

# SEC NEWS DIGEST

Issue 97-172

September 5, 1997

---

## COMMISSION ANNOUNCEMENTS

---

### COMMISSION MEETINGS

#### CLOSED MEETING - TUESDAY, SEPTEMBER 9, 1997 - 10:00 A.M.

The subject matter of the closed meeting scheduled for Tuesday, September 9, 1997, at 10:00 a.m., will be: institution and settlement of injunctive actions; and institution and settlement of administrative proceedings of an enforcement nature.

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 at (202) 942-7070.

#### NOTICE OF CHANGE IN DESIGNATED NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES

The Commission announced, effective August 31, 1997, that Disclosure, Inc. will no longer be recognized as a Nationally Recognized Municipal Securities Information Repository (NRMSIR) for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934. The remaining NRMSIRs are: Bloomberg Municipal Repositories; Donnelley Financial; DPC Data, Inc.; Kenny Information Systems, Inc.; Moody's NRMSIR; and Thomson NRMSIR. The current addresses and telephone numbers of the NRMSIRs are available on the Commission's web page ([www.sec.gov](http://www.sec.gov)) and from its Fax Back Service at 202/942-8088.

---

## ENFORCEMENT PROCEEDINGS

---

WILLY KERZINGER, D/B/A COMMODITY POOL SERVICE, CONSENTS TO AN ORDER REVOKING HIS REGISTRATION AS AN INVESTMENT ADVISER, BARRING HIM FROM THE SECURITIES INDUSTRY, AND ORDERING HIM TO PAY DISGORGEMENT; KERZINGER ALSO CONSENTS TO AN ORDER ISSUED BY THE CFTC

The Commission announced that on September 4 it entered an Order

Instituting Public Administrative and Cease-and-Desist Proceedings, Making Findings and Imposing Sanctions against Willy Kerzinger, a registered investment adviser. Without admitting or denying the Commission's findings, Kerzinger consented to the issuance of the Commission's Order. The Commission's Order finds that, from August 1989 through June 1994, Kerzinger, doing business as Commodity Pool Service, sold interests in an investment pool (the Pool) to 22 clients. Kerzinger misrepresented the use to which investor proceeds would be put, the nature and value of investments in the Pool, the risks to clients, and his qualifications and financial condition. Among other things, Kerzinger also failed to make and keep adequate records and to disclose that he had been sanctioned by the State of Michigan. As a result, the Commission's Order finds that Kerzinger violated the antifraud and other provisions of the federal securities laws.

The Commission's Order revokes Kerzinger's investment adviser registration, bars Kerzinger from association with any broker, dealer, investment company, investment adviser, or municipal securities dealer, and orders Kerzinger to cease and desist from committing violations of the federal securities laws. In addition, the Commission's Order requires Kerzinger to disgorge \$168,461.67, but waives payment of all but \$15,000 based upon Kerzinger's demonstrated inability to pay.

Also, on September 4, 1997, the Commodity Futures Trading Commission (CFTC) issued its own administrative order against Kerzinger, based upon the same conduct set out in the Commission's Order. Kerzinger submitted an offer to resolve the CFTC's administrative proceedings, which the CFTC accepted. Among other things, the CFTC's Order requires Kerzinger to pay disgorgement, which is satisfied by the \$15,000 payment set forth in the Commission's Order. (Rels. 33-7446; 34-39015; IA-1657; IC-22809)

#### SECURITIES AND EXCHANGE COMMISSION v. JASON S. WALL

The Commission announced that it filed a complaint in federal court in Manhattan charging Jason S. Wall (Wall) with having defrauded investors of an estimated \$200,000 by inducing them to give him money to invest in "private placements" supposedly being offered by companies with familiar sounding names. Specifically, the complaint alleges that Wall, since at least 1996, has been promising investors who gave him money for investments in "private placements" with a particular identified company a 25 to 35 percent return in eight weeks.

The Commission also announced that the United States District Court for the Southern District of New York issued an order that, among other things, temporarily restrains Wall from committing securities fraud and freezes his assets. A hearing on the Commission's application for a preliminary injunction and other relief is scheduled for September 10.

The Commission seeks a final judgment permanently enjoining Wall

from violating Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and ordering him to disgorge his ill-gotten gains and to pay prejudgment interest. The litigation is pending. [Securities and Exchange Commission v. Jason S. Wall, 97 Civ. 6526, JSR, S.D.N.Y.] (LR-15471)

#### COMMISSION SUES ROB NITE, PHILIP THOMAS AND DAVID SIMS

The Commission filed a complaint in federal district court in Los Angeles against Rob Nite (Nite), Philip L. Thomas (Thomas) and David V. Sims (Sims), three Southern California businessmen. The Commission's complaint alleges that from July 1994 through October 1994, Nite, Thomas and Sims violated the antifraud provisions of the federal securities laws by perpetrating a fraudulent investment scheme involving the fictional trading of securities purportedly issued by major international banks. The defendants guaranteed investors returns of \$1 million per week for 40 weeks (\$40 million) on an initial investment of either \$50,000 or \$150,000. The defendants amassed approximately \$3.7 million through the scheme, most of which was used for their own personal benefit, including donations to religious organizations, purchases of luxury automobiles and gifts to family members. [SEC v. Rob Nite, Philip L. Thomas, and David V. Sims, Civil Action No. 97-6546 DDP, USDC, CDCA, RZx] (LR-15472)

#### SEC CHARGES NINE WITH ILLEGALLY SELLING PARAGON MORTGAGE CORPORATION STOCK

The Commission charged seven Atlanta, Georgia residents and two Denver, Colorado men with illegal insider trading of Paragon Mortgage Corporation stock. The nine defendants are Georgia residents Bristow Anderson, Bradley Bahret, Deborah Bahret, Lisa Burgess-Pittman, Linda Connor, Leon Jensen and Stephen Katz, and Colorado residents George Gore, Jr. and Charles Perry, Jr. Deborah Bahret, Burgess-Pittman, Connor, Gore, Katz and Perry are former employees, and Jensen is a former director, of Paragon, a now defunct mortgage banking company formerly headquartered in Smyrna, Georgia. Anderson is an attorney in Atlanta and Bradley Bahret is the husband of Deborah Bahret.

Anderson, Deborah Bahret, Burgess-Pittman, Connor, Katz and Perry, have each consented to a permanent injunction, without admitting or denying the allegations set forth in the complaint, which enjoins them from violating the antifraud provisions of the federal securities laws. Anderson, Deborah Bahret, Burgess-Pittman, Connor, Katz and Perry have agreed to pay a total of \$3,000, \$6,500, \$2,100, \$3,000, \$4,330.50 and \$5,100, respectively, of disgorgement, prejudgment interest and civil penalties.

Litigation against defendants Bradley Bahret, Gore and Jensen is continuing. [SEC v. J. Bristow Anderson, Bradley F. Bahret, Deborah D. Bahret, Lisa R. Burgess-Pittman, Linda A. Connor, George L. Gore, Jr., Moroni Leon Jensen, Stephen J. Katz, Charles R. Perry, Jr., N.D. Ga., Civil Action No. 1-97-CV-2432-JEC] (LR-15473)

COMMISSION CHARGES THREE EX-PARAGON MORTGAGE CORPORATION OFFICERS WITH FRAUD

The Commission announced today that it has charged two Atlanta, Georgia residents and a Denver, Colorado man with fraud. The three defendants are Gene Ross of Highlands Ranch, Colorado, his brother Lynn Ross of Marietta, Georgia, and Mickie Higgins-Hallke of Smyrna, Georgia. All three are former officers of Paragon Mortgage Corporation, a now defunct mortgage banking company formerly headquartered in Smyrna, Georgia. Gene Ross was Paragon's chief executive officer and chairman of its board, Lynn Ross was a director of Paragon and its president, and Higgins-Hallke was Paragon's chief financial officer.

The complaint alleges that the Ross brothers misappropriated approximately \$230,000 from Paragon. The complaint also alleges that from 1990 through 1994 the defendants overstated Paragon's income in various annual and quarterly financial statements filed with the Commission.

The Commission also charges that Gene Ross illegally sold Paragon common stock, and illegally tipped three members of his family to sell their Paragon common stock, before the Ross brothers' misconduct was publicly disclosed.

Gene Ross and Lynn Ross and Higgins-Hallke have each consented to a permanent injunction, without admitting or denying the allegations set forth in the complaint, which enjoins them from violating the antifraud, reporting, books and records, and internal accounting control provisions of the federal securities laws. The Ross brothers have also consented to be permanently enjoined from violating the proxy provisions of the federal securities laws. Gene Ross has agreed to pay a total of \$65,000 of disgorgement of insider stock trading losses illegally avoided by him and his family plus pay prejudgment interest thereon, and civil penalties. Lynn Ross has agreed to pay civil penalties in the amount of \$25,000. Higgins-Hallke will not be required to pay civil penalties based upon her inability to pay such penalties. In addition, all three defendants have agreed to be barred from acting as officers or directors of public companies.

Previously, the Commission instituted administrative proceedings in which five CPAs, who served as Paragon's independent auditors at various times from 1990 through 1993, were charged with having engaged in improper professional conduct during their work for Paragon. Those auditors settled the proceedings without admitting or denying the charges against them (In re Langford et al., Rel. 34-38249; In re Couch, Rel. 34-38250). [SEC v. Wyatt Gene Ross, Lynn K. Ross, and Mickie E. Higgins-Hallke, N.D. Ga., Civil Action No. 1-97-CV-2431-JEC] (LR-15474)

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF FILED AGAINST KEITH KNUTSSON AND KALDI, INC.

A complaint was filed by the Commission on August 29, in the United States District Court for the Northern District of Georgia against Keith Knutsson (Knutsson) in his individual capacity and as Keith Knutsson d/b/a Kaldi Koffee, and against Kaldi, Inc. (Kaldi), a Georgia corporation, as a relief defendant. Knutsson is the chief executive officer of Kaldi. The complaint seeks to permanently enjoin Knutsson and Kaldi from violating Sections 17(a)(1) through 17(a)(3) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The Commission also seeks an order requiring an accounting of all funds received from the sale of securities by the defendants during the scheme, disgorgement of all ill-gotten gains acquired by the defendants along with prejudgment interest, and civil penalties.

The Commission's complaint alleges that Knutsson violated the antifraud provisions of the securities laws by offering and selling notes to investors, purportedly to finance the establishment of a new business venture, called Kaldi Koffee, an entity which Knutsson proposed to form for the purpose of opening a chain of coffee "cafes" in Europe. Between October 1994 and October 1996, Knutsson raised approximately \$800,000 from 20 investors for his scheme. The chain of European coffee shops was never opened. [SEC v. Keith Knutsson and Kaldi, Inc., Civil Action No. 1: 97-CV-2514-CC, USDC, N.D. Ga.] (LR-15475)

SETTLEMENT REACHED WITH ANOTHER DEFENDANT IN INSIDER TRADING CASE

The Commission announced the entry on August 5, 1997, of a Final Consent Judgment of Permanent Injunction and Other Relief against Guillermo Gomez a/k/a William Gomez (Gomez) by the U.S. District Court for the Southern District of New York in connection with alleged illegal trading in the securities of Motel 6, L.P. (Motel 6) prior to the announcement of a tender offer for Motel 6 by Accor S.A. on July 12, 1990.

The Commission alleges that Hugh Thrasher, then executive vice president in charge of corporate communications at Motel 6, disclosed inside information concerning the tender offer to his friend, Carl V. Harris (Harris). Harris tipped a number of relatives, friends, and acquaintances, including Gomez.

Gomez consented to the entry of a Final Judgment, which permanently enjoins him from violating Sections 10(b) and 14(e) of the Securities and Exchange Act of 1934 and Rules 10b-5 and 14e-3 thereunder, without admitting or denying the allegations contained in the Commission's amended complaint. Gomez agreed to pay \$131,104 in disgorgement of profits and prejudgment interest thereon, but in light of a demonstrated inability to pay based upon his sworn representations in a statement of financial condition, the Commission agreed that all of the payment would be waived and Gomez would not pay a civil penalty pursuant to the Insider Trading and Securities Fraud Enforcement Act of 1988. [SEC v. Hugh Thrasher,

John H. Anderson, Ezra Chammah, Stanley Elbaum, Scott Forbes, Guillermo Gomez a/k/a William Gomez, Stephen V.R. Goodhue, Jr., Ira Gorman, Gorman Commodities & Securities, Inc., Jonathan S. Hirsh, Ronald Kuznetsky, Darrell Sandy Marsh, Jack P. Marsh, Michael R. Newman, Roger K. Odwak, Angelo Petrotto, Lee Rosenblatt, Robert Sacks, Jeffrey A. Sanker, David Schaen, Leonard Schaen, Julian Schor, Gregg R. Shawzin, and Mark R. Shawzin., 92 Civ. 6987, JFK] (LR-15476)

---

## INVESTMENT COMPANY ACT RELEASES

---

### STYLE SELECT SERIES, INC., ET AL.

A notice has been issued giving interested persons until September 24 to request a hearing on an application filed by Style Select Series, Inc. and SunAmerica Equity Funds for an order pursuant to Section 17(b) of the Investment Company Act granting an exemption from Section 17(a) of the Act to permit a series of Style Select Series, Inc. to acquire all of the assets and assume all of the liabilities of a series of SunAmerica Equity Funds. Because of certain affiliations, applicants may not rely on Rule 17a-8 under the Act. (Rel. IC-22807 - September 3)

### CREDIT SUISSE FIRST BOSTON, INC.

A notice has been issued giving interested persons until September 26 to request a hearing on an application filed by Credit Suisse First Boston, Inc. (CS First Boston), for an order under Sections 6(b) and 6(e) of the Investment Company Act in connection with the formation of limited partnerships or other entities (Partnerships) to be offered to certain key employees of CS First Boston and affiliated companies. The requested order would exempt the Partnerships, each of which will be an "employees' securities company" within the meaning of the Act, from most of the provisions of the Act, and permit the Partnerships to participate in certain joint arrangements. (Rel. IC-22808 - September 3)

### ALLIANCE ALL-MARKET ADVANTAGE FUND, INC.

An order has been issued on an application filed by Alliance All-Market Advantage Fund, Inc., under Section 6(c) of the Investment Company Act for an exemption from Section 19(b) of the Act and Rule 19b-1. The order permits applicant to make up to five distributions of long-term capital gains in any one taxable year, so long as applicant maintains in effect a distribution policy calling for quarterly distributions of a fixed percentage of its net asset value. (Rel. IC-22810 - September 4)

---

## SELF-REGULATORY ORGANIZATIONS

---

### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change filed by the American Stock Exchange permitting participation in Board of Governors meetings by telephone (SR-Amex-97-32) has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected to be made in the Federal Register during the week of September 8. (Rel. 34-39008)

### ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change submitted by the Chicago Board Options Exchange (SR-CBOE-97-39) relating to Amendments to the Exchange's Telephone Solicitation Rule. Publication of the proposal is expected to be made in the Federal Register during the week of September 8. (Rel. 34-39010)

### APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change submitted under Rule 19b-4 by the New York Stock Exchange (SR-NYSE96-16) to amend its rules relating to percentage orders. (Release No. 34-39009)

### DELISTING

An order has been issued granting the application of the American Stock Exchange to strike from listing and registration Atlas Corporation, Option Warrants to Purchase Common Stock. (Rel. 34-39018)

---

## 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. Registration statements may be obtained in person or by writing to the Commission's Public Reference Branch at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the following e-mail box address: <public info @ sec>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

F-8 PINNACLE RESOURCES LTD, 3300 400 4TH AVE SW, CALGARY ALBERTA, A0  
(403) 231-9100 - 698,755 (\$8,612,703) FOREIGN COMMON STOCK (FILE  
333-7492 - AUG. 25) (BR. 4)

F-10 CINAR FILMS INC, 1055 RENE-LEVESQUE BOULEVARD EAST,  
MONTREAL QUEBEC CANA, A8 (514) 843-7070 - 3,450,000 (\$112,987,500)  
WARRANTS, OPTIONS OR RIGHTS (FILE 333-7496 - AUG 25) (BR. 5)

S-8 DENISON INTERNATIONAL PLC, 107 HAMMERSMITH RD, LONDON, X0 00000  
(171) 603-1515 - 850,000 (\$15,778,125) FOREIGN COMMON STOCK (FILE  
333-7500 - AUG 26) (BR. 6)

S-8 CADENCE DESIGN SYSTEMS INC, 555 RIVER OAKS PKWY, SAN JOSE, CA 95134  
(408) 943-1234 - 2,000,000 (\$92,187,500) COMMON STOCK (FILE 333-34599 -  
AUG 29) (BR 3)

S-8 SEQUANA THERAPEUTICS INC, 11099 NORTH TORREY PINES RD, SUITE 160,  
LA JOLLA, CA 92037 (619) 452-6550 - 500,000 (\$5,000,000) COMMON STOCK.  
(FILE 333-34601 - AUG. 29) (BR. 1)

S-1 TRANSCOASTAL MARINE SERVICES INC, 4506 SOUTH LEWIS STREET, STE 210,  
NEW IBERIA, LA 70562 (318) 896-7900 - \$73,600,000 COMMON STOCK (FILE  
333-34603 - AUG 29) (BR 4 - NEW ISSUE)

S-4 CARRAMERICA REALTY CORP, 1700 PENNSYLVANIA AVE N W, WASHINGTON, DC 20006  
(202) 624-7500 - 275,000,000 (\$275,000,000) STRAIGHT BONDS (FILE  
333-34605 - AUG 29) (BR. 8)

S-8 WARRANTECH CORP, 300 ATLANTIC ST, STAMFORD, CT 06901 (203) 975-1100 -  
60,000 (\$300,000) COMMON STOCK (FILE 333-34607 - AUG 29) (BR 6)

S-3 UTILICORP UNITED INC, 20 WEST NINTH STREET, 911 MAIN STE 3000,  
KANSAS CITY, MO 64105 (816) 421-6600 - 250,000,000 (\$250,000,000)  
STRAIGHT BONDS (FILE 333-34609 - AUG 29) (BR 4)

S-8 FAMILY DOLLAR STORES INC, P O BOX 1017, 10401 OLD MONROE RD, CHARLOTTE,  
NC 28201 (704) 847-6961 - 750,000 (\$15,562,500) COMMON STOCK (FILE  
333-34611 - AUG 29) (BR 2)

S-8 PARALLEL PETROLEUM CORP /DE/, 110 N MARIENFELO, SUITE 465, MIDLAND, TX  
79701 (915) 684-3727 - 500,000 (\$2,860,000) COMMON STOCK (FILE 333-34617  
- AUG 29) (BR 4)

S-8 ADAC LABORATORIES, 540 ALDER DR, MILPITAS, CA 95035 (408) 321-9100 -  
85,000 (\$1,498,125) COMMON STOCK (FILE 333-34619 - AUG 29) (BR. 1)

S-8 SOTHEBYS HOLDINGS INC, 500 N WOODWARD AVE STE 100, BLOOMFIELD HILLS, MI  
48304 (313) 646-2400 - 2,000,000 (\$37,125,000) COMMON STOCK (FILE  
333-34621 - AUG 29) (BR 6)

S-8 SOTHEBYS HOLDINGS INC, 500 N WOODWARD AVE STE 100, BLOOMFIELD HILLS, MI  
48304 (313) 646-2400 - 6,000,000 (\$111,375,000) COMMON STOCK (FILE  
333-34623 - AUG 29) (BR 6)

S-8 ADAC LABORATORIES, 540 ALDER DR, MILPITAS, CA 95035 (408) 321-9100 -  
712,000 (\$12,549,000) COMMON STOCK. (FILE 333-34625 - AUG 29) (BR 1)

S-4 KIEWIT PETER SONS INC, 1000 KIEWIT PLZ, 14TH FLOOR, OMAHA, NE 68131  
(402) 342-2052 - 18,935,392 (\$877,339,833) COMMON STOCK. (FILE 333-34627 -  
AUG 29) (BR. 6)

S-8 ADAC LABORATORIES, 540 ALDER DR, MILPITAS, CA 95035 (408) 321-9100 -  
56,665 (\$998,721) COMMON STOCK. (FILE 333-34629 - AUG. 29) (BR. 1)

S-8 LOWES COMPANIES INC, PO BOX 1111, NORTH WILKESBORO, NC 28656  
(919) 651-4000 - 5,000,000 (\$172,031,500) COMMON STOCK (FILE 333-34631 -  
AUG 29) (BR 6)

S-1 FRIENDLY ICE CREAM CORP, 1855 BOSTON ROAD, WILBRAHAM, MA 01095  
(413) 543-2400 - 5,750,000 (\$120,750,000) COMMON STOCK. (FILE 333-34633 -  
AUG 29) (BR 3)

S-1 FRIENDLY ICE CREAM CORP, 1855 BOSTON ROAD, WILBRAHAM, MA 01095  
(413) 543-2400 - 200,000,000 (\$200,000,000) STRAIGHT BONDS. (FILE  
333-34635 - AUG 29) (BR 3)



S-8 AMERICAN SOFTWARE INC, 470 E PACES FERRY RD NE, ATLANTA, GA 30305  
(404) 261-4381 - 4,082,454 (\$4,625,000) COMMON STOCK. (FILE 333-34637 -  
AUG 29) (BR. 3)

S-3 MILLER INDUSTRIES INC /TN/, 3220 POINTE PKWY, STE 100, NORCROSS, GA  
30092 (770) 988-0797 - 5,735,815 (\$83,250,510 79) COMMON STOCK (FILE  
333-34639 - AUG. 29) (BR 5)

S-4 MILLER INDUSTRIES INC /TN/, 3220 POINTE PKWY, STE 100, NORCROSS, GA  
30092 (770) 988-0797 - 5,000,000 (\$72,343,750) COMMON STOCK (FILE  
333-34641 - AUG 29) (BR 5)

S-8 COMPLETE MANAGEMENT INC, 254 W 31ST ST, NEW YORK, NY 10004  
(212) 868-1188 - 1,975,000 (\$23,596,341 52) COMMON STOCK (FILE 333-34643  
- AUG 29) (BR. 7)

S-3 PROXYMED INC /FT LAUDERDALE/, 2501 DAVIE RD STE 230, FT LAUDERDALE, FL  
33317 (954) 473-1001 - 1,495,550 (\$13,646,893 75) COMMON STOCK (FILE  
333-34645 - AUG 29) (BR 1)

S-8 WAVERIDER COMMUNICATIONS INC, 700-555 WEST HASTINGS STREET,  
VANCOUVER B C CANADA V6B 4N5, A1 00000 (604) 482-1211 - 5,000,000  
(\$3,450,000) COMMON STOCK (FILE 333-34647 - AUG 29)

S-8 WAVERIDER COMMUNICATIONS INC, 700-555 WEST HASTINGS STREET,  
VANCOUVER B C CANADA V6B 4N5, A1 00000 (604) 482-1211 - 2,500,000  
(\$1,725,000) COMMON STOCK (FILE 333-34649 - AUG 29)

S-8 SUN MICROSYSTEMS INC, 901 SAN ANTONIO ROAD, PALO ALTO, CA 94303  
(415) 960-1300 - 20,000,000 (\$20,000,000)  
PASS-THROUGH MORTGAGE-BACKED CERTIFICATE (FILE 333-34651 - AUG 29)  
(BR 3)

S-8 CONGOLEUM CORP, 3705 QUAKERBRIDGE RD STE 211, PO BOX 3127, MERCERVILLE,  
NJ 08619 (609) 584-3000 - 250,000 (\$2,921,875) COMMON STOCK (FILE  
333-34653 - AUG 29) (BR 6)

S-8 DUKE ENERGY CORP, 422 S CHURCH ST, CHARLOTTE, NC 28242 (704) 594-0887 -  
1,000,000 (\$48,906,250) COMMON STOCK (FILE 333-34655 - AUG 29) (BR 4)

S-3 ASR INVESTMENTS CORP, 335 NORTH WILMOT STE 250, TUCSON, AZ 85711  
(602) 748-2111 - 374,581 (\$8,451,483 82) COMMON STOCK. (FILE 333-34657 -  
AUG 29) (BR. 8)

S-8 WHG BANCSHARES CORP, 1505 YORK RD, LUTHERVILLE, MD 21093 (410) 583-8700  
- 162,006 (\$2,155,244) COMMON STOCK. (FILE 333-34659 - AUG 29) (BR 7)

S-3 AEROQUIP-VICKERS INC, 3000 STRAYER, MAUMEE, OH 43537 (419) 867-2200 -  
200,000,000 (\$200,000,000) STRAIGHT BONDS (FILE 333-34663 - AUG. 29)  
(BR 6)

S-8 DIAGNOSTIC PRODUCTS CORP, 5700 W 96TH ST, LOS ANGELES, CA 90045  
(213) 776-0180 - 1,000,000 (\$29,562,500) COMMON STOCK (FILE 333-34665 -  
AUG 29) (BR 1)

SB-2 CROSS Z INTERNATIONAL INC, 60 CHARLES LINDBERG BLVD, VINONDALE, NY 11553  
- \$34,402,100 COMMON STOCK. (FILE 333-34667 - AUG 29) (BR. 9)

S-4 CRESTAR FINANCIAL CORP, 919 E MAIN ST, PO BOX 26665, RICHMOND, VA 23261  
(804) 782-5000 - 2,672,000 (\$52,691,840) COMMON STOCK (FILE 333-34669 -  
AUG 29) (BR. 7)

S-8 PMC SIERRA INC, 8555 BAXTER PLACE, SUITE 105, BURABURY, A1 00000  
(604) 415-6000 - 500,000 (\$16,218,750) COMMON STOCK. (FILE 333-34671 -  
AUG. 29) (BR. 6)

S-3 NEW YORK BANCORP INC, 241-02 NORTHERN BLVD, DOUGLSTON, NY 11362  
(718) -63-1-81 - 2,000,000 (\$50,000,000) PREFERRED STOCK (FILE 333-34675  
- AUG. 29) (BR 7)

S-8 PACIFIC SUNWEAR OF CALIFORNIA INC, 5037 E HUNTER AVE, ANAHEIM, CA 92807  
(714) 693-8066 - 200,000 (\$6,675,000) COMMON STOCK. (FILE 333-34677 -  
AUG 29) (BR. 2)

S-1 AFFILIATED MANAGERS GROUP INC, TWO INTERNATIONAL PLACE, 23RD FL, BOSTON, MA 02110 (617) 747-3300 - \$10,000,000 COMMON STOCK (FILE 333-34679 - AUG 29)

S-8 ONYX PHARMACEUTICALS INC, 3031 RESEARCH DR, BLDG A, RICHMOND, CA 94806 (510) 222-9700 - 600,000 (\$5,737,500) COMMON STOCK (FILE 333-34681 - AUG 29) (BR 1)

S-8 SOLUTIA INC, 10300 OLIVE BLVD, P O BOX 66760, ST LOUIS, MO 63166 (314) 674-1000 - 7,200,000 (\$148,050,000) COMMON STOCK (FILE 333-34683 - AUG 29) (BR 4)

S-1 APEX SILVER MINES LTD, OALEDONIAN HOUSE GROUND FL GEORGETOWN, GRAND CAYMAN CAYMAN, E9 (809) 949-0050 - \$100,000,000 COMMON STOCK. (FILE 333-34685 - AUG 29)

S-8 CENTERPOINT PROPERTIES CORP, 401 N MICHIGAN AVE, STE 3000, CHICAGO, IL 60611 (312) 346-5600 - 174,060 (\$5,569,920) COMMON STOCK. (FILE 333-34687 - AUG 29) (BR 8)

S-8 U S LIQUIDS INC, 411 N SAM HOUSTON PARKWAY EAST, STE 400, HOUSTON, TX 77060 (281) 272-4500 - 3,300,000 (\$39,804,285) COMMON STOCK (FILE 333-34689 - AUG 29) (BR 4)

S-3 TIMES MIRROR CO /NEW/, TIMES MIRROR SQUARE, 220 WEST FIRST STREET, LOS ANGELES, CA 90053 (213) 237-3700 - 2,263,788 (\$115,877,648) COMMON STOCK (FILE 333-34691 - AUG 29) (BR 5)

S-8 TOTAL RENAL CARE HOLDINGS INC, 21250 HAWTHORNE BLVD, SUTIE 800, TORRANCE, CA 90503 (310) 792-2600 - 1,084,447 (\$47,444,556 25) COMMON STOCK (FILE 333-34693 - AUG 29) (BR 1)

S-8 TOTAL RENAL CARE HOLDINGS INC, 21250 HAWTHORNE BLVD, SUTIE 800, TORRANCE, CA 90503 (310) 792-2600 - 2,500,000 (\$109,375,000) COMMON STOCK (FILE 333-34695 - AUG 29) (BR 1)

S-3 EASTWIND GROUP INC, 100 FOUR FALLS CORPORATE CENTER, SUITE 305, WEST CONSHOCKEN, PA 19428 (610) 828-6860 - 1,319,269 (\$5,277,076) COMMON STOCK (FILE 333-34697 - AUG 29) (BR 9)

S-8 COMPAQ COMPUTER CORP, 20555 S H 249, HOUSTON, TX 77070 (713) 370-0670 - 9,898,875 (\$291,611,444 63) COMMON STOCK (FILE 333-34699 - AUG 29) (BR 3)

S-8 HIGHLANDS INSURANCE GROUP INC, 10370 RICHMOND AVE, HOUSTON, TX 77042 (713) 952-9555 - 1,350,000 (\$31,522,500) COMMON STOCK (FILE 333-34701 - AUG 29) (BR 1)

S-8 NATIONAL QUALITY CARE INC, 5901 W OLYMPIC BLVD, STE 109, LOS ANGELES, CA 90036 (303) 477-5788 - 260,000 (\$70,200) COMMON STOCK (FILE 333-34703 - AUG 29) (BR 2)

S-3 EXCALIBUR TECHNOLOGIES CORP, 1921 GALLOWS ROAD, SUITE 200, VIENNA, VA 22182 (703) -76-1-37 - 2,000,000 (\$18,260,000) COMMON STOCK. (FILE 333-34705 - AUG 29) (BR 3)

S-3 KOLLMORGEN CORP, RESERVOIR PL, 1601 TRAPELO RD, WALTHAM, MA 02154 (617) 890-5655 - 174,522 (\$2,982,580 98) COMMON STOCK (FILE 333-34707 - AUG. 29) (BR 4)

S-3 PNC BANK CORP, ONE PNC PLAZA, 249 FIFTH AVE, PITTSBURGH, PA 15265 (412) 762-2281 - 1,300,000,000 (\$1,300,000,000) COMMON STOCK (FILE 333-34709 - AUG 29) (BR. 7)

S-8 PROXYMED INC /FT LAUDERDALE/, 2501 DAVIE RD STE 230, FT LAUDERDALE, FL 33317 (954) 473-1001 - 60,000 (\$416,400) COMMON STOCK (FILE 333-34711 - AUG 29) (BR 1)

S-8 RAILAMERICA INC /DE, 301 YAMATO RD STE 1190, 1800 DIAGONAL RD, BOCA RATON, FL 33431 (407) 994-6015 - 50,000 (\$250,000) COMMON STOCK. (FILE 333-34713 - AUG 29) (BR 5)

S-3 PSC INC, 675 BASKET RD, WEBSTER, NY 14580 (716) 265-1600 - 975,000  
(\$6,703,125) COMMON STOCK. (FILE 333-34715 - AUG. 29) (BR. 3)

S-8 NORTHROP GRUMMAN CORP, 1840 CENTURY PK E, LOS ANGELES, CA 90067  
(213) 553-6262 - 440,016 (\$52,018,142) COMMON STOCK (FILE 333-34717 -  
AUG 29) (BR 5)

S-8 GIGA TRONICS INC, 4650 NORRIS CANYON ROAD, SAN RAMON, CA 94583  
(510) 328-4650 - 130,000 (\$1,007,500) COMMON STOCK (FILE 333-34719 -  
AUG 29) (BR 5)

S-3 INCONTROL INC, 6675 185TH AVE NE SUITE 100, REDMOND, WA 98052  
(206) 861-9800 - 423,280 (\$3,888,885) COMMON STOCK (FILE 333-34721 -  
AUG 29) (BR 1)

S-3 INCONTROL INC, 6675 185TH AVE NE SUITE 100, REDMOND, WA 98052  
(206) 861-9800 - 371,460 (\$2,916,663 75) COMMON STOCK. (FILE 333-34723 -  
AUG. 29) (BR 1)

S-8 DIGITAL BIOMETRICS INC, 5600 ROWLAND RD, MINNETONKA, MN 55343  
(612) 932-0888 - 500,000 (\$937,500) COMMON STOCK (FILE 333-34725 -  
AUG 29) (BR 3)

S-8 CAREMATRIX CORP, 197 FIRST AVE, NEEDHAM, MA 02194 (617) 270-4500 -  
11,800 (\$247,800) COMMON STOCK (FILE 333-34727 - AUG 29) (BR 1)

S-1 LINC GROUP INC, 303 E WACKER DR STE 1000, CHICAGO, IL 60601  
(312) 945-1000 - 2,000,000 (\$36,800,000) COMMON STOCK (FILE 333-34729 -  
AUG 29)

S-3 MICHIGAN BREWERY INC, 550 S WISCONSIN ST, P O BOX 1430, GAYLORD, MI  
49735 (517) 731-0401 - 555,750 (\$1,945,125) COMMON STOCK (FILE 333-34731  
- AUG 29) (BR 9)

S-3 INCONTROL INC, 6675 185TH AVE NE SUITE 100, REDMOND, WA 98052  
(206) 861-9800 - 875,000 (\$8,039,062.50) COMMON STOCK (FILE 333-34733 -  
AUG 29) (BR 1)

S-8 PEASE OIL & GAS CO /CO/, 751 HORIZON COURT STE 203, P O BOX 60219,  
GRAND JUNCTION, CO 81506 (970) 245-5917 - 900,000 (\$1,479,290 70)  
COMMON STOCK (FILE 333-34735 - AUG 29) (BR 4)

S-8 DYNAMIC HEALTHCARE TECHNOLOGIES INC, 101 SOUTHHALL LANE SUITE 210,  
MAITLAND, FL 32751 (407) 875-9991 - 900,000 (\$4,612,500) COMMON STOCK  
(FILE 333-34737 - AUG 29) (BR 3)

S-3 DISCREET LOGIC INC, 5505 BLVD ST LAURENT, STE 5200,  
MONTREAL QUEBEC CANA, A8 (514) 272-0525 - 555,000 (\$13,214,550)  
FOREIGN COMMON STOCK (FILE 333-34739 - AUG 29) (BR 5)

S-8 COMPAQ COMPUTER CORP, 20555 S H 249, HOUSTON, TX 77070 (713) 370-0670 -  
315,000 (\$12,144,819 99) COMMON STOCK (FILE 333-34743 - AUG 29) (BR 3)

S-8 HOENIG GROUP INC, ROYAL EXECUTIVE PARK, 4 INTERNATIONAL DR, RYE BROOK,  
NY 10573 (914) 935-9000 - 1,000,000 (\$5,090,000) COMMON STOCK (FILE  
333-34745 - AUG 29) (BR 8)

S-8 DYNAMIC HEALTHCARE TECHNOLOGIES INC, 101 SOUTHHALL LANE SUITE 210,  
MAITLAND, FL 32751 (407) 875-9991 - 400,000 (\$2,050,000) COMMON STOCK  
(FILE 333-34749 - AUG 29) (BR 3)

S-1 HEALTHWORLD CORP, 100 AVE OF THE AMERICAS, NEW YORK, NY 10013  
(212) 966-0077 - 2,415,000 (\$22,942,500) COMMON STOCK (FILE 333-34751 -  
AUG 29) (NEW ISSUE)

S-4 SINCLAIR BROADCAST GROUP INC, 2000 WEST 41ST ST, BALTIMORE, MD 21211  
(410) 467-5005 - 200,000,000 (\$200,000,000) STRAIGHT BONDS (FILE  
333-34753 - AUG 29) (BR 3)

S-3 ANCHOR GAMING, 815 PILOT RD STE G, LAS VEGAS, NV 89119 (702) 896-7568 -  
2,070,000 (\$161,977,500) COMMON STOCK (FILE 333-34755 - AUG 29) (BR. 5)

S-8 DYNAMIC HEALTHCARE TECHNOLOGIES INC, 101 SOUTHHALL LANE SUITE 210,  
MAITLAND, FL 32751 (407) 875-9991 - 400,000 (\$2,050,000) COMMON STOCK  
(FILE 333-34757 - SEP 02) (BR 3)

S-8 PINNACLE SYSTEMS INC, 280 N BERNARDO AVE, MOUNTAIN VIEW, CA 94043  
(415) 526-1600 - 500,000 (\$10,812,500) COMMON STOCK (FILE 333-34759 -  
AUG 29) (BR 5)

S-4 CD RADIO INC, 1001 22ND ST NW 6TH FLR, WASHINGTON, DC 20037  
(202) 296-6192 - \$120,016,756 PREFERRED STOCK (FILE 333-34761 - SEP. 02)  
(BR 3)

S-3 OMEGA HEALTHCARE INVESTORS INC, 905 W EISENHOWER CIRCLE STE 110,  
ANN ARBOR, MI 48103 (313) 747-9790 (FILE 333-34763 - AUG. 29) (BR. 8)

SB-2 IXION BIOTECHNOLOGY INC, 12085 RESEARCH DRIVE, ALACHUA, FL 32615  
(904) 418-1428 - 400,000 (\$4,000,000) COMMON STOCK. 100,000 (\$2,000,000)  
WARRANTS, OPTIONS OR RIGHTS (FILE 333-34765 - AUG 29)

S-3 CD RADIO INC, 1001 22ND ST NW 6TH FLR, WASHINGTON, DC 20037  
(202) 296-6192 - 4,025,000 (\$76,475,000) COMMON STOCK. (FILE 333-34767 -  
SEP 02) (BR 3)

S-3 CD RADIO INC, 1001 22ND ST NW 6TH FLR, WASHINGTON, DC 20037  
(202) 296-6192 - 150,000,000 (\$150,000,000) STRAIGHT BONDS (FILE  
333-34769 - SEP 02) (BR 3)

S-8 VANGUARD CELLULAR SYSTEMS INC, 2002 PISGAH CHURCH RD STE 300,  
GREENSBORO, NC 27455 (919) 282-3690 - 500,000 (\$7,156,250) COMMON STOCK  
(FILE 333-34771 - AUG 29) (BR 3)

S-3 ACACIA RESEARCH CORP, 12 SOUTH RAYMOND AVENUE, STE B, PASADENA, CA 91105  
(818) 449-6431 - 120,600 (\$919,575) COMMON STOCK (FILE 333-34773 -  
SEP 02) (BR 8)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

LITIGATION RELEASE NO. 15471 / September 4, 1997

SECURITIES AND EXCHANGE COMMISSION V. JASON S. WALL, 97 Civ. 6526 (JSR) (S.D.N.Y.)

The Commission announced that it filed a Complaint today in federal court in Manhattan charging a individual with having defrauded investors of an estimated \$200,000 by inducing them to give him money to invest in "private placements" supposedly being offered by companies with familiar sounding names. In this action, the court granted the Commission's request for emergency relief, including a temporary restraining order and an asset freeze.

Named in the Complaint is:

**Jason S. Wall**, 26 years old, who is last known to have resided in New York, New York. In the past Jason S. Wall has worked as a registered representative for two broker-dealers: Investors Associates, Inc., where Jason S. Wall worked from February 1994 through July 1994, and A.T. Brod & Co., where he worked for approximately one month until the firm closed in August 1994. Jason S. Wall has not been a registered representative of any registered broker-dealer since August 1994.

Specifically, the Complaint alleges that Jason S. Wall, since at least 1996, has been promising investors who gave him money for investments in "private placements" with a particular identified company a 25 to 35 percent return in eight weeks. Those companies were identified as: Hitachi Inc., Walgreens, Inc., Hasbro Inc., Texas Instruments Inc., Toshiba Inc., Frito-Lay Inc. or Mattel Toys.

According to the Complaint, Jason S. Wall claimed that he worked as a securities broker for Rothschild Global Investments, Inc. ("Rothschild Global") and that he had access to these offerings through Rothschild Global. The Commission alleges that, in fact, Jason S. Wall does not work for Rothschild Global, a broker-dealer that formerly was registered with the Commission, but which has been closed since 1995. Moreover, Jason S. Wall allegedly has never been a registered representative of Rothschild Global or any other firm containing the name "Rothschild." According to the Complaint, Jason S. Wall never invested the money in the private placements as he represented he would do.

The Commission also announced that the United States District Court for the Southern District of New York issued an order today that, among other things, temporarily restrains Jason S. Wall from committing securities fraud in violation of Section 17(a)

of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and freezes his assets. A hearing on the Commission's application for a preliminary injunction and other relief is scheduled for Wednesday, September 10, 1997.

The Commission seeks a final judgment permanently enjoining Jason S. Wall from violating Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and ordering him to disgorge his ill-gotten gains and to pay prejudgment interest.

The litigation is pending.

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 15472 / September 4, 1997

SECURITIES AND EXCHANGE COMMISSION v. ROB NITE; PHILIP L. THOMAS; and DAVID V. SIMS, Civil Action No. 97-6546 DDP(RZx) (C.D. Cal)

On September 3, 1997, the Securities and Exchange Commission sued three Southern California businessmen alleging that they conducted a multi-million dollar fraudulent investment scheme involving the fictional trading of securities purportedly issued by major international banks. According to the Commission's complaint filed in federal district court in Los Angeles, from July 1994 through October 1994, the defendants, Rob Nite, age 46, Philip L. Thomas, age 43, and David V. Sims, age 47, offered and sold to the public interests in a bogus program to trade these purported securities, amassing approximately \$3.7 million. For their investment, the victims were promised astronomical returns on relatively small investments. Specifically, the complaint alleges that the defendants guaranteed the victims that for an initial investment of either \$50,000 or \$150,000, they would receive returns of \$1 million per week for 40 weeks, or \$40 million. Contrary to their promises, the defendants did not invest the victims' funds, but instead misappropriated most, if not all, of the funds for their own personal benefit, including donations to religious organizations, purchases of luxury automobiles and gifts to family members.

The scheme allegedly perpetrated by the defendants is commonly referred to as a "prime bank" scheme, and has been the subject of official warnings issued to investors by several federal agencies including the Securities and Exchange Commission and the Board of Governors of the Federal Reserve System.

Defendant Nite is currently incarcerated in federal prison in Arizona serving a 44 month sentence for mail fraud, wire fraud and conspiracy, conduct unrelated to this lawsuit. Sims, who currently resides in Beverly Hills, has previously been sued administratively by the Commission for causing a public company to file false financial statements with the Commission. In the Matter of David Sims and Lewis Kurtz, Exchange Act Rel. 34-37031 (March 27, 1996). Thomas also resides in Beverly Hills.

As part of its lawsuit, the Commission seeks permanent injunctions against the defendants prohibiting future violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, disgorgement of all ill-gotten gains, plus prejudgment interest and civil penalties.

111

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 15473 / September 4, 1997

Securities and Exchange Commission v. J. Bristow Anderson, Bradley F. Bahret, Deborah D. Bahret, Lisa R. Burgess-Pittman, Linda A. Connor, George L. Gore, Jr., Moroni Leon Jensen, Stephen J. Katz, Charles R. Perry, Jr. (N.D. Ga., Civil Action No. 1-97-CV-2432-JEC)

The Securities and Exchange Commission announced today that it has charged seven Atlanta, Georgia residents and two Denver, Colorado men with illegal insider trading of Paragon Mortgage Corporation stock. The nine defendants are J. Bristow Anderson of Atlanta, Georgia, Bradley F. Bahret of Marietta, Georgia, Deborah D. Bahret of Marietta, Georgia, Lisa R. Burgess-Pittman of Roswell, Georgia, Linda A. Connor of Acworth, Georgia, George L. Gore, Jr. of Castle Rock, Colorado, Moroni Leon Jensen of Duluth, Georgia, Stephen J. Katz of Alpharetta, Georgia, and Charles R. Perry, Jr. of Denver, Colorado. Deborah Bahret, Burgess-Pittman, Connor, Gore, Katz and Perry are former employees, and Jensen is a former director, of Paragon Mortgage Corporation, a now defunct mortgage banking company formerly headquartered in Smyrna, Georgia. Anderson is an attorney in Atlanta and Bradley Bahret is the husband of Deborah Bahret.

The complaint alleges as follows. From 1989 through 1993, W. Gene Ross and Lynn K. Ross (the "Ross brothers") misappropriated \$229,040 from Paragon to pay principal and interest on four personal loans. Gene Ross was Paragon's chief executive officer and chairman of its board, and Lynn Ross was a director of Paragon and its president.

Jensen was chairman of the Paragon board's special litigation committee which retained special counsel to investigate the apparent misconduct of the Ross brothers. Jensen illegally tipped his mother to sell 1,000 shares of Paragon stock on November 15, 1993, and illegally tipped his daughter to sell 2,500 shares on December 2, 1993, before the Ross brothers' misconduct was publicly disclosed on December 21, 1993. Previously, in October 1993, Jensen had illegally tipped his mother to purchase 1,000 shares of Paragon stock prior to a favorable, public announcement regarding Paragon's planned takeover of a competitor. Jensen's illegal tipping allowed his mother and daughter to obtain ill-gotten gains and avoid losses totalling \$5,125.

On December 13, 1993, Connor illegally tipped her husband about nonpublic information regarding the Ross brothers' misconduct. The next day, Connor's husband sold 1,500 shares of Paragon stock.

On the morning of December 21, 1993, Jensen and Paragon's new president, conducted a confidential, internal meeting for Paragon employees. Jensen and Paragon's president read the employees a



press release which the employees were told would not be issued until after the stock market closed that day. The press release included information regarding the Ross brothers' misconduct and resignations, problems with Paragon's 1992 and 1993 financial statements, and uncertainties regarding Paragon's ability to conduct its mortgage lending business. During the meeting, Jensen and Paragon's president told the employees on several occasions that they were prohibited from selling their Paragon stock or conveying the information to others because of insider trading laws. The warnings were consistent with Paragon's written corporate policy which prohibited Paragon's employees from selling Paragon stock, or advising others to sell Paragon stock, while the employee was in possession of material, nonpublic information. All Paragon employees had received a copy of this policy which had been written by Jensen. The employees were also told that selling their stock would be illegal and could subject them to criminal prosecution, including jail time, and were told that the Securities and Exchange Commission would investigate any trading of Paragon stock.

Shortly after the meeting, Deborah Bahret illegally tipped her husband, a former stockbroker, and advised him to sell 2,000 shares of Paragon stock; Burgess-Pittman illegally tipped her sister and advised her to sell 1,000 shares of Paragon stock; Katz illegally sold 1,500 shares of Paragon stock and then illegally tipped Anderson who sold 1,000 shares of Paragon stock; and Gore and Perry, after reviewing the press release in Paragon's Denver, Colorado office, illegally sold 2,000 and 3,000 shares of Paragon stock, respectively. Later that day, trading in Paragon's stock was halted and for the first time, Paragon publicly issued the press release which it had provided to its employees earlier that day. On December 23, 1993, Paragon's stock resumed trading, hitting a low of \$ 3/4 per share, down 63% from the previous closing price of \$2 per share, before closing at \$1 1/4 per share, down approximately 40% from the previous closing price.

Anderson, Deborah Bahret, Burgess-Pittman, Connor, Katz and Perry, have each consented to a permanent injunction, without admitting or denying the allegations set forth in the complaint, which enjoins them from violating the antifraud provisions of the federal securities laws. Anderson, Deborah Bahret, Burgess-Pittman, Connor, Katz and Perry have agreed to pay disgorgement in the amounts of \$937.50, \$2,000, \$937.50, \$1,406.25, \$1,500 and \$2,250, respectively, for losses they illegally avoided, plus pay \$187.50, \$500, \$225, \$187.50, \$393 and \$600, respectively, of prejudgment interest. Further, Anderson, Deborah Bahret, Burgess-Pittman, Connor, Katz and Perry have also agreed to pay civil penalties in the amounts of \$1,875, \$4,000, \$937.50, \$1,406.25, \$2,437.50 and \$2,250, respectively.

Litigation against defendants Bradley Bahret, Gore and Jensen is continuing.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 15474 / September 4, 1997

Accounting and Auditing Enforcement  
Release No. 951 / September 4, 1997

Securities and Exchange Commission v. Wyatt Gene Ross, Lynn K. Ross, and Mickie E. Higgins-Hallke  
(N.D. Ga., Civil Action No. 1-97-CV-2431-JEC)

The Securities and Exchange Commission announced today that it has charged two Atlanta, Georgia residents and a Denver, Colorado man with fraud. The three defendants are W. Gene Ross of Highlands Ranch, Colorado, his brother Lynn Ross of Marietta, Georgia, and Mickie Higgins-Hallke of Smyrna, Georgia. All three are former officers of Paragon Mortgage Corporation, a now defunct mortgage banking company formerly headquartered in Smyrna, Georgia. Gene Ross was Paragon's chief executive officer and chairman of its board, Lynn Ross was a director of Paragon and its president, and Higgins-Hallke was Paragon's chief financial officer.

The complaint alleges that the Ross brothers misappropriated approximately \$230,000 from Paragon over a five-year period by causing Paragon to repay personal loans with corporate funds, and by personally intercepting checks remitted to Paragon and endorsing them for their personal benefit. The Ross brothers concealed this theft from Paragon's shareholders and also misled Paragon's independent auditors concerning their theft.

The complaint also alleges that from 1990 through 1994 the defendants overstated Paragon's income in various annual and quarterly financial statements filed with the Commission. In some instances, Paragon reported net income when it should have reported net losses and in other reports, Paragon understated its net losses by over 200% and overstated its income by 225%.

In June 1990, Paragon's board of directors granted stock options to purchase 530,000 shares of Paragon's common stock, worth \$258,750, to the Ross brothers and four other Paragon employees. The Commission alleges that Gene Ross failed to report this transaction in Paragon's June 30, 1990 quarterly and September 30, 1990 annual financial statements. The Commission also alleges that Gene Ross altered Paragon's September 30, 1990 annual financial statements by deleting \$200,000 of compensation expense which had been recorded in Paragon's books and certified by Paragon's independent auditor.

The Commission's complaint also charges that Gene Ross and Higgins-Hallke inflated the income reported in Paragon's September 30, 1992 annual financial statements by improperly reporting \$814,949 of gains from the sale of certain loans. Additionally, Higgins-Hallke failed to report \$24,961 of medical claims incurred

during 1992 related to Paragon's self-insured employee medical plan.

The Commission also charges that Gene Ross illegally sold Paragon common stock, and illegally tipped three members of his family to sell their Paragon common stock, before the Ross brothers' misconduct was publicly disclosed. The complaint alleges that in December 1993, Gene Ross told his wife to conduct a meeting at their house with Gene Ross' two adult sons and his wife's brother. At the meeting, Gene Ross' wife, on her husband's instructions, tipped these three family members, who were employees of Paragon and whom Gene Ross knew held Paragon stock. Subsequent to this meeting, Gene Ross' sons and brother-in-law sold Paragon stock.

Gene Ross and Lynn Ross (the "Ross brothers") and Higgins-Hallke have each consented to a permanent injunction, without admitting or denying the allegations set forth in the complaint, which enjoins them from violating the antifraud, reporting, books and records, and internal accounting control provisions of the federal securities laws. The Ross brothers have also consented to be permanently enjoined from violating the proxy provisions of the federal securities laws. Gene Ross has agreed to pay a total of \$65,000 of disgorgement of insider stock trading losses illegally avoided by him and his family plus pay prejudgment interest thereon, and civil penalties. Lynn Ross has agreed to pay civil penalties in the amount of \$25,000. Higgins-Hallke will not be required to pay civil penalties based upon her inability to pay such penalties. In addition, all three defendants have agreed to be barred from acting as officers or directors of public companies.

Previously, the Commission instituted administrative proceedings in which five CPAs, who served as Paragon's independent auditors at various times from 1990 through 1993, were charged with having engaged in improper professional conduct during their work for Paragon. Those auditors settled the proceedings without admitting or denying the charges against them. (In re Langford et al., Securities Exchange Act Release No. 38249; In re Couch, Securities Exchange Act Release No. 38250).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 15475 / September 4, 1997

SEC v. Keith Knutsson and Kaldi, Inc.  
(Civil Action No. 1: 97-CV-2514-CC, USDC N.D. Ga.)

The Securities and Exchange Commission announced that a complaint was filed by the Commission on August 29, 1997, in the United States District Court for the Northern District of Georgia, against Keith Knutsson ("Knutsson"), in his individual capacity and as Keith Knutsson d/b/a Kaldi Koffee, and against Kaldi, Inc. ("Kaldi"), a Georgia corporation, as a relief defendant. Knutsson is the chief executive officer of Kaldi. The complaint seeks to permanently enjoin Knutsson and Kaldi from violating Sections 17(a)(1) through 17(a)(3) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The Commission also seeks an order requiring an accounting of all funds received from the sale of securities by the defendants during the scheme, disgorgement of all ill-gotten gains acquired by the defendants along with prejudgment interest, and civil penalties.

The Commission's complaint alleges that Knutsson violated the antifraud provisions of the securities laws by offering and selling investors notes, purportedly to finance the establishment of a new business venture, called Kaldi Koffee, an entity which Knutsson proposed to form for the purpose of opening a chain of coffee "cafes" in Europe. Between October 1994 and October 1996, Knutsson raised approximately \$800,000 from 20 investors for his scheme. The Commission alleges that Knutsson misappropriated the money he raised, using it to pay for several trips to Europe and for his own personal expenses. The chain of European coffee shops was never opened.

SECURITIES AND EXCHANGE COMMISSION  
Washington D.C.

LITIGATION RELEASE NO. 15476 / September 4, 1997

SECURITIES AND EXCHANGE COMMISSION V. HUGH THRASHER, JOHN H. ANDERSON, EZRA CHAMMAH, STANLEY ELBAUM, SCOTT FORBES, GUILLERMO GOMEZ a/k/a WILLIAM GOMEZ, STEPHEN V.R. GOODHUE, JR., IRA GORMAN, GORMAN COMMODITIES & SECURITIES, INC., JONATHAN S. HIRSH, RONALD KUZNETSKY, DARRELL SANDY MARSH, JACK P. MARSH, MICHAEL R. NEWMAN, ROGER K. ODWAK, ANGELO PETROTTO, LEE ROSENBLATT, ROBERT SACKS, JEFFREY A. SANKER, DAVID SCHAEN, LEONARD SCHAEN, JULIAN SCHOR, GREGG R. SHAWZIN, AND MARK R. SHAWZIN, 92 Civ. 6987 (JFK) (S.D.N.Y.)

The Securities and Exchange Commission ("Commission") announced that the United States District Court for the Southern District of New York recently entered a judgment against defendant William Gomez ("Gomez"). According to the Commission's amended complaint filed on March 4, 1993, the defendant engaged in insider trading by purchasing the securities of Motel 6, L.P. ("Motel 6") while in possession of material, nonpublic information concerning a planned tender offer for the company.

On August 5, 1997, the Court entered Final Consent Judgments of Permanent Injunction and Other Relief As To Guillermo Gomez a/k/a William Gomez. Without admitting or denying the allegations of the amended complaint, Gomez consented to a permanent injunction from violating Sections 10(b) and 14(e) of the Securities Exchange Act of 1934, and Rules 10b-5 and 14e-3 thereunder. Gomez agreed to pay \$131,104 in disgorgement of profits and prejudgment interest thereon, but in light of a demonstrated inability to pay based upon his sworn representations in a statement of financial condition, the Commission agreed that all of the payment would be waived and Gomez would not pay a civil penalty pursuant to the Insider Trading and Securities Fraud Enforcement Act of 1988.

The Commission's amended complaint alleges that between late May 1990 and until and including July 12, 1990, Hugh Thrasher, an insider at Motel 6, for his personal benefit and in breach of his duty to Motel 6 and its shareholders, communicated material, nonpublic information concerning negotiations for the acquisition of Motel 6 to his close personal friend, Carl Harris ("Harris"). The Commission alleges that Harris thereafter tipped numerous people, including Gomez.