

# SEC NEWS DIGEST

Issue 99-60

March 30, 1999

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## ENFORCEMENT PROCEEDINGS

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**GOLF VENTURES, INC. IS ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATION, AND FROM COMMITTING OR CAUSING ANY FUTURE VIOLATION OF SECTIONS 10(b) AND 13(a) OF THE EXCHANGE ACT, AND RULES 10b-5, 12b-20, 13a-1 AND 13a-13**

The Commission has instituted public administrative proceedings pursuant to Section 21C of the Securities Exchange Act of 1934 (Exchange Act) against Golf Ventures, Inc. (GVI). Simultaneously with the institution of the proceedings, the Commission accepted a settlement offer from GVI wherein GVI consented, without admitting or denying the Commission's findings, to the entry of an order directing GVI to cease and desist from committing or causing any violation, and from committing or causing any future violation of Sections 10(b) and 13(a) of the Exchange Act, and Rules 10b-5, 12b-20, 13a-1 and 13a-13 (Order). The Commission found that GVI violated these provisions by knowingly making materially false and misleading statements in documents filed with the Commission and other written materials distributed by GVI to investors during the period from September 1996 through July 1997. In conjunction with the issuance of the Order, the Commission and GVI stipulated to the dismissal, without prejudice, of the Commission's claims against GVI in SEC v. George Badger, et al., 2:97 CV 0963K, a civil injunctive action filed by the Commission in the District of Utah in December 1997 against GVI and thirteen other defendants. The Court approved the stipulation of dismissal on March 11, 1999. (Rel. 34-41221; File No. 3-9856)

## **PUBLIC ADMINISTRATIVE PROCEEDING INSTITUTED AGAINST KIDDER, PEABODY & CO. INCORPORATED**

The Commission announced that it has issued an Order Instituting Public Proceeding (Order) against Kidder, Peabody & Co. Incorporated (Kidder) pursuant to Section 21C of the Securities Exchange Act of 1934 (Exchange Act), concerning charges that Kidder generated substantial wrongful profits from a 1993 financing transaction for the City of Tampa, Florida (City) as the result of "yield burning": in this case, Kidder's purchase of an Escrow Reinvestment Agreement (Agreement) at below its fair market value in order to reduce the yield to the City. At the same time as the institution of the proceeding, the Commission accepted Kidder's Offer of Settlement, which provides for disgorgement by Kidder of nearly \$2.5 million in

wrongful profits and prejudgment interest, and other relief. Kidder did not admit or deny the Commission's factual findings.

The Order Instituting Proceedings (Order) alleges that in late 1993, Kidder, along with a registered person associated with another broker-dealer (Registered Person), agreed to solicit bids on behalf of the City for the right to enter into an Agreement. The purpose of the Agreement was to provide the City with additional investment income on the proceeds of certain previously issued, tax-exempt advance refunding bonds, which proceeds the City then held in escrow. The Order alleges that Kidder entered its own bid, was declared the winning bidder and was awarded the Agreement in December 1993.

To ensure that Kidder won, the Order alleges, the Registered Person rigged the bidding by: (1) providing false information to at least one bidder, which caused that bidder to undervalue the Agreement and submit an artificially low bid; and (2) obtaining another artificially low bid from a company with which he was affiliated, without disclosing his affiliation to the City. As a result, Kidder was able to win the Agreement with a bid of \$1.319 million, more than \$3.0 million below what Kidder then believed the Agreement was worth.

The Order alleges that in connection with the award of the Agreement, Kidder and the other broker-dealer made certain representations to the City regarding the bidding process and the value of the Agreement. The Order alleges that Kidder either knew or recklessly disregarded that these representations were false. In subsequent purchases and sales of securities under the Agreement, Kidder and another broker-dealer realized total profits of nearly \$3.5 million, according to the Order. Of this amount Kidder retained almost \$1.67 million, and the other broker-dealer received \$1.78 million, according to the Order.

The Order finds that Kidder violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities. In addition, the Order requires that Kidder disgorge its profits, plus prejudgment interest, for a total of approximately \$2.5 million. The Order also orders Kidder to cease and desist from violating Section 10(b) and Rule 10b-5. Kidder consented to issuance of the Order without admitting or denying the factual findings contained therein.

In a related matter, the Commission announced that it has instituted public administrative and cease and desist proceedings against the Registered Person and a former Kidder Senior Vice President, each of whom was also allegedly involved in Kidder's purchase of the Agreement. With respect to the two individuals, a hearing will be scheduled to determine if the staff's allegations are true and, if so, whether cease and desist orders, disgorgement, penalties and other sanctions are appropriate against those persons. (Rel. 34-41224; File No. 3-9857)

**PUBLIC ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS INSTITUTED AGAINST  
PETER ZENT AND MICHAEL CORNBLUM**

The Commission announced that it has instituted public administrative and cease and desist proceedings against Peter W. Zent and Michael A. Cornblum (collectively, Respondents). The Order Instituting Proceedings (Order) alleges that Respondents generated nearly \$3.5 million in wrongful profits from a 1993 financing transaction for the City of Tampa, Florida (City) as the result of "yield burning": in this case, the purchase of an Escrow Reinvestment Agreement (Agreement) at below its fair market value in order to reduce the yield to the City.

The Order alleges that in late 1993 Zent, then a Senior Vice President at Kidder, Peabody & Co. Incorporated (Kidder) and Cornblum (who was a consultant to Kidder) agreed to solicit bids on behalf of the City for the right to enter into an Agreement. The purpose of the Agreement was to provide the City with additional investment income on the proceeds of certain previously-issued, tax-exempt advance refunding bonds, which proceeds the City then held in escrow. The Order alleges that, in addition to agreeing to solicit bids on the Agreement, Kidder entered its own bid, was declared the winning bidder and was awarded the Agreement in December 1993.

To ensure that Kidder won, the Order alleges, Cornblum rigged the bidding by: (1) providing false information to at least one bidder, which caused that bidder to undervalue the Agreement and submit an artificially low bid; and (2) obtaining another artificially low bid from a company with which he was affiliated, without disclosing his affiliation to the City. The Order alleges that, as a result of the foregoing conduct, Kidder was able to win the Agreement with a bid of \$1.319 million, more than \$3.0 million below what Kidder then believed the Agreement was worth.

In connection with the award of the Agreement, Zent and Cornblum made certain representations to the City regarding the bidding process and the value of the Agreement. Zent and Cornblum either knew or recklessly disregarded that these representations were false. Subsequent purchases and sales of securities under the Agreement generated profits of nearly \$3.5 million. Of this amount Kidder retained almost \$1.67 million, and transferred the balance, or \$1.78 million, to another broker-dealer affiliated with Cornblum.

The Order alleges Respondents violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

A hearing will be scheduled to determine if the staff's allegations are true and, if so, whether cease-and-desist orders, disgorgement, civil money penalties and other sanctions are appropriate against the Respondents.

In a related matter, the Commission announced that it had instituted and simultaneously settled a public administrative proceeding against Kidder relating to the same transaction involved in the Order discussed above. (Rel. 34-41225; File No. 3-9858)

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## SELF-REGULATORY ORGANIZATIONS

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### ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission granted accelerated approval to a proposed rule change submitted by the Chicago Board Options Exchange (SR-CBOE-99-02) to codify the definition of an expiration month for purposes of determining compliance with the Retail Automatic Execution System (RAES) log-on requirement for market-makers of options on the Standard & Poor's 100 Index (OEX) and the Dow Jones Industrial Average (DJX). Publication of the order is expected in the Federal Register during the week of March 29. (Rel. 34-41214)

The Commission granted accelerated approval to a proposed rule change (SR-NSCC-99-02) filed by the National Securities Clearing Corporation to permit users of NSCC's Mutual Fund Services to submit exit instructions for exchange orders. Publication of the proposal is expected in the Federal Register during the week of March 29. (Rel. 34-41218)

### PROPOSED RULE CHANGE

The Philadelphia Stock Exchange filed a proposed rule change (SR-Phlx-98-55) to triple position and exercise limits on the Value Line Composite Index, the US Top 100 Index, and the National Over-the-Counter Index. Publication of the proposal is expected in the Federal Register during the week of March 29. (Rel. 34-41216)

### APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change filed by the National Securities Clearing Corporation (SR-NSCC-98-11) modifying NSCC's rules regarding its Mutual Fund Services transfer service. (Rel. 34-41219)

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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.

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 AO SIBERIAN OIL CO /ADR/, BANK OF NEW YORK, 101 BARCLAY ST 22W,  
NEW YORK, NY 10286 (212) 495-1727 - 20,000,000 (\$1,000,000)  
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-10134 - MAR. 17) (BR 99  
- NEW ISSUE)
- S-3 ALEXANDERS J CORP, 3401 WEST END AVE, P O BOX 24300, NASHVILLE, TN 37202  
(615) 269-1900 - 1,086,267 (\$4,073,501 25) COMMON STOCK (FILE 333-74849 -  
MAR 23) (BR. 5)
- S-1 TAKE TWO INTERACTIVE SOFTWARE INC, 575 BROADWAY, 6TH FLOOR, NEW YORK, NY  
10012 (212) 941-2988 - 5,750,000 (\$52,468,750) COMMON STOCK (FILE  
333-74851 - MAR 23) (BR 3)
- S-4 REPUBLIC BANCORP INC, 1070 EAST MAIN STREET, OWOSSO, MI 48867  
(517) 725-7337 - 10,189,368 (\$224,471,777) COMMON STOCK (FILE 333-74853 -  
MAR 23) (BR 7)
- S-3 PRUDENTIAL SECURITIES SECURED FINANCING CORP, ONE NEW YORK PLZ,  
14TH FLOOR, NEW YORK, NY 10292 (212) 778-1000 - 55,000,000 (\$55,000,000)  
PASS-THROUGH MORTGAGE-BACKED CERTIFICATE (FILE 333-74859 - MAR 23)  
(BR 8)
- S-8 POGO PRODUCING CO, 5 GREENWAY PLAZA STE 2700, P O BOX 2504, HOUSTON, TX  
77046 (713) 297-5017 - 500,000 (\$6,437,500) COMMON STOCK (FILE 333-74861  
- MAR 23) (BR 4)
- S-8 HORIZON OFFSHORE INC, HORIZON OFFSHORE INC,  
2500 CITY WEST BLVD , STE 2200, HOUSTON, TX 77042 (713) 361-2600 -  
150,000 (\$1,012,500) COMMON STOCK (FILE 333-74867 - MAR 23) (BR 4)
- S-8 POMEROY COMPUTER RESOURCES INC, 1020 PETERSBURG ROAD, HEBRON, KY 41048  
(606) 586-0600 - 100,000 (\$1,825,000) COMMON STOCK (FILE 333-74871 -  
MAR 23) (BR 3)
- S-8 INTERVOICE INC, 17811 WATERVIEW PKWY, DALLAS, TX 75255 (214) 669-3966 -  
500,000 (\$6,531,250) COMMON STOCK (FILE 333-74873 - MAR 23) (BR 7)
- S-8 MASCOTECH INC, 21001 VAN BORN RD, TAYLOR, MI 48180 (313) 274-7405 -  
1,000,000 (\$14,625,000) COMMON STOCK (FILE 333-74875 - MAR 23) (BR 5)
- S-8 SCHERER HEALTHCARE INC, 120 INTERSTATE NORTH PKWY S E, SUITE 305,  
ATLANTA, GA 30339 (770) 333-0066 - 900,000 (\$2,893,590) COMMON STOCK  
(FILE 333-74877 - MAR 23) (BR 5)
- S-1 PRISM FINANCIAL CORP, 440 NORTH ORLEANS, CHICAGO, IL 60610  
(312) 494-0020 - \$43,125,000 COMMON STOCK (FILE 333-74883 - MAR 23)  
(BR 7 - NEW ISSUE)
- S-4 NATIONAL FUEL GAS CO, 10 LAFAYETTE SQ, BUFFALO, NY 14203 (716) 857-6980  
- 102,000 (\$4,427,437 50) COMMON STOCK (FILE 333-74887 - MAR 23)  
(BR 2)
- S-8 CHAMPIONSHIP AUTO RACING TEAMS INC, 755 W BIG BEAVER RD, SUITE 800,  
TROY, MI 48064 (248) 362-8800 - 2,100,000 (\$45,890,222 50) COMMON STOCK  
(FILE 333-74889 - MAR 23) (BR 5)
- S-8 UAL CORP /DE/, 1200 ALGONQUIN ROAD, ELA GROVE TOWNSHIP, IL 60027  
(847) 700-4000 - 64,000 (\$485,440) COMMON STOCK (FILE 333-74891 -  
MAR 23) (BR 5)
- S-8 CHEQUEMATE INTERNATIONAL INC, AMERICAN PLAZA II,  
57 WEST 200 SOUTH STE 350, SALT LAKE CITY, UT 84101 (801) 322-1111 -  
60,000 (\$119,063) COMMON STOCK (FILE 333-74893 - MAR 23) (BR 9)

- S-8 BAKER HUGHES INC, 3900 ESSEX LANE, HOUSTON, TX 77027 (713) 439-8600 -  
3,500,000 (\$75,355,000) COMMON STOCK. (FILE 333-74897 - MAR 23) (BR 4)
- S-8 NVIDIA CORP/CA, 1226 TIROS WAY, 415-617-4000, SUNNYVALE, CA 94086  
(408) 617-4000 - 12,425,996 (\$116,074,263 72) COMMON STOCK. (FILE  
333-74905 - MAR 23) (BR. 5)
- S-8 AUTOWEB COM INC, 3270 JAY STREET BUILDING 6, SANTA CLARA, CA 95054  
(408) 544-9552 - 5,819,899 (\$55,073,193) COMMON STOCK. (FILE 333-74907 -  
MAR 23) (BR. 5)
- N-2 KEMPER FLOATING RATE FUND, 222 S RIVERSIDE PLAZA, CHICAGO, IL 60606  
(313) 537-7000 - 500,000 (\$1,000,000) COMMON SHARES OF BENEFICIAL INTEREST  
(FILE 333-74911 - MAR 23)
- S-4 FIRST AMERICAN FINANCIAL CORP, 114 E FIFTH ST, SANTA ANA, CA 92701  
(714) 558-3211 - 5,090,552 (\$68,404,292.50) COMMON STOCK. (FILE 333-74913  
- MAR 23) (BR 1)