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SEC NEWS DIGEST

Issue 99-231

December 2, 1999

COMMISSION ANNOUNCEMENTS

PUBLIC APPEARANCES OF SENIOR COMMISSION OFFICIALS -- DECEMBER 1999

The following is a schedule for December 1999 of the public appearances of SEC officials, including the Chairman, Commissioners and senior staff members. For additional information on events hosted by groups other than the Commission, please call the contact numbers listed. As events are subject to change, please confirm them with the SEC's Office of Public Affairs or the sponsoring organizations.

When: Thursday, December 2
Who: Commissioner Laura Unger; Brian Lane, Director of the Division of Corporation Finance
What: Glasser Legal Works re: Online Trading Where: New York, NY
Contact: Steve Seemer, (973) 890-0008 x106

When: Tuesday, December 7
Who: Commissioner Isaac Hunt; Richard Walker, Director of the Division of Enforcement; Lynn Turner, Chief Accountant
What: AICPA National Conference on Current SEC Developments
Where: Washington, DC
Contact: Shirley Twillman, (202) 434-9220

When: Thursday, December 9
Who: Chairman Arthur Levitt
What: Investors' Town Meeting
Where: New York, NY
Contact: John Nester, (202) 942-7083

When: Thursday, December 9
Who: Brian Lane, Director of the Division of Corporation Finance
What: Northwestern University School of Law's Corporate Counsel Institute
Where: San Francisco, CA
Contact: Northwestern's Office of Continuing Professional Education, (312) 503-8932

When: Thursday, December 9 - Friday, December 10
Who: Richard Walker, Director of the Division of Enforcement
What: Glasser Legal Works re: Litigation and Resolution of
Complex Class Actions
Where: New York, NY
Contact: Steve Seemer, (973) 890-0008 x106

When: Friday, December 10
Who: Brian Lane, Director of the Division of Corporation
Finance; Harvey Goldschmid, General Counsel
What: Glasser Legal Works re: Annual Proxy, Annual Meeting and
Disclosure Documents
Where: New York, NY
Contact: Steve Seemer, (973) 890-0008 x106

When: Friday, December 10
Who: Paul Maco, Director of the Office of Municipal Securities
What: New Jersey State League of Municipalities Seminar
Where: Freehold, NJ
Contact: David Harkness, (609) 695-3481

ENFORCEMENT PROCEEDINGS

ADMINISTRATIVE PROCEEDINGS AGAINST THOMAS SCALZO SETTLED

On December 2, the Commission instituted and simultaneously settled public administrative proceedings against Thomas G. Scalzo Jr. (Scalzo), a former principal of two brokerage firms in Southern California. The Commission alleged that from approximately January 1998 until August 1998, Scalzo aided and abetted a scheme by stock promoters to sell unregistered shares of the common stock of PSA, Inc. to small investors, using misrepresentations and omissions, through an unregistered broker-dealer that Scalzo owned.

As a result of these proceedings, Scalzo is suspended from association with any broker or dealer for a period of twelve months.

The administrative proceedings are based upon the entry of a permanent injunction against Scalzo in the Commission's previously filed civil action against Scalzo and fourteen other persons and entities (SEC v. Durante, Civil Action No. C 99-3690, SBA, ND Cal., Aug. 2, 1999). That action, which was filed as part of the Commission's microcap fraud sweep, remains pending against the other defendants. Scalzo consented to the administrative order and injunction without admitting or denying the allegations. (Rel. 34-42196; File No. 3-10108)

INJUNCTIONS ENTERED AGAINST MICHAEL WILCOX AND SCOTT RUDE

Michael A. Wilcox (Wilcox) and Scott A. Rude (Rude) each consented to the entry of an Order of Permanent Injunction and other Equitable

Relief without admitting or denying the allegations of the Commission's complaint. The complaint alleged that from January 1991 through February 1995, Wilcox, Rude and the other defendants defrauded public investors through the offer and sale of over \$4 million in Omni International Trading, Inc. (Omni) securities. These securities were not registered with the Commission. The complaint also alleged that Wilcox, Rude and the other defendants made numerous misrepresentations and omitted to state material facts regarding, among other things, Omni's future revenues, the use of proceeds, the listing of Omni securities for trading on the National Association of Securities Dealers Automated Quotations system, a purported tender offer, the expected profit to be made on the tender offer and the commissions to be earned. In addition, the complaint alleged that Rude and others acted as an unregistered broker or dealer.

Wilcox was enjoined from future violations of Section 17(a) of the Securities Act of 1933 (Securities Act), Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder. Rude was enjoined from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act, Sections 10(b), 15(a) (1) and 15(c) of the Exchange Act and Rules 10b-5 and 15c1-2 thereunder. Wilcox was ordered to pay disgorgement in the amount of \$286,516, plus prejudgment interest, however, payment of all but \$80,000 was waived based on Wilcox's demonstrated inability to pay. Rude was also ordered to pay disgorgement in the amount of \$237,351, plus prejudgment interest, however, payment was waived based on Rude's demonstrated inability to pay. [SEC v. Omni International Trading, Inc., et al., D.Minn., Civil Action No. 97-2116] (LR-16377)

PERMANENT INJUNCTION AND OTHER RELIEF ENTERED AGAINST ROBERT STRAUSS

On November 24, the Honorable Richard W. Story entered a final judgment of permanent injunction enjoining Robert J. Strauss (Strauss), a former vice president and portfolio manager of State Mutual Insurance Company (State Mutual) of Rome, Georgia, from future violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder. In addition, Strauss was barred from serving as an officer or director of any publicly held company.

The Commission's complaint alleged that from April 1995 through August 1997, Strauss fraudulently transferred over \$16 million in funds and securities from State Mutual without State Mutual's authorization and in contravention of its investment policies; of this amount, Strauss misappropriated approximately \$5.8 million. Further, the complaint alleged that Strauss received kickbacks of approximately \$3.2 million in money and/or stock for the unauthorized securities transactions and unauthorized transfers of money. [SEC v. Robert J. Strauss, Civil Action No. 1 99-CV-2965, N.D. Ga.] (LR-16378)

INVESTMENT COMPANY ACT RELEASES

PRUDENTIAL INVESTMENTS FUND MANAGEMENT LLC, ET AL.

An order has been granted on an application filed by Prudential Investments Fund Management LLC, et al. under Section 12(d)(1)(J) of the Investment Company Act for an exemption from Sections 12(d)(1)(A) and (B) of the Act, under Sections 6(c) and 17(b) of the Act for an exemption from Section 17(a) of the Act, and under Section 17(d) of the Act and Rule 17d-1 under the Act to permit certain joint transactions. The order permits (a) certain registered investment companies (lending funds) to lend their portfolio securities to affiliated broker-dealers, (b) an affiliated lending agent to receive a fee from the lending funds, (c) the lending funds and certain affiliated institutional accounts to deposit cash collateral and uninvested cash into affiliated money market and short-term bond funds, and (d) certain transactions between registered investment companies. (Rel. IC-24179 - December 1)