

SEC NEWS DIGEST

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COMMISSION ANNOUNCEMENTS

LETTER SIGNED BY ARTHUR LEVITT TO INVESTMENT ADVISERS REGARDING YEAR 2000 COMPLIANCE

The Commission has been active in communicating with the industry and with the public about the need to identify and address computer problems related to the approach of Year 2000. In early November 1997, the Chairman sent a letter to all investment advisers registered with the Commission. In this letter, the Chairman stressed how important it is that investment advisers be implementing plans and devoting adequate resources to modify their computer systems to make them ready for the Year 2000. The Chairman emphasized the need for investment advisers to mutual fund groups, whose computer systems are typically linked to custodians, transfer agents, broker-dealers and other service providers, to prepare for the Year 2000 sufficiently early to allow for the testing of integrated systems. The Chairman also encouraged advisers to begin discussing Year 2000 issues with their clients. (Press Rel. 97-102)

RULES AND RELATED MATTERS

EXEMPTION FOR INVESTMENT ADVISERS OPERATING IN MULTIPLE STATES; REVISIONS TO RULES IMPLEMENTING AMENDMENTS TO THE INVESTMENT ADVISERS ACT

The Commission has issued a release proposing: (i) amendments to Rule 203A-2 under the Investment Advisers Act, to exempt investment advisers that are required to register in thirty or more states (but do not have \$25 million or more of assets under management or otherwise meet the criteria for SEC registration) from the prohibition on SEC registration; and (ii) two alternative amendments to Rule 203A-3 under the Investment Advisers Act, to revise the definition of investment adviser representative. Rule 203A-3, adopted in May 1997, excludes from the definition of investment adviser representative (and thus excludes from state qualification requirements) supervised persons of an SEC-registered adviser if no more than ten percent of their clients are natural persons. The proposed amendments to Rule 203A-3 would allow supervised persons who provide services to one or a few institutional or business

client accounts to continue to have accommodation clients without being subject to state qualification requirements. FOR FURTHER INFORMATION, CONTACT: Carolyn-Gail Gilheany, Division of Investment Management, at (202) 942-0716. (Rel. IA-1681, File No. S7-28-97)

EXEMPTION TO ALLOW INVESTMENT ADVISERS TO CHARGE FEES BASED UPON A SHARE OF CAPITAL GAINS UPON OR CAPITAL APPRECIATION OF A CLIENT'S ACCOUNT

The Commission has issued a release proposing amendments to Rule 205-3 under the Investment Advisers Act, which permits investment advisers to charge performance or incentive fees to certain eligible clients. The rule amendments would: (i) eliminate the provisions of the rule that prescribe contractual terms and require specific disclosures; (ii) revise the threshold levels for determining client eligibility to reflect the effects of inflation on the levels established in 1985 when Rule 205-3 was adopted; and (iii) make all "qualified purchasers" (who are eligible to invest in certain privately offered investment companies exempt from registration under Section 3(c)(7) of the Investment Company) eligible for the performance fee exemption. FOR FURTHER INFORMATION, CONTACT: Kathy D. Ireland, Division of Investment Management, at (202) 942-0716. (Rel. IA-1682; File No. S7-29-97)

ENFORCEMENT PROCEEDINGS

CIVIL AND ADMINISTRATIVE ACTIONS AGAINST DEGEORGE FINANCIAL CORP. AND ITS CHIEF EXECUTIVE OFFICER

On November 12, the Commission filed a civil injunctive action in the U.S. District Court for the District of Connecticut seeking a permanent injunction and monetary relief in the U.S. District Court for the District of Connecticut, against Peter R. DeGeorge, chief executive officer, chairman of the board and controlling stockholder of DeGeorge Financial Corporation. The Commission's complaint alleges that DeGeorge repeatedly failed to disclose a series of related party transactions in DeGeorge Financial's filings with the Commission from 1992 through 1995.

The complaint specifically alleges that Peter DeGeorge used at least \$680,000 of DeGeorge Financial's money for personal expenses, specifically, to fund a private business venture, a triathlete racing team and his personal legal expenses. DeGeorge also directed DeGeorge Financial's employees to assist in his personal endeavors, specifically, to manage and operate his private business, to monitor construction of his home and to sell homes on favorable terms to his relatives.

According to the complaint, DeGeorge Financial failed to disclose, or made false and misleading statements concerning, these material related transactions in its filings with the Commission from 1992 through 1995. The complaint further alleges that Peter DeGeorge

reviewed and approved these filings with the Commission and knew, or was reckless in not knowing, that these filings made materially false and misleading statements or contained material omissions. In addition, the complaint alleges that Peter DeGeorge signed a management representation letter to DeGeorge Financial's independent auditors falsely stating that DeGeorge Financial had fully and accurately disclosed all material related party transactions.

DeGeorge has consented to the entry of a Final Judgment against him, without admitting or denying the allegations in the complaint, which enjoins him from violating Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rules 10b-5, 13b2-1 and 13b2-2 thereunder, and orders him to pay approximately \$300,000, representing \$204,000 in disgorgement, \$44,000 in prejudgment interest and \$50,000 in civil penalties.

In a separate administrative proceeding, the Commission ordered DeGeorge Financial to cease and desist from violating the antifraud and record keeping provisions of the federal securities laws, specifically, Sections 13(a), 13(b)(2)(A), 13(b)(2)(B) and 14(a) of the Exchange Act, and Rules 12b-20, 13a-1, 13a-13 and 14a-9 thereunder. Without admitting or denying the allegations DeGeorge Financial consented to entry of the cease and desist order and agreed to retain an independent consultant to review the company's policies and procedures concerning related party transactions and to implement the consultant's recommendations. [SEC v. Peter R. DeGeorge, Civil Action No. 3:97CV2382] (LR-15556); (Administrative Proceedings Rel. 34-39319; AAER-984; File No. 3-9487)

PERMANENT INJUNCTIONS ORDERED AGAINST ANTHONY BUKOVICH AND SIX CAPITAL CORPORATION

On November 4, the Honorable W. Earl Britt, United States District Judge for the Eastern District of North Carolina, entered an order of permanent injunction enjoining defendants Six Capital Corporation (Six Capital) and Anthony Bukovich (Bukovich), president and controlling shareholder of Six Capital, from further violations of Section 17(a) of the Securities Act of 1933 relating to prime bank fraud. The decision followed a trial which commenced on October 20, 1997.

The Commission's complaint, filed on August 23, 1995, alleged that Bukovich, Six Capital and others violated the antifraud statute by offering for sale investment contracts which were part of a prime bank scheme. The Commission alleged and the Court found that Bukovich and Six Capital attempted to obtain funds from investors in two different schemes by misrepresenting or failing to disclose material facts in connection with the offering of fraudulent, nonexistent prime bank securities. Among the misrepresentations made by Bukovich and Six Capital, the Court found that the defendants misrepresented to investors that the trading program involved trading in supposed bank guarantees issued by the top 15 banks in western Europe, that the investment in the bank guarantee program was a safe and legitimate transaction, and that they had sold prime bank instruments in the past. For more information, see

L.R. 14600, L.R. 15231, L.R.15287, L.R. 15358. [SEC v. Jerome C. Pinckney, Richard L. Arnold, Donald E. Elder, Fernando Cruz, Shaun K.R. Maxwell, Anthony Bukovich and Six Capital Corporation, Civil Action No. 7:95-CV-122-BR-1, EDNC] (LR-15557)

INVESTMENT COMPANY ACT RELEASES

THE BENCHMARK FUNDS, ET AL.

A notice has been issued giving interested persons until December 8, 1997, to request a hearing on an application filed by The Benchmark Funds, et al. for an order under Sections 6(c), 10(f) and 17(b) of the Investment Company Act that would exempt applicants from Sections 10(f) and 17(a). The order would permit principal transactions effected in the ordinary course of business between portfolios of The Benchmark Funds and The Commerce Funds and Goldman, Sachs & Co. (Rel. IC-22882 - November 12)

HOLDING COMPANY ACT RELEASES

GPU INC., ET AL.

A notice has been issued giving interested persons until December 4, 1997, to request a hearing on a proposal by GPU, Inc. (GPU), a registered holding company (GPU), and certain subsidiaries to extend existing authorizations for GPU to invest in exempt wholesale generators and foreign utility companies and to guarantee obligations of those entities in an aggregate amount not to exceed 100% of GPU's consolidated retained earnings, through December 31, 2000. Applicants also request authorization for certain nonutility subsidiaries of GPU to guarantee or assume liabilities of securities issued by, or other obligations of, their subsidiaries in an aggregate amount not to exceed \$1 billion, through December 31, 2000. (Rel. 35-26777)

GPU, INC., AND GPU INTERNATIONAL, INC.

A notice has been issued giving interested persons until December 4, 1997, to request a hearing on a proposal by GPU, Inc. (GPU), a registered holding company, and GPU International, Inc. (GPU International), a nonutility subsidiary of GPU (Applicants). Applicants propose to expand the purposes for which GPU may enter into guarantees, support instruments, and bank letters of credit reimbursement agreements or similar financial instruments or undertakings (Guarantees) on behalf of GPU International to include Guarantees of obligations of GPU International or a subsidiary of GPU International (GPU International Subsidiary). Applicants also propose to increase to \$150 million the aggregate principal amount of Guarantees which GPU International may have outstanding and to expand the purposes for which GPU International may enter into

Guarantees to include guarantees of the obligations of GPU International Subsidiaries. They further propose to extend until December 31, 2000 the period during which GPU and GPU International may enter into Guarantees and to permit any GPU International Subsidiary which is not an exempt wholesale generator or foreign utility company to guarantee the obligations of their subsidiaries through December 31, 2000 in an amount not to exceed \$150 million. (Rel. 35-26777)

ALLEGHENY POWER SYSTEM, INC., ET AL.

A notice has been issued giving interested persons until December 4, 1997, to request a hearing on a proposal by Allegheny Power System, Inc., a registered holding company, and its wholly owned subsidiary companies, Allegheny Power Service Corporation, Allegheny Generating Company, Monongahela Power Company, The Potomac Edison Company and West Penn Power Company (Applicants). Applicants propose, through December 31, 2002, to continue short-term financing programs and operation of the Allegheny System Money Pool. (Rel. 35-26777)

NORTHEAST UTILITIES, ET AL.

A notice has been issued giving interested persons until December 4, 1997, to request a hearing on a proposal by Northeast Utilities (NU), a registered holding company, and its wholly owned subsidiary companies, Northeast Utilities Service Company (Service), Charter Oak Energy, Inc. (Charter Oak) and COE Development Corporation (collectively, Applicants), to engage in financing and related transactions. NU proposes to extend through December 31, 1998, its authorization to invest directly in Charter Oak and indirectly in COE Development, the remaining \$80 million of the \$200 million previously authorized for power development activities. In addition, the Applicants propose that Charter Oak and its subsidiaries pay dividends to their parent companies out of capital or unearned surplus and Service employees continue to provide services to Exempt Projects and Intermediate Companies after they have been sold to unaffiliated buyers subject to the de minimis amount limitation currently in effect. Applicants also propose that NU invest up to an aggregate principal amount of \$75 million to fund the acquisition by an NU subsidiary of any Exempt Project or Intermediate Company currently owned by Charter Oak. (Rel. 35-26777)

SELF-REGULATORY ORGANIZATIONS

WITHDRAWALS GRANTED

An order has been issued granting the application of Tivoli Industries, Inc. to withdraw from listing and registration on the Boston Stock Exchange its Common Stock, \$.001 Par Value; Redeemable Class A Warrants to Purchase \$.001 Par Stock, expiring September 21, 1997; and Redeemable Class B Warrants to Purchase \$.001 Par Value Common Stock, expiring September 21, 1997. (Rel. 34-39316)

NAME OF ISSUER	STATE CODE	8K ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
COMPUTERVISION CORP /DE/	DE				X	X					11/10/97	
CONNECT INC	DE				X	X					11/11/97	
COPLEY REALTY INCOME PARTNERS I	MA	X				X					10/24/97	
COPLEY REALTY INCOME PARTNERS 4	MA	X				X					10/24/97	
CORNELL CORRECTIONS INC	DE						X				01/31/97	AMEND
CORNERSTONE REALTY INCOME TRUST INC	VA						X				08/28/97	AMEND
CORPORATE ASSET BACKED CORP	DE						X				10/01/97	
CSP INC /MA/	MA	X					X				09/11/97	AMEND
CYCLO3PSS CORP	DE				X						11/07/97	
DANSKIN INC	DE			X		X					11/10/97	
DIGITAL PRODUCTS CORP	FL		X								08/30/97	
DUKE REALTY INVESTMENTS INC	DE				X	X					11/10/97	
DYNEX SECURITIES CORP	VA				X	X					10/27/97	
EMBASSY ACQUISITION CORP	FL				X	X					10/30/97	
EQUIVANTAGE HOME EQUITY LN ASSET BK D CERT SERIES 1997-03 TR	NY						X				10/27/97	
EQUIVANTAGE HOME EQUITY LOAN ASSET BACKED CERT SRS 1997-02 T	NY						X				10/27/97	
FCC NATIONAL BANK					X	X					10/21/97	
FORTRESS GROUP INC	DE					X					08/27/97	AMEND
FRANKLIN ELECTRIC CO INC	IN	X					X				10/24/97	
FRONTIERVISION CAPITAL CORP	DE				X						11/07/97	
FRONTIERVISION OPERATING PARTNERS L P	DE				X						11/07/97	
GLENBOROUGH REALTY TRUST INC	MD	X									11/10/97	
GLOBE BUSINESS RESOURCES INC	OH	X									11/01/97	
HANNA M A CO/DE	DE						X				09/30/97	
HELLER FUNDING CORP	DE				X	X					10/27/97	
HORIZON PHARMACIES INC					X						09/30/97	
HOSPITALITY WORLDWIDE SERVICES INC	NY	NO ITEMS									01/10/97	AMEND
INSIGNIA FINANCIAL GROUP INC	DE	X									10/27/97	
IRON MOUNTAIN INC /DE/	DE	X				X					11/10/97	AMEND
IVI PUBLISHING INC	MN				X	X					11/03/97	
JP REALTY INC	MD	X				X					06/30/97	AMEND
KYZEN CORP	UT				X						10/15/97	
LA GEAR INC	CA				X	X					11/03/97	
LEHMAN ABS CORP CH HM EQUITY LN TR 1997-2	DE				X	X					10/31/97	
LIFE BANCORP INC	VA				X	X					10/29/97	
LIFE FINANCIAL HOME LOAN OWNER TRUS T SERIES 1997-2 TRUST	DE					X					10/27/97	
LILLY INDUSTRIES INC	IN				X	X					11/05/97	
MAUNA LOA MACADAMIA PARTNERS LP	DE				X	X					11/06/97	
MAXWELL LABORATORIES INC /DE/	DE				X	X					10/30/97	
MED WASTE INC	DE	X				X					11/06/97	
MED WASTE INC	DE	X				X	X				11/07/97	
MEDICAL ACTION INDUSTRIES INC	DE	X				X					10/30/97	
MEDICAL RESOURCES INC /DE/	DE				X	X	X				11/05/97	
MERRILL LYNCH MORTGAGE INVESTORS IN C	DE	X									10/25/97	
MERRILL LYNCH MORTGAGE INVESTORS IN C SERIES 1997-A	DE	X									10/25/97	
METRIC INCOME TRUST SERIES INC	CA	X				X					07/24/97	
MILESTONE FUNDS	NY				X	X					10/30/97	
MILLER INDUSTRIES INC /TN/	TN				X	X					11/10/97	
MOTORS & GEARS INC	DE	X				X					10/31/97	
NATIONAL PROCESSING INC	OH	X				X					11/10/97	
NEIMAN MARCUS FUNDING CORP	DE	X									10/31/97	
NEW ENGLAND LIFE PENSION PROPERTIES	MA	X				X					10/24/97	

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NAME OF ISSUER	STATE	8K ITEM NO.									DATE	COMMENT
	CODE	1	2	3	4	5	6	7	8	9		
NEW ENGLAND PENSION PROPERTIES V	MA		X					X			10/24/97	
NEWCARE HEALTH CORP	NV					X	X				09/30/97	
NEWCARE HEALTH CORP	NV					X	X				09/30/97	
NICHOLS RESEARCH CORP /AL/	DE		X					X			10/31/97	AMEND
NORWEST ASS SEC CORP MORT PAS THR C	MD							X			10/27/97	
ERT SER 1997-02 TRUST												
NORWEST ASS SEC CORP MORT PAS THR C	DE							X			10/27/97	
ERT SER 1997-03 TRUST												
NORWEST ASSET SEC CORP MORT PASS TH	NY							X			10/27/97	
R CERT SER 1997-14 TRUST												
NORWEST ASSET SEC CORP MORT PASS TH	NY					X	X				09/29/97	
R CERT SER 1997-15 TRUST												
NORWEST ASSET SEC CORP MORT PASS TH	NY							X			10/27/97	
R CERT SER 1997-15 TRUST												
NORWEST ASSET SEC CORP MORT PASS TH	NY							X			10/27/97	
R CERT SER 1997-16 TRUST												
NORWEST ASSET SECS CORP MORT PAS TH	DE							X			10/27/97	
R CERT SER 1997-04 TR												
NORWEST ASSET SECS CORP MORT PAS TH	DE							X			10/27/97	
R CERT SER 1997-05 TR												
NORWEST ASSET SECURITIES CORP	DE					X	X				11/10/97	
NORWEST ASSET SECURITIES CORP MOR P	DE							X			10/27/97	
AS TH CERT SER 1997-10 TR												
NORWEST ASSET SECURITIES CORP MOR P	DE							X			10/27/97	
AS TH CERT SER 1997-11 TR												
NORWEST ASSET SECURITIES CORP MORT	NY							X			10/27/97	
PASS THR CERT SER 1997-01												
NORWEST ASSET SECURITIES CORP MORT	DE							X			10/27/97	
PS THR CER SER 1997-06 TR												
NORWEST ASSET SECURITIES CORP MORT	DE							X			10/27/97	
PS THR CER SER 1997-07 TR												
NORWEST ASSET SECURITIES CORP MORT	DE							X			10/27/97	
PS THR CER SER 1997-09 TR												
NORWEST ASSET SECURITIES CORP MORT	NY							X			10/27/97	
PS THR CER SER 1997-12 TR												
NORWEST ASSET SECURITIES CORP MORT	NY							X			10/27/97	
PS THR CER SER 1997-13 TR												
OMEGA HEALTHCARE INVESTORS INC	MD							X			09/30/97	
ONBANCORP INC	DE					X	X				10/28/97	
OPTICAL CABLE CORP	VA					X	X				10/30/97	
PARTY CITY CORP	DE							X			09/02/97	AMEND
PECO ENERGY CO	PA		X								11/07/97	
PECO ENERGY CO	PA		X								11/07/97	AMEND
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PNC MORTGAGE SECURITIES CORP	DE					X	X				11/01/97	
PRI AUTOMATION INC	MA					X	X				10/25/97	
PROCTER & GAMBLE CO	OH							X			11/10/97	
REGENCY BANCORP	CA					X	X				11/06/97	
RESIDENTIAL ACCREDIT LOANS INC	DE					X	X				10/25/97	
RESIDENTIAL ASSET SECURITIES CORP	DE					X	X				10/25/97	

NAME OF ISSUER	STATE CODE	BK ITEM NO.									DATE	COMMENT	
		1	2	3	4	5	6	7	8	9			
RESIDENTIAL FUNDING MORTGAGE SECURI TIES I INC	DE					X	X					11/10/97	
RESIDENTIAL FUNDING MORTGAGE SECURI TIES I INC	DE					X	X					11/10/97	
RESIDENTIAL FUNDING MORTGAGE SECURI TIES II INC	DE					X	X					10/25/97	
RYKOFF SEXTON INC	DE					X	X					11/05/97	
SALOMON BROTHERS MORT SEC VII INC A SST BACK CERT SE 1997-LB2	DE						X					10/27/97	
SALOMON BROTHERS MRT SEC VII INC AS T BK FL RT CRT SR 1997LB3	DE						X					10/27/97	
SAXON ASSET SECURITIES TRUST 1997-1	VA	X										10/27/97	
SAXON ASSET SECURITIES TRUST 1997-2	VA	X										10/27/97	
SIGNET GROUP PLC						X						11/01/97	
SMITH CHARLES E RESIDENTIAL REALTY INC	MD						X					10/03/97	AMEND
SMITH CHARLES E RESIDENTIAL REALTY LP	MD	X				X	X	X				10/03/97	
SOUTHERN PACIFIC SEC AS CORP MTG LN AS BK PA TH CE SR 1997-3	NY						X					10/27/97	
STANLEY WORKS	CT	X										10/29/97	
STRATFORD ACQUISITION CORP	MN								X			11/03/97	
SYNTELLECT INC	DE	X					X					10/25/97	
TCF FINANCIAL CORP	DE						X					09/04/97	AMEND
TEAM AMERICA CORPORATION	OH	X					X					09/08/97	AMEND
VENTURE SEISMIC LTD						X	X					11/10/97	
WASHINGTON MUTUAL INC	WA						X					11/06/97	
WESTON ROY F INC	PA					X	X					11/10/97	
YOU BET INTERNATIONAL INC	DE					X	X					11/03/97	