

sec news digest

Issue 90-248

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ADMINISTRATIVE PROCEEDINGS

PROCEEDINGS AGAINST RICHARD LAVERY

The Commission instituted administrative proceedings pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act against Richard Alan Lavery of North Hollywood, California. The Order finds that Lavery, as branch manager of E.F. Hutton's Universal City, California branch office, failed to reasonably supervise four registered representatives subject to his supervision. Lavery failed to supervise William Parodi, Sr. and Frederick Parodi, who engaged in churning and unsuitable transactions in their clients' accounts and have been permanently barred from the securities industry (Rel. 34-27299, September 27, 1989). Lavery also failed to reasonably supervise two other brokers who made various misrepresentations and omissions with respect to the risks of a discretionary index option trading strategy and who engaged in unsuitable transactions for many of their clients who were involved in that strategy. In supervising these brokers, Lavery failed to heed indications of their violations and failed to comply with certain specific Hutton supervisory procedures or to adequately supervise these brokers in lieu of these procedures.

Lavery has submitted an Offer of Settlement, which the Commission has determined to accept, in which he neither admits nor denies the Commission's findings and consents to an eight month supervisory suspension. (Rel. 34-28707)

CIVIL PROCEEDINGS

ORDER OF DISGORGEMENT ENTERED AGAINST MICHAEL STRAND

The Atlanta Regional Office announced that, on November 20, 1990, Judge John Nixon of the U.S. District Court for the Middle District of Tennessee entered an order of partial disgorgement against Michael W. Strand (Strand) requiring him to disgorge \$1,506,115 in profits earned through trading in Classic Mining Corporation (Classic) common stock and, additionally, reducing accrued contempt fines to judgment.

Previously, the Court enjoined Strand from violating the anti-fraud provisions of the federal securities laws, required him to provide an accounting of profits realized from the purchase and sale of Classic stock and ordered him to disgorge profits realized from such transactions. Thereafter, the Court held Strand in civil contempt based upon Strand's failure to provide the ordered accounting and his failure to make the ordered disgorgement. [SEC v. Classic Mining Corporation, et al., Civil Action No. 3:85-1133 (U.S.D.C. M.D. Tenn.) (LR-12744)]

DEFAULT JUDGMENTS AGAINST NOVAFERON LABS

The Fort Worth Regional Office announced that, on December 14, 1990, Default Judgments were entered against Novaferon Labs, Inc., Stephen T. Haley, Global Investment Trading Co. (GITC), Intermark International, Inc. and Harrier Investments, Ltd. by the U.S. District Court for the Northern District of Ohio. In addition to enjoining these defendants from the violations of the federal securities laws alleged against them in the Commission's complaint, the Judgments order each defendant to disgorge all funds obtained as a result of their unlawful activities.

Upon entering the Default Judgments, the Court held a hearing on the appropriate measure of damages. Based upon evidence introduced by the Commission, the Court ordered that Haley, GITC, Intermark and Harrier shall jointly and severally disgorge \$2,390,500 plus prejudgment interest, and that Novaferon shall disgorge \$1,134,600 plus prejudgment interest.

According to the complaint, Novaferon's initial public offering in July 1987 ended with the securities offered under the undisclosed control of several defendants. Subsequently, Novaferon's assets and prospects for successfully developing medical compounds effective against, among other things, the AIDS virus, were greatly overstated. Haley and GITC also fraudulently sold \$2.8 million in limited partnership interests to 286 Ohio investors, then lulled them into believing their investment was successful by distributing Novaferon stock to the partnerships. [SEC v. Novaferon Labs, Inc., et al., USDC, ND/Ohio, CA No. 5:90 CV 1446] (LR-12745)

INVESTMENT COMPANY ACT RELEASES

UNISON INVESTMENT TRUSTS

A notice has been issued giving interested parties until January 22, 1991 to request a hearing on an application filed by Unison Investment Trusts Ltd. and Central Equity Trust, Utility Series 1, and on behalf of all subsequent and similar Trusts and series of Trusts, for an Order under Section 6(c) of the Investment Company Act exempting applicants from Sections 14(a) and 19(b) and Rule 19b-1. (Rel. IC-17911 - December 21)

THE OVER-THE-COUNTER SECURITIES GROUP

A conditional order has been issued under Section 6(c) of the Investment Company Act exempting The Over-the-Counter Securities Group, Inc. from the provisions of Section 12(d)(3) of the Act and Rule 12d3-1 thereunder to the extent necessary to permit it to purchase, on behalf of certain of its series, the securities of foreign issuers that, in each of their most recent fiscal years, derived more than 15% of their gross revenues from their activities as a broker, dealer, underwriter, or investment adviser, provided such investments meet the conditions described in proposed amended Rule 12d3-1. (Rel. IC-17912; International Series Rel. No. 213 - December 21)

AXE-HOUGHTON FUNDS

A conditional order has been issued under Section 6(c) of the Investment Company Act exempting Axe-Houghton Funds, Inc., Chancellor Funds, Inc., other open-end investment companies which may become members of the USF&G group of investment companies, and USF&G Investment Services, Inc. from Sections 2(a)(32), 2(a)(35), 22(c) and 22(d) of the Act and Rules 22c-1 and 22d-1 thereunder to permit the imposition and waiver of a contingent deferred sales load in certain cases. (Rel. IC-17913 - December 21)

THE BENCHMARK TAX-EXEMPT FUND

A notice has been issued giving interested parties until January 22, 1991 to request a hearing on an application filed by The Benchmark Tax-Exempt Fund (Applicant) for an Order under Section 8(f) of the Act, declaring that Applicant has ceased to be an investment company. (Rel. IC-17914 - December 21)

SEI LIQUID ASSET TRUST

A conditional order has been issued under Section 6(c) of the Investment Company Act amending a prior order and exempting SEI Liquid Asset Trust, SEI Tax Exempt Trust, SEI Cash+Plus Trust, SEI Index Funds, SEI Institutional Managed Trust, SEI International Trust, The Capitol Mutual Funds, Key Investment Funds, Inc. (Trusts), SEI Financial Management Corporation and SEI Financial Services Company from Sections 18(f), 18(g), and 18(i) of the Act to permit them to sell five classes of shares representing interests in the same portfolio of a Trust, which classes would be identical except for the allocation of certain distribution and class expenses, dividend payments, voting rights and class designation. (Rel. IC-17915 - December 24)

HOLDING COMPANY ACT RELEASES

INDIANA MICHIGAN POWER COMPANY

An order has been issued authorizing Indiana Michigan Power Company, an electric public-utility subsidiary company of American Electric Power Company, Inc., a registered holding company, to restructure its lease (Lease) of nuclear fuel for its Donald C. Cook Nuclear Plant located near Bridgman, Michigan. The maximum value of the nuclear fuel under the Lease will not be in excess of \$175 million. (Rel. 35-25222)

ENTERGY CORPORATION

An order has been issued authorizing Entergy Corporation, a registered holding company, and its wholly owned subsidiary companies, Arkansas Power & Light Company (AP&L), Louisiana Power & Light Company (LP&L), Mississippi Power & Light Company (MP&L), New Orleans Public Service Inc. (NOPSI) (collectively, Operating Companies), System Energy Resources, Inc. (SERI), Entergy Operations, Inc. (EOI), System Fuels, Inc. (SFI), and Entergy Services, Inc. (Services) to continue their participation

in the Entergy system money pool (Money Pool) through November 30, 1992. Total borrowings through the Money Pool by Services, EOI and SFI will not exceed, at any one time outstanding, amounts equal to the aggregate unused portions of lines of credit then available to these companies and/or other borrowing arrangements approved by the Commission. In addition, the Operating Companies and SERI propose to issue and sell short-term notes to banks and commercial paper to commercial paper dealers such that, together with any Money Pool borrowings, the maximum aggregate amount that each company may issue in any combination is \$125 million for AP&L, \$125 million for LP&L, \$100 million for MP&L, \$30 million for NOPSI and \$125 million for SERI. Jurisdiction has been reserved over all other matters proposed in the application-declaration pending completion of the record. (Rel. 35-25223)

CONSOLIDATED NATURAL GAS COMPANY

An order has been issued authorizing Consolidated Natural Gas Company, a registered holding company, through its wholly owned gas public-utility subsidiary company, CNG Energy Company (CNG Energy), to establish and capitalize a new wholly-owned, limited purpose subsidiary to be named CNG Technologies, Inc. (CNGT). CNGT will acquire for \$2 million a limited partnership interest in EnerTek Partners, L.P., a gas industry fund that will invest in companies developing new technologies to enhance the supply, transportation and utilization of natural gas. CNG Energy and CNGT also propose to engage in certain related intrasystem financings through December 31, 1993. (Rel. 35-25224)

COLUMBIA GAS SYSTEM

An order has been issued authorizing Columbia Gas System, Inc. (Columbia), a registered holding company, to establish and capitalize a new limited purpose subsidiary, TriStar Capital Corporation (TCC), to pursue and support the development of new gas-related technologies. It is proposed that TCC form and capitalize separate subsidiary corporations for each area of its investments. TCC initially proposes to form and capitalize one such subsidiary, TriStar Gas Technologies, Inc. (TGT), which will acquire for \$2 million a limited partnership interest in EnerTek Partners, L.P., a gas industry fund, that will invest in smaller companies developing new technologies to enhance the supply, transportation and utilization of natural gas. TCC and TGT also propose to enter into certain related intrasystem financings through December 31, 1993. (Rel. 35-25225)

LOUISIANA POWER & LIGHT COMPANY

A notice has been issued giving interested persons until January 14, 1991 to request a hearing on a proposal by Louisiana Power & Light Company, a subsidiary of Entergy Corporation, a registered holding company, to acquire nuclear fuel by lease in amounts of up to \$160 million. (Rel. 35-25226)

GEORGIA POWER COMPANY

A notice has been issued giving interested persons until January 14, 1991 to request a hearing on a proposal by Georgia Power Company (Georgia Power), an electric public-utility subsidiary company of The Southern Company, a registered holding company, to exchange certain transmission and substation facilities currently owned by Georgia Power, which are located in and adjacent to Whitfield County, Georgia, for certain transmission and substation facilities currently owned by the City of Dalton, Georgia

(Dalton). In addition to the exchange of facilities, Dalton will make a payment of \$944,625 in cash to Georgia Power to equalize the valuation of the respective facilities. (Rel. 35-25226)

CONNECTICUT LIGHT AND POWER COMPANY

An order has been issued authorizing the Connecticut Light and Power Company, a subsidiary of Northeast Utilities, a registered holding company, to issue and sell, through June 30, 1991, up to \$300 million principal amount of its first and refunding mortgage bonds by competitive bidding. (Rel. 35-25227)

CSW CREDIT

A supplemental order has been issued authorizing Central and South West Corporation (CSW), a registered holding company, and its nonutility subsidiary, CSW Credit, Inc. (Credit), to extend to December 31, 1991 the time during which Credit may factor the accounts receivable of CSW's utility subsidiaries and other nonassociate utilities, as authorized by prior orders of the Commission (HCAR Nos. 23767, 24157 and 24575, dated July 19, 1985, July 31, 1986 and February 8, 1988, respectively). (Rel. 35-25228)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

DELISTING GRANTED

An order has been issued granting the application of the American Stock Exchange to strike from listing and registration the Metropolitan Circuits, Inc., Common Stock, Par Value 50 cents. (Rel. 34-28717)

UNLISTED TRADING PRIVILEGES GRANTED

Orders have been issued granting the applications of the following exchanges for unlisted trading privileges in specified securities that are listed and registered on one or more other national securities exchanges and are reported in the consolidated transaction reporting system: Midwest Stock Exchange - 11 issues (Rel. 34-28718); and Philadelphia Stock Exchange - 6 issues (Rel. 34-28719).

ACQUISITION OF SECURITIES

Companies and individuals must report to the Commission within ten days on Schedule 13D if after the acquisition of equity securities of a public company their beneficial interest therein exceeds five percent. Persons eligible to use the short form (Schedule 13G) may in lieu of filing a Schedule 13D file a Schedule 13G within 45 days after the end of the calendar year in which the person became subject to Section 13(d)(1). Companies and individuals making a tender offer must have on file at the time the tender offer commences a Schedule 14D-1.

Below is a list of recent filings of Schedules 13D and 14D, which includes the following information: Column 1 - the company purchased (top), and the name of the purchaser; Column 2 - the type of security purchased; Column 3 - the type of form filed; Column 4 - the date the transaction occurred; Column 5 - the current number of shares (in 000's) owned (top) and the current percent owned; Column 6 - the CUSIP number (top) and the percent owned; and Column 7 - the status of the filing, i.e., new, update or revision.

NAME AND CLASS OF STOCK/OWNER	FORM	EVENT DATE	SHRS(000)/ %OWNED	CUSIP/ PRIOR%	FILING STATUS
FINANCIAL CORP SANTA BARBARA ROSS LEONARD M ET AL	COM	130	12/13/90	3,879 16.5 31744110 19.1	UPDATE
GWC CORP LYONNAISE AMERN HLDG	COM	130	11/30/90	9,067 90.7 36237710 80.0	UPDATE
GLOBAL OCEAN CARRIERS LTD TSAKOS PANAYOTIS ET AL	COM	130	12/17/90	523 17.4 37935710 15.6	UPDATE
HALL FRANK B & CO INC RELIANCE FINANCIAL SVCS CORP	COM	130	12/17/90	52,322 100.0 40589110 100.0	UPDATE
IEH CORP LOPEZ DAVID ET AL	COM	130	12/12/90	223 9.7 45099510 8.1	UPDATE
INTERIM SYS CORP BLOCK H R INC	COM	14D-1	12/19/90	0 0.0 46299510 0.0	NEW
INTERIM SYS CORP SULLIVAN FRED R	COM	130	12/12/90	4,063 15.2 46299510 14.4	UPDATE
KANSAS GAS & ELEC CO FIDELITY INTL LTD	COM	130	10/10/90	1,612 5.2 48526010 6.4	UPDATE
KANSAS GAS & ELEC CO FMR CORP	COM	130	12/ 7/90	1,612 5.2 48526010 6.4	UPDATE
LVI GROUP INC GAMCO INVESTORS INC ET AL	COM	130	12/17/90	2,318 10.8 50243910 12.1	UPDATE
LVI GROUP INC GAMCO INVESTORS INC ET AL	PFD CV	\$2.0625 130	12/17/90	259 38.9 50243930 41.2	UPDATE
LANDSING PAC FD INDEPENDENT HLDGS ET AL	COM	130	11/30/90	0 0.0 51509610 8.7	UPDATE
LANDSING PAC FD SCHEIDT NORMAN ET AL	COM	130	11/30/90	208 3.5 51509610 0.0	NEW
MICHIGAN GEN CORP FIRST EXECUTIVE CORP ET AL	COM	130	11/ 1/90	14,433 16.6 59451710 15.9	UPDATE
MICRO DISPLAY SYS INC FISH EDWARD H ET AL	COM PAR	\$0.08 130	10/10/90	2,846 19.3 59483320 18.6	UPDATE

ACQUISITIONS CONT.

NAME AND CLASS OF STOCK/OWNER	FORM	EVENT DATE	SHRS(000)/ %OWNED	CUSIP/ PRIOR%	FILING STATUS
MITEL CORP	COM		N/A	60671110	
STATE OF MICH STATE TREASURER	13D	12/10/90	N/A	0.0	NEW
OFFICE DEPOT INC	COM		3,386	67622010	
CARREFOUR NEDERLAND B V	13D	11/26/90	22.0	19.7	RVISION
PATTEN CORP	COM		1,338	70336510	
BEST INVMNTS INTL INC	13D	12/ 5/90	7.9	5.9	UPDATE
PHARMACIA CORP	UNRES B SHRS		18,143	71713099	
PROCORDIA AKTIEBOLAG	13D	12/13/90	99.9	1.1	UPDATE
PHOTOCOMM INC	COM		6,875	71931910	
WESTINGHOUSE ELEC CORP	13D	12/16/90	74.9	74.9	UPDATE
UNITED BANKS COLO INC	COM		3,965	90957210	
NORWEST CORP	13D	12/19/90	25.7	24.9	UPDATE
UNITED HEALTHCARE CORP	COM		4,251	91058110	
WARBURG PINCUS & CO ET AL	13D	12/17/90	15.8	17.1	UPDATE
VYQUEST INC	COM		0	92922210	
EQUITY STRATEGIES FUND	13D	12/ 3/90	0.0	N/A	UPDATE

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.
