

sec news digest

Issue 95-94

May 16, 1995

COMMISSION ANNOUNCEMENTS

SIGNIFICANT NO ACTION LETTER

MODIFICATION OF RULE 10b-6 EXEMPTION FOR DIVIDEND REINVESTMENT AND STOCK PURCHASE PLANS

Pursuant to delegated authority, on May 12, 1995, the Division of Market Regulation issued a letter to the Securities Transfer Association (STA) modifying the class exemption from Rule 10b-6 under the Securities Exchange Act of 1934, which was granted on December 1, 1994, for certain dividend reinvestment and stock purchase plans (DRSPPs). The exemption, as modified, permits an issuer to change its determination regarding the source of shares for its DRSP once in any three month period.

FOR FURTHER INFORMATION CONTACT: K. Susan Grafton, Senior Counsel,
(202) 942-0779.

SEC AND CFTC WELCOME JOINT ISSUANCE OF GUIDANCE BY IOSCO AND BASLE ON A FRAMEWORK FOR ASSESSING INFORMATION ON THE DERIVATIVES ACTIVITIES OF SECURITIES FIRMS AND BANKS

The Securities and Exchange Commission and the Commodity Futures Trading Commission welcomed the paper establishing a framework for supervisors to assess information on the derivatives activities of securities firms and banks issued jointly today by the Technical Committee of the International Organization of Securities Commissions (IOSCO) and the Basle Committee on Banking Supervision. This paper is a product of the efforts of the SEC and CFTC and their domestic and international securities and banking counterparts including the Federal Reserve Board, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation. The joint paper promotes the committees' common objective to provide a sound framework for assessing the risk of derivatives activities. (Press Rel. 95-91)

COMMISSION MEETINGS

Following is a schedule of Commission meetings which will be conducted under provisions of the Government in the Sunshine Act. In general, the Commission expects to follow a schedule of holding open meetings on Wednesday mornings. Otherwise, meetings will be scheduled according to the requirements of agenda items under consideration.

Visitors are welcome at all open meetings, insofar as space is available.

Meetings will be held in the Commission Meeting Room, Room 1c30, at the Commission's headquarters building, 450 Fifth Street, N.W., Washington, D.C. Persons wishing to photograph or videotape Commission meetings must obtain permission in advance from the Secretary of the Commission. Persons wishing to tape record a Commission meeting should notify the Secretary's office 48 hours in advance of the meeting.

Any member of the public who requires auxiliary aids such as a sign-language interpreter or material on tape to attend a public meeting should contact Nancy Wolynetz, Office of Administrative and Personnel Management, to make arrangements. Ms. Wolynetz can be reached at (202) 942-4091 or at a TTY number (202) 942-4075. Staff members at the Commission are encouraged to contact Ms. Wolynetz if they receive inquiries on availability of auxiliary aids.

OPEN MEETING - WEDNESDAY, MAY 17, 1995 - 9:30 A.M.

The subject matter of the open meeting scheduled for Wednesday, May 17, 1995, at 9:30 a.m., will be:

The Commission will hold a roundtable discussion with members of the Federal Regulation of Securities Committee of the ABA's Business Law Section. The topics discussed may include alternative approaches to an improved safe harbor for forward looking documents; pending legislative proposals that affect the Securities & Exchange Commission; and sales practices for sophisticated investment products and evolving suitability standards. For further information, please contact Jonathan Katz (202) 942-7070.

OPEN MEETING - FRIDAY, MAY 19, 1995 - 11:00 A.M.

The subject matter of the open meeting scheduled for Friday, May 19, 1995, at 11:00 a.m., will be:

Consideration of whether to propose amendments to the all-holder's/best price provisions of: (i) Rule 13e-4; and (ii) 14d-10 to prohibit a tender offeror from paying a soliciting dealer fee to a security holder with respect to any tender by that holder for its own account. For further information, please contact Gregg Corso or Laurie Green at (202)

942-2920, Division of Corporation Finance; Nancy Sanow or Carlene Kim at (202) 942-0772, Division of Market Regulation.

Consideration of whether to approve a National Association of Securities Dealers (NASD) proposed rule change (SR-NASD-94-62) to amend its Interpretation under Article III, Section 1 of the NASD Rules and Fair Practice to prohibit a Nasdaq market maker from trading ahead of customer limit orders sent to it for execution from another broker-dealer. For further information, please contact Ethan Corey at (202) 942-0174.

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.

ENFORCEMENT PROCEEDINGS

INITIAL DECISION PERMANENTLY BARS GEORGE STAYNER, CPA FROM APPEARING OR PRACTICING BEFORE THE SECURITIES AND EXCHANGE COMMISSION WITH A RIGHT TO REAPPLY AFTER THREE YEARS

Administrative Law Judge Glenn R. Lawrence imposed sanctions on a certified public accountant licensed by Utah and California in the matter of George Craig Stayner, Administrative Proceeding File number 3-8330. Judge Lawrence found that Mr. Stayner, while auditing Pros International, a shell corporation, violated Generally Accepted Auditing Standards (GAAS) in that he lacked the necessary knowledge to conduct the Pros audits, failed to obtain sufficient competent audit evidence to support his audit opinion, failed to exercise the requisite level of due professional care in his conduct of the audit and failed to plan or perform appropriate audit procedures required by GAAS to audit Pros' assets.

Judge Lawrence further found that these violations of GAAS and Mr. Stayner's negligent, perhaps reckless, conduct were in violation of 17 C.F.R. §201.2 (e) (1) of the Commission's Rules of Practice. Considering these and other findings, Judge Lawrence ordered that George Craig Stayner be permanently barred from practicing before the Securities and Exchange Commission with a right to reapply after three years. (Initial Decision Press Rel. 65)

PERMANENT INJUNCTION ENTERED AGAINST STEPHAN GONSALVES

On May 4, 1995, the United States District Court for the District Court for the District of Massachusetts entered a Final Judgment of Permanent Injunction (Final Judgment) against Stephan A. Gonsalves (Gonsalves) of Boston, Massachusetts, who was the Operations Manager of the Boston branch office of Lehman Brothers, Inc., (Lehman). Gonsalves consented, without admitting or denying the Commission's allegations, to the entry of the Final Judgment, which also ordered him to pay disgorgement of \$79,500, plus prejudgment interest thereon, but waived the payment based

on his demonstrated inability to pay. Gonsalves simultaneously consented to the entry of an order by the Commission permanently barring him from association with any broker, dealer, municipal securities dealer, investment adviser or investment company.

The Commission's complaint alleges that on four separate occasions between May 9, 1994 and June 3, 1994, Gonsalves induced Lehman to sell shares of a customer's money market fund and to wire-transfer the proceeds from the account at Lehman to a checking account controlled by Gonsalves. [SEC v. Stephen A. Gonsalves, Civ. Action No. 94-1253EFH, D. Mass.] (LR-14499)

UNITED STATES VS. PHILIP SUNG AND ARTHUR FEHER, JR.

The United States Securities and Exchange Commission announced today that as a result of a Commission investigation, on May 11, 1995, the United States Attorney for the Middle District of Florida obtained indictments from a federal grand jury charging Philip Sung (Sung), age 37, currently of Vancouver, Canada and formerly of Delray Beach, Florida, and Arthur S. Feher, Jr. (Feher), age 46, of Winter Park, Florida, with (1) conspiracy to commit securities fraud, money laundering, mail and wire fraud, and conspiracy to sell unregistered securities; (2) securities fraud; (3) selling unregistered securities; (4) money laundering; (5) mail fraud; and (6) wire fraud. In addition, the indictment charged Feher with making false statements to the Commission and obstruction of justice.

This is the first criminal prosecution involving a scheme to avoid the registration requirements of the Securities Act of 1933 through the sale of securities purportedly in reliance on the Regulation S exemption from such requirements. Regulation S provides a limited exemption from the federal registration requirements for stock sold to overseas purchasers. Regulation S provides no exemption, however, for transactions designed as a scheme to avoid the registration requirements nor does it cover any sales of securities made in the United States.

If convicted on all charges, Sung face a maximum term of imprisonment of 170 years and Feher faces a maximum term of 175 years. Each defendant faces millions of dollars in fines and forfeitures. (LR-14500)

UNITED STATES DISTRICT COURT HOLDS JOHN TRIMPIN IN CONTEMPT

On May 11, 1995, the United States District Court for the District of Columbia, Honorable John H. Pratt, issued Findings of Fact and Conclusions of Law finding defendant John C. Trimpin in civil contempt of court for depositing a \$168,000 check drawn on a bank account owned by Internet Broadcast Group (IBG), in violation of the Court's prior order freezing that account. Trimpin transferred \$125,000 of his personal funds to an overseas account in violation of the Court's June 15, 1994 preliminary injunction order freezing his assets and selling unregistered securities of IBG, purportedly a general partnership, in violation of the preliminary injunction enjoining Trimpin from selling unregistered securities. As remedies for the violations, the Court

ordered Trimpin to disgorge the \$15,000 profit he obtained as a result of his otherwise unsuccessful attempt to remove the \$168,000 from IBG's bank account. The Court also ordered Trimpin to disgorge the \$125,000 he had transferred overseas, provide a detailed sworn accounting and refrain from selling IBG interests. The Court cautioned that should Trimpin fail to comply with its order, he would be subject to arrest, surrender of his passport, and incarceration. [SEC v. Parkersburg Wireless LLC, et al., 94-1079, JHP, D.D.C] (LR-14501)

INVESTMENT COMPANY ACT RELEASES

VALUE LINE U.S. GOVERNMENT SECURITIES MONEY MARKET FUND

A notice has been issued giving interested persons until June 6 to request a hearing on an application filed by Value Line U.S. Government Securities Money Market Fund for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-21064 - May 12)

VALUE LINE INTERNATIONAL FUND

A notice has been issued giving interested persons until June 6 to request a hearing on an application filed by Value Line International Fund for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-21067 - May 12)

THIRD AVENUE SERIES FUND, INC.

A notice has been issued giving interested persons until June 6 to request a hearing on an application filed by Third Avenue Series Funds, Inc. for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-21065 - May 12)

VALUE LINE INTERMEDIATE BOND FUND

A notice has been issued giving interested persons until June 6 to request a hearing on an application filed by Value Line Intermediate Bond Fund for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-21066 - May 12)

HOLDING COMPANY ACT RELEASES

CINERGY CORP.

A supplemental notice has been issued giving interested persons until June to request a hearing on a request by CINergy Corp., a registered holding company, for an order of the Commission declaring that U.S.

Energy Partners is not a subsidiary company of CINergy Corp. within the meaning of Section 2(a)(8) of the Act. U.S. Energy Partners is a gas marketing partnership in which CG&E Resource Marketing, Inc., a subsidiary of CINergy Corp. owns a one-third general partnership interest. (Rel. 35-26290)

NEW ENGLAND ELECTRIC SYSTEM

An order has been issued authorizing a proposal by New England Electric System (NEES), a registered holding company, and its wholly owned nonutility subsidiary company, New England Electric Resources, Inc. (NEERI), to engage in preliminary research and development activities for possible investments in exempt wholesale generators and foreign utility companies. NEES proposes to make up to \$10 million in capital contributions and/or non-interest bearing loans to NEERI from time to time through December 31, 1997 for NEERI's research and development activities. (Rel. 35-26291)

SELF-REGULATORY ORGANIZATIONS

APPROVAL GRANTED

The Commission, pursuant to Rule 11Aa3-2 of the Securities Exchange Act of 1934, approved amendments to the Consolidated Tape Association and the Consolidated Quotation Plans. The amendments change the procedure for allocating high speed line access fee revenues between Network A and Network B under each plan. The amendments would also eliminate the requirements that the participants set the high speed line access fee at a level designed to recover the costs of making the high speed line available, and set indirect high speed line access fees at a level that equals one-half of the direct access fees. Publication of the order in the Federal Register is expected during the week of May 14, 1995. (Rel. 34-35715)

ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission granted accelerated approval to a proposed rule change submitted by the Cincinnati Stock Exchange (SR-CSE-95-06) under Rule 19b-4 to extend its dealer preferencing pilot program through October 2, 1995. (Rel. 34-35717)

The Commission granted accelerated approval to a proposed rule change submitted by the Boston Stock Exchange (SR-BSE-95-07) under Rule 19b-4 to extend its Competing Specialist Pilot Program until October 2, 1995. (Rel. 34-35716)

SECURITIES ACT REGISTRATIONS

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-1 GLENBROOK LIFE & ANNUITY CO, 3100 SANDERS ROAD, NORTHBROOK, IL 60062
(708) 402-2400 - 290,000 (\$290,000) VARIABLE ANNUITY ISSUES. (FILE 33-91916 - MAY. 04) (BR. 20 - NEW ISSUE)
- S-1 HNC SOFTWARE INC/DE, 5930 CORNERSTONE CT WEST, SAN DIEGO, CA 92121
(619) 546-8877 - 2,587,500 (\$31,050,000) COMMON STOCK. (FILE 33-91932 - MAY. 05) (BR. 10 - NEW ISSUE)
- S-1 EAGLE POINT SOFTWARE CORP, 4131 WESTMARK DR, DUBUQUE, IA 52002
(319) 556-8392 - 2,300,000 (\$27,600,000) COMMON STOCK. (FILE 33-91950 - MAY. 05) (BR. 9 - NEW ISSUE)
- F-3 SPHERE DRAKE LTD, 52-54 LEADENHALL ST, LONDON ENGLAND, X0 - 100,000,000
(\$100,000,000) STRAIGHT BONDS. (FILE 33-91968 - MAY. 05) (BR. 9 - NEW ISSUE)
- S-3 CONTINUUM GROUP INC, 380 LUDLOW AVE, CRANFORD, NJ 07016 (908) 709-0011
- 1,937,500 (\$1,550,000) COMMON STOCK. (FILE 33-91976 - MAY. 05) (BR. 11)
- F-1 PORTUGAL TELECOM SA, AV FONTES PEREIRA DE MELO 40, 1089 LISBOA CODEX,
PORTUGAL, S1 - 4,800,000 (\$102,144,000) FOREIGN COMMON STOCK. (FILE 33-91980 - MAY. 05) (BR. 7)
- SB-2 N-VISION INC, 7915 JONES BRANCH DR, STE 1B-10, MCLEAN, VA 22102
(703) 506-8808 - 2,400,000 (\$19,200,000) COMMON STOCK. 240,000
(\$3,168,000) WARRANTS, OPTIONS OR RIGHTS. (FILE 33-91982 - MAY. 05)
(BR. 12)
- S-4 THERMOSCAN INC/GA/, 10309 PACIFIC CENTER CT, SAN DIEGO, CA 92121
(619) 550-2100 - 44,000,000 (\$44,000,000) STRAIGHT BONDS. (FILE 33-92048 - MAY. 08) (BR. 8 - NEW ISSUE)
- S-1 GLOBAL DIRECTMAIL CORP, 22 HARBOR PARK DR, PORT WASHINGTON, NY 11050
(516) 625-1555 - 8,308,750 (\$149,557,500) COMMON STOCK. (FILE 33-92052 - MAY. 09) (BR. 1 - NEW ISSUE)
- S-11 GFR MORTGAGE ASSET CORP, 1860 THICKET LANE, TRACY, CA 95376
(209) 832-7188 - 2,000,000 (\$40,000,000) COMMON STOCK. (FILE 33-92062 - MAY. 05) (BR. 12 - NEW ISSUE)
- S-1 FRANKFORT FIRST BANCORP INC, 216 W MAIN ST, FRANKFORT, KY 40602
(502) 223-1638 - 330,625 (\$3,306,250) COMMON STOCK. (FILE 33-92068 - MAY. 09) (BR. 1)

RECENT 8-K 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 companies listed below 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	8-K ITEM NO.								DATE	COMMENT
		1	2	3	4	5	6	7	8		
AMERICAN MEDICAL ELECTRONICS INC	MN				X		X			05/08/95	
AQUA CARE SYSTEMS INC /DE/	DE	X					X			04/28/95	
AVERT INC	CO			X		X				05/08/95	
AVERY DENNISON CORPORATION	DE						X			05/12/95	
BOATMENS BANCSHARES INC /MO	MO				X					02/28/95AMEND	
BULLET SPORTS INTERNATIONAL INC	DE	X								01/18/95AMEND	
CALIFORNIA BEACH RESTAURANTS INC	CA				X		X			04/28/95	
CALIFORNIA MICRO DEVICES CORP	CA							X		04/28/95	
CONCEPT TECHNOLOGIES GROUP INC	DE	X	X				X			05/08/95	
CONSOLIDATED CAPITAL INSTITUTIONAL PROPE	CA			X			X			05/03/95	
CONSOLIDATED CAPITAL INSTITUTIONAL PROPE	CA			X			X			05/03/95	
CONTEL CELLULAR INC	DE				X		X			05/12/95	
CREATIVE LEARNING PRODUCTS INC	NJ			X			X			05/01/95	
CULBRO CORP	NY							X		05/10/94AMEND	
DAKTRONICS INC /SD/	SD				X					05/04/95	
DOW CHEMICAL CO /DE/	DE			X		X				05/03/95	
FLEET FINANCIAL GROUP INC /RI/	RI			X		X				05/11/95	
HEALTH CARE REIT INC /DE/	DE			X		X				05/12/95	
HEALTHSOUTH CORP	DE			X		X				05/12/95AMEND	
HOME STAKE ROYALTY CORP /OK/	OK	X					X			04/26/95	
HOUSTON INDUSTRIES INC	TX				X					05/12/95	
HOUSTON LIGHTING & POWER CO	TX				X					05/12/95	
INTERNATIONAL CABLETEL INC	DE			X		X				05/09/95	
INTERNATIONAL LEASE FINANCE CORP	CA						X			05/12/95	
INTERNATIONAL TECHNOLOGY CORP	DE	X								05/02/95	
KENNEDY WILSON INC	DE	X					X			04/25/95	
LABORATORY CORP OF AMERICA HOLDINGS	DE				X					04/28/95	
LATEX RESOURCES INC	TX	X				X				04/12/95	
LIDAK PHARMACEUTICALS	CA			X		X				05/08/95	
LIFE PARTNERS GROUP INC	DE						X			01/30/95	
MASTEC INC	DE			X						05/08/95	