

sec news digest

Issue 93-180

September 17, 1993

NOTICE OF 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 closed meetings on Tuesdays, and open meetings on Thursday mornings. Meetings on Wednesdays, and if necessary on Thursday afternoons, will be either open or closed 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.

OPEN MEETING - WEDNESDAY, SEPTEMBER 22, 1993 - 10:00 a.m.

The subject matter of the open meeting scheduled for Wednesday, September 22, 1993, at 10:00 a.m., will be:

- (1) The Commission will hear oral argument on an appeal by Kingsley, Jenninson, McNulty & Morse, Inc. a registered investment adviser, and Richard Kingsley, one of its principals from the decision of an administrative law judge. For further information, please contact R. Moshe Simon at (202) 272-7404.
- (2) Consideration of whether to adopt Rules 53, 54 and 57, under the Public Utility Holding Company Act of 1935. Rule 53 defines a partial safe harbor for registered holding company financing of exempt wholesale generator acquisitions, and Rule 54 creates a similar safe harbor for their transactions involving companies in the registered system. Rule 57 prescribes notification (Form U-57) and reporting requirements (Form U-33-S) for foreign utility companies and their associate public-utility companies. The Commission will also consider amendments to Forms U5S and U-3A-2. For further information, please contact Karrie McMillan at (202) 504-3387.
- (3) Consideration of whether to publish for comment proposed amendments to Rule 87 to require Commission approval for the sale of goods and services and construction rendered, directly or indirectly, both to exempt wholesale generators and foreign utility companies from, and by such entities to, other companies in the registered holding company system. For further information, please contact Karrie McMillan at (202) 504-3387.

CLOSED MEETINGS - TUESDAY - SEPTEMBER 21, 1993 - 10:00 a.m., WEDNESDAY - SEPTEMBER 22, 1993, FOLLOWING THE 10:00 a.m. open meeting, and THURSDAY - SEPTEMBER 23, 1993 AT 10:00 a.m.

The subject of the closed meeting scheduled for Tuesday, September 21, 1993, at 10:00 a.m., will be: Institution of administrative proceedings of an enforcement nature; Institution of injunctive actions; Regulatory matter regarding financial institution; Consideration of amici participation; and Opinions.

The subject of the closed meeting scheduled for Wednesday, September 22, 1993, following the 10:00 a.m. open meeting, will be: Post oral argument discussion;

The subject of the closed meeting scheduled for Thursday, September 23, 1993, at 10:00 a.m. will be: Institution of injunctive actions; Settlement of injunctive actions; Institution of administrative proceedings of an enforcement nature; Settlement of administrative proceedings of an enforcement nature; and Opinions.

RULES AND RELATED MATTERS

RULE 12d3-1

The Securities and Exchange Commission is adopting amendments to Rule 12d3-1 under the Investment Company Act to eliminate the qualitative conditions currently imposed by the Rule on acquisitions by registered investment companies of the securities of domestic and foreign securities related businesses. The amendments, which are being adopted as proposed, simplify the conditions for qualifying for exemptive relief under Rule 12d3-1 and permit registered investment companies to pursue a broader range of investment objectives. (Rel. IC-19716)

ADMINISTRATIVE PROCEEDINGS

ADMINISTRATIVE PROCEEDINGS INSTITUTED AGAINST SHAW TEHRANI

The Securities and Exchange Commission has ordered public administrative proceedings pursuant to Section 15(b)(6) of the Securities and Exchange Act against Shaw Tehrani (Tehrani), former registered representative with BC Financial Corporation.

The Order Instituting Proceedings (Order) alleges that between January 1989 and April 1990, Tehrani acted in concert with the president of Southland Communications, Inc. (SCII) to inflate the price of SCII securities through fraudulent trades, that Tehrani settled a Commission civil injunctive action by consenting to injunctive relief based on his fraudulent trading in SCII, and that on May 25, 1993, Tehrani was convicted on federal bank fraud charges of knowingly depositing and transferring stolen checks. (Rel. 34-32862)

CIVIL PROCEEDINGS

COMPLAINT FILED AGAINST DAVID KING

The Commission announced that a complaint was filed on September 15 in the U.S. District Court for Massachusetts against David A. King (King) and King Capital Corporation (KCC) in connection with the fraudulent offer and sale of unregistered securities. These securities were interests in an investment pool that was developed and managed by another individual who, at all times relevant to the complaint, was barred by an Order of the Commission from association with any broker or dealer, investment company, investment adviser or municipal securities dealer. In connection with the offer and sale of these securities, Defendants King and KCC allegedly misrepresented the risks, liquidity and nature of the investment to potential investors.

The complaint alleges that the defendants violated the registration and antifraud provisions of the securities laws. Simultaneously with the filing of the complaint, without admitting or denying its allegations, Defendants King and KCC consented to the entry of a Final Judgment of Permanent Injunction enjoining them from further violations of these provisions of the federal securities laws. [SEC v. David A. King and King Capital Corporation. No. 93-12025H] (LR-13792)

INJUNCTION ENTERED AGAINST HOLLIS SMITH

The Commission announced that on August 30 the United States District Court for the District of Louisiana entered a Final Judgment of Permanent Injunction and Order of Disgorgement Against Hollis Lamar Smith (Smith). Smith consented to the entry of the injunction without admitting or denying any of the allegations made against him in the Commission's complaint. In the Complaint, the Commission alleged that Smith engaged in violations and aiding and abetting violations of the antifraud provisions of the federal securities laws. The Commission also alleged in the Complaint that Smith assisted in the manipulation of the offer and sale of securities of two blind pool issuers while Smith was employed as a registered representative with the Baton Rouge, Louisiana office of Stoneridge Securities, Inc. (Stoneridge), which was headquartered in Las Vegas, Nevada. Specifically, the Commission alleged that Smith offered and sold to investors without telling the investors that the price of the securities was being manipulated; that the investors might experience difficulty in selling the securities due to Stoneridge's institution of a "no-net sale" policy; and that Smith was receiving excessive compensation from the sale of the securities. Smith was also ordered to disgorge \$70,000, however, payment was waived based on his demonstrated inability to pay. [SEC v. Hollis Lamar Smith, USDC for the District of Louisiana, 93-2634, filed August 11] (LR-13793)

CRIMINAL PROCEEDINGS

MICHAEL WEISS SENTENCED

The Securities and Exchange Commission and Jeffrey C. Sullivan, Yakima County Prosecuting Attorney, announced that on September 2 Michael H. Weiss pled guilty to nine counts of first-degree theft and one count of securities fraud. He was sentenced to 94 months in prison and ordered to pay \$950,435 in restitution. A criminal information filed February 16 in the Superior Court for the State of Washington charged Weiss, of Yakima, Washington, with 11 counts of securities fraud, 11 counts of sale of an unregistered security and 16 counts for first degree theft.

According to the criminal information, from June 1990 to August 1991, Weiss offered and sold investment contracts issued by Northwest Premium Income Fund One, which Weiss controlled. The information further stated Weiss diverted investors' funds for unauthorized and personal uses, misstated to investors the financial results of the fund, misled investors as to the status of investments in the fund and, in a Ponzi scheme, repaid certain later investors with funds from earlier investors.

Investigation was conducted by the Commission staff and the staff of the State of Washington Securities Division. [State of Washington v. Michael H. Weiss, Cause No. A-150-93] (LR-13794)

INVESTMENT COMPANY ACT RELEASES

MIDLAND NATIONAL LIFE INSURANCE COMPANY, ET AL.

An order has been issued on an application filed by Midland National Life Insurance Company, Midland National Life Separate Account C (Separate Account C), and North American Management that allows Applicants to deduct a mortality and expense risk charge from the assets of Separate Account C. (Rel. IC-19715 - September 15)

THE GREECE FUND, INC.

A notice has been issued giving interested persons until October 12 to request a hearing on an application filed by The Greece Fund, Inc. for an order declaring that applicant has ceased to be an investment company. (Rel. IC-19717 - September 16)

THE TURKISH GROWTH FUND, INC.

A notice has been issued giving interested persons until October to request a hearing on an application filed by The Turkish Growth Fund, Inc. for an order declaring that applicant has ceased to be an investment company. (Rel. IC- 19718 - September 16)

HOLDING COMPANY ACT RELEASES

INDIANA MICHIGAN POWER COMPANY

An order has been issued authorizing a proposal by Indiana Michigan Power Company (Indiana Michigan), an electric public-utility subsidiary company of American Electric Power Company, Inc., a registered holding company. Indiana Michigan proposes to amend an existing agreement with the City of Lawrenceburg, Indiana (City) so that the City will issue and sell refunding bonds (Refunding Bonds), in the aggregate principal amount of \$52 million, the net proceeds from the sale of which will be used to provide for the principal payment required for the refunding prior to their stated maturity of \$40 million principal amount of the Series B pollution control revenue bonds (Revenue Bonds) and \$12 million principle amount of the Series C Revenue Bonds previously issued by the City. (Rel. 35-25883)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGE

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-93-49) on September 1 pursuant to Section 19(b)(1) of the Securities Exchange Act and Rule 19 (b)(1) of the Securities Exchange Act and Rule 19b-4 thereunder, relating to Bond Quotation Data Service Fees. (Rel. 34-32861)

Pursuant to Rule 19b-4 under the Securities Exchange Act the Pacific Stock Exchange has filed with the Commission a proposed rule change (SR-PSE-93-10) to define and specify the circumstances in which an order is to be deemed a "public customer order" for the purpose of determining whether the order will be afforded the benefits provided by the Exchange's firm quote rule and its rules relating to the Exchange's Automatic Execution System. Publication of the notice is expected in the Federal Register during the week of September 14. (Rel. 34-32880)

Pursuant to Rule 19b-4 under the Securities Exchange Act the Philadelphia Stock Exchange has filed with the Commission a proposed rule change (SR-PHLX-93-21) to clarify the procedures for conducting an after-the-close rotation. Publication of the notice is expected in the Federal Register during the week of September 14. (Rel. 34-32881)

Pursuant to Rule 19b-4 under the Securities Exchange Act the American Stock Exchange has filed with the Commission a proposed rule change (SR-AMEX-93-21) expanding its Amex Options Switching (AMOS) system to permit the routing of up to 50 contracts for eligible market and limit orders. Publication of the notice is expected in the Federal Register during the week of September 14. (Rel. 34-32882)

The Midwest Stock Exchange has filed a proposed rule change under Rule 19b-4 of the Exchange Act to amend Exchange Rules regarding the authority of the Exchange's Floor

Procedure Committee and the composition and authority of its Subcommittees. Publication of the proposal is expected in the Federal Register during the week of September 14. (Rel. 34-32885)

Pursuant to Rule 19b-4 under the Securities Exchange Act June 22, the Chicago Board Options Exchange filed with the Commission a proposed rule change (SR-CBOE-93-28) relating to bids and offers for stocks, warrants, and other non-option securities, and priority and precedence of such bids and offers. Publication of the notice is expected in the Federal Register during the week of September 14. (Rel. 34-32887)

The Chicago Stock Exchange has filed a proposed rule change (SR-CHX-93-17) under Rule 19b-4 of the Exchange Act to amend the termination of registration provisions for specialists, odd-lot dealers and market makers. Publication of the proposal is expected in the Federal Register during the week of September 14. (Rel. 34-32888)

The Pacific Stock Exchange (PSE) filed a proposed rule change under Rule 19b-4 (SR-PSE-93-21) that would establish a charge for the late filing of SIPC-6 and SIPC-7 reports by member organizations for which the Exchange is Designated Examining Authority. Publication of the proposal is expected in the Federal Register during the week of September 14. (Rel. 34-32889)

The Commission approved a proposed rule change submitted by the New York Stock Exchange (SR-NYSE-93-19) under Rule 19b-4 to enhance the message disseminated by the Exchange for certain regulatory trading halts. (Rel. 34-32890)

Pursuant to Rule 19b-4 under the Securities Exchange Act on August 9, the Philadelphia Stock Exchange filed with the Commission a proposed rule change (SR-PHLX-93-29), proposing to amend PHLX 1014. Publication of the notice is expected in the Federal Register during the week of September 14. (Rel. 34-32891)

On June the 23 the Philadelphia Stock Exchange filed with the Commission, pursuant to Rule 19b-4 under the Securities Exchange Act a proposed rule change (SR-PHLX-93-27) to amend Floor Procedure Advice (Advice) F-5, "Material Changes to Terms of a Cleared Trade," to designate the Advice's current language as paragraph (a) and to add paragraph (b). Paragraph (b) will require any person signing a correction sheet to use due diligence to confirm the correction before signing the correction sheet, including checking the appropriate floor tickets or computerized report (run) in any case where the person has reason to believe that a sizeable error may result if appropriate corrective action is not taken. The PHLX proposes to include Advice F-5, as amended, in the Exchange's minor rule violation enforcement and reporting plan and to place Advice F-5 on a three-year rolling cycle for the imposition of fines. Publication of the notice is expected in the Federal Register during the week of September 14. (Rel. 34-32894)

APPROVAL OF PROPOSED RULE CHANGES

The Commission has approved a proposed rule change which was filed by the National Association of Securities Dealers under Rule 19b-4 of the Securities Exchange Act (SR-NASD-93-39). The proposed rule change would amend Article II, Section 6(c) of the NASD Code of Procedure to clarify that former Market Surveillance Committee members are eligible for service on the Extended Hearing Committee. (Rel. 34-32863)

The Commission approved a proposed rule change submitted under Rule 19b-4 by the American Stock Exchange (SR-AMEX-92-28) to revise its arbitration rules. (Rel. 34-32864)

The Commission approved a proposed rule change submitted under Rule 19b-4 by the Philadelphia Stock Exchange (SR-PHLX-93-24) to adopt a registration requirement and fee for qualified Registered Representatives. (Rel. 34-32883)

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change submitted by the New York Stock Exchange (SR-NYSE-93-33) under Rule 19b-4 to modify the Exchange's auxiliary closing pilot procedures for expiration days and to extend the modified pilot procedures through October 31, 1994. (Rel. No. 32868)

The Commission granted accelerated approval to a proposed rule change filed by the Chicago Board Options Exchange (SR-CBOE-93-22), pursuant to Rule 19b-4 under the Securities Exchange Act to reroute for non-automated handling any bids or offers entered into RAES at prices inferior to the current best bid or offer in any other market. Publication of the approval order is expected in the Federal Register during the week of September 14. (Rel. 34-32879)

The Commission granted accelerated approval to a proposed rule change (SR-NYSE-92-23) filed by the New York Stock Exchange which provides an extension of the NYSE's pilot programs establishing position limit exemptions for hedged stock option and broad-based index option positions until November 17. Publication of the approval order is expected to appear in the Federal Register during the week of September 14. (Rel. 34-32901).

Pursuant to Rule 19-b4 under the Securities Exchange Act the Commission has granted accelerated approval to a proposed rule change (SR-Amex-91-33) submitted by the American Stock Exchange that provides for an extension of its pilot program for position limit exemptions for hedged equity option positions (Equity Hedge Exemption) until November 17. The proposal also permits securities convertible into the underlying stocks to be a basis for the Equity Hedge Exemption. Publication of the approval order is expected to appear in the Federal Register during the week of September 14. (Rel. 34-32902)

Pursuant to Rule 19b-4 under the Securities Exchange Act the Commission has approved on an accelerated basis a proposed rule change (SR-CBOE-91-44) filed by the Chicago Board Options Exchange to extend until November 17 the CBOE's position limit hedge exemption pilot program for stock index options. Publication of the approval order is expected in the Federal Register during the week of September 14. (Rel. 34-32903)

The Commission has granted accelerated approval to a proposed rule change submitted by the Chicago Board Options Exchange (SR-CBOE-91-43) extending until November 17, 1993, its pilot program for position limit exemptions for hedged equity option positions (Equity Hedge Exemption). The proposal also permits securities convertible into the underlying stocks to be a basis for the Equity Hedge Exemption. Publication of the approval order is expected in the Federal Register during the week of September 14. (Rel. 34-32904).

SEC PUBLIC INFORMATION NUMBERS

Members of the public seeking information and/or material from the Commission continue to complain of being incorrectly referred to the wrong telephone number by Commission staff. The following information is furnished to assist you in directly calling the appropriate office:

Consumer Affairs (202-272-7440): Investor inquiries and complaint processing information.

Freedom of Information Branch (202-272-7420): Requests concerning FOIA, Privacy Act, Sunshine Act, confidential treatment matters, etc.

Personnel Locator (202-272-2550): Requests for names and phone numbers of Commission personnel.

Public Affairs (202-272-2650): Information about matters in the SEC News Digest, the Commission's operations, and calls from the press not directed to particular individuals, and other related matters.

Public Reference (202-272-7450): Requests for information on whether or not a document has been filed, etc.

Publications Unit (202-272-7460/7461): Requests for forms, studies, directories, etc.

Office of the Secretary (202-272-2600): Requests for information on the Commission calendar.

SEC Information Line (202-272-3100/5624): General information about SEC operations and activities through a series of recorded messages.
