

# SEC NEWS DIGEST

Issue 96-219

November 18, 1996

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## ENFORCEMENT PROCEEDINGS

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### DECISION REVOKING BROKER-DEALER REGISTRATION AND ORDERING FIRM TO CEASE AND DESIST FINAL

The decision of an administrative law judge revoking the broker-dealer registration of F.N. Wolf & Co., Inc. and ordering that F.N. Wolf & Co., Inc. cease and desist from committing or causing violations of Section 17(a) of the Securities Act of 1933, Sections 10(b), 13(d)(1), 13(d)(2), 15(c), and 16(a) of the Securities Exchange Act of 1934 and Rules 10b-5, 13d-1(a), 13d-2(a), 15c1-2, and 16a-3(f)(1)(ii) has become final. The administrative law judge found that F.N. Wolf & Co., Inc. participated in a scheme to manipulate the price of securities issued in an initial public offering of Of Counsel Enterprises, Inc. and failed to make required filings reflecting the acquisition of the securities and changes in the ownership thereof.

It was also established that F.N. Wolf & Co., Inc. should be assessed disgorgement of \$2,580,239 plus prejudgment interest, as well as a penalty of \$2,500,000. F.N. Wolf & Co., Inc. filed for bankruptcy in August 1994. Pursuant to Section 362 of the Bankruptcy Code, the order of disgorgement and civil penalty may be enforced only by the bankruptcy court. (Rel. 34-37950)

### MOTION TO REMAND PROCEEDINGS AGAINST MICHAEL DORMANEN GRANTED

The Commission has granted the motion of the National Association of Securities Dealers Regulation, Inc. (NASDR) to remand proceedings involving Michael J. Dormanen, formerly associated with Shearson Lehman Brothers, Inc., a member of the National Association of Securities Dealers, Inc. (NASD). The NASD had found that Dormanen recommended numerous unsuitable margin transactions to a customer while associated with Shearson. The NASD had fined Dormanen and ordered disgorgement.

NASDR argued that the NASD determined the disgorgement based on a schedule prepared by its staff that included, among other transactions, purchases of options that were purportedly made on margin. As it is impermissible to execute purchases of options on margin, NASDR advised that the calculation of disgorgement may have been inaccurate. The Commission remanded the matter for reconsideration of the evidence related to the calculation of disgorgement. (Rel. 34-37951)

## COMMISSION SUSTAINS NASD DISCIPLINARY ACTION AGAINST WILLIAM MENTIS

The Commission has sustained National Association of Securities Dealers, Inc. (NASD) disciplinary action taken against William S. Mentis, formerly a registered financial and operations principal and a general securities principal with Franklin-Lord, Inc., an NASD member firm. The NASD found that, during September and October 1992, Mentis failed properly to designate an appropriately registered principal with authority to carry out Franklin-Lord, Inc.'s supervisory responsibilities for trading, in violation of NASD rules. The NASD censured Mentis, fined him and Franklin-Lord, Inc. \$10,000, jointly and severally, and required that Mentis requalify as a principal.

The Commission concluded from the record evidence that, during the period charged, Mentis was responsible for the firm's failure to comply with the designation requirement at issue. (Rel. 34-37952)

## STATUTORY DISQUALIFICATION OF ROBERT SAYEGH UPHELD

The Commission dismissed Robert L. Sayegh's appeal of the NASD's determination that Sayegh should not continue in the securities industry. Sayegh is subject to a statutory disqualification by virtue of an injunction entered against him in November 1995. The United States District Court for the Southern District of New York found that, between September 1987 and March 1989, Sayegh participated in a scheme to manipulate the American Depository Receipts of the Institute of Clinical Pharmacology in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder (SEC v. Sayegh, 906 F. Supp. 939, aff'd, SEC v. Militano, No. 95-6407, 2d Cir., May 29, 1996).

The Commission noted that Sayegh was collaterally estopped from challenging the District Court's findings, which had been affirmed by the United States Court of Appeals for the Second Circuit. Given the seriousness of the violations found by the District Court and the recent entry of the injunction against Sayegh, the Commission concluded that the NASD's determination was consistent with the policies of the Securities Exchange Act of 1934. (Rel. 34-37953)

## NASD DISCIPLINARY ACTION AGAINST ASHVIN SHAH SUSTAINED

The Commission has sustained the disciplinary action taken by the National Association of Securities Dealers, Inc. (NASD) against Ashvin R. Shah. The NASD found that Shah, although not registered with the NASD, accepted commissions for four securities transactions in a customer's account, in contravention of Schedule C to the NASD's By-Laws. The NASD censured Shah, fined him \$3,255 and ordered him to requalify by examination before acting in any capacity requiring qualification.

In sustaining the finding of violation and sanctions assessed by the NASD, the Commission observed that the requirement that an associated person be registered before engaging in any securities

business provides an important safeguard in protecting public investors. Consequently, strict adherence to the registration requirement is essential. (Rel. 34-37954)

#### **NASD DISCIPLINARY ACTION AGAINST WILLIAM BLALOCK MODIFIED**

The Commission has modified the sanctions imposed by the NASD on William J. Blalock, formerly president and chairman of Atlanta Securities & Investments, Inc., a former member of the National Association of Securities Dealers, Inc. In 1994, the Commission sustained the NASD's finding that the firm, through Blalock, had engaged in excessive markups (William J. Blalock, Release No. 35002, November 23, 1994). However, the Commission found that contemporaneous cost should have been used as the basis to calculate markups in one of the securities at issue.

On remand from this Commission for recalculation of excessive markups, the NASD, with one minor exception, appropriately recalculated the restitution amount in accordance with our prior decision. For three of seventeen transactions subject to recalculation, the Commission modified the recalculation using a more contemporaneous transaction. (Rel. 34-37955)

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#### **INVESTMENT ADVISERS ACT RELEASE**

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##### **BLACKROCK FINANCIAL MANAGEMENT, INC.**

A notice has been issued giving interested persons until December 10, 1996 to request a hearing on an application filed by BlackRock Financial Management, Inc., for an order under Section 206A of the Investment Advisers Act granting an exemption from Section 205(a) (1) of the Act to implement a performance fee arrangement with BlackRock Asset Investors, a closed-end investment company registered under the Investment Company Act. (Rel. IA-1597)

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

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##### **ELFUN TRUST, ET AL.**

A notice has been issued giving interested persons until December 9, 1996 to request a hearing on an application filed by Elfund Trust, et al., for an order under Section 6(b) of the Investment Company Act for an exemption from Section 2(a) (13) of the Act to the extent necessary to permit the beneficial owners of applicants, each applicant an employees' securities company, to donate units (Units) of applicants to charities of their choosing, which Units must be redeemed or otherwise disposed of within the time period specified in the application. The order also would amend a previous order granting relief from certain sections of the Act. (Rel. IC-22335 - November 14)

## AMERICAN AADVANTAGE FUNDS, ET AL.

A notice has been issued giving interested persons until December 10, 1996 to request a hearing on an application filed by American AAdvantage Funds, et al., for an order under Section 6(c) of the Investment Company Act that would grant an exemption from Section 12(d)(1); under Sections 6(c) and 17(b) of the Act that would grant an exemption from Section 17(a); and under Section 17(d) of the Act and Rule 17d-1 thereunder to permit certain joint transactions. The order would permit certain registered investment companies (Trusts) to invest cash collateral received from the borrowers of their portfolio securities in shares of private investment companies that are affiliated persons of the Trusts. (Rel. IC-22336 - November 15)

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## HOLDING COMPANY ACT RELEASES

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### EUA ENERGY INVESTMENT CORPORATION

A supplemental order has been issued authorizing EUA Energy Investment Corporation, a wholly-owned nonutility subsidiary of Eastern Utilities Associates, a registered holding company, to increase its investment in a partnership (Partnership) formed to develop biomass-fired combustion turbine power generation facilities, by increasing an existing working capital line of credit to the Partnership from \$3 million to \$6 million through December 31, 1998. (Rel. 35-26604)

### NORTHEAST UTILITIES, ET AL.

An order has been issued authorizing Northeast Utilities (NU), a registered holding company, to enter into and perform agreements for various interest rate management instruments, including interest rate swaps, caps, floors, collars or other similar instruments, in connection with existing and future debt, through the period ending December 31, 2001, and reserving jurisdiction over certain NU subsidiaries to engage in similar transactions, pending completion of the record. (Rel. 35-26605)

### NATIONAL FUEL GAS COMPANY

A notice has been issued giving interested persons until December 9, 1996 to request a hearing on a proposal by National Fuel Gas Company (NFG), a gas registered holding company, to adopt, subject to shareholder approval, a shares payment policy (Plan) providing for the issuance of shares of NFG common stock to nonemployee directors, through December 31, 2001, in partial payment of the annual retainer payable to NFG directors, and related transactions. An order has been issued authorizing NFG's solicitation of proxies to approve the Plan. (Rel. 35-26606)

## TUC HOLDING COMPANY

A notice has been issued giving interested persons until December 9, 1996 to request a hearing on a request by TUC Holding Company (TUC Holding), a Texas corporation not currently subject to the Act, for an order authorizing its proposed acquisition under Sections 9(a) (2) and 10 of the Act of all of the issued and outstanding common stock of ENSERCH Corporation, a Texas gas public-utility company, and Texas Utilities Company (TUC), a Texas electric public-utility holding company exempt under Section 3(a)(1) from all provisions of the Act except Section 9(a)(2), and, through such acquisition, the indirect acquisition of TUC's public-utility subsidiary companies, Texas Utilities Electric Company and Southwestern Electric Service Company. TUC Holding 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), following the proposed acquisition. (Rel. 35-26607)

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## SELF-REGULATORY ORGANIZATIONS

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### ACCELERATED APPROVAL OF RULE CHANGES

The Commission granted accelerated approval of a proposed rule change (SR-Philadep-96-16) filed by the Philadelphia Depository Trust Company under Section 19(b) (2) of the Securities Exchange Act. The rule change relates to procedures to establish a Direct Registration System. (Rel. 34-37933)

The National Association of Securities Dealers filed Amendment No. 4 to a proposed rule change (SR-NASD-96-20) relating to amendments to the NASD's By-Laws. The Commission is granting accelerated approval to the proposed rule change as amended for a period of six months. Publication of the proposal is expected in the Federal Register during the week of November 18. (Rel. 34-37956)

The National Association of Securities Dealers filed Amendment No. 3 to a proposed rule change (SR-NASD-96-29) relating to the Allocation and Delegation of Authority by the NASD to NASD Regulation, Inc. and The Nasdaq Stock Market, Inc. The Commission is granting accelerated approval to the proposed rule change as amended for a period of six months. Publication of the proposal is expected in the Federal Register during the week of November 18. (Rel. 34-37957)

### PROPOSED RULE CHANGE

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934, the Chicago Stock Exchange filed with the Commission on October 15, 1996 a proposed rule change to obtain permanent approval of its pilot system enhancement relating to the automatic execution of non-marketable limit orders. Publication of the proposal is expected to be made in the Federal Register during the week of November 18. (Release No. 34-37946)

## RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events:

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Bankruptcy or Receivership.
- Item 4. Changes in Registrant's Certifying Accountant.
- Item 5. Other Materially Important Events.
- Item 6. Resignations of Registrant's Directors.
- Item 7. Financial Statements and Exhibits.
- Item 8. Change in Fiscal Year.

The following companies have filed 8-K reports for the date indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Room (when ordering, please give the date of the report). An invoice will be included with the requested material when mailed.

NAME OF ISSUER	STATE CODE	8K ITEM NO.								DATE	COMMENT
		1	2	3	4	5	6	7	8		
ADVANTA CREDIT CARD MASTER TRUST II	DE					X	X			11/01/96	
AIRPLANES LTD						X				10/15/96	
AIRPLANES US TRUST	DE					X				10/15/96	
AIRPORT SYSTEMS INTERNATIONAL INC	KS					X				11/07/96	
ALLEGIANT PHYSICIAN SERVICES INC	DE		X							11/15/96	
AMERICAN EXPRESS CENTURION BANK	UT					X	X			11/06/96	
AMERICAN EXPRESS RECEIVABLES FINANCING C	DE					X	X			11/06/96	
AMERICAN EXPRESS RECEIVABLES FINANCING C	DE					X	X			11/11/96	
AMERICAN OILFIELD DIVERS INC	LA	X				X	X			10/31/96	
AMERICAN RIVERS OIL CO	WY					X				11/01/96	
APPLIX INC /MA/	MA	X					X			10/31/96	
AQUILA GAS PIPELINE CORP	DE	X					X			11/01/96	
BALL CORP	IN					X	X			11/15/96	
BEACON PROPERTIES CORP	MD						X			10/18/96AMEND	
BIOCORAL INC	DE	X					X			05/23/96	
BIOCORAL INC	DE	X					X			05/23/96	
BRITTON & KOONTZ CAPITAL CORP	MS					X				10/17/96	
BRITTON & KOONTZ CAPITAL CORP	MS					X				11/12/96	
C TEC CORP	PA	X					X			11/15/96	
CARRAMERICA REALTY CORP	MD	X					X			11/06/96	
CENTURY INDUSTRIES INC /DC/	DC					X	X			10/08/96AMEND	
CIRCUIT CITY CREDIT CARD MASTER TRUST	DE					X	X			11/15/96	
CNC SECURITIES CORP II	DE					X	X			10/30/96	
CMS ENERGY CORP	MI					X	X			11/15/96	
CMS ENERGY CORP	MI					X	X			11/15/96	
COMDISCO INC	DE					X				09/30/96	
CONSECO INC ET AL	IN					X	X			11/15/96	
CONSUMERS POWER CO	MI					X	X			11/15/96	
CONSUMERS POWER CO	MI					X	X			11/15/96	
CONTINENTAL MORTGAGE & EQUITY TRUST	CA		X				X			11/05/96	
CONTROLLED ENVIRONMENTAL AQUACULTURE TEC			X				X			10/31/96	
CORNERSTONE REALTY INCOME TRUST INC	VA						X			06/26/96AMEND	
COUNTRY STAR RESTAURANTS INC	DE			X	X		X			11/14/96	
CWABS INC	DE					X	X			11/14/96	
DEPARTMENT 56 INC	DE					X	X			11/14/96	

NAME OF ISSUER	STATE CODE	8K ITEM NO.								DATE	COMMENT
		1	2	3	4	5	6	7	8		
DIGITAL PRODUCTS CORP	FL				X					11/07/96	
DISCOVER CARD MASTER TRUST I	DE				X	X				11/15/96	
DISCOVER CARD TRUST 1991 D	DE				X	X				11/15/96	
DISCOVER CARD TRUST 1991 E	DE				X	X				11/15/96	
DISCOVER CARD TRUST 1991 F	DE				X	X				11/15/96	
DISCOVER CARD TRUST 1992-B	DE				X	X				11/15/96	
DISCOVER CARD TRUST 1993-A	DE				X	X				11/15/96	
DISCOVER CARD TRUST 1993-B	DE				X	X				11/15/96	
DYNAMIC ASSOCIATES INC	NV					X				11/14/96AMEND	
ENSTAR INCOME PROGRAM IV-1 LP	GA				X	X				11/14/96	
FEDERAL REALTY INVESTMENT TRUST	DC				X	X				09/30/96	
FIFTH THIRD BANK AUTO TRUSTS	OH			X						10/31/96	
FIRST DEPOSIT MASTER TRUST					X					11/15/96	
FIRST DEPOSIT NATIONAL BANK					X					11/15/96	
FOREST OIL CORP	NY				X	X				11/05/96	
FORTRESS GROUP INC	DE					X				11/15/96AMEND	
FREEPORT MCMORAN COPPER & GOLD INC	DE				X	X				11/13/96	
GAME FINANCIAL CORP	MN			X	X					11/07/96	
GARDEN STATE NEWSPAPERS INC	DE		X			X				10/31/96	
GTE CORP	NY				X					11/15/96	
HANCOCK JOHN PROPERTIES LTD PARTNERSHIP	MA				X					11/15/96	
HFS INC	DE				X	X				11/15/96	
HFS INC	DE				X	X				11/15/96	
HIGHWOODS FORSYTH L P	NC				X	X				11/14/96	
HOLOBEAM INC	DE			X						11/13/96	
HOSPITALITY WORLDWIDE SERVICES INC	NY				X					10/08/96	
IBM CREDIT RECEIVABLES INC	DE				X	X				11/15/96	
IBM CREDIT RECEIVABLES LEASE ASSET MASTE	DE				X	X				11/15/96	
IMGE INC	DE		X							11/05/96	
INFORMEDICS INC	OR		X			X				10/31/96	
INTEK DIVERSIFIED CORP	DE				X					11/01/96	
INTERIM SERVICES INC	DE				X					11/05/96	
INTERNATIONAL STANDARDS GROUP LIMITED	DE	X			X	X				10/29/96	
INTUIT INC	DE	X				X				09/03/96AMEND	
ITT CORP /NV/	NV					X				11/15/96	
JACKSONVILLE BANCORP INC	DE				X	X				11/14/96	
JCP RECEIVABLES INC	DE					X				11/15/96	
KATZ MEDIA CORP	DE				X					11/14/96	
KATZ MEDIA GROUP INC	DE				X					11/14/96	
KCS ENERGY INC	DE				X	X				10/17/96AMEND	
KRUG INTERNATIONAL CORP	OH		X			X				10/31/96	
LAMAR ADVERTISING CO	DE		X		X	X				11/01/96	
LANXIDE CORP	DE				X	X				11/13/96	
LEHMAN STRUCTURED SECURITIES CORP	DE				X	X				11/01/96	
MAXCO INC	MI		X			X				11/07/96	
MAXIM GROUP INC /	DE					X				08/30/96AMEND	
MEDAMICUS INC	MN				X					11/13/96	
METROCALL INC	DE					X				11/15/96	
MGI PROPERTIES	MA					X				08/31/96AMEND	
MLCC MORTGAGE INVESTORS INC	DE					X				11/15/96	
MLCC MORTGAGE INVESTORS INC	DE					X				11/15/96	
MLCC MORTGAGE INVESTORS INC	DE					X				11/15/96	
MMCA AUTO OWNER TRUST 1995-1	DE					X				10/31/96	
MONUMENT RESOURCES INC	CO					X				04/05/96AMEND <sup>4</sup>	
MORELLIS NONA II INC	CO	X								10/29/96	
NATIONAL RURAL UTILITIES COOPERATIVE FIN	DC					X				11/13/96	
NATIONAL RV HOLDINGS INC	DE		X							11/14/96AMEND	
NETWORK LONG DISTANCE INC	DE					X				09/16/96AMEND	
NORTECH SYSTEMS INC	MN		X			X				11/04/96	
NORTHERN STATES POWER CO /MN/	MN				X	X				11/14/96	
NPC INTERNATIONAL INC	KS		X							11/15/96	

NAME OF ISSUER	STATE CODE	BK ITEM NO.								DATE	COMMENT	
		1	2	3	4	5	6	7	8			
OAK INDUSTRIES INC	DE		X								11/01/96	
ONYX ACCEPTANCE FINANCIAL CORP	DE				X						10/31/96	
ONYX ACCEPTANCE FINANCIAL CORP	DE				X						10/31/96	
OSTEOTECH INC	DE				X						11/14/96	
PACIFIC ANIMATED IMAGING CORP	DE						X				07/19/96AMEND	
PACIFIC ANIMATED IMAGING CORP	DE						X				07/19/96AMEND	
PACIFIC ANIMATED IMAGING CORP	DE						X				07/19/96AMEND	
PACIFIC REAL ESTATE INVESTMENT TRUST INC	CA		X				X				10/24/96	
PENNCORP FINANCIAL GROUP INC /DE/	DE					X					11/15/96	
PHYSICIAN SUPPORT SYSTEMS INC	DE						X				09/03/96AMEND	
PHYSICIANS LASER SERVICES INC /FL	DE			X							11/13/96	
PINNACLE FINANCIAL SERVICES INC	MI				X						11/14/96	
POLISH TELEPHONES & MICROWAVE CORP	TX				X						10/28/96AMEND	
PORTLAND GENERAL CORP /OR	OR					X					11/12/96	
PORTLAND GENERAL ELECTRIC CO /OR/	OR					X					11/12/96	
PRAB INC	MI		X					X			10/31/96	
PRONET INC /DE/	DE					X					05/06/96AMEND	
PROVIDIAN NATIONAL BANK						X					11/15/96	
PURE WORLD INC	DE					X					11/15/96	
QUAKER STATE CORP	DE					X					11/13/96	
RENAL CARE GROUP INC	DE					X					11/15/96	
RENTECH INC /CO/	CO					X					09/04/96	
SANMINA CORP/DE	DE		X					X			11/15/96	
SCHWERMANN TRUCKING CO	WI		X								11/01/96	
SEARS CREDIT ACCOUNT MASTER TRUST I	IL				X	X					11/15/96	
SEARS CREDIT ACCOUNT MASTER TRUST II	IL				X	X					11/15/96	
SECOM GENERAL CORP	DE		X				X				09/30/96	
SECURITY CAPITAL INDUSTRIAL TRUST	MD				X	X					11/07/96	
SIEBERT FINANCIAL CORP	NY				X	X					09/08/96	
SMITH BARNEY HOLDINGS INC	DE						X				11/13/96	
SONOMA INTERNATIONAL INC	NV				X						09/12/96AMEND	
STATEWIDE FINANCIAL CORP	NJ				X						12/31/96	
SYSTEM SOFTWARE ASSOCIATES INC	DE						X				11/01/96AMEND	
TCSI CORP	NV		X								11/15/96	
TOMPKINS COUNTY TRUSTCO INC	NY				X	X					11/13/96	
TRANS LEASING INTERNATIONAL INC	DE				X						11/14/96	
TRANSWORLD BANCORP	CA				X	X					11/01/96	
UNIDYNE CORP	DE		X	X			X				09/02/96AMEND	
UNITED DOMINION REALTY TRUST INC	VA		X				X				10/31/96	
UNITED PETROLEUM CORP	DE					X					08/19/96	
USA WASTE SERVICES INC	OK						X				09/12/96AMEND	
WASHINGTON NATIONAL CORP	DE					X					11/15/96	
WELLPOINT HEALTH NETWORKS INC /CA/	CA						X				10/09/96AMEND	
WELLS FARGO & CO	DE				X	X					11/15/96	
YAMAHA MOTOR RECEIVABLES CORP	DE				X						11/15/96	

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