604) 222-5590 - 6,938,213 (\$6,938,213) FOREIGN COMMON STOCK (FILE
333-10118 - MAR. 12) (BR 9)

S-1 XOOM INC, 433 CALIFORNIA STREET, SUITE 910, SAN FRANCISCO, CA 94104
(415) 445-2525 - 4,600,000 (\$286,350,000) COMMON STOCK (FILE 333-74441 -
MAR 16) (BR 2)

S-1 GOLDMAN SACHS GROUP INC, 85 BROAD ST, NEW YORK, NY 10004 (212) 902-1000
- 69,000,000 (\$3,450,000,000) COMMON STOCK (FILE 333-74449 - MAR 16)
(BR 7)

S-8 NEW PLAYBOY INC, 680 NORTH LAKE SHORE DRIVE, CHICAGO, IL 60611
(312) 751-8000 - \$58,074,751 COMMON STOCK (FILE 333-74451 - MAR. 16)
(BR 5)

S-8 VERMILION BANCORP INC, 714 NORTH VERMILION STREET, DANVILLE, IL 61834
(217) 442-0270 - 39,675 (\$619,522) COMMON STOCK. (FILE 333-74453 -
MAR 16) (BR 7)

S-8 SOLUTIA INC, 10300 OLIVE BLVD, P O BOX 66760, ST LOUIS, MO 63166
(314) 674-1000 - 225,000 (\$4,345,312.50) COMMON STOCK (FILE 333-74463 -
MAR 16) (BR 2)

S-8 SOLUTIA INC, 10300 OLIVE BLVD, P O BOX 66760, ST LOUIS, MO 63166
(314) 674-1000 - 4,250,000 (\$82,078,125) COMMON STOCK (FILE 333-74465 -
MAR 16) (BR 2)

S-3 FIRST HORIZON ASSET SECURITIES INC, 2974 LBJ FREEWAY, DALLAS, TX 75234
(972) 484-5600 - 1,000,000 (\$1,000,000)
PASS-THROUGH MORTGAGE-BACKED CERTIFICATE (FILE 333-74467 - MAR 16)
(BR 38 - NEW ISSUE)

S-1 REDBACK NETWORKS INC, 1389 MOFFETT PARK DR, SUNNYVALE, CA 94089
(408) 548-3500 - \$37,375,000 COMMON STOCK (FILE 333-74479 - MAR 16)
(BR 8 - NEW ISSUE)

S-8 SKYLYNX COMMUNICATIONS INC, 103 SARASOTA QUAY, SARASOTA, FL 34236
(941) 366-4747 - 1,750,000 (\$5,836,616) COMMON STOCK. (FILE 333-74487 -
MAR 16) (BR 9)

S-8 HASTINGS MANUFACTURING CO, 325 N HANOVER ST, HASTINGS, MI 49058
(616) 945-2491 - 38,000 (\$684,000) COMMON STOCK (FILE 333-74489 -
MAR 16) (BR 5)

S-8 ENHANCED SERVICES CO INC, 3415 S SEPULVEDA BLVD, SUITE 500, LOS ANGELES,
CA 90034 (310) 397-3003 - 100,000 (\$50,000) COMMON STOCK (FILE 333-74499
- MAR 16) (BR 9)

S-3 ARMSTRONG WORLD INDUSTRIES INC, P O BOX 3001, 313 W LIBERTY ST,
LANCASTER, PA 17604 (717) 397-0611 - 1,000,000,000 (\$1,000,000,000)
STRAIGHT BONDS (FILE 333-74501 - MAR 16) (BR 6)

S-3 HUBCO INC, 1000 MACARTHUR BLVD, MAHWAH, NJ 07430 (201) 236-2600 -
3,000,000 (\$100,980,000) COMMON STOCK (FILE 333-74503 - MAR 16) (BR 7)

S-8 FIRSTAMERICA AUTOMOTIVE INC /DE/, 601 BRANNAN STREET,
C/O S EDMUND RESCINITI, SAN FRANCISCO, CA 94107 (702) 329-4990 - 1,500,000
(\$4,065,000) COMMON STOCK (FILE 333-74505 - MAR 16) (BR 2)

S-8 FLASHNET COMMUNICATIONS INC, 1812 N FOREST PARK BLVD, FORT WORTH, TX
76102 (817) 332-8883 - 1,667,231 (\$37,626,061) COMMON STOCK (FILE
333-74513 - MAR 16) (BR 7)

S-8 APPLIED ANALYTICAL INDUSTRIES INC, 5051 NEW CENTRE DR, WILMINGTON, NC
28403 (910) 393-1606 - 517,500 (\$9,929,531 20) COMMON STOCK. (FILE
333-74515 - MAR 16) (BR 1)

S-1 LOWESTFARE COM INC, 980 KELLY JOHNSON DRIVE, LAS VEGAS, NV 89119
(702) 260-3600 - \$138,000,000 COMMON STOCK (FILE 333-74517 - MAR 16)
(NEW ISSUE)

S-3 NRG ENERGY INC, 1221 NICOLLET MALL, SUITE 700, MINNEAPOLIS, MN 55403
(612) 373-5300 - 500,000,000 (\$500,000,000) STRAIGHT BONDS (FILE
333-74519 - MAR 17) (BR 2)

S-8 AMERICA ONLINE INC, 22000 AOL WAY, C/O LENNERT J LEADER CFO, DULLES, VA
20166 (703) 265-1000 - 593,000 (\$338,523) COMMON STOCK (FILE 333-74521 -
MAR 17) (BR 3)

S-8 AMERICA ONLINE INC, 22000 AOL WAY, C/O LENNERT J LEADER CFO, DULLES, VA
20166 (703) 265-1000 - 614,250 (\$3,267,810) COMMON STOCK (FILE 333-74523
- MAR 17) (BR 3)

S-8 AMERICA ONLINE INC, 22000 AOL WAY, C/O LENNERT J LEADER CFO, DULLES, VA
20166 (703) 265-1000 - 15,621,600 (\$599,140,188 04) COMMON STOCK (FILE
333-74527 - MAR 17) (BR 3)

S-8 AMERICA ONLINE INC, 22000 AOL WAY, C/O LENNERT J LEADER CFO, DULLES, VA
20166 (703) 265-1000 - 24,450 (\$72,127 50) COMMON STOCK (FILE 333-74535 -
MAR 17) (BR 3)

S-8 AMERICA ONLINE INC, 22000 AOL WAY, C/O LENNERT J LEADER CFO, DULLES, VA
20166 (703) 265-1000 - 1,100,000 (\$105,600,000) COMMON STOCK (FILE
333-74537 - MAR 17) (BR 3)

S-8 AMERICA ONLINE INC, 22000 AOL WAY, C/O LENNERT J LEADER CFO, DULLES, VA
20166 (703) 265-1000 - 280,550 (\$667,709) COMMON STOCK (FILE 333-74539 -
MAR 17) (BR 3)

S-8 AMERICA ONLINE INC, 22000 AOL WAY, C/O LENNERT J LEADER CFO, DULLES, VA
20166 (703) 265-1000 - 9,750 (\$10,042 50) COMMON STOCK (FILE 333-74541 -
MAR 17) (BR 3)

S-1 BEYOND COM CORP, 1195 W FREMONT AVENUE, SUITE 900, SUNNYVALE, CA 94087
(408) 616-4200 - 4,000,000 (\$92,500,000) COMMON STOCK (FILE 333-74545 -
MAR 17) (BR 3)

S-3 CONNECT INC, 515 ELLIS STREET, MOUNTAIN VIEW, CA 94043 (650) 254-4000 -
1,538,462 (\$6,200,001 86) COMMON STOCK (FILE 333-74547 - MAR 17)
(BR 3)