

sec news digest

Issue 95-137

July 18, 1995

ADMINISTRATIVE PROCEEDINGS

J. EDMUND & CO. CENSURED AND JOHN LIGUMS SUSPENDED

The Commission today announced the entry of an Order Making Findings, Imposing Remedial Sanctions and Issuing Cease-and-Desist Order Pursuant to Sections 15(b), 19(h) and 21C of the Securities Exchange Act of 1934 against J. Edmund & Co. (Edmund), a registered broker-dealer located in Milton, Massachusetts, and John E. Ligums (Ligums), the president of Edmund's general partner. Without admitting or denying the findings, Edmund and Ligums consented to entry of the Order and to the imposition of sanctions.

On the basis of Offers of Settlement submitted by Edmund and Ligums, the Commission found that Edmund willfully violated Sections 7(c) and 11(d)(1) of the Securities Exchange Act of 1934 and Regulation T enacted pursuant to Section 7(c) by failing repeatedly to obtain timely payment for purchases of securities by its customers, including purchases of a new issue for which Edmund had acted as the managing underwriter within thirty days prior to the purchases. The Commission found that Ligums willfully aided and abetted and caused Edmund's violations.

The Order censures Edmund, suspends Ligums from association with any regulated entity for a period of nine months and orders Edmund and Ligums to cease and desist from future violations of Sections 7(c) and 11(d)(1) of the Securities Exchange Act of 1934 and Regulation T enacted pursuant to Section 7(c). (Rel. 34-35952)

ADMINISTRATIVE PROCEEDINGS AGAINST LAWRENCE MASCERA

The Commission announced the settlement of administrative proceedings against Lawrence I. Mascera (Mascera) and Mascera & Company, Inc. (Mascera & Co.) (collectively, Respondents). The Respondents consented to the entry of an Order Making Findings and Imposing Remedial Sanctions and Cease and Desist Order (Order), without admitting or denying the matters set forth therein. The Order finds that the Respondents provided a sham opinion letter that The Cooper Companies, Inc. and Gary

Alan Singer, its former co-chairman, utilized as part of a scheme to manipulate the price of Cooper's debentures, thereby avoiding an interest rate reset obligation contained in the indenture governing the debentures. The Order finds that the Respondents aided and abetted and caused violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The Order censures Mascera & Co.; suspends Mascera for twelve months; orders that Mascera pay a civil penalty of \$7,500; orders the Respondents to cease and desist from committing or causing violations of, or any future violations of, Sections 10(b) and Rule 10b-5 thereunder; and prohibits the Respondents from preparing or assisting in the preparation of any written report, recommendation or opinion involving any matter or transaction subject to the federal securities laws. (Rel. 34-35976)

THOMAS POTTS ENJOINED

The Commission announced today the filing of a complaint in the United States District Court for the District of Maryland against Thomas H. Potts of Richmond, Virginia, for insider trading in connection with his purchases of the common stock of Resource Mortgage Capital, Inc. (RMR), formerly RAC Mortgage Investment Corporation, prior to the May 13, 1992, announcement that RMR was raising the amount of its monthly dividend from \$.15 to \$.20 per share. Without admitting or denying the allegations in the complaint, Potts consented to the entry of a Final Judgment permanently restraining and enjoining Potts from violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, ordering him to disgorge \$82,500, plus prejudgment interest thereon, and ordering him, pursuant to Section 21A of the Exchange Act, to pay a civil penalty of \$41,250.

According to the complaint, Potts, while in possession of material, nonpublic information about future earnings and their implications for the dividend, purchased 40,000 shares of RMR stock beginning on April 23, 1992. Following the announcement of the 33 percent increase in the monthly dividend on May 13, 1992, the stock price closed up 16 percent, generating unrealized profits of \$82,500 on the shares Potts purchased in April. [SEC v. Thomas H. Potts, Civil Action No. 95-2074, MJG, D.MD] (LR-14561)

PERMANENT INJUNCTION AGAINST FIRST NATIONAL ENTERTAINMENT CORP, ET AL.

The Commission announced today that on July 5 the United States District Court for the Western District of Texas, Austin Division entered a final judgment of permanent injunction against First National Entertainment Corp. (f/k/a First National Film Corp.) (First National) for violations of Section 17(a) of the Securities Act of 1933 (Securities Act) and Sections 10(b) and 13(a) of the Securities Exchange Act of 1934 (Exchange Act) and Rules 10b-5, 13a-1, 13a-11, 13a-13 and 12b-20 thereunder. The Court also entered a stipulated order between the Commission and Milton J. Verret (Verret), also a defendant in the civil action, ordering him to vote his outstanding shares of First National common stock in proportion to votes of the other shareholders and to make no attempt to influence First National's management.

On June 27, The Commission had filed a complaint against First National, Verret, Ricky D. Busby, Michael D. Swingler, Richard C. Maestre, Auburn R. Busby and Michael B. Byrd alleging violations of some or all of the above mentioned federal securities laws. First National consented to the permanent injunction without admitting or denying the allegations made in the Commission's complaint. The settlement, however, had been contingent upon the Court entering the stipulated order.

The Commission is seeking an injunction against each of the individual defendants, disgorgement of their illegal trading profits, prejudgment interest, and civil penalties and is also seeking to permanently bar Verret and Busby from serving as officers or directors of any public company. For further information see LR-14546, dated June 27, 1995. [SEC v. First National Entertainment Corp., et al., Civil Action No. A 95CV 371 USDC, WD Texas, Austin Division] (LR-14564)

COMPLAINT FILED AGAINST D'ACQUISTO FINANCIAL GROUP, INC., DOUBLEDAY TRUST, JOHN D'ACQUISTO AND THOMAS GOODMAN

The Commission announced that on July 13 it filed a complaint naming D'Acquisto Financial Group, Inc., Doubleday Trust, John F. D'Acquisto and Thomas F. Goodman, an attorney, for violating the antifraud provisions in connection with a fraudulent scheme involving a prime bank investment program.

The Commission's complaint alleges that from November 1993 through at least June 1994, the defendants engaged in a fraudulent scheme involving the offer and sale of investment contracts in a prime bank investment program in which investors were promised weekly returns of two percent (2%) to seven percent (7%). The defendants misappropriated and commingled the \$7 million dollars they raised from three investors. The defendants used the proceeds to purchase, among other things an interest in a Mexican minor league baseball team, three racehorses, and land in Mexico. The proceeds also were used to pay Goodman's state bar dues. [SEC v. D'Acquisto Financial Group, Inc., Doubleday Trust, John F. D'Acquisto and Thomas F. Goodman, Civil Action No. 95-1105H, AJB, SD Cal.] (LR-14562)

MOTION FOR PARTIAL SUMMARY JUDGMENT GRANTED AS TO ARTHUR ANDREWS

The United States District Court for the District of Columbia (Hon. Gladys Kessler) granted the Commission's motion for partial summary judgment against defendant Arthur R. Andrews. The Commission alleged that Andrews engaged in securities fraud in connection with the offer and sale of so-called "prime bank" securities. The Court found Andrews liable for \$1,500,000 in disgorgement plus an additional amount in prejudgment interest. [SEC v. Fulcrum Holdings Company, Inc. and Arthur R. Andrews, USDC for the District of Columbia, Civil Action No. 1:94CV02352, GK] (LR-14563)

SELF-REGULATORY ORGANIZATIONS

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change filed by the International Securities Clearing Corporation (SR-ISCC-95-03). The proposed rule change modifies the calculation of ISCC's clearing fund formula. Publication of the proposal is expected in the Federal Register during the week of July 17. (Rel. 34-35970; International Series Rel. 828)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

The Depository Trust Company filed a proposed rule change (SR-DTC-95-11) which became effective upon filing. The proposed rule change modifies the prime broker option in DTC's Institutional Delivery system. Publication of the proposal is expected in the Federal Register during the week of July 17. (Rel. 34-35971)

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.

- S-1 AMERICAN HONDA RECEIVABLES CORP, 700 VAN NESS AVENUE,
C/O AMERICAN HONDA RECIEVABLES CORP, TORRANCE, CA 90501 (310) 781-4100 -
1,000,000 (\$1,000,000) EQUIPMENT TRUST CERTIFICATES. UNDERWRITER:
CS FIRST BOSTON. (FILE 33-94332 - JUL. 10) (BR. 11)
- S-8 MICROS TO MAINFRAMES INC, 614 CORPORATE WAY, VALLEY COTTAGE, NY 10989
(914) 268-5000 - 250,000 (\$846,424) COMMON STOCK. (FILE 33-94402 -
JUL. 07) (BR. 10)
- S-3 PIONEER RAILCORP, 1318 S JOHANSON ROAD, PEORIA, IL 61607 (309) 274-5110
- 4,196,084 (\$8,392,168) COMMON STOCK. (FILE 33-94414 - JUL. 07) (BR. 5)
- S-3 FLEXTRONICS INTERNATIONAL LTD, BLK 514 CHAI CHEE LANE #04-13,
BODEK INDUSTRIAL ESTATE REPUBLIC OF SING, SINGAPORE 1646, F5 (065) 449-5255
- 1,000,000 (\$22,000,000) COMMON STOCK. (FILE 33-94416 - JUL. 10) (BR. 3)
- S-3 OASIS RESIDENTIAL INC, 4041 EAST SUNSET RD, HENDERSON, NV 89014
(702) 435-9800 - 1,000,000 (\$21,625,000) COMMON STOCK. (FILE 33-94418 -
JUL. 10) (BR. 6)
- S-4 CITFED BANCORP INC, ONE CITIZENS FEDERAL CENTRE, DAYTON, OH 45402
(513) 223-4234 - 1,620,341 (\$28,258,747.04) COMMON STOCK. (FILE 33-94422 -
JUL. 10) (BR. 1)