

sec news digest

Issue 96-99

May 28, 1996

COMMISSION ANNOUNCEMENTS

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 open meetings on Wednesday mornings. Otherwise, meetings will be scheduled according to the requirements of agenda items under consideration.

Visitors are welcome at all open meetings, insofar as space is available.

Meetings will be held in the Commission Meeting Room, Room 1C30, at the Commission's headquarters building, 450 Fifth Street, N.W., Washington, D.C. Persons wishing to photograph or videotape Commission meetings must obtain permission in advance from the Secretary of the Commission. Persons wishing to tape record a Commission meeting should notify the Secretary's office 48 hours in advance of the meeting.

Any member of the public who requires auxiliary aids such as a sign-language interpreter or material on tape to attend a public meeting should contact Larry Cohen, Office of Administrative and Personnel Management, to make arrangements. Mr. Cohen can be reached at (202) 942-4066 or at a TTY number (202) 942-4075.

OPEN MEETING - WEDNESDAY, MAY 29, 1996 - 3:00 P.M.

The subject matter of the open meeting scheduled for Wednesday, May 29, 1996, at 3:00 p.m., will be:

In the Matter of A.R. Baron & Co., Inc., Andrew Bressman and Roman Okin, File No. 3-9010. The Commission will hear arguments on an application by the Division of Enforcement to determine whether the respondents have violated or threaten to violate Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and if so, whether to issue a temporary Cease and Desist Order and other relief. FOR FURTHER INFORMATION CONTACT: Barry Goldsmith, (202) 942-4622 or Mark Kreitman, (202) 942-4677.

ENFORCEMENT PROCEEDINGS

SANCTIONS IMPOSED AGAINST CHURCHILL SECURITIES, INC. AND GERALD HIRSCH

On May 24, the Commission instituted public administrative proceedings, pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934, against Churchill Securities, Inc., a registered broker-dealer, and Gerald P. Hirsch, the firm's President.

Churchill Securities and Hirsch, without admitting or denying the Commission's findings, have consented to the issuance of an Order by the Commission which finds that, on April 17, 1996, the United States District Court for the Southern District of New York enjoined them, on consent, from violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder (SEC v. Churchill Securities, Inc., CMIC and Gerald P. Hirsch, USDC, SDNY, Civil Action No. 93-7486, CBM).

The Commission's complaint in this matter, filed on November 1, 1993, alleged that, from June 1987 through November 1993, the defendants sold \$15,000,000 worth of unregistered securities in the form of fractional interests in mortgages originated by CMIC to at least 520 investors. The Commission's complaint also alleged that the defendants misrepresented, among other things, that the investments were safe, or low risk, when, in fact, CMIC loaned to borrowers with a high risk of default.

The Order suspends Hirsch from association with various Commission-regulated entities for twelve months. In addition, the Order censures Churchill Securities, and requires the firm to undertake to hire a consultant and to adopt procedures recommended by the consultant which are designed to prevent future violations of those federal securities law provisions alleged to have been violated. (Rel. 34-37246)

INITIAL DECISION IN THE MATTER OF ROBERT MOSES

Robert I. Moses has been found to have willfully violated the antifraud provisions of the securities statutes. After a hearing, an administrative law judge found that it is in the public interest to bar him from association with any broker or dealer and from participating in any capacity in the purchase or sale of telecommunications licenses or franchises as regulated by the Federal Communications Commission (FCC) or local franchising authority or businesses conducted or property managed pursuant to such regulation or franchises.

The United States District Court for the Southern District of New York had entered a Final Judgment of Permanent Injunction and Other Relief On Consent, on February 23, 1995, that enjoined Moses from various violations of securities statutes and ordered him to disgorge \$251,398 in ill-gotten gains and prejudgment interest and to pay a penalty of \$206,703 (SEC v. Microwave Cable T.V. Partners, et al., 94 Civ. 5666, MGC, S.D.N.Y., Feb. 23, 1995).

The complaint in that action alleged, and the administrative law judge found, that Moses violated securities laws in connection with the sale of limited partnership interests in Microwave Cable T.V. Partners I, L.P. and Microwave Cable T.V. Partners II, L.P. Moses was the president and sole stockholder of the general partners in these entities. He raised close to \$2 million, representing that the partnerships would engage in the business of acquiring and selling microwave cable licenses issued by the FCC. The funds, however, were put to other uses. Moses made various material misrepresentations and omissions concerning the businesses and concerning his background in the course of these activities.

Moses never acknowledged the wrongfulness of his past conduct or promised reform. He never paid the court-ordered disgorgement or penalty. Instead he has continued to engage in misconduct in attempting to raise money from investors for FCC licenses. He has made further material misrepresentations and omissions in these new activities on behalf of the "Windgate Fund." (Initial Decision Rel. 89)

MORRIS BAUGHMAN, CPA, BARRED FROM PRACTICE BEFORE THE COMMISSION

The Commission has instituted administrative proceedings against Morris F. Baughman, CPA, based on the entry of a final judgment of permanent injunction entered against him by a United States District Court. Simultaneously, the Commission accepted Baughman's offer of settlement in which he consented to the entry of an Order, without admitting or denying the findings contained in the Order, that denies him the privilege of appearing or practicing before the Commission as an accountant with the right to reapply after five years.

Baughman consented to the entry on April 17, 1996, of the final judgment of permanent injunction in settlement of a case filed previously by the Commission against One Financial USA, Inc. (One Financial), three of its officers and directors, and Baughman, who was the company's independent auditor. In its complaint, the Commission alleged as follows: One Financial filed false and misleading reports with the Commission. Baughman conducted audits of the company's financial statements for two time periods which failed to comply with generally accepted auditing standards (GAAS). Baughman then falsely certified in One Financial reports filed with the Commission that he had performed the audits in conformance with GAAS and also failed to take corrective action as required under GAAS when he learned that the financial statements had also been altered after his audits.

In the same case, the Commission in 1995 obtained final judgments of permanent injunction against One Financial, Paul Coughlin, Marvin O. Spain, and William J. Rogers, Jr., under which each were enjoined from future violations of the antifraud provisions of the federal securities laws. One Financial was further enjoined from future violations of the relevant reporting provisions of the federal securities laws. In addition, One Financial, Coughlin, and Spain were each ordered to pay \$15,000 in civil penalties, and Rogers was ordered to pay \$10,000 in civil penalties. [SEC v. One Financial USA, Inc., et al., Civil No. 94-CV-01180, WBB, D.D.C., transferred in 1995 to the Northern District of Texas, Civil No. 3-95-1977-J] (LR-14918)

DISTRICT COURT ENTERS JUDGMENT AGAINST CITRON AND RAABE

On May 9, the Honorable Gary L. Taylor entered final judgments of permanent injunction against Robert L. Citron and Matthew R. Raabe. The Commission's complaint charged former Orange County Treasurer-Tax Collector Citron and former Assistant Treasurer Raabe with violations of the antifraud provisions of the federal securities laws, 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.

Citron and Raabe, without admitting or denying the allegations in the complaint, consented to the entry of final judgments of permanent injunction and agreed to cooperate in the continuing investigation and any resulting litigation. The complaint alleged that Citron and Raabe made material misstatements and omissions of fact in the Official Statements for eleven municipal securities offerings, which raised over \$2.1 billion, issued in 1993 and 1994 by Orange County, the Flood Control District, and a school district. [SEC v. Robert L. Citron and Matthew Raabe, Civil Action No. SACV 96-0074 GLT, EEx, C.D.Cal.] (LR-14913)

TEMPORARY RESTRAINING ORDER ENTERED AGAINST JAMES CLEVELAND

The Commission announced that on May 22 it filed a complaint against James Russell Cleveland (Cleveland), individually, and doing business as Central Texas Securities (CTS), seeking emergency relief under the federal securities laws. The Hon. Nancy F. Atlas, United States District Judge, granted the Commission's application for immediate relief, and issued a Temporary Restraining Order prohibiting Cleveland and CTS from violating Section 17(a) of the Securities Act of 1933, Sections 10(b) and 15(a)(1) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, freezing assets held by Cleveland and CTS subject to certain allowances, and requiring the defendants to account for the funds they obtained through these allegedly unlawful activities.

The Commission's complaint alleges that Cleveland, through CTS, took in at least \$4.8 million from CTS customers for the stated purpose of purchasing municipal securities at below market prices, thereby assuring his customers a profit. The complaint further alleges that Cleveland never purchased the municipal bonds with these customers' funds; rather, as part of a blatant "Ponzi" scheme, he used funds from new customers to satisfy obligations to customers he previously defrauded.

In furtherance of the scheme, the complaint alleges that Cleveland provided customers with false confirmations and account statements to conceal his misuse and misappropriation of customers' funds. Also, according to the complaint, Cleveland has been unable to account for customer funds or assets in his possession and now owes customers in excess of \$1.7 million. [Securities and Exchange Commission v. James Russell Cleveland, individually and d/b/a Central Texas Securities, Civil Action No. H-96-1629, USDC, SD/TX, Houston] (LR-14919)

INVESTMENT COMPANY ACT RELEASES

AETNA LIFE INSURANCE AND ANNUITY COMPANY, ET AL.

A notice has been issued giving interested persons until June 18, 1996, to request a hearing on an application filed by Aetna Life Insurance and Annuity Company (Aetna) and Variable Life Account B of Aetna Life Insurance and Annuity Company (Separate Account) for an order under Section 6(c) of the Investment Company Act granting exemptions from Section 27(c)(2) of the Act and Rule 6e-3(T)(c)(4)(v) thereunder. This order will permit the Separate Account, any future Separate Accounts established by Aetna, and all other persons, other than Aetna, that may, in the future serve as a principal underwriter of certain flexible premium variable life insurance policies issued by Aetna, to deduct from premium payments an amount that is reasonably related to Aetna's increased federal tax burden resulting from the receipt of those premium payments, pursuant to Section 848 of the Internal Revenue Code of 1986, as amended. (Rel. IC-21981 - May 23)

MORGAN GRENFELL INVESTMENT TRUST

An order has been issued on an application filed by Morgan Grenfell Investment Trust (Trust) under Section 17(b) of the Investment Company Act for an exemption from Section 17(a) of the Act. The order permits the in-kind redemption of Trust shares held by a shareholder who is an affiliated person of the Trust solely by reason of owning, controlling, or holding with power to vote 5% or more of the Trust's outstanding shares. (Rel. IC-21982 - May 24)

BANKERS TRUST AUSTRALIA LIMITED

A notice has been issued giving interested persons until June 18 to request a hearing on an application filed by Bankers Trust Australia Limited (BTAL) for an order under Section 6(c) of the Investment Company Act granting an exemption from Section 17(f) of the Act. The order would permit BTAL to maintain foreign securities and other assets of U.S. registered investment companies in the custody of Pental Nominees Pty. Limited, an indirect, wholly-owned subsidiary of BTAL. (Rel. IC-21983 IS-984 - May 24)

SELF-REGULATORY ORGANIZATIONS

IMMEDIATE EFFECTIVENESS OF A PROPOSED RULE CHANGE

The Philadelphia Depository Trust Company filed a proposed rule change (SR-Philadep-96-06) under Section 19(b)(3)(A) of the Securities Exchange Act. The proposed rule change, which became effective upon filing, consolidates and modifies the fees and the underlying volume categories for its Legal Deposit Service. Publication of the proposal is expected in the Federal Register during the week of June 5. (Rel. 34-37234)

PROPOSED RULE CHANGES

The Philadelphia Depository Trust Company filed a proposed rule change (SR-Philadep-96-07) to establish a separate participant category for inactive accounts. Publication of the proposal is expected in the Federal Register during the week of June 5. (Rel. 34-37244)

Stock Clearing Corporation of Philadelphia filed a proposed rule change (SR-SCCP-96-03) to establish a separate participant category for inactive accounts. Publication of the proposal is expected in the Federal Register during the week of June 5. (Rel. 34-37245)

DELISTING GRANTED

An order has been issued granting the application of the Pacific Stock Exchange to strike from listing and registration Richard Barrie Fragrances, Inc. Common Stock, \$.005 Par Value. (Rel. 34-37243)

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.

The companies listed below 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. Copies of the reports may be purchased from the Commission's Public Reference Room (when ordering, please give the date of the report). An invoice will be included with the requested material when mailed.

NAME OF ISSUER	STATE CODE	8K ITEM NO.								DATE	COMMENT	
		1	2	3	4	5	6	7	8			
AMERICAN RESTAURANT PARTNERS L P	DE			X							03/16/96	AMEND
AST RESEARCH INC /DE/	DE					X					05/24/96	
BEAR STEARNS COMPANIES INC	DE							X			05/23/96	
CALIFORNIA COMMUNITY BANCSHARES CORP	DE			X		X					05/14/96	
CARRAMERICA REALTY CORP	MD			X		X					05/24/96	
CARVER CORP	WA					X					05/01/96	AMEND
CENTURA BANKS INC	NC					X		X			05/22/96	
CHECKERS DRIVE IN RESTAURANTS INC /DE/	DE					X		X			05/20/96	
CLASSNOTES TRUST 1995-1 ASSET BACKED NOT	NJ					X					05/10/96	
CMC INDUSTRIES INC	DE			X							05/15/96	
DEUTSCHE FLOORPLAN RECEIVABLES L P	DE		X								04/30/96	
DLJ MOR ACCEP CORP MUL FAMI MOR PASS THR	DE					X					05/23/96	
E&B MARINE INC	DE					X		X			05/06/96	
EGGHEAD INC /WA/	WA			X				X			05/13/96	
FIRST FINANCIAL CORP OF WESTERN MARYLAND	DE					X		X			05/15/96	
FIRST OF AMERICA BANK-MICHIGAN NA				X							04/30/96	
FIRST SIERRA RECEIVABLES II INC	DE			X				X			05/09/96	
FORD CREDIT AUTO LOAN MASTER TRUST	MI					X		X			04/30/96	
FRONTIER OIL EXPLORATION CO	NV					X		X			05/21/96	
GREEN TREE FINANCIAL CORP	MN							X			05/24/96	
HCC INSURANCE HOLDINGS INC/DE/	DE			X				X			05/24/96	
HUGHES SUPPLY INC	FL			X				X			05/13/96	
IES INDUSTRIES INC	IA					X		X			05/22/96	
IES UTILITIES INC	IA					X		X			05/22/96	
INTERACTIVE TECHNOLOGIES CORP INC	WY			X							06/04/96	
KLAMATH FIRST BANCORP INC	OR					X					05/21/96	
KMART CORP	MI							X			05/23/96	
KV PHARMACEUTICAL CO /DE/	DE					X		X			05/21/96	
LEGGETT & PLATT INC	MO			X				X			05/13/96	
MORGAN STANLEY GROUP INC /DE/	DE					X		X			05/23/96	
NATIONSLINK FUNDING CORP COMM MORT PASS						X		X			05/24/96	
NAVISTAR FINANCIAL RETAIL RECEIVABLES CO	DE					X		X			05/15/96	
NETWORK EXPRESS INC	MI					X					05/21/96	
NEW PLAN REALTY TRUST	MA					X		X			05/24/96	
NGC CORP	DE					X		X			05/22/96	

8K REPORTS CONT.

NAME OF ISSUER	STATE CODE	8K ITEM NO.								DATE	COMMENT
		1	2	3	4	5	6	7	8		
NTS PROPERTIES III	GA						X			05/24/96	
NTS PROPERTIES IV	KY						X			05/24/96	
NTS PROPERTIES VI/MD	MD						X			05/24/96	
NTS PROPERTIES VII LTD/FL	FL						X			05/24/96	
NUKO INFORMATION SYSTEMS INC /CA/	NY							X		05/23/96	
ODETICS INC	DE					X	X			05/24/96	
ONTRAK SYSTEMS INC	CA					X	X			05/20/96	
OPTA FOOD INGREDIENTS INC /DE	DE					X	X			05/16/96	
OXIS INTERNATIONAL INC	DE					X	X			05/09/96	
PNC MORTGAGE SECURITIES CORP	DE					X	X			05/24/96	
PNC MORTGAGE SECURITIES CORP	DE						X			05/24/96	
PRIME RECEIVABLES CORP	DE						X			05/15/96	
PROTECTION ONE ALARM MONITORING INC	DE					X				05/23/96	
PROTECTION ONE INC	DE					X				05/23/96	
PRUDENTIAL SEC SECURED FIN COR COM MOR P	NY					X	X			04/25/96	
PUBLIC SERVICE ELECTRIC & GAS CO	NJ					X				03/14/96	
PUBLIC SERVICE ENTERPRISE GROUP INC	NJ					X				03/14/96	
RECOTON CORP	NY					X				05/22/96	
RES CARE INC /KY/	KY					X				05/14/96	
RESIDENTIAL ASSET SECURITIES CORP	DE					X	X			05/23/96	
RESIDENTIAL ASSET SECURITIES CORP	DE					X	X			05/23/96	
RESIDENTIAL ASSET SECURITIES CORP	DE						X			05/24/96	
RESIDENTIAL FUNDING MORTGAGE SECURITIES	DE					X	X			05/23/96	
RESIDENTIAL FUNDING MORTGAGE SECURITIES	DE					X	X			05/23/96	
RESIDENTIAL FUNDING MORTGAGE SECURITIES	DE					X	X			05/23/96	
RESIDENTIAL FUNDING MORTGAGE SECURITIES	DE					X	X			05/24/96	
RIO GRANDE INC /DE/	DE		X				X			05/24/96	AMEND
RXI HOLDINGS INC	DE		X				X			05/09/96	
SFX BROADCASTING INC	DE						X			05/16/96	
SOFTWARE SPECTRUM INC	TX		X				X			05/23/96	
SPANISH BROADCASTING SYSTEM INC	DE		X				X			03/25/96	AMEND
SUMMIT TECHNOLOGY INC	MA		X				X			05/15/96	
TMS ASSET BACKED CERTIFICATES SERIES 199	NJ						X			04/15/96	
TMS AUTO GRANTOR TRUST SERIES 1995-2	NJ						X			05/20/96	
TMS SBA LOAN ADJ RATE CERT SER 1996-1 CL	NJ						X			05/10/96	
TRANSWORLD HOME HEALTHCARE INC	NY						X			05/13/96	
TRINET CORPORATE REALTY TRUST INC	MD						X			05/22/96	
VALHI INC /DE/	DE		X							05/10/96	
WESTERN RESOURCES INC /KS	KS						X			05/24/96	
WISCONSIN POWER & LIGHT CO	WI						X	X		05/22/96	
WPL HOLDINGS INC	WI						X	X		05/22/96	