

SEC NEWS DIGEST

Issue 99-208

October 28, 1999

COMMISSION ANNOUNCEMENTS

COMMISSION MEETINGS

CLOSED MEETING - WEDNESDAY, NOVEMBER 3, 1999 - 11:00 A.M.

The subject matter of the closed meeting scheduled for Wednesday, November 3, 1999, will be: Institution and settlement of injunctive actions; Institution and settlement of administrative proceedings of an enforcement nature; and Formal order of investigation.

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.

ENFORCEMENT PROCEEDINGS

ADMINISTRATIVE PROCEEDINGS SETTLED AGAINST AUBREY O'CONNOR, RICK PIERSON AND GREGORY BOWEN

On October 27, the Commission issued Orders settling public administrative proceedings against Aubrey O'Connor, former Sales Manager and Executive President and Managing Director of Government Securities Corporation (GSC), a broker-dealer registered with the Commission, Rick Pierson, former Head Trader in GSC's Fixed Income Division, and Gregory Bowen, a former registered representative of GSC.

In its three Orders, the Commission found that O'Connor, Pierson and Bowen willfully violated the antifraud provisions of the federal securities laws. According to the Orders, from 1988 through 1994, GSC sold a variety of mortgage-backed securities to public clients, including municipalities and state educational institutions. The mortgage-backed securities sold by GSC included interest-only strips, inverse interest-only securities and inverse floaters. These instruments are highly volatile and subject the investor to significant risks, including market, prepayment, liquidity and extension risks.

The Orders state that O'Connor and Pierson purchased these instruments for GSC's inventory, recommended and encouraged GSC registered representatives to sell these instruments to GSC's public clients and even formulated and approved specific transactions. Further, the Commission found that O'Connor and Pierson encouraged GSC representatives to make, and they did make, oral misrepresentations and omissions to GSC's public clients concerning the mortgage-backed securities and produced or approved misleading documents provided to public clients by GSC representatives. Bowen, the Commission found, induced GSC public clients to purchase these high-risk instruments by making various misrepresentations and omissions concerning the risks and characteristics of the securities, including misrepresenting them as suitable investments for public clients with investment objectives of safety of principal, liquidity, market stability, short duration and low risk.

In addition to O'Connor's violations of the antifraud provisions, the Commission found that O'Connor violated the federal securities laws by accepting positions with GSC that made him the person chiefly responsible for supervising GSC registered representatives. According to the Order regarding O'Connor, O'Connor's supervisory positions with GSC violated the terms of a prior Commission order that barred him from holding a supervisory position with any registered broker or dealer.

The Commission's findings were made in accordance with the offers of settlement submitted by each respondent stating that each neither admitted nor denied the Commission's findings. The Commission ordered that O'Connor be barred from association with any broker or dealer, that he cease and desist from committing or causing any violations or future violations of Section 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(b)(6)(B)(I) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, and that he pay a civil penalty of \$75,000. The Commission further ordered that Pierson be barred from association with any broker or dealer and that he cease and desist from committing or causing any violations or future violations of Section 17(a) of the Securities Act of 1933 and Sections 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder. Although the Commission found that a civil penalty against Pierson would be appropriate, no penalty was imposed based on Pierson's demonstrated financial inability to pay. Finally, the Commission ordered that Bowen be barred from association with any broker or dealer, with a right to reapply for association after a period of two years, and that he cease and desist from committing or causing any violations or future violations of Section 17(a) of the Securities Act of 1933 and Sections 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder. The Commission also ordered Bowen to pay disgorgement in the amount of \$33,664, with prejudgment interest of \$31,258, and a civil penalty in the amount of \$5,000. (O'Connor - Rels. 33-7762, 34-42062, File No. 3-9327; Bowen - Rels. 33-7763, 34-42063, File No. 3-9327; Pierson - 33-7764, 34-42064, File No. 3-9327)

ORDER APPROVING PUBLICATION OF NOTICE OF PROPOSED PLAN FOR THE ADMINISTRATION AND DISTRIBUTION OF DISGORGEMENT FUND IN THE MATTER OF GEOFFREY NEWMAN

The Commission announced on October 27 that it approved publication of a notice of a proposed Plan for the Administration and Distribution of Disgorgement Fund (Disgorgement Distribution Plan) in the Matter of Geoffrey A. Newman.

On September 2, 1999, the Commission issued an Order Instituting Public Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, Ordering Respondent to Cease and Desist, and Imposing Sanctions (Order) against Mr. Newman. The Commission, in its Order, found that Mr. Newman engaged in fraudulent sales practices involving six former customers while employed as a registered representative from the period 1992 to 1995 with J.B. Hanauer & Co., a broker-dealer registered with the Commission. The Commission ordered, among other things, that Mr. Newman disgorge \$738,165, representing the commissions paid to him by his former customers during the period of his fraudulent misconduct, together with prejudgment interest. The Commission, however, based on sworn financial statements and other evidence submitted by Mr. Newman, found that he did not have the financial ability to pay a civil money penalty and to pay disgorgement and prejudgment interest in an amount greater than \$131,219. Consequently, Mr. Newman disgorged \$131,219, which was placed in the United States Treasury pending the approval of the Disgorgement Distribution Plan. The Disgorgement Distribution Plan provides that the commissions paid to Mr. Newman by his former customers during the period of his fraudulent misconduct be distributed to those former customers on a pro-rata basis. (Rels. 33-7765; 34-42065; File No. 3-9992)

SECURITIES TRADER TO BE ORDERED TO PAY \$2.9 MILLION IN SETTLEMENT OF CHARGES OF SELLING UNREGISTERED SHARES OF SYSTEMS OF EXCELLENCE STOCK

The Commission announced the filing of a complaint against Kenneth Silverman (Silverman), a professional securities trader, in the United States District Court for the District of Columbia. The complaint alleges that Silverman illegally sold unregistered shares of Systems of Excellence, Inc. (SOE) stock between August 1995 and October 1996. Specifically, the complaint alleges that in three separate transactions negotiated with SOE Chairman Charles O. Huttoe (Huttoe), Silverman acquired over 2.7 million shares of newly-issued SOE stock at a total cost of \$600,000. Huttoe, who the Commission previously accused of orchestrating a massive market manipulation of SOE securities, used the funds, among other things, in connection with SOE's acquisition of a video teleconferencing company. Silverman soon sold nearly all of those newly issued shares for profits totaling \$2,457,718. The complaint further alleges that the shares Silverman sold were neither registered nor exempt from registration, and that he violated Section 5(a) and 5(c) of the Securities Act of 1933. Simultaneously with the filing of the complaint, Silverman, without admitting or denying the SEC's allegations, settled the action by consenting to a Court Order that

permanently enjoins him from violating Sections 5(a) and (c) of the Securities Act of 1933; requires him to disgorge his illegal profits of \$2,457,718, plus prejudgment interest of \$462,494, to a Court-appointed Receiver; and requires him to pay a civil penalty of \$50,000. [SEC v. Kenneth Silverman, Civil Action No. 99-CV-2844, D.D.C.] (LR-16343)

OHIO COMPANY AND FOUR OHIO RESIDENTS CHARGED WITH ACCOUNTING FRAUD

On October 27, the Commission filed a complaint in the Northern District of Ohio against ABS Industries, William McCarthy, Theodore Ursu, John McHale and David Bush (defendants). The complaint alleges that the defendants engaged in a fraudulent scheme to prematurely recognize millions of dollars of revenue by improperly recording purported "bill and hold" sales at ABS, in order to meet sales projections established by McCarthy. As a result, ABS overstated its accounts receivables, sales, pre-tax income, net income and earnings per share in its financial statements for fiscal year 1994 and for the first three quarters of 1995. The complaint alleges that this scheme violated the anti-fraud, reporting, and books and records provisions of the federal securities laws. The Commission is seeking an order of permanent injunction, civil penalties, and disgorgement against all of the defendants, and an order prohibiting McCarthy and Ursu from acting as officers or directors of any public company. [SEC v. ABS Industries, Inc., et al., N.D. Ohio, Case No. 1:99CV2600] (LR-16344; AAE Rel. 1197)

INVESTMENT COMPANY ACT RELEASES

SCHWAB CAPITAL TRUST, ET AL.

An order has been issued on an application filed by Schwab Capital Trust, et al. for an exemption from Sections 12(d)(1)(A) and (B) of the Investment Company Act and from Section 17(a) of the Act. The order permits certain registered open-end management investment companies to acquire shares of other registered open-end management investment companies both within and outside the same group of investment companies. (Rel. IC-24113 - October 27)

NUVEEN FLOATING RATE FUND, ET AL.

An order has been issued on an application filed by Nuveen Floating Rate Fund, et al. for an exemption from Sections 18(c) and 18(i) of the Investment Company Act, Rule 23c-3 under the Act, and pursuant to Section 17(d) of the Act and Rule 17d-1 under the Act. The order permits certain registered closed-end management investment companies to issue multiple classes of shares, and impose asset-based distribution fees and early withdrawal charges. (Rel. IC-24114 - October 27)

HOLDING COMPANY ACT RELEASES

ALLIANT ENERGY CORPORATION, ET AL.

An order has been issued authorizing Alliant Energy Corporation (Alliant), a registered holding company, and its wholly owned utility subsidiary, IES Utilities, Inc. to: (1) issue and acquire common stock; (2) make capital contributions; and (3) provide personnel, services and other resources to affiliate and nonaffiliate companies. (Rel. 35-27096)

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-1 I CABLE COMMUNICATIONS LTD, CABLE TV TOWER 9 HOI SHING RD,
852-2112-6868, TSUEN WAN HONG KONG, K3 00000 - \$500,000,000
FOREIGN COMMON STOCK. (FILE 333-11014 - OCT. 15) (BR. 7 - NEW ISSUE)
- F-3 ANANGEL AMERICAN SHIPHOLDINGS LTD, 25 AKTI MIAOULI, P O BOX 80004,
PIRAEUS GR 185 10 GREECE, J3 (212) 962-2118 - 3,915,285 (\$19,821,130 31)
FOREIGN COMMON STOCK. (FILE 333-11048 - OCT. 21) (BR. 5)
- S-4 DOUBLECLICK INC, 41 MADISON AVE, 32ND FL, NEW YORK, NY 10010
(212) 683-0001 - 11,862,664 (\$1,311,954,121.88) COMMON STOCK. (FILE
333-89435 - OCT. 21) (BR. 2)
- S-4 HILTON HOTELS CORP, 9336 CIVIC CTR DR, BEVERLY HILLS, CA 90210
(310) 278-4321 - 272,017,518 (\$913,019,868) COMMON STOCK. (FILE 333-89437
- OCT. 21) (BR. 8)
- S-8 AMERICAN RISK MANAGEMENT GROUP INC/, 1900 CORPORATE BLVD SUITE 400 EAST,
SUITE 211, BOCA RATON, FL 33431 (561) 988-2544 - 1,000,000 (\$2,937,500)
COMMON STOCK. (FILE 333-89439 - OCT. 21) (BR. 6)
- S-8 IDACORP INC, 1221 WEST IDAHO STREET, BOISE, ID 83702 (208) 388-2200 -
1,000,000 (\$29,843,750) COMMON STOCK. (FILE 333-89445 - OCT 21) (BR 2)
- S-3 TETRA TECH INC, 670 N ROSEMEAD BOULEVARD, PASEDNA, CA 91107
(626) 351-4664 - 144,482 (\$2,162,715) COMMON STOCK. (FILE 333-89449 -
OCT. 21) (BR. 6)

S-8 AMSOUTH BANCORPORATION, 1900 FIFTH AVENUE NORTH, AMSOUTH SONAT TOWER, BIRMINGHAM, AL 35203 (205) 320-7151 - 377,194 (\$8,946,589) COMMON STOCK. (FILE 333-89451 - OCT. 21) (BR. 7)

S-8 FULLER H B CO, 1200 WILLOW LAKE BLVD, ST PAUL, MN 55110 (612) 645-3401 - 100,000 (\$5,862,500) COMMON STOCK. 15,000,000 (\$15,000,000) OTHER SECURITIES INCLUDING VOTING TRUST. (FILE 333-89453 - OCT. 21) (BR. 2)

S-8 AMSOUTH BANCORPORATION, 1900 FIFTH AVENUE NORTH, AMSOUTH SONAT TOWER, BIRMINGHAM, AL 35203 (205) 320-7151 - 1,098,219 (\$26,000,999) COMMON STOCK. (FILE 333-89455 - OCT. 21) (BR. 7)

S-8 AMSOUTH BANCORPORATION, 1900 FIFTH AVENUE NORTH, AMSOUTH SONAT TOWER, BIRMINGHAM, AL 35203 (205) 320-7151 - 9,355 (\$221,889) COMMON STOCK. (FILE 333-89457 - OCT. 21) (BR. 7)

S-8 AMSOUTH BANCORPORATION, 1900 FIFTH AVENUE NORTH, AMSOUTH SONAT TOWER, BIRMINGHAM, AL 35203 (205) 320-7151 - 1,053,123 (\$24,978,761) COMMON STOCK. (FILE 333-89459 - OCT. 21) (BR. 7)

S-8 AMSOUTH BANCORPORATION, 1900 FIFTH AVENUE NORTH, AMSOUTH SONAT TOWER, BIRMINGHAM, AL 35203 (205) 320-7151 - 7,694,713 (\$182,509,359) COMMON STOCK. (FILE 333-89461 - OCT. 21) (BR. 7)

S-8 AMSOUTH BANCORPORATION, 1900 FIFTH AVENUE NORTH, AMSOUTH SONAT TOWER, BIRMINGHAM, AL 35203 (205) 320-7151 - 48,598 (\$1,152,686) COMMON STOCK. (FILE 333-89463 - OCT. 21) (BR. 7)

S-8 CURAGEN CORP, 555 LONG WHARF DRIVE, 11TH FL, NEW HAVEN, CT 06511 - 2,000,000 (\$28,750,000) COMMON STOCK. (FILE 333-89465 - OCT. 21) (BR. 1)

S-3 SAPIENT CORP, ONE MEMORIAL DR, CAMBRIDGE, MA 02142 (617) 621-0200 - 4,025,000 (\$174,332,813) COMMON STOCK. (FILE 333-89467 - OCT. 21) (BR. 3)

S-11 MERRY LAND PROPERTIES INC, 624 ELLIS STREET, AUGUSTA, GA 30901 (706) 722-6756 - 867,100 (\$8,671,000) PREFERRED STOCK. (FILE 333-89469 - OCT. 21) (BR. 8)

S-8 LOWES COMPANIES INC, HIGHWAY 268 EAST, NORTH WILKESBORO, NC 28659 (336) 658-4000 - 250,000 (\$12,109,375) COMMON STOCK. (FILE 333-89471 - OCT. 21) (BR. 6)

S-8 DREXLER TECHNOLOGY CORP, 1077 INDEPENDENCE AVE, MOUNTAIN VIEW, CA 94043 (415) 969-7277 - 1,180,000 (\$7,906,000) COMMON STOCK. (FILE 333-89473 - OCT. 21) (BR. 3)

S-3 INTEGRATED SURGICAL SYSTEMS INC, 829 W STADIUM LANE, SACRAMENTO, CA 95834 (916) 646-3487 - 1,541,784 (\$3,758,099) COMMON STOCK. (FILE 333-89477 - OCT. 21) (BR. 5)

S-4 WORLD ACCESS INC /NEW/, 945 EAST PACES FERRY ROAD, SUITE 2200, ATLANTA, GA 30326 (404) 231-2025 - \$297,000,000 STRAIGHT BONDS. (FILE 333-89479 - OCT. 21) (BR. 7)

S-1 PROSPERITY BANCSHARES INC, 3040 POST OAK BLVD SUITE 150, HOUSTON, TX 77058 (409) 543-2200 - 1,200,000 (\$12,000,000) PREFERRED STOCK. (FILE 333-89481 - OCT. 21) (BR. 7)

S-8 CORSAIR COMMUNICATIONS INC, 3408 HILLVIEW AVENUE, PALO ALTO, CA 94304 (415) 842-3300 - 1,150,000 (\$8,280,000) COMMON STOCK. (FILE 333-89483 - OCT. 21) (BR. 3)

S-3 ASYST TECHNOLOGIES INC /CA/, 48761 KATO ROAD, FREMONT, CA 94538 (510) 661-5000 - 2,300,000 (\$70,518,000) COMMON STOCK. (FILE 333-89489 - OCT. 22) (BR. 5)