

# sec news digest

Issue 88-107

JUN 7 1988

June 6, 1988

U.S. SECURITIES AND  
EXCHANGE COMMISSION

## NOTICE OF COMMISSION MEETINGS

Following is a schedule of Commission meetings which will be conducted under provisions of the Government in the Sunshine Act. In general, the Commission expects to follow a schedule of holding closed meetings on Tuesdays, and open meetings on Thursday morning. Meetings on Wednesday, and if necessary on Thursday afternoons, will be either open or closed according to the requirements of agenda items under consideration.

Visitors are welcome at all open meetings, insofar as space is available.

Meetings will be held in the Commission Meeting Room, Room 1C30, at the Commission's headquarters building, 450 Fifth Street, NW, Washington, DC. Persons wishing to photograph or videotape Commission meetings must obtain permission in advance from the Secretary of the Commission. Persons wishing to tape record a Commission meeting should notify the Secretary's office 48 hours in advance of the meeting.

### CLOSED MEETING - TUESDAY, JUNE 7, 1988 - 2:30 p.m.

The subject matter of the June 7 closed meeting will be: Formal order of investigation; Institution of injunctive actions; Institution of administrative proceedings of an enforcement nature; Settlement of administrative proceedings of an enforcement nature; Settlement of injunctive action; Institution of administrative proceeding.

### OPEN MEETING - FRIDAY, JUNE 10, 1988 - 10:00 a.m.

The subject matter of the June 10 open meeting will be:

(1) Consideration of whether to issue a release that would discuss and synthesize exemptive, interpretive, and no-action positions regarding the applicability of U.S. broker-dealer registration requirements to foreign entities engaged in securities activities involving U.S. investors. The release would propose for comment a rule, based on these positions, that would exempt from broker-dealer registration foreign entities that deal with certain U.S. institutional investors under limited conditions, or that restrict their activities to certain non-U.S. persons. FOR FURTHER INFORMATION, PLEASE CONTACT John Polanin, Jr. at (202) 272-2848.

(2) Consideration of whether to publish for comment a release proposing a regulation that would clarify the extraterritorial application of the registration provisions of the Securities Act of 1933. The regulation would provide generally that any offer or sale that occurs within the United States is subject to Section 5 of the Securities Act and any offer or sale that occurs outside of the United States would not be subject to Section 5. FOR FURTHER INFORMATION, PLEASE CONTACT Samuel Wolff at (202) 272-3246.

(3) Consideration of whether to issue a notice of and order for hearing on the application of Advisers Management Trust (the Fund) and Sentry Life Insurance Company (Sentry), Sentry Variable Account II, and Sentry Variable Account I (Separate Accounts) (collectively, Applicants) which requests exemptive relief under Section 6(c) from Section 17(e)(1) of the Investment Company Act of 1940 to permit Applicants to implement a distribution plan adopted pursuant to Rule 12b-1 that would allow payments from Fund assets to be received by Sentry, its affiliates and unaffiliated insurance companies whose separate accounts invest in the Fund. FOR FURTHER INFORMATION, PLEASE CONTACT Jeffrey M. Ulness at (202) 272-2026.

(4) Consideration of whether to propose for public comment amendments to Rules 12b-1 and 17d-3 under the Investment Company Act of 1940 and Form N-1A under the Securities Act of 1933. The amendments to Rule 12b-1 would clarify and enhance the standards under which a registered open-end management investment company (fund) can adopt or continue a plan (12b-1 plan) to use fund assets to pay costs associated with the distribution of fund shares; attempt to ensure that payments under a distribution plan

are made on a current basis and are for specific distribution services actually provided to the fund; and prohibit funds with 12b-1 plans from being held out as "no-load" funds or otherwise promoted in a misleading manner. The proposed amendments to Rule 17d-3 would expand the ability of affiliated funds, their principal underwriters and their affiliated persons to finance jointly their distribution efforts without prior Commission approval. Finally, the proposed amendment to Form N-1A, the registration statement for funds, would require an additional disclosure to be made regarding the amount of payments under distribution plans. FOR FURTHER INFORMATION, PLEASE CONTACT Rochelle G. Kauffman at (202) 272-3045.

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: Andrew Feldman at (202) 272-2091

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## COMMISSION ANNOUNCEMENTS

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### ADDITION TO WEEKLY CALENDAR

Chairman Ruder will testify on foreign-originated trading before the Subcommittee on Commerce, Consumer and Monetary Affairs of the Government Operations Committee of the House of Representatives. The hearing will be held on Wednesday, June 8th in Room 2247 of the Rayburn House Office Building. The testimony is scheduled to begin at 9:30 a.m.

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## ADMINISTRATIVE PROCEEDINGS

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### PROCEEDINGS INSTITUTED AGAINST S. MASON ACKROYD

The Commission instituted public administrative proceedings under Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 against S. Mason Ackroyd, formerly known as Sharon Hautzinger, a registered representative formerly associated with G.C. George Securities, Inc., a registered broker-dealer located in Spokane, Washington.

The Order alleges that Ackroyd was enjoined by order of the U.S. District Court for the Eastern District of Washington from further violations of Sections 5 and 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act, and Rule 10b-5. It further alleges that Ackroyd wilfully violated these provisions in connection with the promotion and sale of common stock of a British Columbia corporation, Golden Bear Resources, Ltd. The stock formerly traded on the Vancouver Stock Exchange and was not registered with the Commission. Ackroyd allegedly disseminated false and misleading information about Golden Bear and failed to disclose material information.

A hearing will be scheduled to determine whether the allegations are true and whether any remedial action should be ordered. (Rel. 34-25762)

### BILL R. THOMAS BARRED

The Commission denied Bill R. Thomas, a Dallas accountant, the privilege of appearing or practicing before it. The Commission found that Thomas audited the 1983 financial statements of Xenerex Corp., which were included in filings with the Commission, although he knew that he was not independent. Thomas was aware of, and deliberately concealed, the fact that he and two of his partners owned stock in Xenerex. The Commission concluded that Thomas thereby engaged in improper professional conduct and violated antifraud and reporting provisions of the securities laws.

In determining to bar Thomas from practice, the Commission stated: "Thomas's actions evidence a blatant disregard for [a] fundamental principle of the accounting profession. Although he is an experienced auditor, he chose to abdicate his professional responsibility, presumably because of the financial reward from an audit engagement." (Rel. AAER-192)

### AMEX ACTION AGAINST LAWRENCE FEIN AFFIRMED

The Commission affirmed sanctions imposed by the American Stock Exchange on Lawrence Fein, of Paramus, New Jersey, a brokerage firm vice president. The Exchange censured Fein, fined him \$10,000, and barred him from employment or association with any member or member organization for nine months.

The Commission found, as had the Exchange, that during a 1981-1982 Exchange investigation of possible insider trading in the stock of International Controls Corporation, Fein made material misstatements in response to Exchange inquiries. In affirming the sanctions assessed by the Exchange, the Commission stated: "[Fein] is a securities professional who deliberately lied to regulatory authorities and deliberately obstructed their investigation. Such behavior reflects strongly on a professional's fitness to engage in the securities industry .... It undermines the system of self-regulatory governance which is a foundation of securities industry regulation." (Rel. 34-25768)

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## CIVIL PROCEEDINGS

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### COMPLAINT FILED AGAINST ALEKSANDRS LAURINS

The Chicago Regional Office filed a Complaint on May 25 in the U.S. District Court for the Northern District of California seeking to enjoin Aleksandrs Laurins from violating the antifraud and extension of credit provisions of the securities laws. The Complaint alleges that Laurins violated the antifraud provisions by making misrepresentations and omissions of material facts to broker-dealers in connection with certain undisclosed short sales of Chopp Computer Corporation, Inc. stock. It also alleges that Laurins violated the extension of credit provision (Section 7(f) and Regulation X) by causing broker-dealers to unknowingly and illegally extend him credit. Finally, the Complaint alleges that Laurins, while acting as an investment adviser, disseminated reports recommending the short sale of Chopp stock. However, Laurins did not disclose his identity or short position in his reports, thus violating the antifraud provisions of the Investment Advisers Act of 1940. (SEC v. Aleksandrs Laurins, NDCA, No. C-88-1899 TEH, filed May 25, 1988). (LR-11758)

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## INVESTMENT COMPANY ACT RELEASES

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### THE ENTERPRISE GROUP OF FUNDS, INC.

A notice has been issued giving interested persons until June 21 to request a hearing on an application filed by The Enterprise Group of Funds, Inc., together with Liquid Green Trust and Liquid Green Tax-Free Trust (Affiliated Money Market Funds), requesting an order to (1) permit the Fund to assess a contingent deferred sales charge (CDSC) on redemptions of shares of the Fund's existing and future series, and to engage in certain transactions in connection with the collection of the CDSC; (2) permit the deferral of any applicable CDSC on Fund shares exchanged for Affiliated Money Market Fund shares; (3) permit the waiver of such CDSCs under certain circumstances described in the application; and (4) approve certain exchanges of shares among any of the existing and future series of the Fund any of the Affiliated Money Market Funds. (Rel. IC-16420 - June 1)

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## LISTING, DELISTING AND UNLISTED TRADING ACTIONS

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### WITHDRAWAL GRANTED

An order has been issued granting the application of LEISURE TECHNOLOGY, INC. to withdraw the common stock, \$.10 par value, and the \$2.25 cumulative convertible exchangeable preferred stock, \$.10 par value, from listing and registration on the American Stock Exchange. (Rel. 34-25780)

### UNLISTED TRADING GRANTED

Orders have been issued granting the application of the following stock exchanges for unlisted trading privileges in the common stock of the specified number of issues which are listed and registered on one or more other national securities exchanges and are reported in the consolidated transaction reporting system: Boston Stock Exchange - 17 issues. (Rel. 34-25782); and the Philadelphia Stock Exchange - five issues. (Rel. 34-25783)

### DELISTINGS GRANTED

Orders have been issued granting the applications of the Pacific Stock Exchange to strike the specified securities of the following companies from listing and registration thereon: MISSION INSURANCE GROUP, INC., common stock, and the 11-7/8% notes, due

January 15, 1993. (Rel. 34-25784); and PAGE PETROLEUM, LTD., common stock, common stock purchase warrants, 11% senior subordinated convertible notes, due 10/1/89, and 10% convertible subordinated debentures, due 4/1/2000. (Rel. 34-25785)

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## **SELF-REGULATORY ORGANIZATIONS**

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### **APPROVAL OF PROPOSED RULE CHANGE**

The Commission approved a proposed rule change filed by the New York Stock Exchange (SR-NYSE-87-10) that supplements the existing compliance procedures of members by imposing additional trade review, inquiry, and reporting requirements. (Rel. 34-25763)

### **IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE**

The Municipal Securities Rulemaking Board filed a proposed rule change which became effective upon filing. The rule change (SR-MSRB-88-2) is an interpretation of Rule G-21 on whether to include current yield information in municipal securities advertisement, alone or with other yield information, and whether it would be materially misleading. (Rel. 34-25778)