

SEC NEWS DIGEST

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RULES AND RELATED MATTERS

NEW SECURITIES ACT RULE 155 AND AMENDMENTS TO RELATED RULES

The Commission has issued a release adopting Rule 155, Integration of abandoned offerings, under the Securities Act of 1933. Rule 155 provides safe harbors from integration for a registered offering following an abandoned private offering, or a private offering following an abandoned registered offering. This new rule is intended to enhance issuers' ability to adapt their financing plans to prevailing market conditions. The release also adopts amendments to related Securities Act rules to facilitate reliance on the Rule 155 registered-to-private safe harbor. The provisions addressing the offset of filing fees are moved from Rule 429 to Rule 457 and expanded to permit the offset of filing fees from withdrawn registration statements. Rule 477 is amended to provide automatic effectiveness for any application to withdraw an entire registration statement before it becomes effective unless the Commission objects within 15 days after the issuer files the application. FOR FURTHER INFORMATION CONTACT Anne Krauskopf, Office of Chief Counsel, Division of Corporation Finance at (202) 942-2900 (Rel 33-7943)

ADJUSTMENTS TO CIVIL MONETARY PENALTY AMOUNTS

On January 17, the Commission adopted a final rule adjusting the maximum amounts of the civil monetary penalties for the Securities Act of 1933, Securities Exchange Act of 1934, Investment Advisers Act of 1940, and the Investment Company Act. This rule implements the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996, which requires the Commission, at least every four years, to adopt a regulation adjusting for inflation the maximum amount of civil monetary penalties provided for in statutes administered by the Commission. The purpose of the inflationary adjustment is that of maintaining the level of deterrence effectuated by the civil monetary penalties and not allowing such deterrent effect to be diminished by inflation. FOR FURTHER INFORMATION CONTACT. Richard A. Levine, Assistant General Counsel at (202) 942-0890 or Scot E. Draeger, Attorney, Office of the General Counsel at (202) 942-0852. (Rels 33-7946, 34-43897, IA-1921, IC-24846)

ENFORCEMENT PROCEEDINGS

CIVIL ACTION AGAINST FIRST ENTERTAINMENT, INC. AND ABRAHAM GOLDBERG

The Commission announced that on November 20, 2000, the United States District Court for the District of Colorado entered a Final Judgment of Permanent Injunction Against Defendant Abraham B Goldberg, president and chief executive officer of First Entertainment, Inc., a Nevada corporation headquartered in Denver, Colorado

Goldberg consented to the order which permanently enjoins and restrains him from violating Section 17(a) of the Securities Act, Sections 10(b), 14(a) and 16(a) of the Exchange Act or Rules 10b-5, 12b-20, 14a-3 14a-9 and 16a-3, from aiding and abetting and causing violations of Section 13(a) of the Exchange Act and Rules 12b-25, 13a-1 and 13a-13 and prohibits him from acting as an officer or director of a public company Goldberg was also ordered to pay disgorgement in the amount of \$20,000 and penalties in the amount of \$20,000, plus post judgment interest [SEC v First Entertainment, Inc , and Abraham B Goldberg, Civil Action No. 99-K-1489, D. Colo] (LR-16873)

DEFENDANTS MORTGAGE HOMESTEAD PROPERTY TO PAY DISGORGEMENT ORDERED IN UNREGISTERED SECURITIES SALES CASE

The Commission announced today that on December 22, 2000, the Honorable James Lawrence King of the United States District Court for the Southern District of Florida approved a settlement between the SEC and Defendants Scott and Sabrina Levine Under the terms of the settlement, the Levines agreed to pay a lump sum of \$225,000 to a Court-appointed receiver for the benefit of investors in Friendly Power Company The Levines also obtained dismissal with prejudice of their appeal of the District Court's May 12, 1999 decision where the court found the Levines sold unregistered non-exempt securities and ordered them jointly to disgorge \$2.4 million and pay a \$100,000 penalty each As part of the settlement, the Court vacated its penalty order and waived payment of the remaining disgorgement based upon the Levines' demonstrated financial inability to pay The Levines mortgaged their homestead property in Plantation, Florida to obtain the requisite funds, which they paid to the receiver on January 11, 2001. [SEC v. Friendly Power Co , LLC, Friendly Power Co., Inc., Friendly Power Franchise Co , Scott J. Levine, Sabrina Levine and Dwight Stephens, Case No. 98-2902-CIV-KING, S D. Fla] (LR-16874)

INVESTMENT COMPANY ACT RELEASES

NOTICES OF DEREGISTRATIONS UNDER THE INVESTMENT COMPANY ACT

For the month of January, 2001, a notice has been issued giving interested persons until February 20, 2001, to request a hearing on any of the following applications for an order under Section 8(f) of the Investment Company Act declaring that the applicant has ceased to be an investment company

Morgan Keegan Southern Capital Fund, Inc [File No 811-4658]
Merrill Lynch Consults International Portfolio [File No 811-6725]
The Foreign & Colonial Emerging Middle East Fund, Inc [File No 811-8678]
Pathfinder Trust [File No 811-5020]
Schroder Capital Funds [File No 811-9130]
Independence Square Income Securities, Inc [File No 811-2233]
Connecticut Limited Maturity Municipals Portfolio [File No 811-7518]
Michigan Limited Maturity Municipals Portfolio [File No 811-7522]
Lord Abbett Equity Fund [File No 811-6033]
Nuveen Tax-Exempt Money Market Fund, Inc [File No 811-3134]
Nuveen California Tax-Free Fund, Inc [File No. 811-4508]
Nuveen Tax-Free Money Market Fund, Inc [File No 811-4822]
Balanced Portfolio [File No 811-8010]
American Municipal Trust [File No 811-3733]
Templeton Variable Products Series Fund [File No 811-5479]
Bank Fiduciary Fund - Equity [File No 811-667]
Bank Fiduciary Fund - Fixed Income [File No 811-1996]
The Govett Funds, Inc [File No 811-6229]
PPM America Funds [File No 811-9001]
(Rel IC-24845 – January 26)

HOLDING COMPANY ACT RELEASES

NATIONAL GRID USA, ET AL.

A notice has been issued giving interested persons until February 20, 2001, to request a hearing on a proposal by National Grid USA (Grid), and certain of its subsidiaries (collectively, Applicants), including Massachusetts Electric Company (Mass Electric), Nantucket Electric Company (Nantucket), Narragansett Electric Company (Narragansett) and National Grid USA Service Company (Service Company) By orders dated October 29, 1997, (HCAR No 26768), June 2, 1998 (HCAR No 26881) and March 15, 2000 (HCAR No 27154), certain Applicants were authorized, through May 31, 2003, to, among other things, borrow from the Grid intrasystem money pool, borrow from banks and issue commercial paper Applicants now propose to increase the short-term borrowing authority of selected affiliates by the following amounts (1) \$125 million for Mass Electric, (2) \$1

million for Nantucket, (3) \$45 million for Narragansett, and (4) \$48 million for Service Company. (Rel. 35-27340)

SELF-REGULATORY ORGANIZATIONS

AMENDMENT TO PROPOSED RULE CHANGE

The New York Stock Exchange filed an amendment to proposed rule change (SR-NYSE-00-32) under Section 19(b)(1) of the Securities Exchange Act of 1934 relating to shareholder approval of stock options plans. Publication of the proposal is expected in the Federal Register during the week of January 29. (Rel. 34-43879)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

A proposed rule change (SR-NYSE-00-63) filed by the New York Stock Exchange relating to the expansion of the maximum share size parameter for single orders entered into the SuperDot System has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of January 29. (Rel. 34-43880)

A proposed rule change (SR-PCX-01-02) filed by the Pacific Exchange relating to electronic mail accounts, has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of January 29. (Rel. 34-43898)

PROPOSED RULE CHANGES

The Chicago Stock Exchange filed a proposed rule change (SR-CHX-00-27) relating to participation in crossing transactions effected on the exchange floor. Publication of the proposal is expected in the Federal Register during the week of January 29. (Rel. 34-43882)

A proposed rule change (SR-NYSE-00-60) filed by the New York Stock Exchange amending NYSE Rule 416, Questionnaires and Reports. Publication of the proposal is expected in the Federal Register during the week of January 29. (Rel. 34-43886)

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-01-09) relating to implementation of decimal pricing in the Nasdaq market. Publication of the notice in the Federal Register is expected during the week of January 29. (Rel. 34-43893)

The Commission issued a notice of filing of a proposed rule change (SR-NASD-01-04) by the National Association of Securities Dealers pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934. The proposed rule change would amend the NASD's rules governing the Trade Reporting and Comparison Entry Service (TRACE) to require

trade reports in transactions between two members to be filed by each member. Publication of the notice in the Federal Register is expected during the week of January 29 (Rel. 34-43894)

APPROVAL OF PROPOSED RULE CHANGES

The Commission approved a proposed rule change submitted by the Municipal Securities Rulemaking Board (SR-MSRB-00-02) relating to Rules G-8 and G-38 and Form G-37/38 (Rel 34-43885)

The Commission approved proposed rule changes (SR-PCX-00-18 and SR-Amex-00-57) submitted by the Pacific Exchange and the American Stock Exchange to increase the maximum size of option orders that may be automatically executed from seventy-five to one hundred contracts. Publication of the proposal is expected in the Federal Register during the week of January 29 (Rel 34-43887)

WITHDRAWAL GRANTED

An order has been issued granting the application of Interchange Financial Services Corporation to withdraw its Common Stock, no par value, from listing and registration on the American Stock Exchange effective at the opening on business on January 29 (Rel 34-43895)