

SEC NEWS DIGEST

Issue 98-104

June 1, 1998

COMMISSION ANNOUNCEMENTS

COMMISSIONER UNGER TO TESTIFY

Commissioner Unger will testify on behalf of the Commission before the Senate Subcommittee on Financial Services and Technology on Wednesday, June 3, at 9:30 a.m. in Room 628 of the Dirksen Senate Office Building. The hearing where the testimony will be given is entitled "Disclosing the Year 2000 Problem".

ENFORCEMENT PROCEEDINGS

ADMINISTRATIVE LAW JUDGE SANCTIONS ROBERT BRENNAN IN INITIAL DECISION

An administrative law judge (ALJ) has barred Robert E. Brennan (Brennan) from being associated with a broker, dealer, member of a national securities exchange or registered securities association, investment adviser, investment company, or municipal securities dealer and from participating in an offering of penny stock. The ALJ found that Brennan has compiled a record in the securities industry that is almost unmatched for illegality and blatant defiance of established norms of honesty and fair dealing.

The basis for the sanction was a June 19, 1995, permanent injunction enjoining First Jersey Securities, Inc. (First Jersey), a registered broker-dealer during the relevant period, and Brennan, First Jersey's 100% owner, from violating Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder (SEC v. First Jersey Securities, Inc., 890 F. Supp. 1185, SDNY, 1995). Judge Richard Owen issued the injunction and ordered First Jersey and Brennan to disgorge \$22,288,099, plus \$52,689,894 in prejudgment interest, based on evidence adduced at a forty-one day bench trial. Judge Owen found that Brennan was personally and primarily responsible for a massive and continuing fraud on First Jersey's customers in the offer, purchase, and sale of securities in 1982-85. In 1985, First Jersey, a discount broker-dealer specializing in low-priced securities sold in the over-the-counter market and not listed on any national exchange, had more than 500,000 retail customer accounts and employed approximately 1,200 registered representatives.

Resolution of the administrative proceeding was deferred at the parties' request pending final resolution of the district court's decision. The U.S. Supreme Court denied Brennan's and First Jersey's certiorari petition on October 6, 1997. Brennan's petition in bankruptcy has prevented collection of the disgorgement amount. (Initial Decision No. 126; File No. 3-8699)

IN THE MATTER OF J. DOUGLAS ELLIOTT

The Commission announced that J. Douglas Elliott (Elliott) of North York, Ontario, Canada, consented to the entry of an administrative proceeding order finding that Elliott knew or should have known that he caused Dimples Group, Inc. (Dimples) to make material misrepresentations and omissions in violation of antifraud provisions of the federal securities laws during 1991 and 1992. The administrative order directs Elliott to cease and desist from committing or causing any violations or future violations of the antifraud provisions of the federal securities laws, Section 10(b) of the Exchange Act and SEC Rule 10b-5. As part of the settlement, the Commission agreed to dismiss its previously filed lawsuit against Elliott in the United States District Court for the Northern District of California.

From May 1990 until July 1997, Elliott was the president and chairman of the board of directors of Dimples, a now defunct Canadian corporation that sold cloth diapers in Canada and the United States during the early 1990s. Dimples Group Inc.'s stock was traded on the Vancouver Stock Exchange and the OTC Bulletin Board until July 1994, when it was delisted. Elliott is a licensed lawyer and currently is the chairman and president of Power Plus Corp., a public company based in Ontario, Canada, that trades on the Alberta Stock Exchange and in the United States on the OTC Bulletin Board.

The Commission's administrative order finds that Elliott, among others, orchestrated a campaign in the United States to solicit U.S. investors and stock brokers to buy Dimples common stock and that Elliott falsely represented in press releases and newsletters distributed to investors throughout the United States in 1991 and 1992 that Dimples would generate between \$25 million and \$35 million in revenues during the first year of its product sales in the U.S.; Dimples' redesigned diaper had been successfully test-marketed in upstate New York, generating \$1 million in sales; Dimples' supplier was financing production of all of its inventory; and Dimples had ensured through private placements that it was adequately financed to market its product successfully in the United States. The Commission's order finds that Elliott knew or should have known that these statements were false and that, by his conduct, Elliott caused Dimples to violate the antifraud provisions of the federal securities laws. (Rel. 34-40043; File No. 3-9614)

COMMISSION SANCTIONS L.C. WEGARD & CO., INC. AND LEONARD GREER

The Commission has revoked the broker-dealer registration of L.C. Wegard & Co., Inc., a New York brokerage firm. The firm was ordered to disgorge \$158,375, and was fined \$1,000,000. The Commission suspended Leonard B. Greer, Wegard's president, from association with any broker or dealer for one year, effective June 12, 1998. Greer was also barred from participating in any offering of penny stock, and was fined \$175,000. In addition, the Commission issued a cease and desist order against respondents.

The Commission found that, in November and December 1993, respondents acted in concert with the former brokerage firms F.N. Wolf & Co., Inc. and Hibbard Brown & Co., Inc. to manipulate the market for securities of Of Counsel Enterprises, Inc. In just 10 trading days, from November 23 through December 7, 1993, the price of Of Counsel units nearly doubled from 4 1/8 to 8. Respondents' manipulative activities were a significant factor in causing that rise.

The Commission rejected respondents' argument that the sanctions imposed by an administrative law judge were too severe. It stated: "Manipulation strikes at the heart of the pricing process on which all investors rely. It attacks the very foundation and integrity of the free market system." (Rel. 34-40046; File No. 3-8533)

COURT TAKES FURTHER ACTION AGAINST NORTH TEXAS PONZI

On May 27, 1998, Judge Sidney A. Fitzwater, United States District Judge for the Northern District of Texas, issued orders of preliminary injunction halting the fraudulent money raising efforts of Lauren D. Baumann and three companies with which she is associated. The orders, which were agreed to by defendants, also continue an asset freeze granted by a temporary restraining order issued May 19 against the defendants, and relief defendants Balance Enterprises, L.L.C. and Balance Enterprises, J.V. The orders further require the defendants to provide an accounting of all monies and other assets received from investors or from the other defendants, and orders them to return to identified accounts in the United States of America all monies and liquid assets in their names, or under their control, outside the Court's jurisdiction. Previously, on May 19, the Court appointed a receiver to take control of the defendants' assets for the benefit of investors.

In its complaint, the Commission alleged that the defendants violated Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, in the offer and sale of promissory notes and investment contracts ostensibly secured by secondary deed of trust liens. The complaint further alleged that investors were told their investments would earn phenomenal rates of return ranging from 101 to 273%, depending on the amount invested, and that their investment was "low risk." The complaint also alleged that the defendants engaged in a "Ponzi" scheme whereby monies coming in from new investors were being used to pay purported high rates of return and/or return of

principal and interest to prior investors. [SEC v. Accelerated Funding Mortgage Corp., Lauren D. Baumann, Bali Financial, Inc., and Odyssey Financial Group, Inc., 3:98-CV-1190-D, USDC, ND/TX, Dallas Division] (LR-15761)

INVESTMENT COMPANY ACT RELEASES

ALLIED CAPITAL FINANCIAL CORPORATION, ET AL.

A notice has been issued giving interested persons until June 23, 1998, to request a hearing on a proposal by the SEC to declare by order on its own motion that the registrations of Allied Capital Financial Corporation and Allied Investment Corporation under the Act have ceased to be in effect as of January 5, 1998, the date upon which each elected to be regulated as a business development company. (Rel. IC-23225 - May 28)

SELF-REGULATORY ORGANIZATIONS

APPROVAL OF PROPOSED RULE CHANGES

The Commission has temporarily approved a proposed rule change filed by the National Securities Clearing Corporation (SR-NSCC-98-3) that establishes additional procedures for Class A surveillance of certain settling members. Publication of the proposal is expected in the Federal Register the week of June 1. (Rel. 34-40034)

The Commission approved a proposed rule change (SR-NYSE-98-13) and issued notice of filing and granted accelerated approval to Amendment No. 1 to proposed rule change filed by the New York Stock Exchange relating to the trading of bonds. (Rel. 34-40036)

PROPOSED RULE CHANGES

The Chicago Board Options Exchange filed a proposed rule change (SR-CBOE-98-15) to update and reorganize its rules relating to designated primary market-makers. Publication of the proposal is expected in the Federal Register during the week of June 1. (Rel. 34-40041)

The Options Clearing Corporation filed a proposed rule change (SR-OCC-98-03) amending OCC's By-Laws and Rules governing OCC's stock loan/hedge program. Publication of the proposal is expected in the Federal Register during the week of June 1. (Rel. 34-40042)

The Depository Trust Company and the National Securities Clearing Corporation filed proposed rule changes (SR-DTC-98-09 and SR-NSCC-98-05). Under the proposed rule change, NSCC will discontinue its Direct Clearing Services and its New York Window Services. DTC will

begin to offer its participants most of the services currently available through NSCC's Direct Clearing Services and New York Window Services. Publication of the proposal is expected in the Federal Register during the week of June 1. (Rel. 34-40045)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change filed by the Pacific Exchange (SR-PCX-98-24) to eliminate its current practice of affixing a suffix to the ticker symbol for certain PCX equity securities to designate the securities that are listed pursuant to the PCX Tier II requirements has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication the proposal is expected in the Federal Register during the week of June 1. (Rel. 34-40044)

DELISTINGS GRANTED

An order has been issued granting the application of the American Stock Exchange to strike from listing and registration Action Industries, Inc., Common Stock, \$.10 Par Value. (Rel. 34-40039)

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration Handy & Harman, Common Stock, \$1.00 Par Value. (Rel. 34-40040)

RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events

- Item 1. Changes in Control of Registrant
- Item 2. Acquisition or Disposition of Assets
- Item 3. Bankruptcy or Receivership
- Item 4. Changes in Registrant's Certifying Accountant.
- Item 5. Other Materially Important Events
- Item 6. Resignations of Registrant's Directors.
- Item 7. Financial Statements and Exhibits
- Item 8. Change in Fiscal Year.
- Item 9. Regulation S Offerings.

The following companies have filed 8-K reports for the date indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. 8-K reports 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>

NAME OF ISSUER	STATE CODE	8K ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
A I RECEIVABLES CORP	DE				X	X					05/15/98	
AAMES CAPITAL CORP	CA			X							05/15/98	
ADVANTA MORTGAGE LOAN TRUST 1997-4					X	X					04/30/98	
ADVANTA MORTGAGE LOAN TRUST 1998-1	NY				X	X					04/30/98	
AFG RECEIVABLES CORP	CA				X						05/15/98	

NAME OF ISSUER	STATE CODE	8K ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
AFG RECEIVABLES CORP	CA				X						05/15/98	
AFG RECEIVABLES CORP	CA				X						05/15/98	
AFG RECEIVABLES CORP	CA				X						05/15/98	
AFG RECEIVABLES CORP	CA				X						05/15/98	
AFG RECEIVABLES CORP	CA				X						05/15/98	
AIRTOUCH COMMUNICATIONS INC	DE						X				05/28/98	
ALLEGHENY TELEDYNE INC	DE				X						05/29/98	
ALLIEDSIGNAL INC	DE				X						05/29/98	
AMERICAN RESOURCES OF DELAWARE INC	DE						X				03/05/98	AMEND
AMERICAN RETIREMENT CORP					X	X					05/29/98	
AMRESKO RESIDENTIAL SECURITIES CORP	DE				X	X					05/27/98	
ARDEN REALTY INC	MD		X			X					03/26/98	
ASSET SECURITIZATION CORP COMM MOR PASS THR CER 1996-MD VI	NY				X	X					05/13/98	
ASSOCIATED ESTATES REALTY CORP	OH				X	X					05/29/98	
ASTA FUNDING INC	DE		X								05/20/98	
ASTORIA FINANCIAL CORP	DE				X	X					05/20/98	
ATLANTIC INTERNATIONAL ENTERTAINMEN T LTD	DE				X	X					12/09/97	
ATRIA COMMUNITIES INC	DE				X	X					04/19/98	AMEND
AVAX TECHNOLOGIES INC	DE				X	X					05/28/98	
BA MERCHANT SERVICES INC	DE				X	X					05/29/98	
BANC ONE AUTO GRANTOR TRUST 1997-B	NY				X	X					05/20/98	
BANK ONE TEXAS NATIONAL ASSOCIATION					X	X					05/20/98	
BANYAN STRATEGIC REALTY TRUST	MA		X			X					04/30/98	AMEND
BEAR STEARNS COMMERCIAL MORTGAGE SE CURITIES INC	DE				X	X					05/27/98	
BEDFORD BANCSHARES INC	VA				X	X					05/20/98	
BLACK WARRIOR WIRELINE CORP	DE					X					03/16/98	AMEND
BMC INDUSTRIES INC/MN/	MN		X			X					05/15/98	
BORON LEPORE & ASSOCIATES INC	DE		X			X					05/15/98	
BROWNING FERRIS INDUSTRIES INC	DE					X					03/31/98	AMEND
BUDGET GROUP INC	DE				X	X					05/28/98	
CABLE LINK INC	OH		X			X					05/18/98	
CADIZ LAND CO INC	DE				X						05/29/98	
CARDIAC SCIENCE INC	DE						X				05/15/98	
CARGILL FINANCIAL SERVICES CORP	DE					X					12/15/95	
CARGILL FINANCIAL SERVICES CORP	DE					X					06/15/96	
CATERPILLAR FINANCIAL FUNDING CORP	NV		X								05/26/98	
CATERPILLAR FINANCIAL FUNDING CORP	NV		X								05/26/98	
CHASE CREDIT CARD MASTER TRUST	NY				X	X					05/15/98	
CHASE CREDIT CARD MASTER TRUST	NY				X	X					05/15/98	
CHASE INDUSTRIES INC	DE				X	X					05/26/98	
CHASE MANHATTAN BANK /NY/	NY				X	X					05/15/98	
CHASE MANHATTAN BANK /NY/	NY				X	X					05/15/98	
CHASE MANHATTAN BANK /NY/	NY				X	X					05/15/98	
CHASE MANHATTAN BANK USA	DE				X	X					05/15/98	
CHASE MANHATTAN RV OWNER TRUST 1997	DE				X	X					05/15/98	
-A												
CHATTEM INC	TN				X	X					05/12/98	AMEND
CHEMTRAK INC/DE	DE				X	X					04/06/98	
CONSUMER PORTFOLIO SERVICES INC	CA				X	X					05/01/98	
CORE INC	MA					X					12/31/97	AMEND
CORPORATE OFFICE PROPERTIES TRUST	MN				X	X					05/14/98	
CORTECH INC	DE				X	X					05/28/98	
CSX CORP	VA				X						05/29/98	
CWABS INC	DE				X	X					05/29/98	
CYBERAMERICA CORP	NV				X						05/28/98	
DAYTON HUDSON RECEIVABLES CORP	MN				X						05/29/98	
DEAN FOODS CO	DE				X	X					05/22/98	

NAME OF ISSUER	STATE	BK ITEM NO.									DATE	COMMENT	
		CODE	1	2	3	4	5	6	7	8			9
DLJ MORTGAGE ACCEPTANCE CORP	DE					X	X					05/28/98	
DONNELLEY ENTERPRISE SOLUTIONS INC	DE					X	X					05/27/98	
EASTBROKERS INTERNATIONAL INC	DE		X				X					05/14/98	
ELCOR CORP	DE					X	X					05/26/98	
EMCOR GROUP INC	DE		X									03/12/98	
ENGINEERED SUPPORT SYSTEMS INC	MO		X				X					05/15/98	
ENTERTAINMENT PROPERTIES TRUST	MD					X						05/27/98	
FACTORY CARD OUTLET CORP	DE					X	X					05/26/98	
FARMER MAC MORTGAGE SECURITIES CORP	DE		X									05/29/98	
FELCOR SUITE HOTELS INC	DE					X	X					05/07/98	
FIDELITY HOLDINGS INC	NV		X				X					05/14/98	
FIRST MIDWEST BANCORP INC	DE					X						05/28/98	
FIRST WAVE MARINE INC	DE		X				X					05/15/98	
FIRSTPLUS FINANCIAL GROUP INC	NV					X	X					05/20/98	
GOLDEN STAR RESOURCES LTD						X						05/27/98	
GRIFFIN LAND & NURSERIES INC	DE					X	X					05/21/98	
HAWKS INDUSTRIES INC	DE		X									05/29/98	
HFNC FINANCIAL CORP	NC					X	X					05/18/98	
HOMESIDE MORTGAGE SECURITIES INC /D	DE					X	X					05/27/98	
E/													
HOMESIDE MORTGAGE SECURITIES INC /D	DE					X						05/29/98	
E/													
HUMANA INC	DE					X	X					05/27/98	
IMC SECURITIES INC	DE					X	X					05/27/98	
INNOVATIVE VALVE TECHNOLOGIES INC	DE		X				X					02/27/98	AMEND
INNOVATIVE VALVE TECHNOLOGIES INC	DE		X				X					03/16/98	AMEND
INTEGRATED HEALTH SERVICES INC	DE		X			X	X					09/25/97	AMEND
INTEGRATED HEALTH SERVICES INC	DE		X			X	X					12/31/97	AMEND
INTERIORS INC	DE		X				X					03/10/98	AMEND
INTERIORS INC	DE		X				X					03/23/98	AMEND
INTERMEDIA COMMUNICATIONS INC	DE					X	X					05/27/98	
INTERPUBLIC GROUP OF COMPANIES INC	DE		X									05/21/98	
IXC COMMUNICATIONS INC	DE					X	X					05/27/98	
JAVA GROUP INC /CN	DE		X				X					03/26/98	AMEND
JAVA GROUP INC /CN	DE		X				X	X				03/27/98	
KEY CONSUMER ACCEPTANCE CORP	DE					X	X					05/15/98	
KRUG INTERNATIONAL CORP	OH						X					03/16/98	AMEND
LEARNING CO INC	DE						X					03/27/98	AMEND
LEE ENTERPRISES INC	DE					X	X					05/07/98	
LOEWEN GROUP INC						X	X					05/28/98	
LYNCH CORP	IN						X					03/17/09	AMEND
MACERICH CO	MD						X					05/27/98	
MAPICS INC	GA							X				05/19/98	
MC LIQUIDATING CORP	WA					X	X					05/29/98	
MCI COMMUNICATIONS CORP	DE					X	X					05/28/98	
MCMORAN OIL & GAS CO /DE/	DE					X	X					05/29/98	
MECKLERMEDIA CORP	DE		X				X					05/15/98	
MEDIRISK INC	DE		X				X					05/28/98	
MICRO MEDIA SOLUTIONS INC	UT		X									03/31/97	
MIDAMERICAN ENERGY CO	IA					X	X					05/28/98	
MIDAMERICAN ENERGY HOLDINGS CO	IA					X	X					05/28/98	
MILLENNIUM CHEMICALS INC	DE					X	X					05/15/98	
ML LEE ACQUISITION FUND L P	DE					X						05/29/98	
MOLTEN METAL TECHNOLOGY INC /DE/	DE					X	X					05/20/98	
NAPCO SECURITY SYSTEMS INC	DE					X	X					05/28/98	
NATIONAL REGISTRY INC	DE					X	X					05/20/98	
NATIONSBANK OF DELAWARE NA	DE					X	X					05/15/98	
NAVISTAR FINANCIAL RETAIL RECEIVABL	DE					X	X					05/15/98	
ES CORPORATION													
NETWORK COMPUTING DEVICES INC	CA					X	X					05/29/98	
NEXSTAR PHARMACEUTICALS INC	DE					X	X					05/27/98	

NAME OF ISSUER	STATE CODE	8K ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
NOMURA ASSET SECURITIES CORP SERIES 1998-D6	DE					X	X				05/15/98	
NORTON MCNAUGHTON INC	DE					X	X				05/28/98	
NORWEST ASSET SECURITIES CORP MOR P AS THR CERT SER 1998-8 TR						X	X				03/27/98	
OAKWOOD MORTGAGE INVESTORS INC	NC					X					05/29/98	
OCCIDENTAL PETROLEUM CORP /DE/	DE	X					X				05/15/98	
OCEAN ENERGY INC	DE					X					05/28/98	
ORGANOGENESIS INC	DE					X	X				05/29/98	
OUTSOURCE INTERNATIONAL INC	FL	X					X				05/14/98	
PARADIGM MEDICAL INDUSTRIES INC	DE					X					05/15/98	
PEBBLES INC	VA	X									04/04/95	
PEGASUS GOLD INC	AI					X	X				05/29/98	
PENNZOIL CO /DE/	DE						X				05/28/98	
PLATINUM TECHNOLOGY INC	DE	X				X	X				05/28/98	
QUADRAMED CORP	DE	X					X				05/27/98	
QUADRATECH INC \NV\	NV					X	X				12/18/96	
RALPHS GROCERY CO /DE/	DE					X					05/23/98	
RALSTON PURINA CO	MO	X									05/28/98	
RENEX CORP	FL						X				03/27/98	AMEND
RIVER ASSET SUB INC	DE	X									05/21/98	
SEAGRAM CO LTD	CA					X	X				05/27/98	
SHURGARD STORAGE CENTERS INC	WA	X									05/29/98	
SI DIAMOND TECHNOLOGY INC	TX	X					X				05/08/98	
SIEBEL SYSTEMS INC	DE	X					X				05/18/98	
SOFTWARE PUBLISHING CORP HOLDINGS I NC	DE					X					05/26/98	
SOS STAFFING SERVICES INC	UT	X					X				05/14/98	
SOUTHWEST AIRLINES CO	TX						X				05/21/98	
SPINNAKER INDUSTRIES INC	DE						X				03/17/98	AMEND
STEVENS INTERNATIONAL INC	DE					X	X				05/21/98	
SUN HYDRAULICS CORP	DE					X	X				05/23/98	
SUNSTATES CORP /DE/	DE	X									05/15/98	
TAKE TWO INTERACTIVE SOFTWARE INC	DE						X				03/18/98	AMEND
TRANSMEDIA ASIA PACIFIC INC	DE	X					X				05/15/98	
TRW INC	OH					X					05/29/98	
UNITED HEALTHCARE CORP	MN					X	X				05/27/98	
UNITED STATES EXPLORATION INC	CO	X					X				05/15/98	
VAALCO ENERGY INC /DE/	DE						X				04/21/98	AMEND
VDC CORP LTD		X	X				X				03/06/98	
VIAD CORP	DE					X	X				05/22/98	
WASATCH PHARMACEUTICAL INC	UT	X				X					05/29/98	AMEND
WASATCH PHARMACEUTICAL INC	UT					X					05/29/98	
WAVERIDER COMMUNICATIONS INC	NV					X	X				05/14/98	AMEND
WESTPOINT STEVENS REC MAS TR FL RT TRAD REC PAR CE SE 1994-1	DE					X	X				05/18/98	
WHAT A WORLD INC/DE/	DE					X	X				05/14/98	AMEND
WORLDWIDE INTERNET MARKETING INC	CO	X									01/16/98	AMEND
3PM HOLDING CORP	CO	X					X				05/29/98	