

SEC NEWS DIGEST

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ENFORCEMENT PROCEEDINGS

DISGORGEMENT AND PREJUDGMENT INTEREST WAVED BASED UPON GREENWAY CAPITAL CORPORATION'S (N/K/A CORTLANDT CAPITAL CORPORATION) DEMONSTRATED FINANCIAL INABILITY TO PAY

The Commission announced that on October 11, 1996, the Commission entered an Order Making Findings and Imposing Remedial Sanctions which, among other things, ordered Respondent Greenway Capital Corporation (Greenway) (n/k/a Cortlandt Capital Corporation) to pay disgorgement of \$115,258 and prejudgment interest of \$14,742 and imposed a civil money penalty of \$50,000 for a total of \$180,000. The monies were to be paid by way of a payment plan as detailed in the Order (Rel. 34-37804, October 10, 1996).

Greenway, which changed its name to Cortlandt Capital Corporation (Cortlandt) in February 1997, paid the \$50,000 civil money penalty and \$30,000 toward the disgorgement and prejudgment interest ordered, leaving a balance of \$100,000.

On July 31, 1997, Greenway n/k/a Cortlandt filed a Form BDW to withdraw from registration with the Commission. Prior to filing the Form BDW, the Commission issued an order instituting administrative proceedings against Cortlandt, Joseph M. Guccione and others (In the Matter of Trading in the Securities of Vertex Industries, Inc.). Therefore, pursuant to Rule 15b6-1 of the Exchange Act, the withdrawal was not made effective. Cortlandt submitted a sworn statement of financial condition demonstrating that it was financially unable to pay a civil money penalty in that matter. The Commission accepted Cortlandt's settlement offer pursuant to which among other things, the Commission did not impose civil money penalties based upon Cortlandt's demonstrated financial inability to pay. As part of the settled administrative proceeding, Cortlandt's registration as a broker-dealer was at that time revoked (Rel. 34-39138, September 26, 1997).

Because Cortlandt was no longer in business or registered as a broker-dealer and demonstrated its financial inability to pay a civil penalty in the Vertex matter, the Commission waived the \$100,000 still due in disgorgement and prejudgment interest in the Greenway matter. (Rel. 34-41484; File No. 3-9014)

SEC FILES INSIDER TRADING COMPLAINT; DEFENDANT AGREES TO PAY MORE THAN \$225,000 IN DISGORGEMENT AND PENALTIES

The Commission announced that on June 4 it filed an insider trading complaint in the United States District Court for the Southern District of Florida against Mitchell Cairo (Cairo). Without admitting or denying the SEC's allegations, Cairo agreed to disgorge \$105,982 in profits plus prejudgment interest of \$14,248. He also agreed to pay a civil penalty of \$105,982. Additionally, Cairo consented to the entry of a permanent injunction enjoining him from committing in the future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

The SEC's complaint alleged that Cairo, a resident of the Washington, D.C. area, misappropriated from an employee of Vacation Break U.S.A., Inc. (Vacation Break) material, nonpublic information relating to a proposed merger between Vacation Break and The Berkley Group, Inc. The complaint alleges that while in possession of this material nonpublic information, Cairo purchased 15,000 shares of Vacation Break stock, which was then traded on the NASDAQ stock exchange. The planned merger was publicly announced on November 27, 1996, and the complaint alleges that Cairo sold his stock after the announcement at a profit. [SEC v. Mitchell Cairo, Civil Action No. 99-6698-CIV-DIMITROULEAS, SD FL, Ft. Lauderdale Div.] (LR-16177)

JAY MARCUS, FORMER PRESIDENT OF HALSEY DRUG CO., INC., SETTLES INSIDER TRADING CHARGES WITH SEC

The Commission announced that on June 4 it filed a Final Judgment of Permanent Injunction By Consent against defendant Jay Marcus (Marcus), former president of Halsey Drug Co., Inc. (Halsey), and relief defendant Dana Marcus. The Final Judgment, to which the Marcuses consented without admitting or denying the allegations in the Amended Complaint, permanently enjoins Marcus from violating the antifraud provisions of the federal securities laws; requires the Marcuses to disgorge their losses avoided from the conduct alleged in the Amended Complaint, \$278,294.19 plus prejudgment interest thereon, except that all but \$60,000 of that amount has been waived based upon a demonstrated inability to pay; and imposes a ten-year officer and director bar on Marcus.

The Amended Complaint alleged as follows: From at least January 1990 through March 1993, with Marcus' knowledge, Halsey manufactured and sold certain adulterated generic drugs. In February 1992, while in possession of material, non-public information regarding Halsey's drug adulteration, Marcus sold 70,000 shares of Halsey common stock. After the drug adulteration was publicly disclosed in March 1993, the price of Halsey's common stock dropped 49%. Additionally, Halsey filed materially false and misleading annual reports with the Commission for fiscal years ended December 31, 1990 and 1991 that Marcus reviewed and signed, knowing they were materially false and misleading. [SEC v. Jay Marcus and Dana Marcus, No. 97 Civ. 0462, EDNY] (LR-16178)

SEC CHARGES WASHINGTON LAWYER LEWIS RIVLIN AND TWO OTHERS FOR DEFRAUDING INVESTORS OF \$6.2 MILLION IN PRIME BANK SCHEME

The Commission today brought fraud and broker-dealer registration violation charges against Lewis Allen Rivlin, a Washington lawyer, and Edwin Earl Huling III, who worked at Rivlin's law firm, for defrauding investors of \$6.2 million in a prime bank scheme between December 1997 and June 1998. The SEC also charged Alfred Huascar Velarde, formerly Rivlin's law partner and currently a Virginia lawyer, for aiding and abetting the fraud. Rivlin and Huling are contesting the charges; Velarde has settled the charges.

The SEC's complaint alleges that Rivlin and Huling, with Velarde's assistance, offered and sold at least \$6,239,000 worth of securities in a fictitious trading program to at least four groups of investors, including an Ecuadorian charity for underprivileged girls. The trading program purportedly involved the pooling of investor funds to purchase and resell deeply discounted bank instruments at a profit, under the auspices of Chrysanthos Chrysostomou, formerly the Metropolitan of Limassol, a bishop in the Greek Orthodox Church in Cyprus.

The complaint further alleges that the defendants lured investors into the Program through the use of numerous oral and written misrepresentations, including that the investments would be risk-free and would generate tremendous profits ranging from 20% to 100% at least every ten international banking days. In addition, the complaint alleges that Rivlin gave his "personal guarantee" to at least two of the investors. The complaint alleges that the investors never received any profits, and that they lost all of their principal. Finally, the complaint alleges that after the investments were made, the defendants made misrepresentations to investors in an effort to lull them into inaction.

Without admitting or denying the allegations, Velarde agreed to never again violate the antifraud provisions of the federal securities laws and to pay a \$20,000 civil penalty.

The SEC also charged as relief defendants Greek company Z-Finance, S.A. and its chairman and chief executive officer, Anthony Zioudas; British Virgin Islands company Hedley Finance, Ltd. and its chief of administration, Christian Dante; and Chrysanthos Chrysostomou, formerly the Metropolitan of Limassol. A relief defendant is an individual who received ill-gotten investor funds.

The SEC's complaint, filed in the U.S. District Court in Washington, D.C., seeks preliminary and permanent injunctive relief, an accounting of the money trail, disgorgement of ill-gotten gains, prejudgment interest and civil money penalties. The SEC seeks to enjoin defendants Rivlin and Huling for violations of Sections 17(a) of the Securities Act of 1933 and Sections 15(a) and 10(b) of the Exchange Act of 1934 and Rule 10b-5 thereunder.

This case is part the SEC's continuing effort to combat prime bank fraud and to alert the public to the risks posed by these phony instruments. The risks of this type of fraud and warnings about how to avoid it are spelled out in the Interagency Advisory: Warning Concerning "Prime Bank" Notes, Guarantees, and Letters of Credit and Similar Financial Instruments (October 21, 1993), which is discussed on the SEC's Homepage at <http://www.sec.gov/enforce/prime.txt>.

The SEC acknowledges the valuable assistance of the United Kingdom Department of Trade and Industry and the Securities Board of the Netherlands (the Stichting Toezicht Effectenverkeer) in this investigation. [SEC v. Lewis Allen Rivlin, Edwin Earl Huling III, and Alfred Huascar Velarde, as Defendants; and Z-Finance, S.A., Anthony P. Zioudas, Hedley Finance Ltd., Christian Dante, and Chrysanthos Chrysostomou, as Relief Defendants, Civil Action No. 99 01455, RCL, USDC, D.D.C] (LR-16179)

INVESTMENT COMPANY ACT RELEASES

NEW ENGLAND FUNDS TRUST I, ET AL.

An order has been issued on an application filed by New England Funds Trust I, et al. under Section 6(c) of the Investment Company Act to amend a prior order that granted an exemption from Section 15(a) of the Act and Rule 18f-2 under the Act. The order permits applicants to enter into and materially amend investment sub-advisory contracts without shareholder approval. (Rel. IC-23859 - June 4)

WEBS INDEX FUND, INC., ET AL.

A notice has been issued giving interested persons until July 2, 1999, to request a hearing on an application filed by WEBS Index Fund, Inc. (Fund), Barclays Global Fund Advisors, and Funds Distributor, Inc. Applicants request an order that would permit the Fund, an open-end management investment company whose portfolios will consist of the component securities of certain indices, to issue shares of limited redeemability that will trade in the secondary market at negotiated prices. The order also would permit affiliated persons of the portfolios to deposit securities into, and receive securities from, the portfolios. The order also would permit certain portfolios to pay redemption proceeds in certain circumstances more than seven days after the tender of shares for redemption. (Rel. IC-23860 - June 7)

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: <publicinfo@sec>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

- F-6 WAVECOM SA/ADR, BANK OF NEW YORK, 101 BARCLAY ST 22ND FLR, NEW YORK, NY 10286 (212) 815-2009 - 20,000,000 (\$1,000,000)
DEPOSITORY RECEIPTS FOR COMMON STOCK. (FILE 333-10376 - MAY 25) (BR 99 - NEW ISSUE)
- F-10 MANULIFE FINANCIAL CORP, 200 BLOOR ST EAST, NORTH TOWER 11, TORONTO ONTARIO CANA, (416) 926-3500 - \$25,000,000 FOREIGN COMMON STOCK (FILE 333-10380 - MAY 25) (BR 1 - NEW ISSUE)
- F-3 DEUTSCHE TELEKOM AG, FRIEDERICH EBERT ALLEE 140, D53113 BONN GERMANY, (492) 281-8190 - \$100,000 FOREIGN COMMON STOCK (FILE 333-10384 - MAY 26) (BR 7)
- S-8 MADGE NETWORKS NV, TRANSPOLIS SCHIPHOL AIRPORT, POLARIS AVE 23, HOOFDDORP NETHERLAND, P7 (408) 955-0700 - 500,000 (\$1,531,250) FOREIGN COMMON STOCK (FILE 333-10406 - MAY 27) (BR 3)
- S-1 MORTGAGE COM INC, 8751 BROWARD BLVD, PLANTATION, FL 33324 (954) 400-0000 - \$112,125,000 COMMON STOCK (FILE 333-79757 - JUN 02)
- S-3 EDGE PETROLEUM CORP, 1111 BAGBY, HOUSTON, TX 77002 (713) 654-8960 - 1,820,000 (\$13,085,800) COMMON STOCK (FILE 333-79759 - JUN 02) (BR 4)
- S-3 HOMECOM COMMUNICATIONS INC, BUILDING 14 STE 100 PIEDMONT CTR, 3535 PIEDMONT RD, ATLANTA, GA 305 (404) 237-4646 - 1,225,000 (\$8,077,344) COMMON STOCK (FILE 333-79761 - JUN 02) (BR. 3)
- S-3 SHOPKO STORES INC, 700 PILGRIM WAY, GREEN BAY, WI 54304 (414) 497-2211 - \$500,000,000 COMMON STOCK (FILE 333-79763 - JUN 02) (BR 2)
- S-8 3 D SYSTEMS CORP, 26081 AVENUE HALL, VALENCIA, CA 91355 (805) 295-5600 - 800,000 (\$4,576,000) COMMON STOCK (FILE 333-79767 - JUN 02) (BR 3)
- S-1 ARCH COMMUNICATIONS GROUP INC /DE/, 1800 W PARK DR, STE 250, WESTBOROUGH, MA 01581 (508) 870-6700 - 3,675,811 (\$11,064,089 88) COMMON STOCK (FILE 333-79769 - JUN 02) (BR. 7)