

sec news digest

Issue 95-77

April 21, 1995

COMMISSION ANNOUNCEMENTS

SEC ANNOUNCES FIFTH ANNUAL INTERNATIONAL INSTITUTE

On Monday, April 24, 1995, the Commission will host the Fifth Annual International Institute for Securities Market Development. The two-week, executive level Institute is the cornerstone of the SEC's foreign technical assistance program. The Institute features panels and workshops conducted by SEC staff and officials from the securities industry, the private bar, and international development organizations. (Press Rel. 95-70)

ADVISORY COMMITTEE ON THE CAPITAL FORMATION AND REGULATORY PROCESSES: MEETING OF THE ADVISORY COMMITTEE

A meeting of the Securities and Exchange Commission Advisory Committee on the Capital Formation and Regulatory Processes will be held on Monday, May 8, 1995, in Room 1C30 at the Commission's main offices at 450 Fifth Street, N.W., Washington, D.C., beginning at 2:00 p.m. The meeting will be open to the public. Written comments should be submitted in triplicate and should refer to File No. 265-20. Comments should be submitted to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. FOR FURTHER INFORMATION CONTACT: David A. Sirignano, Committee Staff Director, at (202) 942-2870. (Release Nos. 33-7163; 34-35632; File No. 265-20)

Any member of the public who requires auxiliary aids such as a sign-language interpreter or material on tape to attend the meeting should contact Nancy Wolynetz, Office of Administrative and Personnel Management, by Wednesday, April 26, 1995, to make arrangements. Ms. Wolynetz can be reached at (202) 942-4091 or at a TTY number (202) 942-4075.

ENFORCEMENT PROCEEDINGS

ADMINISTRATIVE PROCEEDING AGAINST E. RONALD LARA SETTLED

The Commission announced that it has instituted and settled public administrative proceedings against E. Ronald Lara (Lara). The Commission's Order finds that Lara, sole owner and president of Lara, Millard & Associates, Ltd. (Lara Millard), a registered broker-dealer located in Vienna, Virginia, failed reasonably to supervise employees of Lara Millard who aided and abetted and caused a manipulation of the stock of James Madison, Ltd. (JML), by John G. Broumas, a former JML director. Broumas conducted his manipulation by placing 560 wash trades, matched orders and trades that marked-the-close in JML, through 29 accounts at 14 broker-dealers.

The Order finds that Broumas conducted a portion of his manipulative trading through two accounts that he maintained at Lara Millard, that employees of the firm aided and abetted and caused Broumas' violations, and that these employees were subject to Lara's supervision. Thus, the Order finds that Lara failed to reasonably supervise with a view toward preventing these violations. The Order makes findings pursuant to Lara's Offer of Settlement and holds that such findings are not binding upon any other person in any other proceeding.

The Order censures Lara and orders him to comply with specific remedial undertakings. The Commission simultaneously issued an Order dismissing Lara as a respondent. (Rel. 34-35593)

PROCEEDING PURSUANT TO RULE 2(e) OF THE COMMISSION'S RULES OF PRACTICE INSTITUTED AND SETTLED AGAINST ARDEN FRANKLIN, CPA

On April 12, the Commission issued an Order pursuant to Rule 2(e)(1)(ii) and (iii) of the Commission's Rules of Practice against Arden Franklin (Franklin), certified public accountant. The Order finds that Franklin engaged in improper professional conduct, within the meaning of Rule 2(e) of the Commission's Rules of Practice, during his preparation of L.A. Gear, Inc.'s financial statements for the quarter ended February 28, 1990, and that Franklin willfully violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rules 10b-5 and 13b2-1, respectively, thereunder.

Simultaneously with the institution of the Order, the Commission accepted Franklin's Offer of Settlement wherein, without admitting or denying the Commission's findings, Franklin consented to the entry of an Order whereby he is denied the privilege of appearing or practicing before the Commission as an accountant; provided that after three years from the date of this Order, Franklin may reapply to practice before the Commission. (Rel. 34-35595; AAE Rel. 662)

COMMISSION ISSUES ORDER BARRING GEORGE TUTTLE, JR. AND ALEXANDER WILLIAMS FROM ASSOCIATION WITH ANY BROKER, DEALER, INVESTMENT ADVISER, INVESTMENT COMPANY OR MUNICIPAL SECURITIES DEALER

The Commission issued an Order Instituting Public Administrative Proceedings Pursuant to Section 15B(c) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions (Order) against George L. Tuttle, Jr. (Tuttle) and Alexander S. Williams (Williams). The Order, which was issued with the consent of Tuttle and Williams, bars each of them from association with any broker, dealer, investment adviser, investment company or municipal securities dealer, effective immediately.

In the Order, the Commission finds that Tuttle and Williams each wilfully violated Section 17(a) of the Securities Act of 1933, Sections 10(b) and 15B(c)(1) of the Securities Exchange Act of 1934 and Rule 10b-5, and Rules G-8, G-17 and G-20 of the Municipal Securities Rulemaking Board. Tuttle made undisclosed payments of more than \$200,000 to the financial advisor of the Camden County Municipal Utilities Authority (CCMUA), to assure Tuttle's employer's, First Fidelity Securities Group (FFSG), continued participation as book-running senior manager for the CCMUA's February 1990 offering of approximately \$237,000,000 of debt securities. Williams, to whom Tuttle reported at FFSG, knew of and approved these payments. Tuttle and Williams failed properly to record these payments on FFSG's municipal securities dealer books and records.

In the Order, the Commission also finds that, on March 21, 1995, Tuttle and Williams were permanently enjoined on consent from future violations of these provisions (SEC v. Rudi, 95 Civ. 1282, LAK, SDNY). (Rel. 34-35605)

PERMANENT INJUNCTIONS OBTAINED AGAINST AMERICAN MORTGAGE FUND, INC., STEVEN JONES AND JUDITH JONES

On March 27, the Court entered an order of permanent injunction against Defendants American Mortgage Fund, Inc. (AMF), Steven R. Jones (S. Jones) and Judith M. Jones (J. Jones), enjoining each from future violations of the antifraud provisions of the federal securities laws and enjoining Defendants AMF and S. Jones from future violations of the registration provisions of the Securities Act. Each Defendant consented to the order, without admitting or denying the Commission's allegations. Defendant AMF consented to disgorgement, which was waived based on its demonstrated inability to pay. The Joneses also consented to disgorgement, all but \$18,367 of which was waived based on their demonstrated inability to pay. Civil penalties were not assessed against the defendants based on demonstrated inability to pay.

On February 17, 1994, the Commission filed its complaint against AMF and the Joneses, alleging fraud in the offer and sale of securities in two funds with investors' principal exceeding \$7 million. The Court previously issued a temporary restraining order and orders of preliminary injunction. [SEC v. American Mortgage Fund, Inc.; Steven R. Jones; Judith M. Jones; Eastview Properties; and 44th Ltd., No. 94-cv-252-J, RBB, SD Cal.] (LR-14472)

DEFAULT JUDGMENT ENTERED AND PERMANENT INJUNCTION ISSUED AGAINST JAMES DONOHUE

The Commission announced that on April 10 Judge Lenore Nesbitt of the United States District Court for the Southern District of Florida entered a default judgment and issued a permanent injunction against James L. Donohue (Donohue), enjoining Donohue from further violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder, and Regulation X promulgated by the Board of Governors of the Federal Reserve System. Donohue also was ordered to pay \$100,000 in civil penalties. The Commission's complaint alleged as follows. Donohue used custodial bank accounts controlled by Ronald Margolin to engage in a free-riding scheme from June 1991 until at least October 1991, whereby Donohue traded millions of dollars worth of securities without having the intent or ability to pay for them. In many instances, Donohue refused to acknowledge unprofitable trades, leaving his brokers to absorb his losses. Donohue caused losses to his brokers totaling over \$200,000 (See SEC v. Margolin, et al., Lit. Rel. Nos. 13342, 13362, 13396, and 14094). [SEC v. James L. Donohue, Individually and d/b/a Gold Coast Management and Gold Coast Capital, 94 Civ. No. 6438 - Nesbitt, USDC, S.D.Fla.] (LR-14473)