

# SEC NEWS DIGEST

Issue 98-166

August 27, 1998

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## COMMISSION ANNOUNCEMENTS

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### CLOSED MEETING - THURSDAY, SEPTEMBER 3, 1998 - 10:00 A.M.

The subject matter of the closed meeting scheduled for Thursday, September 3, 1998, at 10:00 a.m., will be: Institution 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.

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## RULES AND RELATED MATTERS

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### COMMISSION PROPOSES AMENDMENTS TO RULES OF PRACTICE

The Commission has approved for publication a proposal to amend its Rules of Practice. If adopted, Rule of Practice 210 would be amended to permit representatives of any federal, state, or local criminal prosecutorial authority to participate in Commission administrative proceedings for the limited purpose of requesting a stay of the proceedings during the pendency of a criminal investigation or trial if the criminal matter arises from the facts at issue in the Commission's proceeding. Rule 210 currently prohibits any person from intervening or participating on a limited basis in any Commission enforcement or disciplinary proceeding or a proceeding to review a self-regulatory organization determination.

Rule of Practice 221 would be amended to require that the hearing officer conduct at least one prehearing conference. The rule currently requires both an initial and final prehearing conference. Under the proposed amendment, the hearing officer could conduct

additional prehearing conferences in his or her discretion. (Rel. 34-40364; File No. S7-23-98)

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## **ENFORCEMENT PROCEEDINGS**

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### **ADMINISTRATIVE PROCEEDING INSTITUTED AGAINST DEAN WITTER REYNOLDS INC. AND TWO OF ITS BRANCH MANAGERS**

The Commission has instituted a public administrative and cease-and-desist proceeding against Dean Witter Reynolds Inc. (Dean Witter) and two Dean Witter branch managers, Henry L. Auwinger (Auwinger) and Dennis W. Peterson (Peterson). The Commission's order alleges that Dean Witter, Auwinger, and Peterson failed reasonably to supervise Michael J. Oberholzer (Oberholzer), a former broker in the Hayward, California, branch of Dean Witter. From 1989 until September 1995, the Commission's order alleges, Oberholzer defrauded four Dean Witter customers and caused investor losses totaling \$320,000 by engaging in a pattern of fraudulent sales practices that included churning, unauthorized margin trading, unsuitable trading, and material misrepresentations and omissions.

Specifically, Dean Witter is alleged to have failed reasonably to supervise Oberholzer because its procedures were not designed to detect and prevent Oberholzer's violations. They did not require escalated and timely responses to recurring problems, and they did not require that newly assigned branch managers be informed about material compliance problems relating to the brokers in their new branches. The Commission's order also alleges that Dean Witter, Auwinger (who supervised Oberholzer from November 1990 until September 1994), and Peterson (who supervised Oberholzer from September 1994 until September 1995), failed reasonably to supervise because they did not follow the procedures that were in place and respond adequately to numerous warning signs about Oberholzer's activities.

Finally, the Commission's order alleges that Dean Witter violated the books and records provisions because Oberholzer falsified the firms records.

In September 1997, Oberholzer was enjoined from future violations of the securities laws and barred from association with any regulated entities. (File No. 3-9686)

### **INSIDER TRADING COMPLAINT FILED AGAINST MYLES WREN**

On August 27, the Commission filed a settled complaint in the United States District Court for the Middle District of Pennsylvania against Myles R. Wren, an attorney with the Scranton, Pennsylvania law firm of Nogi, Appleton, Weinberger & Wren, alleging insider trading in the securities of First Eastern Corporation (First Eastern) and Independence Bancorp, Inc. (Independence) prior to the

announcement on July 27, 1993 by PNC Bank Corp. (PNC) that PNC would purchase First Eastern, and the announcement on November 19, 1993 by Corestates Financial Corp. (Corestates) that Corestates would acquire Independence.

The Commission's complaint alleges that, prior to purchasing First Eastern stock in July 1993, Wren learned certain confidential information during the course of his work as a bankruptcy attorney for First Eastern regarding First Eastern's negotiations with PNC that allowed him to conclude that an acquisition was imminent. The Commission's complaint further alleges that, prior to purchasing Independence stock in November 1993, Wren misappropriated confidential information from his law partner, a director of Independence, which allowed Wren to conclude that Independence would be acquired. The Commission's complaint alleges that Wren breached his duties to his clients and his law firm when he traded stock while in possession of this material non-public information.

The Commission's complaint seeks an injunction against Wren for violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, as well as disgorgement of Wren's profits earned, including prejudgment interest, and civil penalties pursuant to the Insider Trading and Sanctions Act of 1984. Simultaneous with the filing of the complaint, without admitting or denying the allegations of the complaint, Wren consented to the entry of a Final Judgment permanently enjoining him from violating Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, ordering him to pay \$42,362 in disgorgement, \$22,894 in prejudgment interest and a \$42,362 penalty for a total amount of \$107,618.

The Commission's investigation is continuing. [SEC v. Myles R. Wren, Civil Action No. 3:CV-98-1406, M.D. Pa.] (LR-15860)

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## SELF-REGULATORY ORGANIZATIONS

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### PROPOSED RULE CHANGES

The Philadelphia Stock Exchange has filed a proposed rule change (SR-Phlx-98-30) under Rule 19b-4 of the Securities Exchange Act of 1934 to reduce the value of the National Over-the-Counter Index Option to one-fourth of its present value. Publication of the proposal is expected to be made in the Federal Register during the week of August 31. (Rel. 34-40355)

The Cincinnati Stock Exchange has filed a proposed rule change (SR-CSE-98-02) under Section 19(b)(1) of the Securities Exchange Act of 1934 to update and clarify its rules pertaining to the CSE's disciplinary jurisdiction and practice. Publication of the proposal is expected to be made in the Federal Register during the week of August 31. (Rel. 34-40356)

The National Association of Securities Dealers has filed a proposed rule change (SR-NASD-98-61) under Rule 19b-4 of the Exchange Act to eliminate an unnecessary provision relating to the reporting of exchange-listed securities traded in the third market. Publication of the proposal is expected to be made in the Federal Register during the week of August 31. (Rel. 34-40360)

#### APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change submitted by the Chicago Board Options Exchange (SR-CBOE-98-20) amending CBOE Rule 24.17 relating to market-maker eligibility requirements to participate on the Retail Automatic Execution System for OEX and DJX Options. Publication of the order is expected to appear in the Federal Register during the week of August 31. (Rel. 34-40358)

#### ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission has granted accelerated approval of a proposed rule change filed by the Participants Trust Company (SR-PTC-98-03) under Section 19(b)(1) of the Exchange Act. The rule change modifies PTC's pricing and margining methodology for newly issued collateralized mortgage obligation securities. (Rel. 34-40359)

The Commission has granted accelerated approval of a proposed rule change filed by The Depository Trust Company under Section 19(b)(1) of the Exchange Act (SR-DTC-98-15). Under the rule change, DTC will incorporate the rules and procedures of Participants Trust Company in connection with the proposed merger of DTC and PTC. In addition, DTC will increase the size of its Board of Directors from seventeen to eighteen people and will amend its rules regarding the use of its participants fund. (Rel. 34-40361)

The Emerging Markets Clearing Corporation filed a proposed rule change (SR-EMCC-98-03) under Section 19(b) of the Securities Exchange Act which will expand its eligible instruments to include sovereign debt. The Commission has approved the proposed rule change on an accelerated basis. Publication of the proposal is expected in the Federal Register during the week of August 31. (Rel. 34-40363; International Series Release No. 1154)

#### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change (SR-PCX-98-37) filed by the Pacific Exchange on August 4, to change the workstation fee applicable to PCX specialists has become immediately effective. under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the notice is expected to appear in the Federal Register during the week of August 31. (Rel. 34-40353)

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

- F-6 GRUMA SA DE CV, JAVIER VELEZ BAUTISTA CALZADA DEL VALLE,  
OTE 407 COLONIA DEL VALLE SAN PEDRO GARZ, NUEVO LEON 66220 MEX, 05  
(528) 335-9900 - 100,000,000 (\$5,000,000)  
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-9282 - AUG. 14) (BR. 4)
- S-8 CANADIAN OCCIDENTAL PETROLEUM LTD, 1500 635 8TH AVE SW,  
CALGARY ALBERTA CANADA T2P 3Z1, A0 (403) 234-6700 - 6,000,000  
(\$103,312,500) FOREIGN COMMON STOCK. (FILE 333-9286 - AUG. 14) (BR. 4)
- F-3 CANADIAN OCCIDENTAL PETROLEUM LTD, 1500 635 8TH AVE SW,  
CALGARY ALBERTA CANADA T2P 3Z1, A0 (403) 234-6700 - 1,000,000  
(\$17,218,750) FOREIGN COMMON STOCK (FILE 333-9288 - AUG. 14) (BR. 4)
- S-8 STOLT COMEX SEAWAY S A, C/O STOLT COMEX SEAWAY MS LTD,  
BUCKSBURN HOUSE HOWES RD BUCKSBURN, ABERDEEN AB21 9RQ, L2 00000  
(203) 625-3667 - 863,344 (\$9,766,579) FOREIGN COMMON STOCK (FILE  
333-9292 - AUG. 17) (BR. 4)
- S-8 SECURITY BANC CORP, 40 S LIMESTONE ST, SPRINGFIELD, OH 45502  
(513) 324-6920 - 120,000 (\$4,410,000) COMMON STOCK (FILE 333-61877 -  
AUG. 20) (BR. 7)
- S-3 PROFFITTS INC, 750 LAKESHORE PARKWAY, BIRMINGHAM, AL 35211  
(205) 941-4000 (FILE 333-61881 - AUG. 20) (BR. 2)
- S-8 CLEAR CHANNEL COMMUNICATIONS INC, 200 CONCORD PLAZA, STE 600,  
SAN ANTONIO, TX 78216 (210) 822-2828 - 15,169,924 (\$791,058,200)  
COMMON STOCK. (FILE 333-61883 - AUG. 20) (BR. 7)
- S-8 CORONADO INDUSTRIES INC, 16929 EAST ENTERPRISE DRIVE, SUITE 202,  
FOUNTAIN HILLS, AZ 85268 ((60) 2) -837- - 200,000 (\$120,000) COMMON STOCK.  
(FILE 333-61885 - AUG. 20) (BR. 9)
- S-8 SOUND FEDERAL BANCORP, 300 MAMARONECK AVE, MAMARONECK, NY 10543  
(914) 698-6400 - COMMON STOCK. (FILE 333-61887 - AUG. 20) (BR 7)
- S-8 CALLAWAY GOLF CO /CA, 2285 RUTHERFORD RD, CARLSBAD, CA 92008  
(619) 931-1771 - 5,100,000 (\$61,047,000) COMMON STOCK. (FILE 333-61889 -  
AUG. 20) (BR. 5)
- S-3 COCA COLA ENTERPRISES INC, 2500 WINDY RIDGE PKWY, ATLANTA, GA 30339  
(770) 989-3000 - 1,934,114 (\$54,940,925.81) COMMON STOCK. (FILE 333-61891  
- AUG. 20) (BR. 2)
- S-8 HARBINGER CORP, 1055 LENOX PK BLVD, ATLANTA, GA 30319 (404) 841-4334 -  
1,387,500 (\$11,918,625) COMMON STOCK (FILE 333-61893 - AUG 20) (BR. 3)

S-8 AMPAL AMERICAN ISRAEL CORP /NY/, 1177 AVENUE OF THE AMERICAS, 12TH FLR,  
NEW YORK, NY 10036 (212) 782-2100 - 400,000 (\$2,050,000) COMMON STOCK.  
(FILE 333-61895 - AUG. 20) (BR. 7)

S-8 BEST BUY CO INC, 7075 FLYING CLOUD DR, EDIN PRARIE, MN 55344  
(612) 947-2000 - 11,400,000 (\$589,950,000) COMMON STOCK. (FILE 333-61897 -  
AUG. 20) (BR. 2)

S-3 U S TRUST CORP /NY, 114 WEST 47TH ST, NEW YORK, NY 10036 (212) 852-1000  
- 168,000 (\$12,348,000) COMMON STOCK. (FILE 333-61903 - AUG. 20) (BR. 7)

S-8 WINDSWEEP ENVIRONMENTAL GROUP INC, 100 SWEENEYDALE AVE, BAY SHORE, NY  
11706 (516) 694-7060 - 2,000,000 (\$820,000) COMMON STOCK (FILE 333-61905  
- AUG. 20) (BR. 6)

S-8 ADVANCED DIGITAL INFORMATION CORP, P O BOX 97057, P O BOX 97057,  
REDMOND, WA 98073 (425) 881-8004 - 407,500 (\$3,624,200) COMMON STOCK.  
(FILE 333-61907 - AUG. 20) (BR. 3)

S-8 V ONE CORP/ DE, 20250 CENTURY BOULEVARD, SUITE 300, GERMANTOWN, MD 20874  
(301) 515-5200 - 20,000 (\$53,760) COMMON STOCK. (FILE 333-61909 - AUG. 20)  
(BR. 3)

S-8 LAMSON & SESSIONS CO, 25701 SCIENCE PARK DR, CLEVELAND, OH 44122  
(216) 464-3400 - 650,000 (\$3,737,500) COMMON STOCK. (FILE 333-61911 -  
AUG. 20) (BR. 5)

S-3 HIGHWOODS PROPERTIES INC, 3100 SMOKETREE CT, STE 600, RALEIGH, NC 27604  
(919) 872-4924 - 1,290,932 (\$36,585,013) COMMON STOCK. (FILE 333-61913 -  
AUG 20) (BR 8)

S-3 WILSONS THE LEATHER EXPERTS INC, 7401 BOONE AVENUE NORTH, ST LOUIS PARK,  
BROOKLYN PARK, MN 55428 (612) 391-4000 - 2,300,000 (\$33,557,000)  
COMMON STOCK. (FILE 333-61915 - AUG. 20) (BR. 2)

S-8 MURDOCK COMMUNICATIONS CORP, 1112 29TH AVE S W, CEDAR RAPIDS, IA 52404  
(319) 362-6900 - 272,529 (\$1,185,501) COMMON STOCK. (FILE 333-61917 -  
AUG. 20) (BR 9)

S-8 MURDOCK COMMUNICATIONS CORP, 1112 29TH AVE S W, CEDAR RAPIDS, IA 52404  
(319) 362-6900 - 288,029 (\$1,252,926.15) COMMON STOCK. (FILE 333-61919 -  
AUG. 20) (BR. 9)

S-8 INFOSEEK CORP, 1399 MOFFET PARK DR, STE 250, SUNNYVALE, CA 94089  
(408) 543-6000 - 1,900,000 (\$49,281,250) COMMON STOCK. (FILE 333-61921 -  
AUG. 20) (BR. 3)

S-3 EAGLE GEOPHYSICAL INC, 50 BRIAR HOLLOW LANE, 6TH FLOOR, HOUSTON, TX  
77027 (713) 881-2800 - 1,520,000 (\$14,911,200) COMMON STOCK. (FILE  
333-61923 - AUG. 20) (BR. 4)

S-8 FOREST CITY ENTERPRISES INC, 1100 TERMINAL TOWER, 50 PUBLIC SQ,  
CLEVELAND, OH 44113 (216) 267-1200 - 2,250,000 (\$57,608,225) COMMON STOCK  
(FILE 333-61925 - AUG. 20) (BR. 8)

S-8 REUTER MANUFACTURING INC, 410 11TH AVE SOUTH, HOPKINS, MN 55343  
(612) 935-6921 - 125,000 (\$109,375) COMMON STOCK. (FILE 333-61927 -  
AUG. 20) (BR 5)

S-8 AMPAL AMERICAN ISRAEL CORP /NY/, 1177 AVENUE OF THE AMERICAS, 12TH FLR,  
NEW YORK, NY 10036 (212) 782-2100 - 1,200,000 (\$9,775,000) COMMON STOCK.  
(FILE 333-61929 - AUG. 20) (BR. 7)

S-8 CHS ELECTRONICS INC, 2000 NW 84TH AVE, MIAMI, FL 33122 (305) 716-8273 -  
2,000,000 (\$36,451,865.90) COMMON STOCK. (FILE 333-61931 - AUG. 20)  
(BR. 3)

S-8 CHS ELECTRONICS INC, 2000 NW 84TH AVE, MIAMI, FL 33122 (305) 716-8273 -  
250,000 (\$4,132,825) COMMON STOCK. (FILE 333-61933 - AUG. 20) (BR. 3)

S-4 RTI INTERNATIONAL METALS INC, 1000 WARREN AVE, NILES, OH 44446  
(216) 544-7700 - \$455,599,462 COMMON STOCK. (FILE 333-61935 - AUG. 20)  
(NEW ISSUE)

S-1 COLFAX CORP, C/O JOHN YOUNG, 9211 FOREST HILL AVENUE, SUITE 109,  
RICHMOND, VA 23235 (441) 715-1970 - \$250,000,000 COMMON STOCK. (FILE  
333-61937 - AUG. 20) (NEW ISSUE)

S-3 PRUDENTIAL SECURITIES SECURED FINANCING CORP, ONE NEW YORK PLZ,  
18TH FLOOR, NEW YORK, NY 10292 (212) 778-1000 - 1,000,000 (\$1,000,000)  
PASS-THROUGH MORTGAGE-BACKED CERTIFICATE (FILE 333-61939 - AUG. 20)  
(BR. 8)

S-8 CHS ELECTRONICS INC, 2000 NW 84TH AVE, MIAMI, FL 33122 (305) 716-8273 -  
500,000 (\$10,845,000) COMMON STOCK (FILE 333-61941 - AUG. 20) (BR 3)

S-8 CHS ELECTRONICS INC, 2000 NW 84TH AVE, MIAMI, FL 33122 (305) 716-8273 -  
800,000 (\$14,695,269.50) COMMON STOCK (FILE 333-61943 - AUG. 20) (BR. 3)

S-8 SCOTSMAN INDUSTRIES INC, 820 FOREST EDGE DR, VERNON HILLS, IL 60061  
(847) 215-4600 - 100,000 (\$2,656,250) COMMON STOCK. (FILE 333-61945 -  
AUG. 20) (BR. 6)

S-4 AZTEK INC, 1575 DELUCCNI LANE, RENO, NV 89502 - 2,457,613 (\$2,445,325)  
COMMON STOCK. (FILE 333-61947 - AUG. 20) (NEW ISSUE)

S-8 THERMO BIOANALYSIS CORP /DE, 504 AIRPORT ROAD, SANTA FE, NM 87504  
(617) 622-1000 - 1,650,000 (\$30,679,687.50) COMMON STOCK. (FILE 333-61949  
- AUG. 20) (BR. 5)

S-3 INVESTORS FINANCIAL SERVICES CORP, 200 CLARENDON STREET, PO BOX 1537,  
BOSTON, MA 02116 (617) 330-6700 - 440,000 (\$29,507,500) COMMON STOCK  
(FILE 333-61951 - AUG. 20) (BR. 7)

S-8 DXP ENTERPRISES INC, 580 WESTLAKE PARK BLVD, SUITE 1100, HOUSTON, TX  
77079 (713) -53-1-42 - 330,000 (\$2,887,500) COMMON STOCK (FILE 333-61953  
- AUG. 20) (BR. 6)

S-8 SCOTSMAN INDUSTRIES INC, 820 FOREST EDGE DR, VERNON HILLS, IL 60061  
(847) 215-4600 - 250,000 (\$6,640,625) COMMON STOCK. (FILE 333-61955 -  
AUG. 20) (BR. 6)

S-8 MTI TECHNOLOGY CORP, 4905 E LA PALMA AVE, ANAHEIM, CA 92807  
(714) 970-0300 - 774,085 (\$5,515,355.63) COMMON STOCK. (FILE 333-61957 -  
AUG. 20) (BR. 3)

S-4 MYLAN LABORATORIES INC, 130 SEVENTH ST, 1030 CENTURY BLDG, PITTSBURGH,  
PA 15222 (412) 232-0100 - 9,987,083 (\$175,398,145) COMMON STOCK. (FILE  
333-61959 - AUG. 20) (BR. 1)

S-1 SALOMON SMITH BARNEY GLOBAL DIVERSIFIED FUTURES FUND L P,  
C/O SMITH BARNEY FUTURES MANAGEMENT INC, 390 GREENWICH STREET 1ST FLOOR,  
NEW YORK, NY 10013 (212) 723-5424 - 100,000 (\$100,000,000)  
LIMITED PARTNERSHIP CERTIFICATE. (FILE 333-61961 - AUG 20) (NEW ISSUE)

N-2 MUNIHOLDINGS CALIFORNIA INSURED FUND III INC,  
MERRILL LYNCH ASSET MANAGEMENT, PO BOX 9011, PRINCETON, NJ 08543 -  
7,705,000 (\$115,575,000) COMMON STOCK. (FILE 333-61963 - AUG. 21) (BR 17)

N-2 MUNIHOLDINGS NEW JERSEY INSURED FUND II INC,  
MERRILL LYNCH ASSET MANAGEMENT, P O BOX 9011, PRINCETON, NJ 08543 -  
7,705,000 (\$115,575,000) COMMON STOCK. (FILE 333-61965 - AUG. 21) (BR. 17)

S-4 TROPICAL SPORTSWEAR INTERNATIONAL CORP, 4902 W WATERS AVE, TAMPA, FL  
33634 (813) 249-4900 - 100,000,000 (\$100,000,000) STRAIGHT BONDS. (FILE  
333-61967 - AUG. 20) (BR. 2)

S-8 BLACK HILLS CORP, 625 NINTH ST, PO BOX 1400, RAPID CITY, SD 57709  
(605) 348-1700 - 400,000 (\$9,612,520) COMMON STOCK. (FILE 333-61969 -  
AUG. 21) (BR. 2)