

SEC NEWS DIGEST

Issue 98-171

September 3, 1998

COMMISSION ANNOUNCEMENT

CLOSED MEETING - THURSDAY, SEPTEMBER 10, 1998 - 10:00 A.M.

The subject matter of the closed meeting scheduled for Thursday, September 10, 1998, at 10:00 a.m., will be: Institution and settlement of injunctive actions; Institution and settlement of administrative proceedings of an enforcement nature; and Opinion.

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 the Office of the Secretary at (202) 942-7070.

ENFORCEMENT PROCEEDINGS

COMMISSION SUSPENDS RICHARD MORROW

On September 2, the Commission found that Richard H. Morrow violated Sections 17(a)(2) and (3) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-9 thereunder. The Commission ordered that Morrow be suspended from association with any broker-dealer for a period of one year and that Morrow cease and desist from violations of these provisions.

Morrow had sold limited partnership interests in Park Florida Associates, Ltd., a real estate development project. Park Florida was a "mini-max" offering, i.e., investor funds were to be returned if the offering did not raise \$600,000 by January 31, 1990. The offering could be extended only with the consent of the existing investors. Morrow recklessly sold Park Florida limited partnership interests after the January 31 deadline without determining whether the offering had been extended. In fact, it had not and no consents had been obtained from existing investors. Morrow also failed to

disclose the compensation he intended to receive in connection with the sales of the limited partnership interests. (Rel. 34-40392; File No. 3-8304)

COMPLAINT FILED AGAINST KELLIN INVESTMENT CORP. AND ORLANDO LANDA

On September 1, the Commission filed a complaint in the United States District Court for the Central District of California against Kellin Investment Corp. (Kellin) and its president, Orlando R. Landa (Landa), alleging that they violated the antifraud and securities registration provisions of the federal securities laws in connection with the sale of investments through Kellin. The complaint alleges that, from April to September 1997, Landa and Kellin offered and sold securities purportedly backed by collateral and typically offering returns of 2% per month, raising approximately \$4.1 million from about 58 investors. The complaint further alleges that Landa and Kellin misrepresented that the investments were backed by collateral and failed to disclose that some of the funds raised were used to pay returns to investors.

Landa and Kellin, without admitting or denying the allegations in the complaint, have consented to the entry of judgments permanently enjoining them from future violations of the antifraud provisions 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, and the securities registration provisions of Sections 5(a) and 5(c) of the Securities Act. The judgments also order Landa to pay disgorgement in the amount of \$99,310, together with prejudgment interest, but waiving payment of disgorgement and not assessing civil penalties based upon his demonstrated inability to pay, except that he is ordered to disgorge certain shares of stock; and provide for the appointment of a receiver over Kellin. [SEC v. Kellin Investment Corp. and Orlando R. Landa, Civil Action No. 98-7153 ABC, RCx, C.D. Cal.] (LR-15866)

BAD BROKER RESTRAINED IN JACKSON, MISSISSIPPI

The Commission announced that on September 1 it filed a complaint in the United States District Court for the Southern District of Mississippi seeking a temporary restraining order, preliminary and permanent injunctions, accountings, disgorgement, civil money penalties as well as a freeze of assets, and other equitable relief against defendants Chimneyville Investments Group Incorporated (Chimneyville), a registered broker-dealer in Jackson, Mississippi and one of its principals, Joseph Randolph Belew (Belew). The complaint alleges that Chimneyville, through the actions of Belew, violated the antifraud provisions of the federal securities laws by misappropriating at least \$220,000 customer funds for his own use. The complaint further alleges that Chimneyville, aided and abetted by Belew, failed to maintain required net capital; failed to make and keep current books and records as required; and failed to comply with the customer protection rules.

On the same day the complaint was filed, the Honorable Judge Henry

T. Wingate issued an Order of Preliminary Injunction and Other Equitable Relief against the defendants and froze the defendants' assets.

The Commission staff gratefully acknowledges the substantial assistance of the Securities Enforcement Division, Office of the Mississippi Secretary of State; District No. 5 of the National Association of Securities Dealers-Regulation, Inc.; and SIPC in this matter. [SEC v. Chimneyville Investments Group, Incorporated and Joseph Randolph Belew, Civil Action No. 3:98CV574WS, U.S.D.C. S.D. MISS.] (LR-15867)

AMENDED COMPLAINT FILED AGAINST PONZI SCHEME

On September 2, the Commission filed an amended complaint in this pending civil action alleging that the defendants perpetrated a second Ponzi scheme through a company called Laser Leasing, Inc. (Laser Leasing), in addition to the Ponzi scheme alleged in the initial complaint. The amended complaint also added Pete J. Buffo (Buffo), a convicted felon, as a defendant and charged him with controlling both schemes. The defendants allegedly raised \$9 million in the Laser Leasing scheme in addition to the \$24 million raised in the other scheme under the name Capital Acquisitions, Inc. (Capital Acquisitions). At the same time, Judge David Sam, Chief United States Judge for the District of Utah, granted the Commission's application for a receiver for Capital Acquisitions and expanded the receivership to include Laser Leasing and other entities which are affiliated with the defendants.

The original complaint, filed in December 1997, charged that Capital Acquisitions, Clealon B. Mann, Wayne C. Notwell, and The Somerset Group, Inc. defrauded investors by operating a Ponzi scheme, whereby funds raised from investors were used to make interest payments to earlier investors, and by failing to disclose, among other things, excessive commissions. The amended complaint makes similar charges against Laser Leasing and names as relief defendants the following entities which allegedly received funds from investors in both alleged schemes: Surety Underwriters and Control Corp., Capitol Investment Partners, Inc., Spectrim International, Inc., Ute Cal Auto Sales, Inc., Best Rate Rent-A-Car, Inc., High-Line Medical Instruments, Inc., Genie Total Products, Inc., and Fund Line International, Inc. The relief defendants are all alleged to be affiliated with one or more of the individual defendants.

Judge Sam appointed Robert G. Wing, a Salt Lake City attorney, as the receiver for Capital Acquisitions, Laser Leasing, and their affiliated entities, which include all Laser Leasing Limited Liability Companies, Laser Equipment, Inc., Fund Line International, Inc., Capitol Investment Partners, Inc., Chaparral Petroleum, Inc., K&B Gas Company, Inc., Donna Lee Petroleum, Inc., and Capital Kansas, Inc. Mr. Wing previously had acted as a Court-appointed Special Agent in this matter, with powers to perform an accounting, among other things, for Capital Acquisitions. For further information on this case, please see LR-15670 (March 13, 1998) and LR-15601 (December 23, 1997). [SEC v. Capital Acquisitions Inc.,

Clealon B. Mann, Wayne C. Notwell, The Somerset Group, Inc., Laser Leasing, Inc., and Pete J. Buffo, Defendants; Surety Underwriters and Control Corp., Capitol Investment Partners, Inc., Spectrim International, Inc., Ute Cal Auto Sales, Inc., Best Rate Rent-A-Car, Inc., High-Line Medical Instruments, Inc., Genie Total Products, Inc., and Fund Line International, Inc., Relief Defendants, Civil Action No. 2:97-09775, D. Utah] (LR-15869)

TEMPORARY RESTRAINING ORDER AND ASSET FREEZE HALTS PRIME BANK FRAUD

The Commission announced today that it obtained an emergency restraining order prohibiting the fraudulent sale of interests in two prime bank-type trading programs which falsely offered guaranteed returns up to 100 percent per year and which claimed to be sponsored by the Federal Reserve and the International Monetary Fund. The order, entered September 1 by Judge Clarence A. Brimmer (D.C. Wyoming), included an order freezing the assets of the defendants and requiring the repatriation of assets.

The complaint named as defendants Scott B. Walker (Walker) and Equity Management Services (EMS) of Afton, Wyoming, and Scott L. Simpson (Simpson) and Zappa International Corporation (Zappa) located in Richmond, Texas. The complaint alleged that since February 1998 to the present, the defendants had engaged in a fraudulent prime bank investment scheme in which they guaranteed high rate of return and falsely represented that the investors' principal was fully secured by a top European bank and that the programs were implemented through traders licensed by the International Monetary Fund. The Commission alleged that Walker and EMS failed to disclose the use of investor funds to pay solicitation fees to others who referred the investor and to make "Ponzi" payments to earlier investors who sought the return of their investment. The complaint also alleged that Simpson and Zappa offered interests in the Zappa International Asset Management Program which would generate returns for investors of 25 percent per month. The Commission alleged that materials regarding the Zappa program also were distributed by Walker and EMS. The Zappa program, according to the complaint, falsely stated that the program was sponsored by the Federal Reserve and the International Monetary Fund and that the program was guaranteed by a "top world bank." The Commission alleged that through their false and misleading statements, Walker, EMS, Simpson and Zappa violated the antifraud provisions of the securities laws.

Judge Brimmer also ordered a freeze upon all assets derived from the fraudulent conduct of Walker, EMS, Simpson and Zappa held by the relief defendant Eagle Vision Holdings, Inc. The Commission requested the emergency action to prevent Walker, EMS, Simpson, Zappa and Eagle Vision Holdings, Inc. from transferring or liquidating any funds. The Commission wishes to thank the Wyoming Secretary of State's Securities Division for its assistance in this matter. [SEC v. Scott B. Walker, Equity Management Services, Scott L. Simpson, and Zappa International Corporation, Civil Action No 98-CV-213-B, USDC Wyo.] (LR-15869)

ACTIONS AGAINST JUI-TENG LIN, YUCHIN LIN AND KUO-CHANG WONG

The Commission filed a complaint today against Jui-teng Lin, Ph.D. (Dr. Lin), and his wife, Yuchin Lin (Ms. Lin), formerly President and Chief Executive Officer and bookkeeper, respectively, of LaserSight, Inc., an Orlando, Florida based manufacturer of optical medical lasers. The complaint alleges that the Lins, assisted by Ms. Lin's brother, Kuo-chang Wong (Wong), diverted LaserSight corporate funds to themselves through certain "consulting" arrangements and unauthorized loans, and concealed their interest in those transactions. Because those diversions and the unauthorized loans were not disclosed, LaserSight's quarterly reports for the second and third quarters of 1992, its 1992 annual report, its three quarterly reports in 1993 and its 1993 annual report were materially false. The complaint also alleges that the Lins and Wong orchestrated a sham offshore transaction as part of a scheme to sell unregistered LaserSight stock the Lins owned in purported reliance on Regulation S. In that transaction the Lins purported to sell their restricted LaserSight stock to an offshore entity controlled by Wong and thereafter had the restrictive legend removed and resold the stock in the United States. The complaint alleged that the Lins controlled Wong and the offshore entity and retained beneficial ownership of the stock until it was resold without registration. Without admitting or denying the allegations in the complaint, Dr. and Ms. Lin consented to the entry of final judgments of permanent injunction against them and agreed to disgorge their wrongful gains from their sales of LaserSight stock together with prejudgment interest, and to pay civil penalties of \$100,000 and \$50,000, respectively. In a related matter, the Commission issued a Cease-and-Desist order by consent against Wong finding that he was a cause of the Lins' violations of the antifraud and securities registration provisions. [SEC v. Jui-teng Lin and Yuchin Lin, U.S. District Court for the District of Columbia, 1:98CV02123, September 3, 1998] (LR-15870; AAER-1071)

INVESTMENT COMPANY ACT RELEASES

CIBC OPPENHEIMER CORP.

An order has been issued on an application filed by CIBC Oppenheimer Corp. (CIBC) under Section 12(d)(1)(J) of the Investment Company Act exempting REDSS Trusts for which CIBC will serve as a principal underwriter (Trusts) from Section 12(d)(1) of the Act, under Section 6(c) of the Act exempting the Trusts from Section 14(a) of the Act, and under Section 17(b) of the Act exempting CIBC and the Trusts from Section 17(a) of the Act. The order would permit other registered investment companies, and companies excepted from the definition of investment company under Sections 3(c)(1) and (c)(7) of the Act, to own a greater percentage of the total outstanding voting stock (Securities) of the Trusts than that permitted by Section 12(d)(1) of the Act. The order would also exempt the Trusts from the initial net worth requirements of Section 14(a) of the Act

and permit the Trusts to purchase U.S. Government securities from CIBC at the time of a Trust's initial issuance of Securities. (Rel. IC-23421 - September 1)

MORGAN STANLEY DEAN WITTER & CO., ET AL.

An order has been issued on an application filed by Morgan Stanley Dean Witter & Co. (formerly, Morgan Stanley, Dean Witter, Discover & Co.), et al. under Sections 6(c) and 17(b) of the Investment Company Act for an exemption from Section 17(a); under Section 6(c) for an exemption from Section 17(e) and Rule 17e-1 under the Act; and under Section 10(f) of the Act for an exemption from Section 10(f) of the Act and Rule 10f-3 under the Act. The order permits certain registered open-end management investment companies advised by several investment advisers to engage in principal and brokerage transactions with a broker-dealer affiliated with one of the investment advisers. The transactions would be between the broker-dealer and a portion of the investment company's portfolio not advised by the adviser affiliated with the broker-dealer. The order also permits these investment companies not to aggregate certain purchases from an underwriting syndicate in which an affiliated person of one of the investment advisers is a principal underwriter (Rel. IC-23422 - September 1)

SELF REGULATORY ORGANIZATIONS

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change (SR-CBOE-98-36) filed by the Chicago Board Options Exchange to rescind the Manual Book Entry fee and to impose satellite television fees 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 August 31. (Rel. 34-40383)

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change submitted by the Boston Stock Exchange (SR-BSE-98-05) under Rule 19b-4 of the Securities Exchange Act of 1934 relating to the incorporation of the Commission's Limit Order Display Rule into the Exchange's rules. (Release No. 34-40381)

PROPOSED RULE CHANGES

On May 28, 1998, the Chicago Stock Exchange filed with the Commission, pursuant to Rule 19b-4 under the Securities Exchange Act of 1934, a proposal (SR-CHX-98-12) to amend its rules to establish examination, margin, and net capital requirements for joint back office participants and clearing firms. Publication of the notice is expected in the Federal Register during the week of August 31.

(Rel. 34-40384)

The American Stock Exchange filed a proposed rule change (SR-Amex-98-29) under Rule 19b-4 of the Securities Exchange Act of 1934 relating to the listing under rules 1000a, et seq., of Sector SPDRS and Technology 100 Index Fund Shares. Publication of the proposal is expected in the Federal Register during the week of August 31. (Rel. 34-40391)

APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change submitted under Rule 19b-4 by the New York Stock Exchange (SR-NYSE-98-20) relating to an interpretation of Article IV, Section 14 of the Exchange Constitution. (Rel. 34-40385)

DELISTING

An order has been issued granting the application of the Boston Stock Exchange to strike from listing and registration Prologic Management Systems, Common Stock, No Par Value, and its Redeemable Warrants. (Rel. 34-40390)

SECURITIES ACT REGISTRATIONS

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-8 JETFORM CORP, 560 ROCHESTER ST STE 400, OTTAWA ONTARIA CANADA, A6 K1S 5
(613) 230-3676 - 1,925,763 (\$34,904,454.37) WARRANTS, OPTIONS OR RIGHTS
(FILE 333-9326 - AUG 26) (BR 3)

F-3 DAIMLER BENZ AKTIENGESELLSCHAFT, EPPELSTRASSE 225,
60325 FRANKFURT AM MAIN, STUTTGART, 19 70567 (711) 179-3130 -
1,000,000,000 (\$1,000,000,000) STRAIGHT BONDS (FILE 333-9328 - AUG 26)
(BR 5)

S-1 COMPUCREDIT CORP, TWO RAVINIA DR, SUITE 1750, ATLANTA, GA 30346
(770) 901-5840 - \$123,000,000 COMMON STOCK (FILE 333-62327 - AUG 27)
(BR 7 - NEW ISSUE)

S-8 MARTIN COLOR-FI INC, 306 MAIN STREET PO BOX 469, EDGEFIELD, SC 29824
(803) 637-7000 - 1,505,165 (\$2,257,747.50) COMMON STOCK (FILE 333-62329 -
AUG 27) (BR. 6)

S-8 BALDOR ELECTRIC CO, 5711 R S BOREHAM JR ST, P O BOX 2400, FORT SMITH, AR
72902 (501) 646-4711 - 2,000,000 (\$43,750,000) COMMON STOCK. (FILE
333-62331 - AUG 27) (BR 5)

S-8 E TRADE GROUP INC, FOUR EMBARCADERO PLACE 2400 GENG ROAD, PALO ALTO, CA
94303 (650) 842-2500 - 306,447 (\$2,336,733.30) COMMON STOCK. (FILE
333-62333 - AUG 27) (BR. 7)

S-8 CV REIT INC, 100 CENTURY BLVD, WEST PALM BEACH, FL 33417 (407) 640-3155
- 150,000 (\$2,034,375) COMMON STOCK (FILE 333-62339 - AUG. 27) (BR 8)

S-8 OLD NATIONAL BANCORP /IN/, 420 MAIN ST, EVANSVILLE, IN 47708
(812) 464-1434 - 104,840 (\$5,150,265) COMMON STOCK. (FILE 333-62343 -
AUG 27) (BR. 7)

SB-2 INTERACTIVE OBJECTS INC, 17720 N E 65TH, SUITE 202, REDMOND, WA 98052 -
4,000,018 (\$13,381,124) COMMON STOCK (FILE 333-62345 - AUG. 27) (BR 9)

S-3 MEDTRONIC INC, 7000 CENTRAL AVE NE, MS 316, MINNEAPOLIS, MN 55432
(612) 574-4000 - 1,875,000 (\$107,167,969) COMMON STOCK (FILE 333-62347 -
AUG 27) (BR 5)

S-3 GOLDEN PHOENIX MINERALS INC /FA/, 4935 SAN DIEGO COURT, SPARKS, NV 89346
(702) 626-4935 - 400,000 (\$200,000) COMMON STOCK (FILE 333-62349 -
AUG 27) (BR 9)

S-8 AMERICAN TECHNOLOGIES GROUP INC, 1017 S MOUNTAIN AVE, MONROVIA, CA 91016
(818) 357-5000 - 1,020,619 (\$765,464 25) COMMON STOCK (FILE 333-62351 -
AUG 27) (BR 5)

S-1 AMERICAN NATIONAL FINANCIAL INC, 17911 VON KARMAN AVENUE SUITE 240,
IRVINE, CA 92614 (949) 622-4700 - 1,562,500 (\$19,050,000) COMMON STOCK
(FILE 333-62353 - AUG 27) (BR 1 - NEW ISSUE)

S-4 GOLD BANC CORP INC, 11301 NALL AVE, LEAWOOD, KS 66211 (913) 663-3228 -
1,787,248 (\$10,607,804) COMMON STOCK (FILE 333-62355 - AUG 27) (BR 9)

N-2 TRAVELERS CORP LOAN FUND INC, 388 GREENWICH STREET, 22ND FLOOR,
NEW YORK, NY 10013 - 666,665 (\$10,000,000) COMMON STOCK (FILE 333-62357 -
AUG 27) (BR 22)

S-8 INTERNATIONAL SPECIALTY PRODUCTS INC /NEW/, 818 WASHINGTON STREET,
WILMINGTON, DE 19801 (201) 628-3520 - 50,000 (\$822,000) COMMON STOCK.
(FILE 333-62359 - AUG 27) (BR 2)

S-8 METALS USA INC, THREE RIVERWAY, STE 600, HOUSTON, TX 77056
(713) 965-0990 - 500,000 (\$7,000,000) COMMON STOCK. (FILE 333-62361 -
AUG 27) (BR 4)

SB-2 RIDGEWOOD FINANCIAL INC, 55 NORTH STREET, RIDGEWOOD, NJ 07450
(201) 445-7887 - 1,616,095 (\$16,160,950) COMMON STOCK (FILE 333-62363 -
AUG 27) (NEW ISSUE)

S-4 SECOND BANCORP INC, 108 MAIN AVE SW, WARREN, OH 44482 (330) 841-0123 -
4,200,000 (\$88,675,128) COMMON STOCK. (FILE 333-62365 - AUG. 27) (BR. 7)

S-8 COMMERCE GROUP INC /MA, 211 MAIN ST, WEBSTER, MA 01570 (508) 943-9000 -
1,585,166 (\$44,880,012) COMMON STOCK. (FILE 333-62367 - AUG 27) (BR 1)

S-8 FAY LESLIE CO INC, 1412 BROADWAY, NEW YORK, NY 10018 (212) 221-4000 -
5,000,000 (\$24,081,659.24) COMMON STOCK (FILE 333-62371 - AUG 27)
(BR 2)

S-8 EATON CORP, EATON CTR, 1111 SUPERIOR AVE, CLEVELAND, OH 44114
(216) 523-5000 - 120,762 (\$7,389,124.87) COMMON STOCK. (FILE 333-62373 -
AUG 27) (BR 5)

S-8 EATON CORP, EATON CTR, 1111 SUPERIOR AVE, CLEVELAND, OH 44114
 (216) 523-5000 - 4,000,000 (\$244,750,000) COMMON STOCK (FILE 333-62375 -
 AUG. 27) (BR 5)

S-3 NORAM ENERGY CORP/, 1111 LOUISIANA ST, HOUSTON, TX 77002 (713) 207-3000
 - 200,000,000 (\$200,000,000) STRAIGHT BONDS (FILE 333-62377 - AUG 27)
 (BR 2)

S-8 FAY LESLIE CO INC, 1412 BROADWAY, NEW YORK, NY 10018 (212) 221-4000 -
 200,000 (\$944,000) COMMON STOCK (FILE 333-62379 - AUG 27) (BR 2)

S-3 DUKE REALTY INVESTMENTS INC, 8888 KEYSTONE CROSSING, STE 1100,
 INDIANAPOLIS, IN 46240 (317) 574-3531 - 1,500,000 (\$32,062,500)
 COMMON STOCK (FILE 333-62381 - AUG 27) (BR 8)

S-3 SONAT INC, 1900 FIFTH AVENUE NORTH, BIRMINGHAM, AL 35203 (205) 325-3800
 - 500,000,000 (\$500,000,000) STRAIGHT BONDS (FILE 333-62383 - AUG 27)
 (BR 2)

S-8 PENTON MEDIA INC, 1100 SUPERIOR AVENUE, CLEVELAND, OH 44114
 (216) 696-7000 - 350,000 (\$4,932,813) COMMON STOCK. (FILE 333-62385 -
 AUG 27) (BR 5)

S-3 NORRIS COMMUNICATIONS CORP, 13114 EVENING CREEK DR S, SAN DIEGO, CA
 92128 (619) 679-1504 - 19,017,705 (\$1,521,146) COMMON STOCK (FILE
 333-62387 - AUG 28) (BR 2)

S-8 ACACIA RESEARCH CORP, 12 SOUTH RAYMOND AVENUE, STE B, PASADENA, CA 91105
 (626) 449-6431 - 500,000 (\$2,203,250) COMMON STOCK (FILE 333-62389 -
 AUG 28) (BR 7)

S-3 CMG INFORMATION SERVICES INC, 100 BRICKSTONE SQUARE, STE B110, ANDOVER,
 MA 01810 (978) 684-3600 - 48,119 (\$3,536,746 50) COMMON STOCK (FILE
 333-62391 - AUG 28) (BR 2)

S-4 AVC HOLDING CORP, 6600 PEACHTREE DUNWOODY ROAD,
 400 EMBASSY ROW, SUITE 410, ATLANTA, GA 30328 (770) 668-0142 - 5,993,710
 (\$44,952,852) COMMON STOCK (FILE 333-62393 - AUG 28) (NEW ISSUE)