

# sec news digest

Issue 94-58

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## ENFORCEMENT PROCEEDINGS

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### ENTRY OF PRELIMINARY INJUNCTIONS AND ASSET FREEZES ORDERED AGAINST BLACKFORD ENERGY COMPANY, RODNEY BLACKFORD, AND THOMAS CHERRY

The Commission announced that on March 23 the Honorable J. Thomas Greene, U.S. District Judge for the District of Utah, ordered an entry of preliminary injunctions and asset freezes against Blackford Energy Company, Rodney Blackford and Thomas T. Cherry. The order enjoins the defendants from further violations of Sections 5 and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

The Commission's March 11 complaint alleged violations in connection with the offer, purchase and sale of "general partnership interests" in an oil and gas drilling venture known as the Big Snowy Mountain 10-Well Joint Venture. The Commission alleged that these interests were unregistered securities being sold in violation of federal securities laws.

The Court ordered that the assets of Blackford Energy Company be frozen pending further order by the court, except that Blackford Energy is permitted to expend up to \$150,000 to complete a well currently being drilled. In addition, the Court froze the assets of Rodney Blackford and Thomas T. Cherry except for allowances of \$4,500 a month for living expenses. [SEC v. Blackford Energy Company, Rodney Blackford and Thomas T. Cherry, USDC UT, Civil Action No. 94-C-269 G] (LR-14029)

### FINAL JUDGMENT ENTERED AGAINST THEODORE MCCORMICK

The Commission announced that on March 14 the Honorable Lucius D. Bunton III, Senior U.S. District Judge, Western District of Texas, El Paso Division, entered a Final Judgment and Order of Permanent Injunction (Final Judgment) against Theodore A. McCormick (McCormick). The Final Judgment permanently enjoins McCormick from further violations of the antifraud provisions of the federal securities laws. The Final Judgment also notes the appropriateness of civil penalties, but does not impose such penalties due to McCormick's demonstrated financial inability to pay. McCormick consented to the entry of the Final Judgment without admitting or denying the allegations contained in the Commission's complaint.

The Commission's complaint alleges that between August 1986 and November 1992, McCormick, formerly a registered representative of Consolidated Investment Services, Inc., a broker-dealer registered with the Commission, defrauded approximately 27 investors out of over \$2.3 million through the offer and sale of securities in the form of promissory notes and interests in certificates of deposit. The complaint further alleges that in connection with the offer, purchase, and sale of these securities, McCormick misrepresented and omitted material information including, among other things, the use and application of investor funds, the risk associated with these securities and the source of funds for interest payments to investors. [SEC v. Theodore A. McCormick, USDC/WD TX, El Paso Division, Civil Action No. EP-94-CA-58] (LR-14031)

#### FINAL JUDGMENT ENTERED AGAINST OMNI CAPITAL GROUP, LTD.

The Commission announced that on March 24 the Honorable Jose A. Gonzalez entered a Final Judgment of Permanent Injunction, by consent, against Omni Capital Group, Ltd. (Omni), a closely-held Delaware corporation that formerly maintained its principal place of business in Boca Raton, Florida.

The Final Judgment enjoins Omni from violating the registration, antifraud, broker-dealer registration and broker-dealer antifraud provisions of the federal securities laws.

The complaint alleges that between September 1989 and March 1992, Omni raised over \$25 million through offers and sales of interests in limited partnerships to over 150 investors in an unregistered, non-exempt integrated offering.

The complaint further alleges that Omni, in connection with the offer and sale of its securities, made material misrepresentations and omissions to investors concerning, among other things, the use of offering proceeds and the return on investment. For further information, see Litigation Release Nos. 13295, 13296, 13297, 13436 and 13736. [SEC v. Omni Capital Group, Ltd., et al., Civil Action No. 92-8247-CIV-GONZALEZ, S.D. Fla.] (LR-14032)

#### KATZ ORDERED TO PAY DISGORGEMENT AND PREJUDGMENT INTEREST

The Commission announced that on March 18 the Honorable William M. Nickerson of the U.S. District Court for the District of Maryland ordered Marvin H. Katz (Katz) to pay \$346,000 in disgorgement, together with \$124,263 in prejudgment interest, into the registry of the Court within thirty days. Previously, Katz was enjoined by consent from further violations of Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. At that time, payment of disgorgement was deferred until after a determination of Katz' financial condition and ability to pay.

The Commission's complaint, filed on September 14, 1992, alleged that from approximately February 1988 through May 1992 Katz, the principal shareholder and president of Fidelity Land Development Corporation, engaged in a fraudulent scheme to raise approximately \$346,000 through the sale of promissory notes to 14 investors. See also LR-13365, LR-13625. [SEC v. Marvin H. Katz, USDC for the District of Maryland, Civil Action No. WN92-2584] (LR-14033)

CIVIL ACTION FILED AGAINST WILLIAM HEBDING, ALLEN SHIFFLETT AND J. PAUL MEDLIN

The Commission announced today that it filed and simultaneously settled three separate proceedings relating to a fraudulent scheme to overstate Comptronix Corporation's revenues orchestrated between 1989 and 1992 by the three former senior managers of Comptronix -- William J. Hebding, Allen L. Shifflett and J. Paul Medlin. In one proceeding, the Commission today filed a complaint in the U.S. District Court for the District of Columbia against Hebding, Shifflett and Medlin, who simultaneously, without admitting or denying the allegations in the Commission's complaint, consented to entry of Final Judgments. The defendants are permanently enjoined from violating the antifraud, reporting, record-keeping and internal controls provisions of the federal securities laws and permanently prohibited from serving as officers or directors of any public reporting company. They are also ordered to disgorge trading losses avoided and bonuses paid to them by Comptronix during the period of the alleged fraud, plus prejudgment interest thereon, and Hebding and Shifflett are ordered to pay civil money penalties of \$100,000 and \$50,000, respectively.

In a related administrative proceeding pursuant to Section 21C of the Exchange Act, the Commission today ordered Comptronix, which did not admit or deny the Commission's findings, to permanently cease and desist from committing any violation of the reporting, record-keeping and internal controls provisions of the securities laws. Finally, Hebding, who is a certified public accountant, has agreed to the issuance, upon entry of the permanent injunction, of an Order pursuant to Rule 2(e) of the Commission's Rules of Practice permanently denying him the privilege of appearing or practicing before the Commission as an accountant. [SEC v. Hebding, Shifflett and Medlin, 94 Civ. 0677, TJP, D.D.C.] (LR-14034; AAE Rel. 544)

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INVESTMENT COMPANY ACT RELEASES

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MONEY MARKET TRUST

A notice has been issued giving interested persons until April 19 to request a hearing on an application filed by Money Market Trust for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-20160 - March 25)

#### GOVERNMENT MONEY TRUST

A notice has been issued giving interested persons until April 19 to request a hearing on an application filed by Government Money Trust for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-20161 - March 25)

#### TREASURY MONEY TRUST

A notice has been issued giving interested persons until April 19 to request a hearing on an application filed by Treasury Money Trust for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. 20162 - March 25)

#### FIRST CASH FUNDS OF AMERICA

A notice has been issued giving interested persons until April 19 to request a hearing on an application filed by First Cash Funds of America for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-20164 - March 25)

#### FIRST FUNDS OF AMERICA

A notice has been issued giving interested persons until April 19 to request a hearing on an application filed by First Funds of America for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-20165 - March 25)

#### THE ARCH FUND, ET AL.

A notice has been issued giving interested persons until April 19 to request a hearing on an application filed by The Arch Fund, et al. for an order under Section 6(c) of the Investment Company Act that would exempt applicants from Sections 2(a)(32), 2(a)(35), 18(f)(1), 18(g), 18(i), 22(c), and 22(d) of the Investment Company Act and Rule 22c-1 thereunder. Applicants request an order to supersede a prior order that permits certain investment companies to issue multiple classes of shares representing interests in the same portfolio of securities. The requested order would permit the offering of an unlimited number of classes, the addition of a conversion feature, and the assessment and, under certain circumstances, waiver of a contingent deferred sales charge on redemptions of shares. (Rel. IC-20166 - March 25)

#### THE VALIANT FUND, ET AL.

A notice has been issued giving interested persons until April 19 to request a hearing on an application filed by The Valiant Fund, et al. for an order pursuant to Sections 6(c) and 17(b) of the Investment Company Act granting an exemption from Sections 17(a)(1), 17(a)(2), and 17(e)(1) of the Act. The order would permit any series of The Valiant Fund which is a money market fund (Fund) to engage in certain transactions with banks that are affiliated persons of the Fund, or affiliated persons of affiliated persons of the Fund, solely because the banks own 5% or more (but less than

a controlling interest) of the outstanding securities of the Fund (Affiliated Bank); engage in transactions in U.S. government securities with a primary dealer in such securities which is an affiliated person of a Fund solely by reason of being an Affiliated Bank, or an affiliated person of an Affiliated Bank (i.e., an affiliated person of an affiliated person of the Fund) (Affiliated Dealer); and pay compensation to Affiliated Banks or Affiliated Dealers within the limits of Section 17(e)(2) where they act as agent for the Fund in permitted transactions. (Rel. IC-20167 - March 25)

#### HARTFORD BOND/DEBT SECURITIES FUND, INC., ET AL.

A notice has been issued giving interested persons until April 22 to request a hearing on an application filed by Hartford Bond/Debt Securities Fund, Inc., et al. for an order pursuant to Rule 17d-1 under the Investment Company Act that would permit certain transactions in accordance with Section 17(d) of the Act and Rule 17d-1. The order would permit applicants to deposit their uninvested cash balances into a joint trading account through which the cash will be invested in repurchase agreements. (Rel. IC-20169 - March 28)

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#### HOLDING COMPANY ACT RELEASES

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#### GENERAL PUBLIC UTILITIES CORPORATION

A supplemental order has been issued authorizing General Public Utilities Corporation, a registered holding company, to make capital contributions to its operating subsidiary companies in aggregate amounts of up to \$200 million, through December 31, 1996. (Rel. 35-26011)

#### PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

A notice has been issued giving interested persons until April 18 to request a hearing on a proposal by Public Service Company of New Hampshire, a public-utility subsidiary company of Northeast Utilities, a registered holding company, to extend the term of its Revolving Credit Agreement from May 14, 1994 to May 14, 1996; and amend certain financial covenants and other provisions in the Revolving Credit Agreement to account for the agreement's extended term. (Rel. 35-26012)

#### APPALACHIAN POWER COMPANY, ET AL.

A notice has been issued giving interested persons until April 18 to request a hearing on a proposal by Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company and Ohio Power Company, all electric public-utility subsidiary companies of American Electric Power Company, Inc, a registered holding company, to acquire for cash, through June 30, 1996, up to the entire amount of certain previously issued and outstanding series of first mortgage bonds and cumulative preferred stock (Securities). The Securities will be acquired through tender offer, negotiated, open market or any form of purchase other than redemption. (Rel. 35-26012)

SENECA RESOURCES CORP., ET AL.

A notice has been issued giving interested persons until April 18 to request a hearing on a proposal by Seneca Resources Corporation (Seneca) and Empire Exploration, Inc. (Empire), both wholly-owned non-utility subsidiaries of National Fuel Gas Company, a registered holding company. Seneca and Empire propose to merge Empire into Seneca. (Rel. 35-26012)

ENERGY INITIATIVES, INC., ET AL.

A notice has been issued giving interested persons until April 18 to request a hearing on a proposal by Energy Initiatives, Inc. (EII), a non-utility subsidiary of General Portfolios Corporation (GPC), and GPC, a non-utility subsidiary of General Public Utilities Corporation (GPU), and GPU, a registered holding company. GPU proposes to merge GPC into EII, with EII becoming the surviving entity. Upon consummation of the merger, all of the outstanding 100 shares, no par value, of GPC common stock owned by GPU would be cancelled and EII would succeed to all of the assets and liabilities of GPC, including shares of ACE Limited and Excel Limited, both Cayman Island corporations, and EI Fuels Corp., presently a wholly-owned subsidiary of GPC. After the merger, all 100 outstanding shares of EII, now held by GPC, would be transferred to GPU and, consequently, EII would become a direct, wholly-owned subsidiary of GPU. (Rel. 35-26012)

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SELF-REGULATORY ORGANIZATIONS

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WITHDRAWALS GRANTED

An order has been issued granting the application of Rowe Furniture Corporation to withdraw from listing and registration its Common Stock, \$1.00 Par Value, on the American Stock Exchange. (Rel. 34-33821)

An order has been issued granting the application of Cheyenne Software, Inc. to withdraw from listing and registration its Common Stock, \$0.01 Par Value, on the Pacific Stock Exchange. (Rel. 34-33823)

DELISTING GRANTED

An order has been issued granting the application of the Chicago Stock Exchange to strike from listing and registration Providence Health Care, Inc., Common Stock, \$.01 Par Value. (Rel. 34-33822)

PROPOSED RULE CHANGES

Delta Government Options Corp. filed a proposed rule change (SR-DGOC-94-01) to modify DGOC's definition of expiration date by expanding the definition from the last Friday of a month to any business day within the duration of an option contract but not to exceed the second anniversary of the writing of an option. (Rel. 34-33805)

The Philadelphia Stock Exchange filed a proposed rule change (SR-PHLX-94-13) to amend Regulation 2 (Foods, Liquids and Beverages) to permit standing floor committees to waive the Regulation for a specific period of time. Publication of the proposal is expected in the Federal Register during the week of March 28. (Rel. 34-33815)

The American Stock Exchange filed a proposed rule change (SR-AMEX-93-41) relating to the limitation of exchange liability for negligent conduct. Publication of the notice is expected in the Federal Register during the week of March 28. (Rel. 34-33817)

The Midwest Securities Trust Company filed a proposed rule change (SR-MSTC-94-04) to permit MSTC to establish a Limited Purpose Participant Program. Publication of the notice is expected in the Federal Register during the week of March 28. (Rel. 34-33820)

#### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

A proposed rule change filed by the Chicago Stock Exchange to publish a policy concerning Instinet terminals on the CHX floor (SR-CHX-94-03) has become effective immediately. Publication of the proposal is expected in the Federal Register during the week of March 28. (Rel. 34-33806)

The Midwest Securities Trust Company and the Midwest Clearing Corporation have filed proposed rule changes (SR-MSTC-94-06 and SR-MCC-94-04) relating to technical changes to Article VI, Rule 1, Section 1(b) of MSTC's rules and Article IX, Rule 1, Section 1(b) of MCC's rules. The rule changes were effective upon filing. (Rel. 34-33809)

The National Securities Clearing Corporation filed a proposed rule change (SR-NSCC-94-04) regarding the establishment of a fee for printed output reports. The rule change became effective upon filing. (Rel. 34-33819)

#### APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change submitted by the New York Stock Exchange (SR-NYSE-93-27) to add Rule 410A and the proprietary participation prohibition in Rule 72(b) to the "List of Exchange Rule Violations and Fines Applicable Thereto Pursuant to Rule 476A" and to amend the NYSE Minor Rule Violation Enforcement and Reporting Plan. (Rel. 34-33816)

#### ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change filed by the Philadelphia Stock Exchange (SR-PHLX-94-17) relating to the trading hours for foreign currency options on Good Friday, 1994. Publication of the order is expected in the Federal Register during the week of March 28. (Rel. 34-33818; International Series Rel. 644)

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SECURITIES ACT REGISTRATIONS

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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.

- S-3 NATIONAL SEMICONDUCTOR CORP, 2900 SEMICONDUCTORS DR, PO BOX 58090, SANTA CLARA, CA 95052 (408) 721-5000 - 8,250,000 (\$187,171,875) COMMON STOCK. (FILE 33-52775 - MAR. 22) (BR. 3)
- S-8 BENEFUND INC, 8118 E 63RD ST, TULSA, OK 74133 (918) 254-5123 - 3,000,000 (\$1,050,000) COMMON STOCK. (FILE 33-76632 - MAR. 21) (BR. 7)
- S-8 SKY SCIENTIFIC INC, 1515 N FEDERAL HWY STE 310, BOCA RATON, FL 33432 (407) 362-9494 - 150,000 (\$97,500) COMMON STOCK. (FILE 33-76636 - MAR. 21) (BR. 8)
- S-8 HEALTH MANAGEMENT SYSTEMS INC, 401 PARK AVE S, NEW YORK, NY 10016 (212) 685-4545 - 700,000 (\$17,500,000) COMMON STOCK. (FILE 33-76638 - MAR. 21) (BR. 10)
- S-8 AUSPEX SYSTEMS INC, 5200 GREAT AMERICA PKWY, SANTA CLARA, CA 95054 (408) 492-0900 - 800,000 (\$5,100,000) COMMON STOCK. (FILE 33-76640 - MAR. 21) (BR. 9)
- S-3 ELLISON RAY MORTGAGE ACCEPTANCE CORP, 4800 FREDERICKSBURG RD, P O BOX 5250, SAN ANTONIO, TX 78229 (210) 349-1111 - 10,000,000 (\$10,000,000) STRAIGHT BONDS. (FILE 33-76642 - MAR. 21) (BR. 11)
- S-8 MEASUREMENT SPECIALTIES INC, 41 PLYMOUTH ST, FAIRFIELD, NJ 07004 (201) 808-1819 - 900,000 (\$3,942,000) COMMON STOCK. (FILE 33-76646 - MAR. 21) (BR. 8)
- S-1 ST LAWRENCE SEAWAY CORP, 320 N MERIDIAN ST, 818 CHAMBER OF COMMERCE BLDG, INDIANAPOLIS, IN 46204 (317) 639-5292 - 10,000 (\$10,000,000) STRAIGHT BONDS. 10,000 (\$100,000) WARRANTS, OPTIONS OR RIGHTS. (FILE 33-76648 - MAR. 21) (BR. 6)
- S-8 INTERNEURON PHARMACEUTICALS INC, 1 LEDGEMONT CTR, 99 HAYDEN AVE, LEXINGTON, MA 02173 (617) 861-8444 - 1,000,000 (\$10,000,000) COMMON STOCK. (FILE 33-76652 - MAR. 21) (BR. 4)
- S-8 ES&L BANCORP INC, 300 WEST WATER ST, ELMIRA, NY 14901 (607) 733-5533 - 100,000 (\$2,660,000) COMMON STOCK. (FILE 33-76706 - MAR. 21) (BR. 2)
- S-8 ALRTEX INC, 1 CALIFORNIA ST, STE 2509, SAN FRANCISCO, CA 94111 (415) 398-3230 - 1,000,000 (\$5,250,000) COMMON STOCK. (FILE 33-76718 - MAR. 21) (BR. 9)