

# SEC NEWS DIGEST

Issue 98-144

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## COMMISSION ANNOUNCEMENTS

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### CHAIRMAN LEVITT TO TESTIFY

Chairman Arthur Levitt will testify before the Senate Committee on Agriculture, Nutrition and Forestry on July 30 at 9:00 a.m. in Room 106 of the Dirksen Senate Office Building. The testimony will concern a recent proposal by the Commodity Futures Trading Commission to review the regulation of over-the-counter derivatives and related legislation.

### TESTIMONY OF COMMISSIONER HUNT POSTPONED

The testimony of Commissioner Isaac C. Hunt, Jr. scheduled for July 28, 1998, at 10:00 a.m., before the Senate Committee on Banking Housing and Urban Affairs, has been postponed. The Commissioner's testimony has been rescheduled for July 31, 1998, at 10:00 a.m. The testimony, which concerns arbitration of employment discrimination disputes in the securities industry, will be given at a hearing in Room 538 of the Dirksen Senate Office Building.

### SEC CREATES OFFICE OF INTERNET ENFORCEMENT TO BATTLE ONLINE SECURITIES FRAUD

The Commission today announced the formation of a new and specialized unit to combat securities fraud occurring over the Internet. John Reed Stark, the current Special Counsel for Internet Projects in the SEC Enforcement Division will serve as Chief of a new unit, the Office of Internet Enforcement, and Jay Perlman, a senior attorney in the Office of the Chief Counsel, will serve as deputy.

"While the Internet has many benefits, a small group of thieves is trying to hijack unsuspecting investors on the information superhighway," said Richard H. Walker, the SEC's Director of the Division of Enforcement. The SEC has already brought more than 30 cases involving Internet-related securities fraud that have involved virtually every type of investment scam, including phony offerings, market manipulations, affinity frauds (e.g. frauds that target a

particular ethnic or religious group), and pyramid and ponzi schemes.

The SEC's Enforcement Complaint Center, the SEC's online communications center on the World Wide Web, now receives more than 120 complaints every day concerning Internet-related potential securities violations, many of which provide good leads for investigations or relate to existing investigations.

"Since the first Internet-related case we brought back in 1995 involving a scheme to sell unregistered securities in a world-wide telephone lottery over the Internet (SEC v. PleasureTime) to our most recent case involving a \$7.2 million Ponzi scheme peddled via the World Wide Web (SEC v. Richmond), we have done our best to keep the Internet safe for investors. With the launching of this new unit we hope to beef up our Internet presence and continue the success of our Internet Program," said Mr. Walker.

Mr. Stark joined the SEC Enforcement Division in 1991 after several years practicing commercial litigation with Arent Fox Kintner Plotkin and Kahn. He was named Special Counsel for Internet Projects in 1995, after completing a seven-month detail as an Assistant United States Attorney for the District of Columbia where he prosecuted criminal cases. Mr. Stark also serves as Adjunct Professor of Law at Georgetown University Law Center where he teaches a course entitled "Securities Law and the Internet."

Mr. Perlman began his law career at the SEC in 1991, first in the Division of Corporation Finance where he was a staff attorney, then in the Enforcement Division's Office of Chief Counsel where he served as Branch Chief. Mr. Perlman also prosecuted criminal cases on a detail as an Assistant United States Attorney for the Eastern District of Virginia. The Office of Internet Enforcement will operate out of SEC headquarters in Washington, D.C. and will report to Joan McKown, the Chief Counsel of the Enforcement Division. (Press Rel. 98-69)

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## **ENFORCEMENT PROCEEDINGS**

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### **APPEAL FROM NASD DISQUALIFICATION OF DENNIS MILEWITZ REMANDED**

The Commission remanded to the NASD the application of Dennis Milewitz, who had sought to associate with an NASD member despite two statutory disqualifications. In March 1988, Milewitz pled guilty in U.S. District Court for the Northern District of New York to one misdemeanor count of conspiring to violate the Currency and Foreign Transactions Reporting Act (U.S. v. Milewitz, 87-CR-141). The same court enjoined Milewitz from violating the reporting and recordkeeping provisions in a related civil action brought by the Commission (SEC v. Flagship Securities, Inc., 88-CV-0152). As a result, Milewitz was subject to a ten-year statutory

disqualification stemming from his criminal conviction and an indefinite disqualification stemming from the civil injunction. The NASD denied Milewitz' application. It concluded that the proposed supervisory oversight of Milewitz was inadequate in light of his misconduct culminating in the 1988 court actions, and in a more recent Commission administrative action in 1996 for which Milewitz consented to entry of findings that he was involved in hypothecation and recordkeeping violations of the securities laws (Flagship Securities, Inc., Exchange Act Rel. No. 37820).

The Commission agreed with the NASD as to the seriousness of Milewitz' prior violations, and the appropriateness of the NASD's consideration of the intervening 1996 misconduct in reviewing the application. The Commission determined, however, that the NASD may have been aware of only one of Milewitz' disqualifications and not understood that Milewitz was subject to a second and indefinite disqualification. Accordingly, the Commission remanded the matter to the NASD for further consideration of the application. (Rel. 34-40254; File No. 3-9343)

**ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS INSTITUTED AGAINST PIPER CAPITAL MANAGEMENT, INC., WORTH BRUNTJEN, MARIJO GOLDSTEIN, ROBERT NELSON, AMY JOHNSON, MOLLY DESTRO AND EDWARD KOHLER**

The Commission announced the entry of an Order Instituting Public Administrative and Cease and Desist Proceedings (Order) against Piper Capital Management, Inc. (PCM), Worth Bruntjen (Bruntjen), Marijo Goldstein (Goldstein), Robert Nelson (Nelson), Amy Johnson (Johnson), Molly Destro (Destro) and Edward Kohler (Kohler). The Order alleges that PCM, Piper Jaffray Institutional Government Income Portfolio's (the Fund) investment adviser, and Bruntjen and Goldstein, the Fund's managers, committed fraud by making false and misleading statements to investors concerning, among other things, the risks associated with an investment in the Fund, and caused the Fund to change its investment objective without shareholder approval. Kohler allegedly failed reasonably to supervise Bruntjen and Goldstein in connection with this activity. The Order also alleges that PCM, Bruntjen and Goldstein falsely told investors that PCM would calculate a current net asset value (NAV) on a daily basis when, in fact, a majority of the securities in the Fund were only priced weekly.

Finally, the Order alleges that PCM, Bruntjen, Goldstein, Nelson, Johnson and Destro committed fraud by misstating the Fund's NAV on several days. (Rels. 33-7557; 34-40267; IA-1737; IC-23333; File No. 3-9657)

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**INVESTMENT COMPANY ACT RELEASES**

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## INDUSTRIAL DEVELOPMENT BANK OF INDIA

A notice has been issued giving interested persons until August 18, 1998, to request a hearing on an application filed by the Industrial Development Bank of India (IDBI) under Section 6(c) of the Investment Company Act. IDBI requests an order exempting it from all provisions of the Act in connection with the offer and sale of its securities in the United States. (Rel. IC-23331; International Series Rel. 1148 - July 24)

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## SELF-REGULATORY ORGANIZATIONS

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### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change filed by the National Association of Securities Dealers relating to technical corrections to the Plan of Allocation and Delegation of Functions by NASD to Subsidiaries and to Interpretive Material IM-1000-4 (SR-NASD-98-46) has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of July 27. (Rel. 34-40252)

### PROPOSED RULE CHANGE

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-98-48) relating to the selection of arbitrators in arbitrations involving public customers. Publication of the proposal is expected in the Federal Register during the week of July 27. (Rel. 34-40261)

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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>.

S-B KFW INTERNATIONAL FINANCE INC, 700 19TH ST NW,  
C/O INTERNATIONAL MONETARY FUND, WASHINGTON, DC 20431 - \$480,739,760  
FOREIGN GOVERNMENT AND AGENCY DEBT. (FILE 333-9140 - JUL. 16) (BR. 99)

S-8 PREMIER BANCSHARES INC /GA, 2180 ATLANTA PLAZA,  
950 EAST PACES FERRY ROAD, ATLANTA, GA 30326 (404) 814-3090 - 1,875,000  
(\$51,796,875) COMMON STOCK. (FILE 333-59475 - JUL. 21) (BR. 7)

S-4 PRUDENTIAL SECURITIES STRUCTURED ASSETS INC, ONE SEAPORT PLZ, NEW YORK,  
NY 10292 (212) 214-1000 - 52,000,000 (\$41,982,526.55)  
EQUIPMENT TRUST CERTIFICATES. (FILE 333-59477 - JUL. 21) (BR. 8)

S-3 SAXON ASSET SECURITIES CO, 4880 COX ROAD SUITE 100, GLEN ALLEN, VA 23060  
(804) 967-7400 - 2,500,000,000 (\$2,500,000,000)  
EQUIPMENT TRUST CERTIFICATES. (FILE 333-59479 - JUL. 21) (BR. 8)

S-3 RENAL CARE GROUP INC, 2100 WEST END AVENUE, SUITE 800, NASHVILLE, TN  
37203 (615) 345-5500 - 1,209,678 (\$51,713,735) COMMON STOCK. (FILE  
333-59481 - JUL. 21) (BR. 1)

S-8 C CUBE MICROSYSTEMS INC, 1778 MCCARTHY BLVD, MILPITAS, CA 95035  
(408) -94-4-63 - 4,440,615 (\$85,206,521) COMMON STOCK. (FILE 333-59483 -  
JUL. 21) (BR. 3)

S-4 HENRY CO, 2911 SLAUSON AVE, HUNTINGTON PARK, CA 90255 (213) 583-5000 -  
85,000,000 (\$85,000,000) STRAIGHT BONDS. (FILE 333-59485 - JUL 21)  
(BR. 6)

S-8 UNITED INDUSTRIAL CORP /DE/, 18 E 48TH ST, NEW YORK, NY 10017  
(212) 752-8787 - 600,000 (\$7,893,750) COMMON STOCK. (FILE 333-59487 -  
JUL. 21) (BR. 5)

SB-2 WORLDWIDE TECH INC, 625 HOWE STREET, SUITE 7474, VANCOUVER BC CANADA,  
(604) 683-0564 - 4,000,000 (\$120,000) COMMON STOCK. (FILE 333-59489 -  
JUL. 21) (BR. 9 - NEW ISSUE)

SB-2 NORTHTECH VENTURES INC, 605 ROBSON STREET, SUITE 1360,  
VANCOUVER BC CANADA, (604) 683-0564 - 4,000,000 (\$120,000) COMMON STOCK.  
(FILE 333-59493 - JUL. 21) (BR. 9 - NEW ISSUE)

S-3 FLAG FINANCIAL CORP, 101 NORTH GREENWOOD ST, PO BOX 3007, LAGRANGE, GA  
30240 (706) 845-5000 - 597,600 (\$9,711,000) COMMON STOCK. (FILE 333-59497  
- JUL. 21) (BR. 7)

SB-2 NORCAN VENTURES INC, 595 BURRAND STREET, SUITE 3132,  
VANCOUVER BC CANADA, (604) 683-0564 - 4,000,000 (\$120,000) COMMON STOCK.  
(FILE 333-59501 - JUL. 21) (BR. 9 - NEW ISSUE)

S-8 SUN MICROSYSTEMS INC, 901 SAN ANTONIO RD, PALO ALTO, CA 94303  
(650) 960-1300 - 16,647 (\$14,150) COMMON STOCK (FILE 333-59503 - JUL. 21)  
(BR. 3)

S-1 CORINTHIAN COLLEGES INC, 6 HUTTON CENTRE DR, SUITE 400, SANTA ANA, CA  
92707 (714) 427-3000 - 3,450,000 (\$51,750,000) COMMON STOCK. (FILE  
333-59505 - JUL. 21) (BR. 8 - NEW ISSUE)

S-8 XICOR INC, 1511 BUCKEYE DR, MILPITAS, CA 95035 (408) 432-8888 -  
3,800,000 (\$6,235,800) COMMON STOCK. (FILE 333-59509 - JUL. 21) (BR. 5)

S-4 TELLABS INC, 4951 INDIANA AVE, LISLE, IL 60532 (630) 378-8800 -  
110,868,446 (\$8,245,840,671.25) COMMON STOCK. (FILE 333-59511 - JUL 21)  
(BR. 7)

S-3 GENZYME CORP, ONE KENDALL SQ, CAMBRIDGE, MA 02139 (617) 252-7500 -  
250,000,000 (\$250,000,000) STRAIGHT BONDS. (FILE 333-59513 - JUL 21)  
(BR. 1)

S-8 CARR GOTTSTEIN FOODS CO, 6411 A ST, ANCHORAGE, AK 99518 (907) 561-1944  
- 762,932 (\$5,531,257) COMMON STOCK. (FILE 333-59515 - JUL. 21) (BR. 2)

S-1 RENTAL SERVICE CORP, 6929 EAST GREENWAY PARKWAY, STE 200, SCOTTSDALE, AZ  
85254 (602) 905-3300 - 5,054,825 (\$172,976,112) COMMON STOCK. (FILE  
333-59519 - JUL. 21) (BR. 6)

S-4 CLEARVIEW CINEMA GROUP INC, 97 MAIN ST, CHATHAM, NJ 07940 (973) 377-4646  
- 80,000,000 (\$80,000,000) STRAIGHT BONDS. (FILE 333-59521 - JUL. 21)  
(BR. 9)

S-3 APPLIED CELLULAR TECHNOLOGY INC, 400 ROYAL PALM WAY, SUITE 410,  
PALM BEACH, FL 33480 (561) 366-4800 - 412,574 (\$1,304,866) COMMON STOCK.  
(FILE 333-59523 - JUL. 21) (BR. 7)

SB-2 PLAYSTAR CORP /CN/, 50 WELLINGTON ST E., TOP FLOOR, TORONTO ONTARIO CN,  
(416) 360-4531 - 14,437,924 (\$7,652,100) COMMON STOCK. (FILE 333-59525 -  
JUL. 21) (BR. 3)

SB-2 INTERNET AMERICA INC, 350 N ST PAUL STE 200, DALLAS, TX 75201 -  
2,645,000 (\$29,095,000) COMMON STOCK. (FILE 333-59527 - JUL. 21) (BR. 9)

S-8 MOTHERS WORK INC, 456 N 5TH ST, PHILADELPHIA, PA 19123 (215) 873-2200 -  
500,000 (\$3,655,000) COMMON STOCK. (FILE 333-59529 - JUL. 21) (BR. 2)

S-4 AURORA FOODS INC /DE/, 456 MONTGOMERY ST, STE 2200, SAN FRANCISCO, CA  
94104 (415) 982-3019 - 200,000,000 (\$200,000,000) STRAIGHT BONDS. (FILE  
333-59531 - JUL. 21) (BR. 4)

S-8 SILVER DINER INC /DE/, 11806 ROCKVILLE PIKE, ROCKVILLE, MD 20852  
(617) 630-4400 - 75,000 (\$78,750) COMMON STOCK. (FILE 333-59533 - JUL. 21)  
(BR. 5)

S-8 SILVER DINER INC /DE/, 11806 ROCKVILLE PIKE, ROCKVILLE, MD 20852  
(617) 630-4400 - 850,000 (\$892,500) COMMON STOCK. (FILE 333-59535 -  
JUL. 21) (BR. 5)

S-3 PMT SERVICES INC /TN/, 3841 GREEN HILLS VILLAGE DR, NASHVILLE, TN 37215  
(615) 254-1539 - 413,123 (\$10,715,377.81) COMMON STOCK. (FILE 333-59537 -  
JUL. 21) (BR. 8)

S-2 IMAGING DIAGNOSTIC SYSTEMS INC /FL/, 6531 NW 18TH COURT, PLANTATION, FL  
33313 (305) 746-0500 - 500,000 (\$235,000) COMMON STOCK. (FILE 333-59539 -  
JUL. 21) (BR. 5)

S-4 GREAT LAKES ACQUISITION CORP, 551 FIFTH AVENUE, SUITE 3600, NEW YORK, NY  
10176 (212) 527-3002 - 56,600,000 (\$56,600,000) STRAIGHT BONDS. (FILE  
333-59541 - JUL. 21) (NEW ISSUE)

S-3 FMC CORP, 200 E RANDOLPH DR, CHICAGO, IL 60601 (312) 861-6000 (FILE  
333-59543 - JUL 21) (BR. 2)

S-4 GREAT LAKES CARBON CORP, 110 EAST 59TH ST, NEW YORK, NY 10022  
(212) 527-3002 - 219,893,171 (\$219,893,171) STRAIGHT BONDS. (FILE  
333-59545 - JUL. 21) (BR. 6)

S-8 SOMANETICS CORP, 1653 E MAPLE ROAD, TROY, MI 48083 (248) 689-3050 -  
450,000 (\$2,603,500) COMMON STOCK. (FILE 333-59547 - JUL. 21) (BR. 5)

S-4 METZLER GROUP INC, 520 LAKE COOK RD, STE 500, DEERFIELD, IL 60015  
(847) 945-0001 - 7,816,721 (\$256,127,865) COMMON STOCK. (FILE 333-59549 -  
JUL. 21) (BR 1)

S-8 MEDICAL ALLIANCE INC, 2445 GATEWAY DR, SUITE 150, IRVING, TX 75063  
(214) 580-8999 - 300,000 (\$900,000) COMMON STOCK. (FILE 333-59553 -  
JUL. 22) (BR. 1)