

SEC NEWS DIGEST

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SECURITY

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U.S. SECURITIES
EXCHANGE COMMISSION

COMMISSION ANNOUNCEMENTS

SEC ANNOUNCES FIRST ANNUAL MUNICIPAL MARKET ROUNDTABLE

The Commission today announced that the First Annual Municipal Market Roundtable will be held on October 14, 1999 in the Commission's William O. Douglas Room. The roundtable will be organized by the Commission's Office of Municipal Securities and will explore current issues in disclosure and other practices in the municipal marketplace.

OMS Director Paul S. Maco said, "The regulatory framework for the municipal market, as recently modified by the Commission, looks to communication among market participants as a key to continuing improvement of the market. These annual roundtables will provide the opportunity for market participants to share views with each other and with Commission staff. They are an expression of the Commission's continuing interest in the municipal market."

The roundtable will be open to the public. Seating, which is on a first-come, first-served basis, will be limited. Additional details will follow. (Press Rel. 99-81)

RULES AND RELATED MATTERS

BROKER-DEALER REGISTRATION AND REPORTING - FORM BD

The Commission is adopting amendments to Form BD, the uniform broker-dealer registration form, and related rules under the Securities and Exchange Act of 1934. The amendments implement changes needed to support the electronic filing of Form BD information in the new, Internet-based Central Registration Depository System, known as "Web CRD." (Rel. 34-41594)

ENFORCEMENT PROCEEDINGS

DEFAULT JUDGMENTS ENTERED AGAINST FOUR DEFENDANTS IN PRIME BANK SCHEME

The Commission announced that the Honorable Loretta A. Preska of the United States District Court of the Southern District of New York has entered a final judgment against four defendants in a "prime bank" scheme. The defendants are Salim El Hage and three entities he controlled: Eastland American Bank Limited, Foreign Trade Bank, and Mecis Insurance and Reinsurance Company (the "El Hage defendants").

The El Hage defendants, along with others, fraudulently obtained more than \$1.7 million from at least three individuals by offering and selling securities in the form of participations in investment programs purportedly to trade prime bank instruments. The El Hage defendants played a key role in the prime bank scheme by posing as financial intermediaries who could supply so-called credit facilities that would enable the investors to trade multi-million dollar bank instruments. The trading was to result in spectacular profits for investors -- returns of ten to fifty times their initial investments in two months to two years -- at no risk. The investment programs were scams, the instruments themselves bogus. Instead of using the money as promised, the promoters of the scheme misappropriated the investors' funds for their own benefit, transferring portions of the money to at least one bank account under the control of the El Hage defendants.

When it was advised that the defendants had abandoned their last known place of operation in Paris, France, the Court authorized the Commission to serve the defendants by publication through the Wall Street Journal (European Edition) and the International Herald Tribune. After their failure to respond, notwithstanding their foreign location, the Court asserted personal jurisdiction over these defendants based on their conduct in the U.S. and the impact of that conduct on U.S. citizens.

The judgment was entered by default and permanently enjoins each of the El Hage defendants from violating Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. In addition, the defendants were held jointly and severally liable to pay \$799,873 of disgorgement and \$498,073 of prejudgment interest. The Court also imposed maximum statutory penalties of \$396,667 for El Hage and \$500,000 for each of his entities.

Litigation continues as to the remaining defendants and relief defendants. [SEC v. Stewart, et al., Civil Action No. 98 CIV 2636, SDNY] (LR-16207)

THIRD DEFENDANT SETTLES SEC'S INSIDER TRADING CHARGES RELATING TO FORMER SALOMON SMITH BARNEY INVESTMENT BANKER BY AGREEING TO PAY ALMOST \$800,000 IN DISGORGEMENT AND PENALTIES

The Commission announced that on July 7, Judge Robert P. Patterson of the Southern District of New York signed a final judgment against Martin L. Thifault requiring, among other things, payment of almost \$800,000 in settlement of the SEC's illegal insider trading charges against Thifault.

In its amended complaint, filed on May 19, 1998, the SEC alleges that Arjun Sekhri, then an investment banking associate at Salomon Smith Barney Inc. in New York City, tipped Fuad Dow, Sekhri's former college roommate, with information about six major corporate transactions before the transactions were announced to the public. Dow gave the inside information to Thifault, who bought stock or call options on the stock of MCI Communications Corp. and Southern New England Telecommunications Corp. in advance of three announcements involving these companies from October 1997 through January 1998.

Without admitting or denying the SEC's allegations, Thifault settled the SEC's insider trading charges by consenting to the entry of a final judgment, which (1) permanently enjoins Thifault from violations of Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14e-3 thereunder; and (2) requires Thifault to pay disgorgement of approximately \$460,000 in trading profits and prejudgment interest, and approximately \$333,000 in civil penalties. The judgment did not impose additional amounts as civil penalties based on Thifault's demonstrated inability to pay.

Dow and Gordon Cochrane, another defendant Dow tipped, previously settled the SEC's insider trading charges by consenting to the entry of final judgments requiring, among other things, payment of over \$1.1 million.

Dow, Cochrane, and Thifault previously pled guilty to criminal charges of insider trading. Dow was sentenced to 24 months of incarceration, 2 years of supervised release, and a \$200 special assessment. Cochrane and Thifault have not yet been sentenced. Sekhri, a fugitive for more than a year, was arrested on May 30, 1999, by the Australian Federal Police at the Sydney Airport. He is now being held awaiting extradition. [SEC v. Arjun Sekhri, et al., Civil Action No. 98 Civ. 2320, SDNY, RPP] (LR-16208)

MARK BLACHER SENTENCED TO 51 MONTHS IN A FEDERAL PRISON AND ORDERED TO PAY \$10.7 MILLION

The Commission and the United States Attorney for the Southern District of Florida announced that on May 28, 1999, Mark R. Blacher (Blacher) was sentenced to 51 months in a federal prison and ordered to pay \$10.7 million in criminal restitution. Blacher had previously pleaded guilty to one count of mail fraud in connection with his participation in a \$16 million "Ponzi" scheme involving the fraudulent sale to investors of unregistered securities issued by

Medco Inc. during 1996 and 1997. For further information see LR-15539. [United States of America v. Mark R. Blacher, Case No. 99-00120 CR-Moreno] (LR-16209)

INVESTMENT COMPANY ACT RELEASES

Z-SEVEN FUND, INC.

An order has been issued permitting the withdrawal of an application filed by Z-Seven Fund, Inc. under Section 23(c)(3) of the Investment Company Act. (Rel. IC-23902 - July 9)

HOLDING COMPANY ACT RELEASES

PENNSYLVANIA ELECTRIC COMPANY

An order has been issued authorizing a proposal by Pennsylvania Electric Company, a wholly owned subsidiary of GPU, Inc., a registered holding company, to sell its twenty percent undivided ownership interest in Seneca Pumped Storage Generating Station, a 435 MW pumped storage hydroelectric generating facility. (Rel. 35-27046)

SEMPRA ENERGY, ET AL.

A notice has been issued giving interested persons until August 3, 1999, to request a hearing on a proposal by Sempra Energy (Sempra), a public utility holding company exempt from registration under Section 3(a)(1), and its wholly owned subsidiary, Bangor Pacific, Inc. (Bangor Pacific) (collectively, Applicants). Applicants request authority to acquire 50% of the membership interests of Bangor Gas Company, LLC, a Maine limited liability company formed in 1997 to construct and operate a gas distribution system in the greater Bangor, Maine area. In addition, Applicants seek an order under Section 3(a)(1) of the Act exempting Sempra, Bangor Pacific and each of their subsidiary companies from all provisions of the Act, except Section 9(a)(2). (Rel. 35-27047)

BANGOR HYDRO-ELECTRIC COMPANY, ET AL.

A notice has been issued giving interested persons until August 3, 1999, to request a hearing on a proposal by Bangor Hydro-Electric Company (Bangor Hydro-Electric), a public utility holding company exempt from registration under Section 3(a)(2) of the Act by Rule 2, and its wholly owned subsidiary, Penobscot Natural Gas Company (Penobscot Gas) (collectively, Applicants). Applicants request authority to acquire 50% of the membership interests of Bangor Gas Company, LLC (Bangor Gas), a Maine limited liability company formed

in 1997 to construct and operate a gas distribution system in the greater Bangor, Maine area. In addition, Applicants seek an order under Section 3(a)(1) of the Act exempting Bangor Hydro-Electric, Penobscot Gas and each of their subsidiary companies from all provisions of the Act, except Section 9(a)(2). (Rel. 35-27047)

NEW ENGLAND ELECTRIC SYSTEM, ET AL.

A notice has been issued giving interested persons until August 3, 1999 to request a hearing on a proposal by New England Electric System (NEES), a registered holding company and Metrowest Realty, L.L.C. (Metrowest), a nonutility subsidiary company of NEES. NEES proposes to form real estate subsidiaries which would, together with Metrowest, acquire, manage and sell properties in the NEES system. (Rel. 35-27047)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGES

The Chicago Board Options Exchange filed a proposed rule change under Rule 19b-4 (SR-CBOE-99-10) relating to participation rights for firms crossing orders. Publication of the proposal is expected in the Federal Register during the week of July 12. (Rel. 34-41609)

The Chicago Board Options Exchange filed a proposed rule change under Rule 19b-4 (SR-CBOE-99-07) relating to "Cross-Only" orders. Publication of the proposal is expected in the Federal Register during the week of July 12. (Rel. 34-41610)

DELISTING

An order has been issued granting the application of the Philadelphia Stock Exchange to strike from listing and registration The Options Clearing Corporation, call and put option contracts relating to certain underlying securities. (Rel. 34-41613)

WITHDRAWALS

An order has been issued granting the application of Premier Capital Trust I to withdraw its Cumulative Trust Preferred Securities from listing and registration on the American Stock Exchange. (Rel. 34-41614)

An order has been issued granting the application of Premier Bancshares, Inc., to withdraw its Common Stock, par value \$1.00 per share, from listing and registration on the American Stock Exchange. (Rel. 34-41615)

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: <publicinfo@sec>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

- F-1 FREESERVE LTD, MAYLANDS AVE HEMEL HEMPSTEAD,
HERTFORDSHIRE HP2 7TG ENGLAND, X0 00000 - 100,000,000 (\$100,000,000)
DEPOSITARY RECEIPTS FOR COMMON STOCK (FILE 333-10508 - JUN 28) (BR 3
- NEW ISSUE)
- F-6 NUEVO GRUPO IUSACELL SA DE CV/ADR, BANK OF NEW YORK,
101 BARCLAY ST 22ND FLR, NEW YORK, NY 10286 (212) 815-2009 - 50,000,000
(\$2,500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK (FILE 333-10512 -
JUN 28) (BR. 99 - NEW ISSUE)
- S-8 LERNOUT & HAUSPIE SPEECH PRODUCTS NV, SINT KRISPIJNSTRAAT 7, 8900 IEPER,
BELGIUM, C9 (325) 722-8888 - 1,935,000 (\$70,801,650) FOREIGN COMMON STOCK.
(FILE 333-10522 - JUN 30) (BR 3)
- S-3 U S WIRELESS CORP, 2694 BISHOP DRIVE, 7TH FLR, SAN RAMON, CA 94583
(510) 830-8801 - 8,000,000 (\$11,000,000) COMMON STOCK. (FILE 333-82313 -
JUL 06) (BR 7)
- S-1 GORACING COM INC, 4707 EAST BASELINE ROAD, PHOENIX, AZ 85040
(602) 337-3700 - \$80,000,000 COMMON STOCK. (FILE 333-82315 - JUL. 06)
(NEW ISSUE)
- S-8 PEERLESS SYSTEMS CORP, 2381 ROSECRANS AVE, EL SEGUNDO, CA 90245
(310) 536-0908 - 420,000 (\$4,121,250) COMMON STOCK (FILE 333-82323 -
JUL 06) (BR 3)
- S-8 WYNDHAM INTERNATIONAL INC, 1950 STEMMONS FRWY, STE 6001, DALLAS, TX
75207 (214) 863-1000 - 13,288,328 (\$59,798,561) COMMON STOCK. (FILE
333-82325 - JUL 02) (BR. 8)
- S-1 WAREFORCE COM INC, 2361 ROSECRANS AVE, SUITE 155, EL SEGUNDO, CA 90245
(310) 725-5555 - 3,191,448 (\$17,431,774) COMMON STOCK. (FILE 333-82327 -
JUL 06)
- N-2 ELEVENTH AUTOMATIC COMMON EXCHANGE SECURITY TRUST,
C/O GOLDMAN SACHS & CO, 85 BROAD STREET, NEW YORK, NY 10004 (212) 902-1000
- \$10,000,000 COMMON STOCK (FILE 333-82331 - JUL 06) (BR 22)
- N-2 TWELFTH AUTOMATIC COMMON EXCHANGE SECURITY TRUST,
C/O GOLDMAN SACHS & CO, 85 BROAD STREET, NEW YORK, NY 10004 (212) 902-1000
- \$10,000,000 COMMON STOCK (FILE 333-82333 - JUL. 06) (BR. 22)
- N-2 THIRTEENTH AUTOMATIC COMMON EXCHANGE SECURITY TRUST,
C/O GOLDMAN SACHS & CO, 85 BROAD STREET, NEW YORK, NY 10004 (212) 902-1000
- \$10,000,000 COMMON STOCK. (FILE 333-82335 - JUL. 06) (BR. 22)

N-2 FOURTEENTH AUTOMATIC COMMON EXCHANGE SECURITY TRUST,
C/O GOLDMAN SACHS & CO, 85 BROAD STREET, NEW YORK, NY 10004 (212) 902-1000
- \$10,000,000 COMMON STOCK. (FILE 333-82337 - JUL 06) (BR 22)

S-8 DIGITAL LINK CORP, 217 HUMBOLDT COURT, SUNNYVALE, CA 94089
(408) 745-6200 - 300,000 (\$2,212,500) COMMON STOCK (FILE 333-82339 -
JUL 06) (BR. 3)

S-4 BRIO TECHNOLOGY INC, 3430 WEST BAYSHORE RD, PALO ALTO, CA 94303
(650) 854-8000 - \$2,607,105 COMMON STOCK (FILE 333-82341 - JUL 06)
(BR 3)

S-8 HERBALIFE INTERNATIONAL INC, 1800 CENTURY PK E, LOS ANGELES, CA 90067
(310) 410-9600 - 5,000,000 (\$51,720,000) COMMON STOCK 24,000,000
(\$24,000,000) OTHER SECURITIES INCLUDING VOTING TRUST. (FILE 333-82343 -
JUL 06) (BR 1)

S-4 AVADO BRANDS INC, HANCOCK AT WASHINGTON, MADISON, GA 30650
(706) 342-4552 - 100,000,000 (\$100,000,000) STRAIGHT BONDS. (FILE
333-82345 - JUL 06) (BR. 5)

S-3 PHARMAPRINT INC, 2600 MICHELSON DRIVE, SUITE 1600, IRVINE, CA 92612
(949) 794-7778 - 2,776,595 (\$13,882,975) COMMON STOCK. (FILE 333-82347 -
JUL 06) (BR. 9)

S-3 LJL BIOSYSTEMS INC, 404 TASMAN DR, SUNNYVALE, CA 94089 (408) 541-8787 -
2 000,000 (\$9,000,000) COMMON STOCK. (FILE 333-82349 - JUL 06) (BR 5)

S-8 SPYGLASS INC, 1240 EAST DIEHL RD, NAPERVILLE, IL 60563 (708) 505-1010 -
100 918 (\$1,937,625 60) COMMON STOCK (FILE 333-82351 - JUL 06) (BR. 3)

S-8 CABOT CORP, 75 STATE ST, BOSTON, MA 02109 (617) 345-0100 - 3,000,000
(\$70,875,000) COMMON STOCK (FILE 333-82353 - JUL 06) (BR 2)

S-4 GREATER BAY BANCORP, 2860 WEST BAYSHORE ROAD, PALO ALTO, CA 94303
(415) 375-1555 - 972,809 (\$1,194,435) COMMON STOCK (FILE 333-82355 -
JUL 07) (BR. 7)

S-1 NCT GROUP INC, 1025 WEST NURSERY RD, STE 120, LINTHICUM, NY 21090
(410) 636-8700 - 26,648,696 (\$6,262,443) COMMON STOCK. (FILE 333-82359 -
JUL 07) (BR 5)

S-4 ALEC HOLDINGS INC, 510 L STREET, SUITE 500, ANCHORAGE, AK 99501
(907) 297-3000 - 46,928,435 (\$24,999,999.81) STRAIGHT BONDS (FILE
333-82361 - JUL 07) (NEW ISSUE)

S-4 ALASKA COMMUNICATIONS SYSTEMS HOLDINGS INC, 510 L STREET, SUITE 500,
ANCHORAGE, AK 99501 (907) 297-3000 - 150,000,000 (\$150,000,000)
STRAIGHT BONDS (FILE 333-82363 - JUL 07) (NEW ISSUE)