

# sec news digest

Issue 96-18

February 1, 1996

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## COMMISSION ANNOUNCEMENTS

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### COMMISSION MEETINGS

#### CHANGE IN THE MEETING: CANCELLATION

The open meeting scheduled for Monday, February 5, at 11:30 a.m., has been cancelled.

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 (202) 942-7070.

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## RULES AND RELATED MATTERS

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#### GRANT OF EXEMPTIVE RELIEF FROM CERTAIN PROVISIONS OF THE TENDER OFFER REGULATIONS

The Commission granted an exemptive order from certain provisions of the Securities Exchange Act of 1934 (Exchange Act) to Incentive AB with regard to a tender offer for the Class B Shares and American Depositary Shares of Gambro AB. The order granted relief from certain withdrawal rights provisions of Section 14(d)(5) of the Exchange Act and Rule 14d-7 thereunder and confirmed that the offer could employ certain practices consistent with Swedish law and practice. For further information contact either Gregg Corso or Laurie Green at (202) 942-2920. (Rel. 34-36793; IS-926)

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**ENFORCEMENT PROCEEDINGS**

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**FORMER FIRST ALLIANCE TRADING LIAISON ENJOINED**

The Commission announced that on January 25 a Final Judgment was entered in the United States District Court for the Northern District of Georgia against Victor H. Strevel (Strevel), permanently enjoining Strevel from violating 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. Strevel was associated as trading department liaison with First Alliance Securities, Inc. (First Alliance), a now-defunct, Atlanta-based penny stock broker-dealer. Strevel consented to the entry of the Final Judgment without admitting or denying the allegations in the complaint.

The Commission's complaint, filed on August 22, 1995, alleged that Strevel, without registration, acted as a de facto principal, and that in that role, coached the First Alliance sales staff in high pressure sales tactics, assisted in setting fraudulent, arbitrary prices for the securities First Alliance sold, enforced the firm's policy prohibiting net selling, and caused First Alliance brokers to make unauthorized purchases in customer accounts. In addition, the complaint alleged that Strevel caused the First Alliance sales staff to make misrepresentations to customers about the liquidity, suitability, and level of risk of stocks promoted by First Alliance, the current available market prices for those stocks, the reasons for increases or decreases in the prices of those stocks, the operations, financial condition, and prospects of the purported issuers of those stocks, the cost of executing trades through First Alliance, and the prospects that the stocks promoted by First Alliance would be listed on a stock exchange and would be profitable.

The complaint further alleged that Strevel caused the sales staff to fraudulently fail to tell First Alliance customers that the firm was manipulating the prices of stocks it promoted and that the firm had a policy prohibiting net-selling. [SEC v. Victor H. Strevel, 1:95-CV-2097-GET, N.D. Ga.] (LR-14805)

**COMPLAINT FILED AGAINST GEOFFREY PAUL ADAMS, MICHAEL DONALD MCGAHEE AND GPA GROWTH FUND**

On January 30, the Commission filed a complaint in the Northern District of Texas, against Geoffrey Paul Adams, Michael Donald McGahee and GPA Growth Fund. Adams is a registered investment adviser, and he and McGahee are both licensed securities salesmen;

GPA is alleged to be an unregistered investment company. The Commission obtained an emergency order, enjoining ongoing violations of the federal securities laws, and freezing the defendants' assets, based on the verified allegations of our complaint.

The complaint alleges that Adams and McGahee formed GPA in November 1991, and sold over \$3 million in interests in pooled brokerage accounts to over 100 persons. The Commission claims Adams and McGahee defrauded their clients by misrepresenting the returns from investments in GPA, and their uses of investors' funds. Adams is also alleged to have violated books and recordkeeping and customer disclosure requirements of the Advisers Act.

According to the complaint, Adams and McGahee diverted over \$1 million in investors' funds from GPA to accounts they control, including a Bahamian bank account. Additionally Adams recently liquidated \$1 million in securities held in these pooled brokerage accounts, the proceeds of which would have become available to him on January 31, 1996.

The complaint also seeks the appointment of a trustee for GPA and temporary receivers for Adams and McGahee; preliminary and permanent injunctions; and disgorgement and civil money penalties against Adams and McGahee. [SEC v. Geoffrey Paul Adams, et al., USDC/ND/Texas; Civil Action No. 3:96-CV-300-H] (LR-14806)

**COMPLAINT FILED AND TEMPORARY RESTRAINING ORDER ENTERED AGAINST DONALD JOHNSON AND FREEDOM SERVICES OF WISCONSIN, INC.**

The Commission announced the filing of a complaint on January 18 in the United States District Court for the Western District of Wisconsin, seeking a temporary restraining order, preliminary and permanent injunctions, disgorgement, civil penalties, an asset freeze and other equitable relief against Defendants Donald Malcolm Johnson (Johnson) of LaCrosse, Wisconsin, and Freedom Services of Wisconsin, Inc. (FSW). The complaint alleges violations of the antifraud provisions of the federal securities laws.

Also on January 18, the Honorable John C. Shabaz granted the Commission's request for a temporary restraining order and an order freezing the assets of the defendants and granting other equitable relief. A hearing on the Commission's application for a Preliminary Injunction has been set for February 7, 1996.

The complaint alleges that from at least April 1995 to the present, the defendants misappropriated at least \$780,000 from the retirement plans of approximately 67 investors. Johnson, who was the administrator for the retirement plans, misappropriated funds by

redeeming mutual fund shares belonging to the investors and funneling the proceeds into bank, money market and mutual fund accounts under his control. In order to conceal his theft, Johnson sent bogus quarterly account statements to investors which included false account balance information. Johnson disappeared with the misappropriated funds in November 1995. In addition, in connection with the purchase and sale of securities, Johnson made various material misrepresentations to investors and omitted material facts concerning the existence of a custodial relationship between himself and Coulee State Bank of LaCrosse, Wisconsin, the use of investor funds and the disposition of assets under his administration. [SEC v. Donald Malcolm Johnson, individually and doing business as "TSA Options," "Freedom Services of Wisconsin" and "Freedom Services" and Freedom Services of Wisconsin, Inc., No.96-C-0049 C, W.D. Wis.] (LR-14807)

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#### **INVESTMENT COMPANY ACT RELEASES**

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##### **BRINSON RELATIONSHIP FUNDS AND BRINSON PARTNERS, INC.**

An order has been issued on an application filed by Brinson Relationship Funds (Trust) and Brinson Partners, Inc. under Sections 6(c) and 17(b) of the Act requesting an exemption from Section 17(a) of the Act. The order permits series of the Trust to invest in other series of the Trust. (Rel. IC-21724 - January 31)

##### **SCHWAB CAPITAL TRUST, ET AL.**

A notice has been issued giving interested persons until February 26 to request a hearing on an application filed by Schwab Capital Trust (Trust), et al. for an order under Section 6(c) of the Investment Company Act exempting applicants from Section 12(d)(1) of the Act, under Sections 6(c) and 17(b) of the Act exempting applicants from Section 17(a) of the Act, and under Section 17(d) of the Act and Rule 17d-1 thereunder. The requested order would permit the Trust to operate as a "fund of funds" and to acquire up to 100% of the voting shares of any acquired fund. (Rel. IC-21726 - January 31)

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#### **SELF-REGULATORY ORGANIZATIONS**

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##### **IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES**

The Commission received a proposal (SR-CBOE-96-04) filed by the Chicago Board Options Exchange to list and trade options on the CBOE Internet Index. The proposed rule change became effective upon

filing with the Commission. Publication of the notice is expected in the Federal Register during the week of February 5. (Rel. 34-36786)

The Participants Trust Company filed a proposed rule change (SR-PTC-95-09) declaring a dividend payable on December 29, 1995, to PTC's stockholders of record as of December 21, 1995. Publication of the proposed rule change is expected in the Federal Register during the week of February 5. (Rel. 34-36790)

#### APPROVAL OF PROPOSED RULE CHANGE

The Commission granted approval to a proposed rule change (SR-GSCC-95-05) filed by the Government Securities Clearing Corporation. The rule change permits entities established or organized in a foreign country to become members of GSCC's netting system. (Rel. 34-36788; IS-924)

The Commission approved a proposed rule change (SR-ISCC 95-05) filed by International Securities Clearing Corporation. The rule change adds S.D. INDEVAL, S.A. de C.V. as a service provider to its Global Clearance Network Service. (Rel. 34-36791; IS-925)

#### ACCELERATED TEMPORARY APPROVAL OF PROPOSED RULE CHANGE

The Commission approved the proposed rule change (SR-NASD-95-60) filed by the National Association Securities Dealers that extends the effectiveness of the Minimum Exposure Limit Rule and the Automated Quotation Update Feature of the Small Order Execution System until July 31, 1996. (Rel. 34-36795)

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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.

S-2 CLINICORP INC, 1601 BELVEDERE RD, STE 500 EAST, W PALM BEACH, FL 33406  
(407) 684-2225 - 6,336,430 (\$6,653,251.50) COMMON STOCK. 341,691  
(\$34,169.10) PREFERRED STOCK. (FILE 333-426 - JAN. 19) (BR. 5)

S-8 GT INTERACTIVE SOFTWARE CORP, 16 EAST 40TH ST, NEW YORK, NY 10016  
(212) 726-6500 - 7,800,000 (\$84,864,000) COMMON STOCK. (FILE 333-428 -  
JAN. 19) (BR. 9)

REGISTRATIONS CONT.

- S-8 MIZAR INC /DEV/, 2410 LUNA RD, CARROLLTON, TX 75006 (214) 277-4600 - 1,423,974 (\$11,925,782.25) COMMON STOCK. (FILE 333-430 - JAN. 19) (BR. 10)
- S-8 KERAVISION INC /CA/, 48630 MILMONT DR, FRENONT, CA 94538 (510) 353-3000 - 1,886,482 (\$14,419,833) COMMON STOCK. (FILE 333-436 - JAN. 19) (BR. 8)
- S-4 THRIFTY PAYLESS HOLDINGS INC, 9275 SOUTHWEST PEYTON L, WILSONVILLE, OR 97070 (503) 682-4100 - 166,795,294 (\$166,795,294.95) STRAIGHT BONDS. (FILE 333-438 - JAN. 22) (BR. 4)
- S-1 BACOU USA INC, 10 THURBER BLVD, SMITHFIELD, RI 02917 (201) 232-1200 - \$66,240,000 COMMON STOCK. (FILE 333-470 - JAN. 19) (BR. 8 - NEW ISSUE)
- S-1 APPLIED GRAPHICS TECHNOLOGIES INC, 28 W 23RD ST, NEW YORK, NY 10010 (212) 929-4111 - 4,600,000 (\$55,200,000) COMMON STOCK. (FILE 333-478 - JAN. 19) (BR. 6 - NEW ISSUE)
- S-3 FLORES & RUCKS INC /DE/, 8440 JEFFERSON HIGHWAY, STE 420, BATON ROUGE, LA 70809 (504) 927-1450 - 5,175,000 (\$77,625,000) COMMON STOCK. (FILE 333-484 - JAN. 19) (BR. 3)
- S-3 VIDEO UPDATE INC, 3100 WORLD TRADE CENTER 30 EAST SEVENTH, STREET, ST PAUL, MN 55101 (612) 222-0006 - 903,181 (\$6,491,613.44) COMMON STOCK. (FILE 333-486 - JAN. 19) (BR. 1)
- S-1 IP PACIFIC FORESTS LP, TWO MANHATTAN RD, PURCHASE, NY 10577 (914) 397-1500 - \$545,794,370 COMMON STOCK. (FILE 333-488 - JAN. 19) (BR. 3 - NEW ISSUE)
- S-1 WITTER DEAN SPECTRUM STRATEGIC LP, TWO WORLD TRADE CENTER 62ND FL, C/O DETEMER MANAGEMENT CORP, NEW YORK, NY 10048 (212) 392-5453 - 20,000,000 (\$234,600,000) LIMITED PARTNERSHIP CERTIFICATE. (FILE 333-494 - JAN. 19) (BR. 12)
- S-4 BIOSYS INC /CA/, 1057 EAST MEADOW CIRCLE, PALO ALTO, CA 94303 (415) 856-9500 - 4,729,560 (\$8,276,730) COMMON STOCK. (FILE 333-496 - JAN. 19) (BR. 2)
- S-8 ARRIS PHARMACEUTICAL CORP/DE/, 385 OYSTER POINT BLVD, SUITE 3, SOUTH SAN FRANCISCO, CA 94080 (415) 737-8600 - 128,460 (\$241,504.80) COMMON STOCK. (FILE 333-500 - JAN. 22) (BR. 4)
- S-8 CBT GROUP PLC, 28 CLONSKEAGH SQ, DUBLIN 14 IRELAND, L2 (415) 737-9050 - 8,625 (\$94,961.21) FOREIGN COMMON STOCK. (FILE 333-504 - JAN. 22) (BR. 9)
- S-4 CENTER FINANCIAL CORP /CT/, 60 N MAIN ST, WATERBURY, CT 06702 (203) 573-7400 - 438,151 (\$7,860,428.94) COMMON STOCK. (FILE 333-506 - JAN. 22) (BR. 2)
- F-6 INBURSA FINANCIAL GROUP, 111 WALL ST, C/O CITIBANK NA, NEW YORK, NY 10043 (212) 657-7321 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-510 - JAN. 22) (NEW ISSUE)
- S-8 NPS PHARMACEUTICALS INC, 420 CHIPETA WAY SUITE 240, SALT LAKE CITY, UT 84108 (801) 583-4939 - 500,000 (\$6,000,000) COMMON STOCK. (FILE 333-512 - JAN. 17) (BR. 3)
- S-8 CASTLE & COOKE INC/HI/, 10900 WILSHIRE BLVD, LOS ANGELES, CA 90024 (310) 208-3636 - 1,000,000 (\$14,812,500) COMMON STOCK. (FILE 333-502 - JAN. 19) (BR. 5)
- S-11 INDEPENDENCE TAX CREDIT PLUS LP V, 625 MADISON AVE, NEW YORK, NY 10022 (212) 421-5333 - 50,000,000 (\$50,000,000) LIMITED PARTNERSHIP CERTIFICATE. (FILE 333-544 - JAN. 23) (BR. 6 - NEW ISSUE)