

# sec news digest

Issue 90-248

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## ADMINISTRATIVE PROCEEDINGS

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### PROCEEDINGS AGAINST RICHARD LAVERY

The Commission instituted administrative proceedings pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act against Richard Alan Lavery of North Hollywood, California. The Order finds that Lavery, as branch manager of E.F. Hutton's Universal City, California branch office, failed to reasonably supervise four registered representatives subject to his supervision. Lavery failed to supervise William Parodi, Sr. and Frederick Parodi, who engaged in churning and unsuitable transactions in their clients' accounts and have been permanently barred from the securities industry (Rel. 34-27299, September 27, 1989). Lavery also failed to reasonably supervise two other brokers who made various misrepresentations and omissions with respect to the risks of a discretionary index option trading strategy and who engaged in unsuitable transactions for many of their clients who were involved in that strategy. In supervising these brokers, Lavery failed to heed indications of their violations and failed to comply with certain specific Hutton supervisory procedures or to adequately supervise these brokers in lieu of these procedures.

Lavery has submitted an Offer of Settlement, which the Commission has determined to accept, in which he neither admits nor denies the Commission's findings and consents to an eight month supervisory suspension. (Rel. 34-28707)

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## CIVIL PROCEEDINGS

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### ORDER OF DISGORGEMENT ENTERED AGAINST MICHAEL STRAND

The Atlanta Regional Office announced that, on November 20, 1990, Judge John Nixon of the U.S. District Court for the Middle District of Tennessee entered an order of partial disgorgement against Michael W. Strand (Strand) requiring him to disgorge \$1,506,115 in profits earned through trading in Classic Mining Corporation (Classic) common stock and, additionally, reducing accrued contempt fines to judgment.

Previously, the Court enjoined Strand from violating the anti-fraud provisions of the federal securities laws, required him to provide an accounting of profits realized from the purchase and sale of Classic stock and ordered him to disgorge profits realized from such transactions. Thereafter, the Court held Strand in civil contempt based upon Strand's failure to provide the ordered accounting and his failure to make the ordered disgorgement. [SEC v. Classic Mining Corporation, et al., Civil Action No. 3:85-1133 (U.S.D.C. M.D. Tenn.) (LR-12744)]

## DEFAULT JUDGMENTS AGAINST NOVAFERON LABS

The Fort Worth Regional Office announced that, on December 14, 1990, Default Judgments were entered against Novaferon Labs, Inc., Stephen T. Haley, Global Investment Trading Co. (GITC), Intermark International, Inc. and Harrier Investments, Ltd. by the U.S. District Court for the Northern District of Ohio. In addition to enjoining these defendants from the violations of the federal securities laws alleged against them in the Commission's complaint, the Judgments order each defendant to disgorge all funds obtained as a result of their unlawful activities.

Upon entering the Default Judgments, the Court held a hearing on the appropriate measure of damages. Based upon evidence introduced by the Commission, the Court ordered that Haley, GITC, Intermark and Harrier shall jointly and severally disgorge \$2,390,500 plus prejudgment interest, and that Novaferon shall disgorge \$1,134,600 plus prejudgment interest.

According to the complaint, Novaferon's initial public offering in July 1987 ended with the securities offered under the undisclosed control of several defendants. Subsequently, Novaferon's assets and prospects for successfully developing medical compounds effective against, among other things, the AIDS virus, were greatly overstated. Haley and GITC also fraudulently sold \$2.8 million in limited partnership interests to 286 Ohio investors, then lulled them into believing their investment was successful by distributing Novaferon stock to the partnerships. [SEC v. Novaferon Labs, Inc., et al., USDC, ND/Ohio, CA No. 5:90 CV 1446] (LR-12745)

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## INVESTMENT COMPANY ACT RELEASES

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### UNISON INVESTMENT TRUSTS

A notice has been issued giving interested parties until January 22, 1991 to request a hearing on an application filed by Unison Investment Trusts Ltd. and Central Equity Trust, Utility Series 1, and on behalf of all subsequent and similar Trusts and series of Trusts, for an Order under Section 6(c) of the Investment Company Act exempting applicants from Sections 14(a) and 19(b) and Rule 19b-1. (Rel. IC-17911 - December 21)

### THE OVER-THE-COUNTER SECURITIES GROUP

A conditional order has been issued under Section 6(c) of the Investment Company Act exempting The Over-the-Counter Securities Group, Inc. from the provisions of Section 12(d)(3) of the Act and Rule 12d3-1 thereunder to the extent necessary to permit it to purchase, on behalf of certain of its series, the securities of foreign issuers that, in each of their most recent fiscal years, derived more than 15% of their gross revenues from their activities as a broker, dealer, underwriter, or investment adviser, provided such investments meet the conditions described in proposed amended Rule 12d3-1. (Rel. IC-17912; International Series Rel. No. 213 - December 21)









## ACQUISITIONS CONT.

NAME AND CLASS OF STOCK/OWNER	FORM	EVENT DATE	SHRS(000)/ %OWNED	CUSIP/ PRIOR%	FILING STATUS
MITEL CORP	COM		N/A	60671110	
STATE OF MICH STATE TREASURER	13D	12/10/90	N/A	0.0	NEW
OFFICE DEPOT INC	COM		3,386	67622010	
CARREFOUR NEDERLAND B V	13D	11/26/90	22.0	19.7	RVISION
PATTEN CORP	COM		1,338	70336510	
BEST INVMNTS INTL INC	13D	12/ 5/90	7.9	5.9	UPDATE
PHARMACIA CORP	UNRES B SHRS		18,143	71713099	
PROCORDIA AKTIEBOLAG	13D	12/13/90	99.9	1.1	UPDATE
PHOTOCOMM INC	COM		6,875	71931910	
WESTINGHOUSE ELEC CORP	13D	12/16/90	74.9	74.9	UPDATE
UNITED BANKS COLO INC	COM		3,965	90957210	
NORWEST CORP	13D	12/19/90	25.7	24.9	UPDATE
UNITED HEALTHCARE CORP	COM		4,251	91058110	
WARBURG PINCUS & CO ET AL	13D	12/17/90	15.8	17.1	UPDATE
VYQUEST INC	COM		0	92922210	
EQUITY STRATEGIES FUND	13D	12/ 3/90	0.0	N/A	UPDATE

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SEC PUBLIC INFORMATION NUMBERS

Members of the public seeking information and/or material from the Commission continue to complain of being incorrectly referred to the wrong telephone number by Commission staff. The following information is furnished to assist you in directly calling the appropriate office:

Consumer Affairs (202-272-7440): Investor inquiries and complaint processing information.

Freedom of Information Branch (202-272-7420): Requests concerning FOIA, Privacy Act, Sunshine Act, confidential treatment matters, etc.

Personnel Locator (202-272-2550): Requests for names and phone numbers of Commission personnel.

Public Affairs (202-272-2650): Information about matters in the SEC News Digest, the Commission's operations, and calls from the press not directed to particular individuals, and other related matters.

Public Reference (202-272-7450): Requests for information on whether or not a document has been filed, etc.

Publications Unit (202-272-7460/7461): Requests for forms, studies, directories, etc.

Office of the Secretary (202-272-2600): Requests for information on the Commission calendar.

SEC Information Line (202-272-3100/5624): General information about SEC operations and activities through a series of recorded messages.

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