

# SEC NEWS DIGEST

Issue 99-179

September 16, 1999

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## COMMISSION ANNOUNCEMENTS

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### TESTIMONY OF COMMISSIONER HUNT POSTPONED

The testimony of Commissioner Isaac Hunt, Jr., scheduled for September 16 at 10:00 a.m., has been postponed. A new date has not been set.

### COMMISSION MEETINGS

#### CHANGE IN THE MEETING: TIME CHANGE

The time of the closed meeting scheduled for Thursday, September 16, at 11:00 a.m., has been changed to 2:30 p.m.

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.

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## ENFORCEMENT PROCEEDINGS

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### REGISTRATION OF MADISON GROUP ASSOCIATES, INC.'S STOCK REVOKED

The Commission has revoked the registration pursuant to Section 12(g) of the Securities Exchange Act of 1934 (15 U.S.C. §781(g)) of Madison Group Associates, Inc.'s common stock, pursuant to Section 12(j) of the Securities Exchange Act of 1934 (15 U.S.C. §781(j)). Madison Group Associates is a Fort Lauderdale, Florida, entertainment company which is in Chapter 7 liquidation in the United States Bankruptcy Court for the Southern District of Florida at Fort Lauderdale.

The Commission found that Madison Group Associates failed to comply with Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. §78m(a)) and Exchange Act Rules 13a-1 and 13a-13 (17 C.F.R. §240.13a-1 and 13a-13) while its common stock was registered with the Commission in that it had not filed either Annual Reports on

Form 10-K or Quarterly Reports on Form 10-Q for any fiscal period subsequent to its fiscal quarter ending December 31, 1995.

The Commission also found that Madison Group Associates violated Sections 10(b) and 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. § 78j(b) and 78m(a)) and Exchange Act Rules 10b-5, 13a-1, 13a-13 and 12b-20 (17 C.F.R. §240.10b-5, 13a-1, 13a-13 and 12b-20) by including financial statements that failed to conform with Generally Accepted Accounting Principles, as required by Commission Regulation S-X, in its Annual Reports on Form 10-K for the fiscal years ended September 30, 1992, and 1993, and in its Quarterly Reports on Form 10-Q for the first three quarters of the fiscal year ended September 31, 1993, and for the first quarter of the fiscal year ended September 31, 1994. The financial statements failed to conform with Generally Accepted Accounting Principles by materially overstating the value of the corporate assets of Madison Group. (Rel. 34-41878; File No. 3-9826)

#### **SEC DEFENDANT SENTENCED FOR PERJURY COMMITTED DURING SEC INVESTIGATION**

The Commission announced that on September 10 Herbert Woll (Woll), a resident of Marietta, Georgia, was sentenced following his conviction by a jury in the United States District Court, Eastern District of Tennessee of committing perjury during his sworn testimony before an officer of the SEC. The District Court Judge, Curis L. Collier, sentenced Woll to 18 month imprisonment, with two years supervised release thereafter, and ordered Woll to pay a \$5,000 fine. The perjured testimony was offered by Woll during the course of an SEC investigation that led to a pending civil action, SEC v. Mohamed Khairy Mohamed Zayed, II, Michael W. Rehtorik, and Herbert Woll, C.P.A. (E.D. Tenn., Civil Action No. 1:98-CV-327 Judge Edgar, filed September 24, 1998).

The SEC filed civil fraud charges against two former officers of Genesis International Financial Services, Inc. (Genesis), Mohamed Khairy Mohamed Zayed, II (Zayed) and Michael W. Rehtorik (Rehtorik), and its former accountant, Woll, for their roles in an illegal "pump and dump" scheme involving Genesis' stock. In its complaint, the SEC alleged that Zayed, Rehtorik and Woll engaged in securities fraud in the promotion and sale of the Genesis stock by using fraudulent financial statements and press releases calculated to deceive prospective investors. Woll, a certified public accountant, was named as a defendant in the SEC litigation for his actions in preparing the fraudulent financial documents for Genesis. On April 30, 1997, before filing its civil action, the SEC issued an order temporarily suspending the trading of the securities of Genesis, pursuant to Section 12(k) of the Securities Exchange Act of 1934 (Exchange Act).

Woll was convicted of committing perjury in response to questions relating to his personal criminal history. Specifically, Woll knowingly provided false testimony by failing to reveal that his criminal history included several arrests and convictions.

The SEC's case, which involves violations of the antifraud provisions, Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by Woll, Zayed and Rehtorik, is currently ongoing in the Tennessee district court. [U.S. v. Herbert Emanuel Woll: 1:99-CR-25] (LR-16283; AAE Rel. 1158)

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#### **INVESTMENT COMPANY ACT RELEASES**

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##### **CORE TRUST (DELAWARE), ET AL.**

An order has been issued on an application filed by Core Trust (Delaware), et al. pursuant to Section 17(d) of the Investment Company Act and Rule 17d-1 under the Act. The order permits certain registered investment companies to pay fees based on a share of the revenue generated from securities lending transactions to an affiliated lending agent. (Rel. IC-24008 - September 14)

##### **THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES, ET AL.**

A notice has been issued giving interested persons until September 13 to request a hearing on an application filed by The Equitable Life Assurance Society of the United States (Equitable), Separate Account A of Equitable, Separate Account No. 301 of Equitable, Separate Account No. 45 of Equitable, Separate Account No. 49 of Equitable, Separate Account I of Equitable, Separate Account FP of Equitable, Separate Account No. 51 of Equitable, and Separate Account No. 65 of Equitable (collectively Applicants). All of the Applicants, except Separate Account No. 51 of Equitable and Separate Account No. 65 of Equitable, seek an order pursuant to Section 26(b) of the Investment Company Act approving the substitution of securities issued by 14 newly-organized portfolios of EQ Advisors Trust (EQAT) for securities issued by 14 portfolios of The Hudson River Trust (HRT) and currently used as the underlying investment options for certain variable annuity contracts and/or variable life insurance policies issued by Equitable. In addition, all of the Applicants request an order pursuant to Section 17(b) of the Act exempting them from Section 17(a) of the Act to the extent necessary to permit the Applicants to carry out the proposed substitutions by redeeming securities issued by HRT in-kind and using the portfolio securities received from the HRT portfolios to purchase securities issued by the corresponding EQAT portfolios. (Rel. IC-24009 - September 14)

##### **NORWEST ADVANTAGE FUNDS, ET AL.**

An order has been issued on an application filed by Norwest Advantage Funds, et al. under Section 17(b) of the Investment Company Act exempting applicants from Section 17(a) of the Act. The order permits certain series of Wells Fargo Funds Trust and Wells Fargo Core Trust to acquire all of the assets and liabilities of certain series of Norwest Advantage Funds and Core Trust (Delaware), respectively. Because of certain affiliations, applicants may not

rely on Rule 17a-8 under the Act. (Rel. IC-24010 - September 14)

**HSBC SECURITIES (USA) INC., ET AL.**

An order has been issued on an application filed by HSBC Securities (USA) Inc. (HSBC Securities) and HSBC Holdings plc (HSBC Holdings) exempting the future HSBC Capital Funding Trusts for which HSBC Securities will serve as a principal underwriter (Trusts) from Sections 12(d)(1), 12(d)(3), and 14(a) of the Investment Company Act, and exempting HSBC Securities and HSBC Holdings and the Trusts from Section 17(a) of the Act. The order (i) permits other registered investment companies to own a greater percentage of the total outstanding voting stock (Securities) of each Trust than that permitted by Section 12(d)(1), (ii) exempts the Trusts from the initial net worth requirements of Section 14(a), and (iii) permits the Trusts to purchase certain securities from HSBC Securities, HSBC Holdings or their affiliates at the time of a Trust's initial issuance of Securities. (Rel. IC-24011 - September 14)

**VAN WAGONER FUNDS, INC., ET AL.**

A notice has been issued giving interested persons until September 13 to request a hearing on an application filed by Van Wagoner Funds, Inc. and Van Wagoner Capital Management, Inc. for an order under Sections 6(c) and 17(d) of the Investment Company Act and Rule 17d-1 under the Act. The order would permit the applicants to co-invest in the same issuers of securities with each other and certain affiliates. (Rel. IC-24012 - September 14)

**CLARION CMBS VALUE FUND, INC., AND CLARION CAPITAL, LLC**

An order has been issued on an application filed by Clarion CMBS Value Fund, Inc. (Fund), and Clarion Capital, LLC, granting an exemption from Section 17(a) of the Investment Company Act. The order permits in-kind redemptions of shares of the Fund held by certain affiliated shareholders. (Rel. IC-24013 - September 15)

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**HOLDING COMPANY ACT RELEASES**

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**COLUMBIA ENERGY GROUP, ET AL.**

A supplemental order has been issued authorizing Columbia Energy Group (Columbia), a registered holding company, and its utility and nonutility subsidiaries to allow Hawg Hauling and Disposal, Inc. and Columbia Pipeline Corporation, two nonutility subsidiaries of Columbia, to participate in the Columbia system money pool. (Rel. 35-27075)

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## SELF-REGULATORY ORGANIZATIONS

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### APPROVAL PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by The Depository Trust Company (SR-DTC-99-16) that will modify DTC's rules relating to the direct registration system. (Rel. 34-41862)

### PROPOSED RULE CHANGES

The American Stock Exchange filed a proposed rule change (SR-Amex-99-23) that would require a member seeking to break a trade to show good cause and obtain written Floor Official approval. Publication of the proposal is expected in the Federal Register during the week of September 20. (Rel. 34-41866)

The Pacific Stock Exchange filed a proposed rule change under Rule 19b-4 (SR-PCX-99-18) relating to participation rights for firms crossing orders. Publication of the proposal is expected in the Federal Register during the week of September 20. (Rel. 34-41867)

The Pacific Exchange filed a proposed rule change (SR-PCX-99-25) to allow Lead Market Makers to perform certain Floor Broker functions. Publication of the proposal is expected in the Federal Register during the week of September 20. (Rel. 34-41868)

The American Stock Exchange filed a proposed rule change (SR-Amex-99-29) relating to disclosures by specialists under Rule 174. Publication of the proposal is expected in the Federal Register during the week of September 13. (Rel. 34-41870)

The New York Stock Exchange filed a proposed rule change (SR-NYSE-99-32) to amend Exchange Rule 22(b). Publication of the proposal is expected in the Federal Register during the week of September 20. (Rel. 34-41871)

The Chicago Board Options Exchange filed a proposed rule change (SR-CBOE-99-37) to establish a membership ownership requirement and assess a capitalization transfer fee for designated primary market makers. Publication of the notice in the Federal Register is expected during the week of September 20. (Rel. 34-41872)

A proposed rule change has been filed by the National Association of Securities Dealers (SR-NASD-99-41) relating to the opening of day-trading accounts. Publication of the proposal is expected in the Federal Register during the week of September 20. (Rel. 34-41875)

### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

A proposed rule change (SR-CBOE-99-48) filed by the Chicago Board Options Exchange to increase the size limit of orders eligible for entry into its automatic execution system has become immediately

effective under Section 19b(3)(A) of the Securities Exchange Act of 1934. Publication of the notice in the Federal Register is expected during the week of September 13. (Rel. 34-41863)

A proposed rule change filed by the Chicago Stock Exchange (CHX-99-13) to amend its membership dues and fees schedule to incorporate uniform monthly charges for certain computer equipment that is available for use by CHX members has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of September 13. (Rel. 34-41869)

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## SECURITIES ACT REGISTRATIONS

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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>.

- S-1 F5 NETWORKS INC, 200 FIRST AVE WEST, STE 500, SEATTLE, WA 98119  
(206) 505-0800 - 2,300,000 (\$150,650,000) COMMON STOCK (FILE 333-86767 -  
SEP. 09) (BR. 3)
- S-3 LTX CORP, LTX PARK AT UNIVERSITY AVE, WESTWOOD, MA 02090 (781) 461-1000  
- 5,405,000 (\$68,913,750) COMMON STOCK (FILE 333-86769 - SEP. 09)  
(BR. 5)
- SB-2 INTERNET GOLF ASSOCIATION INC, 24921 DANA POINT HARBOR DR, SUITE B-200,  
DANA POINT, CA 92629 (949) 443-2350 - 2,528,570 (\$13,293,961) COMMON STOCK  
(FILE 333-86771 - SEP. 09)
- S-3 MONMOUTH REAL ESTATE INVESTMENT CORP, 125 WYCKOFF RD, PO BOX 335,  
EATONTOWN, NJ 07724 (732) 542-4927 - 1,500,000 (\$8,175,000) COMMON STOCK  
(FILE 333-86775 - SEP. 09) (BR. 8)
- S-8 SAFEGUARD SCIENTIFICS INC ET AL, 435 DEVON PARK DR,  
800 THE SAFEGUARD BLDG, WAYNE, PA 19087 (610) 293-0600 - 3,000,000  
(\$207,777,167) COMMON STOCK (FILE 333-86777 - SEP. 09) (BR. 3)
- SB-1 EMPS CORP, 136 E SOUTH TEMPLE, SUITE 1700 A, SALT LAKE CITY, UT 84111  
(801) 355-1341 - 200,000 (\$200,000) COMMON STOCK (FILE 333-86779 -  
SEP. 09) (NEW ISSUE)
- S-8 FIRST FINANCIAL BANCORP /OH/, THIRD & HIGH ST, HAMILTON, OH 45011  
(513) 867-4700 - 6,500,000 (\$141,171,875) COMMON STOCK (FILE 333-86781 -  
SEP. 09) (BR. 7)

S-8 CLOROX CO /DE/, THE CLOROX COMPANY, 1221 BROADWAY OAKLAND, CA 94612  
(510) -27-1-70 - 100,000 (\$4,518,750) COMMON STOCK (FILE 333-86783 -  
SEP 09) (BR 2)

S-1 SMARTERKIDS COM INC, 200 HIGHLAND AVE, NEEDHAM, MA 02194 (617) 447-7567  
- \$60,000,000 COMMON STOCK. (FILE 333-86787 - SEP 09)

S-3 CABLEVISION SYSTEMS CORP /NY, 1111 STEWART AVENUE, BETHPAGE, NY 11714  
(516) 380-6230 - 100,000 (\$7,125,000) COMMON STOCK (FILE 333-86789 -  
SEP. 09) (BR 7)

S-3 AMTRAN INC, 7337 W WASHINGTON ST, INDIANAPOLIS, IN 02861 (317) 247-4000  
- 78,988 (\$1,624,190.75) COMMON STOCK. (FILE 333-86791 - SEP 09) (BR. 5)

S-8 PUBLISHING CO OF NORTH AMERICA INC, P O BOX 280, 186 P C N A PARKWAY,  
LAKE HELEN, FL 32744 (904) 228-1000 - 500,000 (\$1,422,000) COMMON STOCK  
(FILE 333-86793 - SEP. 09) (BR. 5)

S-1 ASTROPOWER INC, SOLAR PARK, NEWARK, DE 19716 (302) 366-0400 - 3,162,500  
(\$46,251,563) COMMON STOCK (FILE 333-86795 - SEP 09) (BR 5)

S-3 PRENTISS PROPERTIES TRUST/MD, 3890 W NORTHWEST HY, STE 400, DALLAS, TX  
75220 (214) 654-0886 - 20,126 (\$449,615) COMMON STOCK (FILE 333-86797 -  
SEP. 09) (BR 8)

S-8 DOCUMENTUM INC, 5671 GIBRALTER DR, PLEASANTON, CA 94588 (510) 463-6800  
- 2,660,000 (\$37,456,885) COMMON STOCK (FILE 333-86799 - SEP 09)  
(BR. 3)

S-8 HUMANA INC, 500 W MAIN ST, LOUISVILLE, KY 40202 (502) 580-1000 -  
1,400,000 (\$13,256,320) COMMON STOCK. (FILE 333-86801 - SEP 09) (BR 1)

S-3 BODDIE NOELL PROPERTIES INC, C/O BODDIE NOELL PROPERTIES INC,  
3850 ONE FIRST UNION CENTER, CHARLOTTE, NC 28202 (704) 944-0100 - 199,922  
(\$2,099,181) COMMON STOCK (FILE 333-86805 - SEP 09) (BR 8)

S-3 MSC SOFTWARE CORP, 815 COLORADO BLVD, LOS ANGELES, CA 90041  
(323) 258-9111 - 9,915,000 (\$8,378,175) COMMON STOCK. (FILE 333-86809 -  
SEP 09) (BR 3)

S-1 SKILLSOFT CORP, 20 INDUSTRIAL PARK DRIVE, NASHUA, NH 03062  
(603) 324-3000 - \$46,000,000 COMMON STOCK (FILE 333-86815 - SEP 09)  
(NEW ISSUE)

S-8 METACREATIONS CORP, 6303 CARPINTERIA AVE, CARPINTERIA, CA 93013  
(805) 566-6200 - 1,225,000 (\$7,834,978) COMMON STOCK (FILE 333-86817 -  
SEP 09) (BR 3)

S-3 CHESAPEAKE BIOLOGICAL LABORATORIES INC, 1111 SCOUTH PACA STREET,  
BALTIMORE, MD 21230 (410) 998-9800 - \$3,464,377 59 COMMON STOCK (FILE  
333-86819 - SEP 09) (BR 1)

S-1 RUDOLPH TECHNOLOGIES INC, ONE RUDOLPH RD, FLANDERS, NJ 07836  
(973) 691-1300 - 5,520,000 (\$77,280,000) COMMON STOCK (FILE 333-86821 -  
SEP 09) (NEW ISSUE)

S-3 IMRGLOBAL CORP, 100 SOUTH MISSOURI AVENUE, CLEARWATER, FL 33756  
(727) 467-8000 - 2,513,159 (\$28,117,229) COMMON STOCK (FILE 333-86823 -  
SEP 09) (BR 3)

S-3 THRUSTMASTER INC, 7175 NW EVERGREEN PARKWAY, #400, HILLSBORO, OR 97124  
(503) 615-3200 - 500,000 (\$7,906,250) COMMON STOCK (FILE 333-86825 -  
SEP 09) (BR 3)

S-4 WISCONSIN ENERGY CORP, 231 W MICHIGAN ST, P O BOX 2949, MILWAUKEE, WI  
53201 (414) 221-2345 - 35,096,600 (\$718,514,537) COMMON STOCK (FILE  
333-86827 - SEP 09) (BR 2)

S-3 FLEET FINANCIAL GROUP INC, ONE FEDERAL STREET, BOSTON, MA 02211  
(617) 346-4000 (FILE 333-86829 - SEP 10) (BR 7)

S-8 AMERICAN INTERNATIONAL PETROLEUM CORP /NV/, 440 MADISON AVE STE 3203  
NEW YORK, NY 10022 (212) 956-3333 - 1,300,000 (\$1,333,334) COMMON STOCK

(FILE 333-86831 - SEP. 10) (BR. 4)

S-3 AMERICAN INTERNATIONAL PETROLEUM CORP /NV/; 440 MADISON AVE STE 3203,  
NEW YORK, NY 10022 (212) 956-3333 - 11,509,006 (\$8,631,755) COMMON STOCK.  
(FILE 333-86833 - SEP. 10) (BR. 4)

S-4 DJ ORTHOPEDICS LLC, 2985 SCOTT STREET, VISTA, CA 92083 (760) 727-1280 -  
100,000,000 (\$100,000,000) STRAIGHT BONDS. (FILE 333-86835 - SEP 10)  
(NEW ISSUE)

S-1 HOMECOM COMMUNICATIONS INC, 3535 PIEDMONT RD, ATLANTA, GA 30305  
(404) 237-4646 - 1,298,163 (\$5,233,219 59) COMMON STOCK (FILE 333-86837 -  
SEP 10) (BR. 3)

S-3 PRIMUS TELECOMMUNICATIONS GROUP INC, 1700 OLD MEADOW ROAD, STE 425,  
MCLEAN, VA 22102 (703) 902-2800 - \$172,500,000 COMMON STOCK (FILE  
333-86839 - SEP 10) (BR. 7)