

# SEC NEWS DIGEST

Issue 97-238

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## ENFORCEMENT PROCEEDINGS

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### VIKING RESOURCES INTERNATIONAL, INC. CONSENTS TO INJUNCTION

On December 9, the Commission filed a complaint in the United States District Court for the District of Columbia against Viking Resources International, Inc. (Viking). The complaint alleges that Viking, a recycling, waste management and long-haul trucking company whose securities are quoted in the pink sheets, failed to make available to the investing public current and accurate information about its financial condition and results of operation through the filing of periodic reports with the Commission as required by the Securities Exchange Act of 1934 (Exchange Act). Specifically, the complaint alleges that Viking has not filed its Annual Report on Form 10-K for the fiscal year June 30, 1997, its Quarterly report on Form 10-Q for the fiscal quarter ended December 31, 1996, and two Notifications of Late Filing with respect to its delinquent reports. The Commission seeks to compel Viking to file its delinquent periodic reports and enjoin Viking from further violations of Section 13(a) of the Exchange Act of 1934 and Rules 12b-25, 13a-1 and 13a-13 thereunder. Simultaneously with the filing of the Commission's complaint, Viking consented to the entry of a Final Judgment granting the relief sought by the Commission and admitted that it had not filed the periodic reports as described above. [SEC v. Viking Resources International, Inc., Civil No. 1:97CV02949, D.D.C.] (LR-15584)

### JUDGMENTS ISSUED IN SEC v. SOUTHWEST INCOME TRUST, INC., ET AL.

On November 5, 1997, the Honorable Robert C. Broomfield, United States District Judge, issued Judgments respectively against Donn Kenneth Phillips (Phillips), age 57, and three Arizona trustees (Trustees), for their roles in a \$10.7 million scheme involving the fraudulent sale of investments in a Treasury securities trading program. The Judgments permanently enjoin Phillips and the Trustees, which are Palo Verde 136, Inc., Advantage Marketing Group, Inc., and FLC Corporation, from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. In addition, the Judgments order that Phillips and the Trustees shall pay

disgorgement, prejudgment interest and, if appropriate, civil penalties in amounts subsequently to be determined by the Court. Phillips and the Trustees consented to the entry of their respective Judgments without admitting or denying the Commission's allegations.

The Commission alleges in its complaint that Phillips and the Trustees, among others, raised funds from approximately 149 investors in Arizona and California through the sale of interests in investment trusts and other programs. The complaint further alleges that, contrary to these representations, the defendants operated a Ponzi-like scheme that paid investors their 1% monthly return from other investors' funds and misappropriated investor funds for their own personal benefit.

The Commission acknowledges the cooperation and assistance provided in this matter by the Securities Division of the Arizona Corporations Commission. [SEC v. Southwest Income Trust, et al., Civil Action No. 97-0953, PHX, RCB] (LR-15585)

**ROGER WYATT ENJOINED AND ORDERED TO PAY DISGORGEMENT, PREJUDGMENT INTEREST AND CIVIL PENALTIES TOTALING \$209,205.21**

The Commission announced that on November 24, 1997, a Final Judgment was entered in a Los Angeles federal court against Roger Wyatt of Houston for insider trading in the shares of Chantal Pharmaceutical Corporation. Wyatt was enjoined from future violations of the antifraud provisions of the federal securities laws and ordered to pay disgorgement of \$50,125, plus prejudgment interest in the amount of \$8,705.21 and civil penalties in the amount of \$150,375. Wyatt was ordered to pay a total of \$209,205.21.

The Judgment was entered because Wyatt willfully failed to comply with a court order directing him to produce documents relating to his Cayman Islands brokerage account.

The Commission filed a complaint on August 5, 1996, against Wyatt, alleging insider trading in connection with his sale of Chantal stock in February 1993. The sale took place prior to a public announcement by Chantal, on February 25, 1993, that The Upjohn Company had terminated a licensing agreement with Chantal because tests showed that Chantal's Cyoctol compound was not an effective anti-acne drug. Chantal's agreement with Upjohn was its sole source of income at the time. The Commission also alleged that Wyatt tipped David Holewinski, who also sold Chantal stock. The Judgment against Wyatt leaves Holewinski as the sole remaining defendant. [SEC v. Roger D. Wyatt and David L. Holewinski, Civil Action No. 96-5399 TJH, Mcx, C.D. Cal.] (LR-15586)

**KARL DAHLSTROM, KARLA DAHLSTROM, HUBERT LEOPARD AND RICHARD LOPEZ SENTENCED**

The Commission and the United States Attorney for the Southern District of Texas announced that on December 5, Karl L. Dahlstrom was sentenced to 78 months in federal prison with five years of

supervised release, and Dahlstrom's daughter, Karla D. Dahlstrom, received 46 months in federal prison with five years of supervised release. On December 4, two other defendants, Hubert Leon Leopard and Richard E. Lopez, each received five years probation. The defendants were also ordered, jointly and severally, to pay \$1,997,003 restitution.

The defendants were indicted for their involvement in a nationwide solicitation campaign for the purpose of selling unregistered shares of Inferno Snuffers, Inc., (ISI), and Inferno Engineering and Consulting, Inc. (IEC). ISI and IEC, under Karl Dahlstrom's direction, were marketing "Uni-Snuff", a product claimed to be useful in extinguishing and suppressing fires, and the "Snuffer System", a method of dispensing Uni-Snuff.

The criminal charges are based on the same activities alleged in a civil injunctive action brought by the Commission on September 30, 1992. [U.S. v. Karl L. Dahlstrom, et al., 96-CR-157-ALL, USDC, SD/TX, Houston Division] (LR-15587)

#### **COURT ENTERS TEMPORARY RESTRAINING ORDER**

The Commission announced today that the Federal Court hearing the Bulletin Board stock case against Trinity Gas Corporation and Sidney W. Sers has entered an order temporarily restraining and enjoining the defendants from alleged violations of Sections 5(a), 5(c), and 17(a) of the Securities Act and Section 10(b) of the Securities Exchange Act, as well as Rule 10b-5 thereunder, and freezing their assets. By the consent of the defendants, the order will remain in effect until January 6, 1998, when the Court will hear evidence on the Commission's request for a preliminary injunction and the appointment of a Receiver to operate defendant Trinity Gas Corporation.

As previously announced, the Commission has charged the defendants with having sold the common stock of Trinity Gas Corporation by means of false and misleading statements concerning title and conditions surrounding certain oil and gas drilling rights located near Cali, Colombia, as well as the performance of two exploratory gas wells drilled thereon. [SEC v. Trinity Gas Corporation and Sidney W. Sers, USDC ND/TX, Fort Worth, CA No.4-97CV-1018Y] (LR-15588)

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#### **INVESTMENT COMPANY ACT RELEASES**

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#### **EQ ADVISORS TRUST AND EQ FINANCIAL CONSULTANTS, INC.**

An order has been issued on an application filed by EQ Advisors Trust and EQ Financial Consultants for an order under Section 6(c) of the Investment Company Act for an exemption from Sections 13(a)(2), 18(f)(1), 22(f) and 22(g) of the Act, and under Section 17(d) of the Act and Rule 17d-1 under the Act to permit certain

joint transactions. The order permits EQ Advisors Trust to implement a deferred compensation plan for its trustees. (Rel. IC-22931 - December 9)

**THE GUARDIAN LIFE INSURANCE & ANNUITY COMPANY, INC., ET AL.**

An order has been issued pursuant to Section 6(c) of the Investment Company Act exempting Guardian Life Insurance & Annuity Company, Inc., The Guardian Separate Account K, and Guardian Investors Services Corporation (collectively, Applicants) from Rules 6e-2(c)(1) and 6e-2(b) under the Act to the extent necessary to permit reliance on the exemptions provided by Rules 6e-2(b)(1), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(8), (b)(9), (b)(10), (b)(12), (b)(14) and (b)(15) and exempting Applicants from Sections 2(a)(32) and 27(i)(2)(A) of the Act and Rules 6e-2(b)(12) and 22c-1, thereunder, to the extent necessary to permit the deduction of a contingent deferred charge. The order was sought in connection with the sale of certain variable whole life insurance policies with modified scheduled premiums (the Policies). The relief also extends to any other member of the National Association of Securities Dealers, Inc. that may in the future serve as principal underwriter of the Policies. (Rel. IC-22932 - December 10)

**FINANCIAL INSTITUTIONS SERIES TRUST, ET AL.**

A notice has been issued giving interested persons until January 2, 1998, to request a hearing on an application filed by Financial Institutions Series Trust, et al. requesting an order under Section 11(a) of the Investment Company Act to permit certain offers of exchange of shares between a money market fund in the Merrill Lynch group of investment companies and non-money market funds in other groups of investment companies. (Rel. IC-22933 - December 10)

**TORONTO DOMINION HOLDINGS (U.S.A.), INC.**

A notice has been issued giving interested persons until January 5, 1998 to request a hearing on an application filed by Toronto Dominion Holdings (U.S.A.), Inc. for an order under Section 6(c) of the Investment Company Act exempting applicant from all provisions of the Act. The order would permit applicant to sell certain debt securities and use the proceeds to finance the business activities of its parent company and certain companies controlled by the parent company. (Rel. IC-22934; International Series Rel. 1108 - December 10)

**EMERALD FUNDS, ET AL.**

A notice has been issued giving interested persons until December 30 to request a hearing on an application filed by Emerald Funds, Barnett Capital Advisors, Inc. (Adviser), Rodney Square Management Corporation (Rodney Square), and Brandes Investment Partners, L.P. (Brandes) (Brandes and Rodney Square, the Sub-Advisers) for an order under Section 6(c) of the Investment Company Act exempting applicants from Section 15(a) of the Act. The order would permit

the implementation, without shareholder approval, of new investment advisory and sub-advisory agreements (New Advisory Agreements) for a period of up to 120 days following consummation of the merger between Barnett Banks, Inc. and NationsBank Corporation or a subsidiary of NationsBank Corporation (but in no event later than May 30, 1998). The order also would permit the Adviser and the Sub-Advisers to receive all fees earned under the New Advisory Agreements following shareholder approval. (Rel. IC-22935 - December 10)

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## **INVESTMENT ADVISERS ACT RELEASES**

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### **THOMSON TECHNICAL DATA CORPORATION**

A notice has been issued giving interested persons until January 5, 1998, to request a hearing on an application filed by Thomson Technical Data Corporation for an order under Section 203A(c) of the Investment Advisers Act. The order would permit Thomson Technical Data Corporation to register with the SEC as an investment adviser, even though it does not have \$25 million of assets under management and might not otherwise meet the criteria for registration with the Commission. (Rel. IA-1684 - December 9)

### **INTERACTIVE DATA CORPORATION**

A notice has been issued giving interested persons until January 5, 1998, to request a hearing on an application filed by Interactive Data Corporation for an order under Section 203A(c) of the Investment Advisers Act. The order would permit Interactive Data Corporation to register with the SEC as an investment adviser, even though it does not have \$25 million of assets under management and might not otherwise meet the criteria for registration with the SEC as an investment adviser. (Rel. IA-1685 - December 9)

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## **HOLDING COMPANY ACT RELEASES**

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### **NORTHEAST UTILITIES, ET AL.**

A notice has been issued giving interested persons until January 5, 1997, to request a hearing on a proposal by Northeast Utilities (Northeast), a registered holding company, and its electric utility subsidiary companies Western Massachusetts Electric Company, The Connecticut Light and Power Company, Holyoke Water Power Company, Public Service Company of New Hampshire, and North Atlantic Energy Corporation (Applicants). Applicants propose that Northeast issue and sell notes (Notes) up to an aggregate of \$25 million under a supplementary revolving credit facility; the interest rate applicable to the Notes be increased; and the fees associated with the Notes be increased. (Rel. 35-26792)

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## SELF-REGULATORY ORGANIZATIONS

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### PROPOSED RULE CHANGES

The American Stock Exchange filed a proposed rule change (SR-Amex-97-40) relating to proposed revisions to the Exchange's policy regarding the use of wireless data communications devices. Publication of the proposal is expected in the Federal Register during the week of December 15. (Rel. 34-39411)

The National Securities Clearing Corporation filed a proposed rule change (SR-NSCC-97-10) which will establish a new category of fund member in NSCC's mutual fund services (MFS) for registered investment advisers. Publication of the proposal is expected in the Federal Register during the week of December 15. (Rel. 34-39416)

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-97-80) to amend the NASD's position limits rule to exempt conventional equity option transactions that are intermediated by a member pursuant to Exchange Act Rule 15a-6(a)(3) from options position limits provided that reporting requirements are still followed. Publication of the proposal is expected in the Federal Register during the week of December 15. (Rel. 34-39417)

### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

The Participants Trust Company filed a proposed rule change (SR-PTC-97-04). The proposed rule change amends PTC's rules to make them consistent with the revisions to Articles 8 and Article 9 of the Uniform Commercial Code that are effective in the State of New York on October 10, 1997. Publication of the proposal is expected in the Federal Register during the week of December 15. (Rel. 34-39409)

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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.

S-3 TEL COM WIRELESS CABLE TV CORP, 1506 N E 162ND STREET,  
NORTH MIAMI BEACH, FL 33162 (305) 947-3010 - 3,509,643 (\$9,756,239)  
COMMON STOCK (FILE 333-41459 - DEC 04) (BR 9)

S-8 AUTOCYTE INC, 112 ORANGE DR, ELON COLLEGE, NC 27244 (910) 584-0250 -  
2,086,325 (\$21,384,831 25) COMMON STOCK. (FILE 333-41465 - DEC 04)  
(BR 1)

S-8 AUTOCYTE INC, 112 ORANGE DR, ELON COLLEGE, NC 27244 (910) 584-0250 -  
100,000 (\$1,025,000) COMMON STOCK (FILE 333-41467 - DEC 04) (BR 1)

S-4 SEARCH FINANCIAL SERVICES INC, 600 N PEARL ST, STE 2500, DALLAS, TX  
75201 (214) 965-6000 - 10,024,368 (\$13,190,063 41) COMMON STOCK (FILE  
333-41469 - DEC 04) (BR 7)

S-8 BOWATER INC, 55 EAST CAMPERDOWN WAY, P O BOX 1028, GREENVILLE, SC 29602  
(803) 271-7733 - 1,000,000 (\$44,531,250) COMMON STOCK (FILE 333-41471 -  
DEC 04) (BR 4)

S-8 BOWATER INC, 55 EAST CAMPERDOWN WAY, P O BOX 1028, GREENVILLE, SC 29602  
(803) 271-7733 - 1,000,000 (\$44,531,250) COMMON STOCK (FILE 333-41473 -  
DEC 04) (BR 4)

S-8 BOWATER INC, 55 EAST CAMPERDOWN WAY, P O BOX 1028, GREENVILLE, SC 29602  
(803) 271-7733 - 600,000 (\$26,718,750) COMMON STOCK (FILE 333-41475 -  
DEC 04) (BR 4)

S-8 EPIX MEDICAL INC, 71 ROGERS ST, CAMBRIDGE, MA 02142 (617) 499-1406 -  
66,666 (\$770,825 63) COMMON STOCK (FILE 333-41477 - DEC 04) (BR 1)

S-8 WAYNE SAVINGS BANCSHARES INC /OH/, 151 N MARKET ST, WOOSTER, OH 44691  
(330) 264-5767 - 58,356 (\$646,610) COMMON STOCK (FILE 333-41479 -  
DEC 04) (BR 7)

S-8 EDISON CONTROLS CORP, W60 N151 CARDINAL AVENUE, PO BOX 326, CEDARBURG,  
WI 53012 ((41) 4) -377- - 217,611 (\$884,044 69) COMMON STOCK (FILE  
333-41483 - DEC 04) (BR 5)

S-8 WPL HOLDINGS INC, 222 W WASHINGTON AVE, MADISON, WI 53703 (608) 252-3311  
- 1,000,000 (\$30,718,750) COMMON STOCK (FILE 333-41485 - DEC 04)  
(BR 4)

S-3 INVISION TECHNOLOGIES INC, 7151 GATEWAY BLVD, NEWARK, CA 94560  
(510) 739-2400 - 28,538 (\$217,744 94) COMMON STOCK (FILE 333-41487 -  
DEC 04) (BR 1)

S 3 NATURAL MICROSYSTEMS CORP, 100 CROSSING BLVD, FRAMINGHAM, MA 01702  
508, 650-1300 - 56,384 (\$2,586,616) COMMON STOCK (FILE 333-41489 -  
DEC 04) (BR 3)

S-6 WAVEPHORE INC, 3311 NORTH 44TH STREET, PHOENIX, AZ 85018 (602) 952-5500  
- 4,000,000 (\$34,916,509) COMMON STOCK (FILE 333-41491 - DEC 04)  
(BR 3)

S-8 ENGINEERING MEASUREMENTS CO, 600 DIAGONAL HWY, LONGMONT, CO 80501  
(303) 651-0550 - 500,000 (\$2,625,000) COMMON STOCK (FILE 333-41493 -  
DEC 04) (BR 5)

S-8 MOBILE MINI INC, 1834 W 3RD ST, TEMPE, AZ 85281 (602) 894-6311 -  
750,000 (\$4,031,250) COMMON STOCK (FILE 333-41495 - DEC 04) (BR 6)

S-1 MERCER INSURANCE GROUP INC, 10 NORTH HIGHWAY ONE, PENNINGTON, NJ 08534  
(609) 737-0426 - 3,322,222 (\$33,222,220) COMMON STOCK (FILE 333-41497 -  
DEC 04) (BR 1 - NEW ISSUE)

SB-2 FASHION MAG APPAREL INC, 3745 OVERLAND AVENUE, LOS ANGELES, CA 90034  
(310) 836-3200 - 1,150,000 (\$5,750,000) COMMON STOCK (FILE 333-41499 -  
DEC 04) (BR 9 - NEW ISSUE)

S-4 REGIONS FINANCIAL CORP, 417 N 20TH ST, BIRMINGHAM, AL 35203  
(205) 326-7100 - 1,100,127 (\$10,095,000) COMMON STOCK (FILE 333-41501 -  
DEC 04) (BR 7)

S-8 MELITA INTERNATIONAL CORP, 5051 PEACHTREE CORNERS, NORCROSS, GA 30092  
(770) 239-4000 - 1,600,000 (\$8,499,941 56) COMMON STOCK (FILE 333-41503 -  
DEC 04) (BR 3)

S-4 REPUBLIC INDUSTRIES INC, 110 SE 6TH ST, FT LAUDERDALE, FL 33301  
(954) 713-5200 - 50,000,000 (\$1,265,625,000) COMMON STOCK (FILE  
333-41505 - DEC 04) (BR 4)

S-3 VETERINARY CENTERS OF AMERICA INC, 3420 OCEAN PARK BLVD STE 1000,  
SANTA MONICA, CA 90405 (310) 392-9599 - 192,580 (\$2,383,177 50)  
COMMON STOCK (FILE 333-41507 - DEC 04) (BR 2)

S-3 AURA SYSTEMS INC, 2335 ALASKA AVE, EL SEGUNDO, CA 90245 (310) 643-5300  
- 13,578,639 (\$44,809,508) COMMON STOCK (FILE 333-41509 - DEC 04)  
(BR 6)

S-3 BAY APARTMENT COMMUNITIES INC, 4340 STEVENS CREEK BLVD, STE 275,  
SAN JOSE, CA 95129 (408) 983-1500 (FILE 333-41511 - DEC 04) (BR 8)

S-6 FILENES BASEMENT CORP, 40 WALNUT ST, WELLESLEY, MA 02181 (617) 348-7000  
- 25,000 (\$120,312 50) COMMON STOCK (FILE 333-41513 - DEC 04) (BR 2)

S-6 AMPACE CORP, 130 MABRY HOOD ROAD, STE 220, KNOXVILLE, TN 37922  
(423) 691-5799 - 150,000 (\$196,875) COMMON STOCK (FILE 333-41515 -  
DEC 04) (BR 5)

S-1 VISUAL NETWORKS INC, 2092 GAITHER RD, SUITE 220-I, ROCKVILLE, MD 20850  
(301) 296-2300 - 4,025,000 (\$44,275,000) COMMON STOCK (FILE 333-41517 -  
DEC 04)

S-1 LIFE FINANCIAL CORP, 10540 N MAGNOLIA ACE, UNIT B, RIVERSIDE, CA 92503  
(909) 886-9751 - 1,150,000 (\$28,750,000) PREFERRED STOCK (FILE 333-41519  
- DEC 04) (BR 7)

S-6 AMPACE CORP, 130 MABRY HOOD ROAD, STE 220, KNOXVILLE, TN 37922  
(423) 691-5799 - 150,000 (\$196,875) COMMON STOCK (FILE 333-41521 -  
DEC 04) (BR 5)

S 8 EXCITE INC, 555 BROADWAY, REDWOOD, CA 94063 (415) 569-2139 - 208,966  
\$158,814 16) COMMON STOCK (FILE 333-41523 - DEC 05) (BR 3)

S 3 BERKSHIRE REALTY CO INC /DE, 470 ATLANTIC AVE, BOSTON, MA 02210  
617) 423-2233 - 133,261 (\$1,503,357 32) COMMON STOCK (FILE 333-41525 -  
DEC 05) (BR 8)