

sec news digest

Issue 91-217

November 8, 1991

LIBRARY

NOTICE OF COMMISSION MEETINGS

Following is a schedule of Commission meetings which will be conducted under provisions of the Government in the Sunshine Act. In general, the Commission expects to follow a schedule of holding closed meetings on Tuesdays, and open meetings on Thursday mornings. Meetings on Wednesdays, and if necessary on Thursday afternoons, will be either open or closed according to the requirements of agenda items under consideration.

CLOSED MEETING - TUESDAY, NOVEMBER 12, 1991 - 2:30 P.M.

The subject matter of the November 12 closed meeting will be: Institution of administrative proceedings of an enforcement nature; Institution of injunctive actions; and Settlement of administrative proceeding 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: Paul Atkins at (202) 272-2000.

CIVIL PROCEEDINGS

COMPLAINT AGAINST MONTANA NATURALS INT'L., INC. AND RONALD HAUGE

The Commission filed a complaint in the U.S. District Court for the District of Montana on September 27 against Montana Naturals Int'l., Inc. (MTNA), a publicly-traded company registered with the Commission. The complaint also names Ronald Hauge, President and CEO of MTNA, and Mark Baker, a former employee and independent auditor of MTNA. The complaint seeks to permanently enjoin the defendants from further violations of the antifraud, filing and books and records-keeping provisions of the federal securities laws caused by filing during 1988 and 1989 Forms 10-Q and 10-K with the Commission containing financial statements which, among other things, overstated inventory and accounts receivable. [SEC v. Montana Naturals Int'l., Inc. et al., D. Mt., Civil Action No. CV91-135-M-CCL] (LR-13080)

EURRELL POTTS INCARCERATED FOR FAILURE TO PAY DISGORGEMENT

The Commission announced that on October 30 the Honorable John T. Nixon, U.S. District Judge for the Middle District of Tennessee, adjudged Eurrell V. Potts (Potts) in civil contempt of the court's order of April 19, 1990, which required Potts to disgorge \$2,447,402.25 he obtained through the fraudulent sale of the unregistered securities

of Banco Resources, Ltd. in violation of the registration and antifraud provisions of the federal securities laws. The court's April 19, 1990, order also permanently enjoined Potts, by default, from future violations of such provisions. At the conclusion of the hearing on the Commission's motion to show cause why Potts should not be held in contempt, the court directed that Potts be taken into custody and ordered that he be held until he complies with the court's disgorgement order or until subsequent hearing by and further order of the court. [SEC v. Banco Resources, Ltd., et al., Civil Action No. 3-88-0568, M.D. Tenn] (LR-13082)

COURT APPROVES PLAN FOR ASSETS OF SHEPPARD RESOURCES, INC., PILGRIM VENTURE CORP. AND CHATSWORTH ENTERPRISES, INC.

The U.S. District Court for the Northern District of Illinois approved a distribution plan of the remaining assets of Sheppard Resources, Inc., Pilgrim Venture Corp., and Chatsworth Enterprises, Inc. The three companies had previously been enjoined in this matter and a receiver had been appointed by the Court. A total of \$170,836.05 was distributed to 311 shareholders of the three companies. [SEC v. Carl Porto, et al., N.D. Ill., Civil Action No. 88 C 0239] (LR-13084)

COMPLAINT FILED AGAINST WESTDON HOLDING & INVESTMENT, INC., ET AL.

The Commission announced on November 7 the filing of a civil injunctive action in the U.S. District Court for the Southern District of New York against Westdon Holding & Investment, Inc., Kishore J. Shah, Ioannis A. Koutsoubos, FNIC Europe S.A., First National Investment Corporation, USA Enterprises Inc. and Megacom S.A. In the action the Commission seeks, among other things, a temporary restraining order, asset freeze, preliminary and permanent injunctions and disgorgement of illegally obtained profits. The Commission also seeks civil penalties against the defendants for violations of the registration provisions of Section 5 of the Securities Act of 1933 and the beneficial ownership reporting provisions of Section 13(d) of the Securities Exchange Act of 1934 and Rule 13d-1 thereunder.

The Commission's complaint alleges that the defendants violated the above provisions of the securities laws in connection with their purchase and illegal distribution of the securities of Work Recover, Inc., a public company headquartered in Tuscon, Arizona. The complaint further alleges that the defendants purchased their WRI shares in purported reliance on Regulation S promulgated under the Securities Act and illegally distributed the securities in the United States in violation of the registration provisions of the federal securities laws. [SEC v. Westdon Holding & Investment, Inc., et al., Civil Action No. 91-7531, KTD] (LR-13085)

CRIMINAL PROCEEDINGS

CRIMINAL INFORMATION FILED AGAINST MICHAEL LLOYD

The Commission and the U.S. Attorney's Office for the Eastern District of Pennsylvania announced that on October 30 a six-count criminal Information was filed against Michael W. Lloyd (Lloyd), president of Lloyd Securities, Inc., a broker-dealer registered with the Commission. The Information charges Lloyd with mail, wire and bank fraud and with conversion of union welfare plan funds, in violation of 18 U.S.C.

§§1341, 1343, 1344, and §664. According to the Information, from May 1986 to August 1990, Lloyd's fraudulent schemes caused a total loss of over \$5.5 million to individual and labor union customers of Lloyd Securities, to financial institutions and to others. Also charged with aiding and abetting Lloyd in two of the six counts was Gary S. Peters of Bensalem, Pennsylvania.

Lloyd and three others are defendants in ongoing civil litigation by the Commission. All defendants have consented to the entry of permanent injunctions against them. However, the parties continue to litigate the issue of disgorgement. (See also LR-12504/LR-12519/LR-12654/LR-12716/LR-12768 and LR-12837). [SEC v. Lloyd Securities, Inc., et al., Civil Action No. 90-3841, E.D.Pa.; U.S. v. Michael W. Lloyd and Gary S. Peters, Crim. No. 91-600, E.D. Pa.] (LR-13081)

PENNY STOCK BROKER SENTENCED

The U.S. Attorney's Office for the District of Colorado and the Securities and Exchange Commission announced that on October 28 U.S. District Court Judge Zita Weinshienk sentenced Barry W. Fortner to three years imprisonment for conspiracy to commit securities fraud and to two months imprisonment (concurrent) for a false statement to a federal financial institution. Fortner was co-owner, director and president of First Eagle, a now defunct brokerage firm previously in Aurora, Colorado.

Fortner had previously pled guilty to knowingly and willfully conspired to commit securities fraud by manipulating the price of the common stock of Oxford Financial, Inc. through a series of trades in controlled accounts. The manipulation was also to be furthered through a prearranged merger with 21 Entertainment Group, Inc., a Delaware corporation. Fortner had also previously pled guilty to knowingly and willfully making a materially false statement in connection with a loan application at the Navy Federal Credit Union in Merrifield, Virginia.

The case was investigated by the Securities Fraud (Colorado) Task Force which was organized to prosecute abuses in the penny stock market. [U.S. v. Barry W. Fortner, USDC, Colo., 91-CR-261] (LR-13083)

INVESTMENT COMPANY ACT RELEASES

ROBERT BAIRD & CO. INCORPORATED

Robert W. Baird & Co. Incorporated has been granted a temporary, conditional order under Section 9(c) of the Investment Company Act, and a notice has been issued of its request for a permanent, conditional order, exempting it from the provisions of Section 9(a) of the Act. The permanent, conditional order would relieve it from any ineligibility resulting from applicant's employment of an individual who was convicted of a misdemeanor within the last ten years as a result of the individual's conduct while an employee of a bank. The temporary order will expire on the earlier of 90 days from the entry of the temporary order or the date on which final action is taken on the request for a permanent order. Interested persons have until December 2, 1991, to request a hearing on applicant's request for a permanent order. (Rel. IC-18398 - November 6)

DAILY MONEY FUND

An order has been issued under Section 45(a) of the Investment Company Act on an application filed by Daily Money Fund, et al. The order declares that public disclosure of Section II through V of a report concerning the Fidelity Group of Funds Interfund Lending Facility Design, date March 31, 1991, is neither necessary nor appropriate in the public interest or for the protection of investors. (Rel. IC-18399 - November 6)

HOLDING COMPANY ACT RELEASES

GPU NUCLEAR CORPORATION

An order has been issued authorizing GPU Nuclear Corporation (GPU Nuclear) to license to non-affiliate companies, through December 31, 2001, a computer data base used to process transient nuclear workers for access to nuclear worksites. GPU Nuclear has also been authorized to provide certain related services to licensees. GPU Nuclear is a wholly-owned utility subsidiary of General Public Utilities Corporation, a registered holding company. (Rel. 35-25401)

CENTRAL AND SOUTH WEST CORPORATION

An order has been issued authorizing Central and South West Corporation (CSW), a registered holding company, to merge CSW Financial, Inc., its wholly owned subsidiary company, into itself, with CSW being the surviving corporation. (Rel. 35-25402)

WEST PENN POWER COMPANY

An order has been issued authorizing a proposal by West Penn Power Company (West Penn), an electric public-utility subsidiary company of Allegheny Power System, Inc., a registered holding company. West Penn proposes to issue short-term notes to banks, and/or to issue and sell commercial paper in the form of short-term notes to dealers in commercial paper under an exception from competitive bidding. It is proposed that such notes and commercial paper will be issued from time to time through December 31, 1993, in an aggregate principal amount not to exceed \$147 million outstanding at any one time. (Rel. 35-25403)

EASTERN EDISON COMPANY, ET AL.

An order has been issued authorizing a proposal by Eastern Edison Company (Eastern Edison), Montaup Electric Company (Montaup), Blackstone Valley Electric Company (Blackstone), Newport Electric Corporation (Newport), and EUA Service Corporation (Service), subsidiary companies (Subsidiaries) of Eastern Utilities Associates, a registered holding company. The Subsidiaries propose to issue short-term notes, through December 31, 1993, each in the aggregate principal amount outstanding at any one time not to exceed \$35 million for Eastern Edison, \$25 million for Montaup, \$15 million for Blackstone, \$10 million for Newport, and \$10 million for Service. (Rel. 35-25404)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

UNLISTED TRADING PRIVILEGES GRANTED

Orders have been issued granting the application of three exchanges for unlisted trading privileges in issues which are listed and registered on one or more other national securities exchanges and are reported in the consolidated transaction reporting system. The exchanges and number of issues are as follows: Midwest Stock Exchange - 9 issues (Rel. 34-29910); Philadelphia Stock Exchange - 11 issues (Rel. 34-29913); and Boston Stock Exchange - 4 issues (Rel. 34-29911).

DELISTING GRANTED

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration Far West Financial Corporation, Common Stock, \$1.00 Par Value. (Rel. 34-29912)

WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until November 29 to comment on the application of Conquest Exploration Company to withdraw its 9 1/2% Convertible Subordinated Debentures, due 2014, from listing and registration on the American Stock Exchange. (Rel. 34-29914)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

Pursuant to Section 19(b) of the Securities Exchange Act, 15 U.S.C. Section 78s(b), notice is hereby given that on October 28 the Midwest Clearing Corporation filed with the Commission a proposed rule change (SR-MCC-91-04) relating to advances of dividends, interest and other payments or distributions. The proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A) of the Act, 15 U.S.C. Section 78s(b)(3)(A). Publication of the notice is expected in the Federal Register during the week of November 11. (Rel. 34-29905)

PROPOSED RULE CHANGE

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-91-46) under Rule 19b-4 that would amend Article III, Section 3 of the NASD's By-Laws to require that only persons of authority in a member firm who are members of the senior management and registered principals may be designated as the member's "executive representative" to the NASD. Publication of the proposal is expected in the Federal Register during the week of November 11. (Rel. 34-29906)

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-91-56) under Rule 19b-4 to amend Schedule D to the NASD's By-Laws to require companies which apply for listing on the NASDAQ Stock Market to pay all entry fees at the time application is made for inclusion in the system. The NASD currently collects fees from applicants in two steps: first, the \$1,000 non-refundable application processing fee; and second, the entry fee, which is collected on or after the company's entry onto NASDAQ. Publication of the proposal is expected in the Federal Register during the week of November 11. (Rel. 34-29916)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

Pursuant to Rule 19b-4, the Philadelphia Stock Exchange filed a proposed rule change (SR-PHLX-91-36) which became effective immediately upon filing pursuant to Section 19(b)(3)(A). The proposed rule change amends the PHLX's Schedule of Fees and Charges respecting fees for foreign currency options transactions. Publication of the proposal is expected in the Federal Register during the week of November 11. (Rel. 34-29908)

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

Pursuant to Rule 19b-4, the Pacific Stock Exchange has filed a rule change (SR-PSE-91-35) which the Commission approved on an accelerated basis. The proposal extends PSE's ten-up pilot program until February 14, 1992. Publication of the order is expected in the Federal Register during the week of November 11. (Rel. 34-29909)

MISCELLANEOUS

APPROVAL OF PROPOSED AMENDMENT

The Commission issued an order granting approval of a proposed amendment by the Options Price Reporting Authority (OPRA) submitted on June 17, 1991, pursuant to Rule 11Aa3-2 of the Securities Exchange Act of 1934. The proposed rule establishes a fee to be paid by persons who provide back-up facilities to OPRA subscribers, including access to current options market information. Persons wishing to offer this service will be required to enter into a "Back-Up Facility Provider Agreement" and to pay a Back-up Facility Access Fee and, under certain circumstances, additional device charges. Publication of the release is expected in the Federal Register during the week of November 11. (Rel. 34-29904)

ACQUISITION OF SECURITIES

Companies and individuals must report to the Commission within ten days on Schedule 13D if after the acquisition of equity securities of a public company their beneficial interest therein exceeds five percent. Persons eligible to use the short form (Schedule 13G) may in lieu of filing a Schedule 13D file a Schedule 13G within 45 days after the end of the calendar year in which the person became subject to Section 13(d)(1). Companies and individuals making a tender offer must have on file at the time the tender offer commences a Schedule 14D-1.

Below is a list of recent filings of Schedules 13D and 14D, which includes the following information: Column 1 - the company purchased (top), and the name of the purchaser; Column 2 - the type of security purchased; Column - 3 - the type of form filed; Column 4 - the date the transaction occurred; Column 5 - the current number of shares (in 000's) owned (top) and the current percent owned; Column 6 - the CUSIP number (top) and the percent owned; and Column 7 - the status of the filing, i.e., new, update or revision.

ACQUISITIONS

| NAME AND CLASS OF STOCK/OWNER | FORM | EVENT DATE | SHRS(000)/ %OWNED | CUSIP/ PRIOR% | FILING STATUS |
|-------------------------------|------------|------------|----------------------|------------------|---------------|
| ADIA SVCS INC | COM | | 10,104 | 00687410 | |
| ASKO DEUTSCHE KAUFHAUS A G | 13D | 10/21/91 | 81.0 | 80.3 | UPDATE |
| AMERICAN ECOLOGY CORP | COM | | 3,200 | 02553310 | |
| ECOL PARTNERS ET AL | 13D | 11/ 5/91 | 100.0 | 100.0 | UPDATE |
| AMERN TELEV & COMM INC NEW | CL A | | 2,166 | 03018710 | |
| GAMCO INVESTORS INC ET AL | 13D | 11/ 1/91 | 11.0 | 9.6 | UPDATE |
| AUTOCAM CORP | COM | | 161 | 05290710 | |
| HEKMAN EDWARD W ET AL | 13D | 10/29/91 | 5.8 | 0.0 | NEW |
| COMERICA INC | COM | | 6,352 | 20034010 | |
| MANUFACTURERS NATIONAL CORP | 13D | 10/27/91 | 20.5 | 0.0 | NEW |
| DETREX CORP | COM | | 66 | 25068510 | |
| WARWICK PARTNERS LP ET AL | 13D | 10/31/91 | 4.2 | 6.1 | UPDATE |
| GERRITY OIL & GAS CORP | COM | | 459 | 37423010 | |
| FIDELITY INTL LTD | 13D | 10/21/91 | 5.1 | 4.7 | UPDATE |
| GERRITY OIL & GAS CORP | COM | | 459 | 37423010 | |
| FMR CORP | 13D | 10/24/91 | 5.1 | 4.7 | UPDATE |
| HEALTHVEST | SH BEN INT | | 538 | 42192110 | |
| TORRAY ROBERT E | 13D | 10/28/91 | 5.0 | 5.0 | UPDATE |
| INTL TELECHARGE INC | COM | | 8,098 | 46047510 | |
| HAAN RONALD J | 13D | 10/16/91 | 50.3 | 0.0 | NEW |
| INTERSTATE JOHNSON LANE INC | COM | | 285 | 46089210 | |
| JAMES RAYMOND & ASSOC | 13D | 11/ 5/91 | 4.3 | 5.3 | UPDATE |
| LIFETIME CORP | COM NEW | | 704 | 53191120 | |
| REEVES ANTHONY H | 13D | 11/ 1/91 | 7.8 | 5.7 | UPDATE |
| LIFETIME CORP | COM NEW | | 1,972 | 53191120 | |
| SINCLAIR MICHAEL J | 13D | 11/ 1/91 | 21.8 | 22.4 | UPDATE |
| MBIA INC | COM | | 7,771 | 55299510 | |
| AETNA LIFE & CASUALTY CO | 13D | 10/ 1/91 | 20.3 | 27.2 | UPDATE |
| MBIA INC | COM | | 2,042 | 55299510 | |
| FUND AMERICAN COS | 13D | 10/ 1/91 | 5.3 | 23.6 | UPDATE |
| MANUFACTURERS NATL CORP | COM | | 6,264 | 56500410 | |
| COMERICA INC | 13D | 10/27/91 | 20.1 | 0.0 | NEW |
| MONITEK TECHNOLOGIES INC | COM | | 153 | 60939310 | |
| ROBERTSON STEPHENS ORPHAN FD | 13D | 10/21/91 | 5.1 | 0.0 | NEW |
| NL INDS INC | COM NEW | | 32,587 | 62915640 | |
| SIMMONS HAROLD C.ET AL | 13D | 10/30/91 | 62.5 | 83.5 | UPDATE |

ACQUISITIONS CONT.

| NAME AND CLASS OF STOCK/OWNER | FORM | EVENT DATE | SHRS(000)/ %OWNED | CUSIP/ PRIOR% | FILING STATUS |
|-------------------------------|-----------|------------|----------------------|------------------|---------------|
| NICOLET INSTR CORP | COM | | 367 | 65406110 | |
| BIO RAD LABS INC | 13D | 10/31/91 | 5.0 | 6.2 | UPDATE |
| POCI INC | COM | | 1,449 | 69599710 | |
| KELSO MANAGEMENT CO ET AL | 13D | 11/ 1/91 | 58.6 | 12.5 | UPDATE |
| PANSOPHC SYS INC | COM | | 15,371 | 69863110 | |
| COMPUTER ASSOC INTL INC | 14D-1 | 11/ 6/91 | 88.0 | 2.1 | UPDATE |
| PITWAY CORP DEL | COM | | 551 | 72579010 | |
| GAMCO INVESTORS INC ET AL | 13D | 11/ 1/91 | 21.0 | 19.9 | UPDATE |
| SPS TECHNOLOGIES INC | COM | | 240 | 78462610 | |
| HALLOWELL MERRITT W | 13D | 10/22/91 | 4.7 | 5.7 | UPDATE |
| TEVA PHARMACEUTICAL | ORD SHRDS | | 33,018 | 88162410 | |
| BRONFMAN CHARLES ROSNER ET AL | 13D | 11/ 1/91 | 10.7 | 10.2 | UPDATE |
| VERDIX CORP | COM | | 900 | 92339510 | |
| HEDINGER HOWARD H | 13D | 10/24/91 | 7.4 | 5.8 | UPDATE |
| WESTERN PUBG GROUP INC | COM | | 5,824 | 95926310 | |
| GAMCO INVESTORS INC ET AL | 13D | 11/ 1/91 | 27.9 | 29.1 | UPDATE |