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U.S. SECURITIES AND  
EXCHANGE COMMISSION

# sec news digest

Issue 90-142

July 24, 1990

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## COMMISSION ANNOUNCEMENTS

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### RESPONSE TO LETTER BY GAO

The Commission today released a response to a letter by the General Accounting Office comparing reports on market volatility on October 13 and 16, 1989 by the staffs of the Commission and the Commodity Futures Trading Commission.

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## CIVIL PROCEEDINGS

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### PRELIMINARY INJUNCTION RE CONTEL

On July 23, a federal District Court granted the SEC's Motion for a Preliminary Injunction, Order Freezing Assets, Order Preventing Alteration or Destruction of Documents, and Order Authorizing Alternative Means for Service of Process (Preliminary Injunction) in the pending civil injunctive action against certain purchasers of Contel Corporation call options and common stock. The Preliminary Injunction indefinitely freezes all trading and proceeds from purchases of July 10 and 11, 1990 by the defendants, except for Union Bank of Switzerland which stipulated to the extension of the TRO as to the proceeds from the purchase and sale of 20 calls for its own account. The Preliminary Injunction governs Union Bank customers or employees who traded in Contel.

Frederic Galliard, Alfred Keller, Rolf Koechli, Phillippe Colliard, Thierry Racine, Olivier Roth and three unidentified persons bought between 10 and 70 Contel call option contracts each through Union Bank. None of the purchasers through the Luxembourg banks or of Bankverein Bremen in Germany have been identified. Four West German defendants allegedly purchased calls as a result of a series of tips stemming from an overheard discussion in a Dusseldorf restaurant to the effect that Contel's price would increase because something was going to happen with the company. [SEC v. Ortwin Heider, Hans-Jurgen Klisch, Hannelore Mirbach-Krahn, Bodo Pawlik, Union Investment, Nalasag Corporation, Sigesse, SA, and Other Unknown Purchasers of Common Stock and Call Option Contracts for the Common Stock of Contel Corporation, (USDC for the SDNY, Civil Action No. 90 Civ. 4636 (CSH)) (LR-12558)]

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## HOLDING COMPANY ACT RELEASES

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### CONSOLIDATED NATURAL GAS COMPANY

A supplemental order has been issued releasing jurisdiction over and authorizing certain portions of a proposal by Consolidated Natural Gas Company, a registered holding company (Consolidated), and its subsidiary companies, CNG Coal Company, CNG Development Company, CNG Energy Company, CNG Producing Company (Producing) and its subsidiary, CNG Pipeline Company (Pipeline), CNG Research Company, CNG Transmission Corporation, Consolidated Natural Gas Service Company, Inc., Hope Gas, Inc., The East Ohio Gas Company, The Peoples Natural Gas Company (Peoples), The River Gas Company, Virginia Natural Gas, Inc. and West Ohio Gas Company (collectively, Subsidiaries), through June 30, 1991, for \$25 million in long-term borrowings from Consolidated to Peoples evidenced by non-negotiable notes, for the purpose of financing capital expenditures. (Rel. 35-25119)

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## LISTING, DELISTING AND UNLISTED TRADING ACTIONS

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### WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until August 8 to comment on the application of Financial News Network, Inc., to withdraw its Common Stock, (No Par) from listing and registration on the Boston Stock Exchange. (Rel. 34-28220)

### DELISTINGS GRANTED

Orders have been issued granting the applications of the following exchanges to strike from listing and registration the specified securities: New York Stock Exchange to strike from listing and registration the Imperial Corporation of America, Common Stock (\$1 Par) (Rel. 34-28224); Midwest Stock Exchange Heck's, Inc. Common Stock (\$1 Par) and Warrants to Purchase Common Stock Exercisable at \$1.00 Per Share, (Rel. 34-28228) and Datronic Rental Corporation, Common Stock, (\$1 Par), (Rel. 34-28237); and American Stock Exchange Morgan Stanley Group, Inc., Nikkei Stock Average Put Warrants, Expiring July 12, 1991 (Rel. 34-28238).

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## SELF-REGULATORY ORGANIZATIONS

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### PROPOSED RULE CHANGES

Proposed rule changes have been filed under Section 19(b)(4) of the Securities Exchange Act by: Options Clearing Corporation (SR-OCC-90-04) and Intermarket Clearing Corporation (SR-ICC-90-03) to expand the existing cross-margining program between OCC and ICC to market professionals (Rel. 34-28205); New York Stock Exchange (SR-NYSE-90-25) to establish margin requirements for over-the-counter options and for interest rate measure options (Rel. 34-28219); and National Association of Securities Dealers (SR-NASD-90-33) which would initiate a two-year pilot operation of the NASDAQ International Service (Service). The Service would extend the NASD's electronic

inter-dealer market to Europe (initially to the United Kingdom) through a communication node located in London. The Service would support an early trading session, from 3:30 to 9:00 a.m. E.T. on each business day that coincides with the business hours of London financial markets (Rel. 34-28223). (SR-NASD-89-53) would amend Schedule C of the NASD's By-Laws to require a person whose registration had been revoked, due to nonpayment of monetary sanctions, to requalify by examination prior to again becoming registered with the NASD (Rel. 34-28226). Publication of these proposals is expected in the Federal Register during the weeks of July 16 and July 23.

#### APPROVAL OF PROPOSED RULE CHANGES

The Commission has approved proposed rule changes by the following: National Securities Clearing Corporation (SR-NSCC-89-17) to authorize the electronic communication of NSCC's balance order buy-in notices (Rel. 34-28206); Pacific Stock Exchange (SR-PSE-90-23) to amend Article XXII, Section 11(c) of its Rules to change the composition of the PSE Membership Committee (Rel. 34-28221) and (SR-PSE-90-16) to amend PSE Rule II, Section 3(h) to change the time period when an order cancellation may be declined by a specialist from within ten minutes to within three minutes prior to the opening (Rel. 34-28222); and National Association of Securities Dealers (SR-NASD-89-42) to amend Part III of Schedule D to the NASD's By-Laws which relates to qualification standards for NASDAQ National Market System issuers and in particular Section 5(i) which requires shareholder approval of certain issuances of securities (Rel. 34-28232). Publication of Rel. 34-28206 is expected in the Federal Register during the week of July 16.

#### AMENDMENT OF PROPOSED RULE CHANGES

An amendment to a proposed rule change was filed by the National Association of Securities Dealers (SR-NASD-89-9) requesting permanent approval of the limit order processing capability for the NASD's Small Order Execution System (SOES). The amendment to the proposal describe enhancements to the system that would permit in certain circumstances, matching and full or partial execution of limit orders. Publication of the amendment is expected in the Federal Register during the week of July 16. (Rel. 34-28210)

#### ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission approved on an accelerated basis the following proposed rule changes: New York Stock Exchange (SR-NYSE-90-24) to amend its Rule 103A specialist performance criteria and to renew the effectiveness of the rule for a period of time ending on May 9, 1991 (Rel. 34-28215) and (SR-NYSE-90-30) to add Section 703.19 to its Listed Company Manual in order to provide listing guidelines for hybrid securities products. (Rel. 34-28217) Publication of the proposals is expected in the Federal Register during the week of July 23.

#### PARTIAL ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The New York Stock Exchange (SR-NYSE-90-17) filed a proposed rule change, pursuant to Rule 19b-4 under the Securities Exchange Act of 1934, to modify the bid-ask differential requirements and improve upon options specialists' responsibility to make ten-up markets. The Commission has granted accelerated approval to the portion of the proposal modifying the bid-ask differentials (Rel. 34-28218). Publication of the notice is expected in the Federal Register during the week of July 23.

## IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

The National Association of Securities Dealers (SR-NASD-90-20) filed a proposed rule change that became effective upon filing under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. The proposal sets forth the NASD's stated policy relating to the collection of fines and costs in NASD disciplinary proceedings. (Rel. 34-28227)

## 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 MERLIN PROGRAM CAPITAL INC, 830 MORRIS TURNPIKE, SHORT HILLS, NJ 07078  
(201) 376-1313 - 2,587,500 (\$20,700,000) COMMON STOCK. 2,587,500 (\$60,961,500)  
COMMON STOCK. UNDERWRITER: PAINWEBBER INC. (FILE 33-35814 - JUL. 16) (BR. 11  
- NEW ISSUE)
- S-3 DANAHER CORP /DE/, 1250 24TH ST NW STE 800, WASHINGTON, DC 20037 (202) 828-0850 -  
1,517,892 (\$32,729,546.24) COMMON STOCK. (FILE 33-35818 - JUL. 16) (BR. 10)
- S-1 BUSINESS INSURANCE CORP, 10 COMMERCIAL BLVD, NOVATO, CA 94949 (415) 883-2503 -  
2,070,000 (\$31,050,000) COMMON STOCK. UNDERWRITER: BROWN ALEX & SONS INC,  
SMITH BARNEY HARRIS UPHAM & CO INC. (FILE 33-35819 - JUL. 16) (BR. 10 - NEW ISSUE)
- S-1 VENTURE SUM INC, 203 EAST BROAD ST, COLUMBUS, OH 43215 (614) 228-2225 - 407,970  
(\$1,019,925) COMMON STOCK. 1,223,910 (\$4,079,700) COMMON STOCK. 815,940 (\$4,079,700)  
COMMON STOCK. (FILE 33-35824 - JUL. 16) (BR. 14 - NEW ISSUE)
- F-1 REPHEX INC, UNIT 4 INDUSTRIAL ESTATE, CASTLEBAR COUNTY MAYO, REPUBLIC OF IRELAND, L2  
- 2,500,000 (\$1,250,000) COMMON STOCK. 2,500,000 (\$1,875,000) COMMON STOCK.  
2,500,000 (\$3,125,000) COMMON STOCK. 75,000 (\$87,500) COMMON STOCK. UNDERWRITER:  
FIRST CHOICE SECURITIES CORP. (FILE 33-35825 - JUL. 16) (BR. 8 - NEW ISSUE)
- S-4 CASCADE BANCORP, 1100 N W WALL ST, P O BOX 369, BEND, OR 97709 (503) 389-7701 -  
250,000 (\$3,750,000) COMMON STOCK. (FILE 33-35826 - JUL. 16) (BR. 1 - NEW ISSUE)
- N-1A 59 WALL STREET FUND INC, 6 ST JAMES AVENUE, BOSTON, MA 02116 (617) 423-0800 -  
INDEFINITE SHARES. (FILE 33-35827 - JUL. 16) (BR. 17 - NEW ISSUE)
- S-1 VALLEY NATIONAL BANK OF ARIZONA /AZ/, 241 N CENTRAL AVE, PHOENIX, AZ 85004  
(602) 261-2900 - 1,000,000 (\$1,000,000) EQUIPMENT TRUST CERTIFICATES. UNDERWRITER:  
CITICORP SECURITIES MARKETS INC, MORGAN J P SECURITIES INC,  
VALLEY NATIONAL BANK OF ARIZONA. (FILE 33-35894 - JUL. 16) (BR. 11)
- S-8 INSITUFORM GROUP LTD, 15 COMMERCIAL ARCADE 1ST FL, ST PETER PORT,  
GUERNSEY CHANNEL ISLANDS, G7 (305) 371-2600 - 500,000 (\$3,375,000)  
FOREIGN COMMON STOCK. (FILE 33-35895 - JUL. 16) (BR. 10)
- S-4 SERVICE RESOURCES CORP, 75 VARICK STREET, NEW YORK, NY 10013 (212) 941-2577 -  
750,000 (\$5,160,000) COMMON STOCK. (FILE 33-35896 - JUL. 17) (BR. 6)
- S-8 BAY STATE GAS CO /NEW/, 120 ROYALL ST, CANTON, MA 02021 (617) 828-8650 - 1,050,000  
(\$20,212,500) COMMON STOCK. (FILE 33-35897 - JUL. 16) (BR. 7)
- S-1 INOVEX INDUSTRIES INC, 805 PENNSYLVANIA BLVD, FEASTERVILLE, PA 19047 (215) 545-3414  
- 379,500 (\$3,415,500) PREFERRED STOCK. 37,950 (\$409,860) COMMON STOCK. 79,444  
(\$714,996) PREFERRED STOCK. 496,894 (\$2,981,364) COMMON STOCK. 37,950 (\$100)  
WARRANTS, OPTIONS OR RIGHTS. (FILE 33-35898 - JUL. 17) (BR. 12)
- S-4 AMERICAN INTERNATIONAL GROUP INC, 70 PINE ST, NEW YORK, NY 10270 (212) 770-7000 -  
8,625,000 (\$720,187,500) COMMON STOCK. (FILE 33-35899 - JUL. 17) (BR. 10)

REGISTRATIONS CONT.

- S-4 INTERMARK INC /DE/, 1020 PROSPECT ST, LA JOLLA, CA 92037 (619) 459-3841 - 8,659,697 (\$42,525,297) COMMON STOCK. (FILE 83-35900 - JUL. 17) (BR. 3)
- S-8 HEALTHCARE SERVICES GROUP INC, 2643 HUNTINGDON PIKE, HUNTINGDON VALLEY, PA 19006 (215) 938-1661 - 200,000 (\$4,925,000) COMMON STOCK. (FILE 83-35905 - JUL. 17) (BR. 5)
- S-8 LANDMARK BANCORP, 441 W WHITTIER BLVD, LA HABRA, CA 90631 (213) 694-6537 - 153,672 (\$1,575,188) COMMON STOCK. (FILE 83-35906 - JUL. 17) (BR. 1)
- S-1 ENCLAIRE FINANCIAL CORP, 612 MAIN ST, EMLENTON, PA 16878 (412) 867-2811 - 80,000 (\$2,560,000) COMMON STOCK. (FILE 83-35907 - JUL. 17) (BR. 1)
- S-6 MUNICIPAL INVT TR FD FIVE HUNDRED FIRST MONTHLY PAYMENT SERI, P O BOX 9051, C/O MERRILL LYNCH PIERCE FENNER & SMITH, PRINCETON, NJ 08543 - INDEFINITE SHARES. (FILE 83-35912 - JUL. 17) (BR. 22 - NEW ISSUE)
- S-6 MUNICIPAL INVESTMENT TRUST FUND MULTISTATE SERIES 7J, P O BOX 9051, C/O MERRILL LYNCH PIERCE FENNER & SMITH, PRINCETON, NJ 08543 - INDEFINITE SHARES. (FILE 83-35913 - JUL. 17) (BR. 22 - NEW ISSUE)
- S-6 CORPORATE INCOME FUND THREE HUNDRED SECOND MONTHLY PYMT SER, P O BOX 9051, C/O MERRILL LYNCH PIERCE FENNER & SMITH, PRINCETON, NJ 08543 - INDEFINITE SHARES. (FILE 83-35914 - JUL. 17) (BR. 17 - NEW ISSUE)
- S-6 CORPORATE INCOME FUND EIGHTH INSURED SERIES, P O BOX 9051, C/O MERRILL LYNCH PIERCE FENNER & SMITH, PRINCETON, NJ 08543 - INDEFINITE SHARES. (FILE 83-35915 - JUL. 17) (BR. 22 - NEW ISSUE)
- S-6 CORPORATE INCOME FUND TWENTY SEVENTH INTERMEDIATE TERM SRS, P O BOX 9051, C/O MERRILL LYNCH PIERCE FENNER & SMITH, PRINCETON, NJ 08543 - INDEFINITE SHARES. (FILE 83-35916 - JUL. 17) (BR. 16 - NEW ISSUE)

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**ACQUISITION OF SECURITIES**

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Companies and individuals must report to the Commission within ten days on Schedule 13D if after the acquisition of equity securities of a public company their beneficial interest therein exceeds five percent. Persons eligible to use the short form (Schedule 13G) may in lieu of filing a Schedule 13D file a Schedule 13G within 45 days after the end of the calendar year in which the person became subject to Section 13(d)(1). Companies and individuals making a tender offer must have on file at the time the tender offer commences a Schedule 14D-1.

Below is a list of recent filings of Schedules 13D and 14D, which includes the following information: Column 1 - the company purchased (top), and the name of the purchaser; Column 2 - the type of security purchased; Column 3 - the type of form filed; Column 4 - the date the transaction occurred; Column 5 - the current number of shares (in 000's) owned (top) and the current percent owned; Column 6 - the CUSIP number (top) and the percent owned; and Column 7 - the status of the filing, i.e., new, update or revision.

NAME AND CLASS OF STOCK/OWNER	FORM	EVENT DATE	SHRS(000)/% OWNED	CUSIP/PRIOR%	FILING STATUS
AIR & WTR TECHNOLOGIES CORP COMPAGNIE GENERALE DES EAUX	CL A 13D	7/16/90	4,085 19.4	00905810 17.0	UPDATE
BANKATLANTIC FINL CP FLORIDA PARTNERS CORP	COM NEW 13D	6/28/90	133 5.5	06605620 0.0	NEW

ACQUISITIONS CONT.

BARRISTER INFORMATION SYS CO COM BALBACH CHARLES E	13D	7/ 6/90	241 7.9	06865910 0.0	NEW
BARRISTER INFORMATION SYS CO COM MCPHERSON RICHARD P	13D	7/ 6/90	227 7.4	06865910 0.0	NEW
BARRISTER INFORMATION SYS CO COM MORGAN JAMES D	13D	7/ 6/90	247 8.1	06865910 5.4	UPDATE
BARRISTER INFORMATION SYS CO COM SEMELHACK HENRY P	13D	7/ 6/90	475 15.5	06865910 10.1	UPDATE
BIOSEARCH MED PRODS INC MIRABAUD & CIE	COM 13D	7/10/90	751 10.2	09066010 0.0	NEW
CANANDAIGUA WINE INC GAMCO INVESTORS INC ET AL	CL A 13D	7/17/90	251 9.6	13721920 8.3	UPDATE
CENTURY TEL ENTERPRISES INC GAMCO INVESTORS INC ET AL	COM 13D	7/18/90	4,532 14.8	15668610 12.4	UPDATE
COMMERCE GROUP CORP GENERAL LUMBER & SPLY CO	COM 13D	7/11/90	215 5.6	20065410 0.0	NEW
CREATIVE LEARNING PRODS INC WALKER ROBERT	COM 13D	5/30/90	177 8.0	22599110 0.0	NEW
CYPRESS FD INC NAV CORP ET AL	COM 13D	7/19/90	2,094 30.9	23278710 31.6	UPDATE
EECO INC DEL FINK ROBERT ET AL	COM 13D	7/11/90	138 3.5	26842010 5.6	UPDATE
FOXBORO CO GAMCO INVESTORS INC ET AL	COM 13D	7/ 9/90	689 5.6	35160410 0.0	NEW
HEI CORP COLUMBIA HOSPITAL CORP	COM 14D-1	7/20/90	4,828 97.9	40415910 0.0	UPDATE
HEALTHVEST PRIVATE CAP MGMT ET AL	SH BEN INT 13D	7/13/90	788 7.3	42192110 6.3	UPDATE
JESUP GROUP INC CURD HOWARD R ET AL	COM NEW 13D	6/22/90	559 18.3	47706620 20.7	RVISION
KOLLMORGEN CORP GAMCO INVESTORS INC ET AL	COM 13D	7/18/90	2,574 24.0	50044010 22.9	UPDATE

ACQUISITIONS CONT.

		13D	7/ 9/90	3,026	52536910	
LEINER P NUTRITIONAL PRODS C	COM					
BOOKER PLC		13D	7/ 9/90	57.9	53.1	UPDATE
LIFESURANCE CORP	COMMON STOCK			566	53219910	
ROUSSEL LOUIS J ET AL		13D	6/ 1/90	75.0	74.1	UPDATE
MAI BASIC FOUR INC	COM			23,614	55262010	
LEBOW BENNETT S ET AL		13D	6/30/90	72.3	16.3	UPDATE
MACK TRUCKS INC	COM			25,825	55451110	
REGIE NAT DES USINES RENAULT		14D-1	7/19/90	87.0	87.0	UPDATE
POLIFLY FINL CORP	COM			218	73111310	
BIASE NICOLA ET AL		13D	7/10/90	10.0	0.0	NEW
REXON INC	COM			3,292	76190110	
HAMBRECHT & QUIST GROUP		13D	5/22/90	33.4	35.2	UPDATE
SECURITY CAP CORP DEL	COM			4,485	81413110	
FITZGERALD BRIAN D ET AL		13D	7/ 9/90	47.2	26.3	UPDATE
STRATEGIC INFORMATION INC	COM CL B			7,835	86272720	
BERKLEY WILLIAM R ET AL		13D	6/29/90	79.1	57.1	UPDATE
SUNWOOD CORP	COM			4,350	86799610	
VINTAGE GROUP INC		13D	7/16/90	15.0	0.0	NEW
UNITEL VIDEO INC	COM			0	91325310	
U E I PLC ET AL		13D	7/ 9/90	0.0	28.3	UPDATE
UNIVERSAL HEALTH SVCS INC	CL B			1,262	91390310	
BASS PERRY R ET AL		13D	7/16/90	8.9	8.0	UPDATE

## SEC PUBLIC INFORMATION NUMBERS

Members of the public seeking information and/or material from the Commission continue to complain of being incorrectly referred to the wrong telephone number by Commission staff. The following information is furnished to assist you in directly calling the appropriate office:

Consumer Affairs (202-272-7440): Investor inquiries and complaint processing information.

Freedom of Information Branch (202-272-7420): Requests concerning FOIA, Privacy Act, Sunshine Act, confidential treatment matters, etc.

Personnel Locator (202-272-2550): Requests for names and phone numbers of Commission personnel.

Public Affairs (202-272-2650): Information about matters in the SEC News Digest, the Commission's operations, and calls from the press not directed to particular individuals, and other related matters.

Public Reference (202-272-7450): Requests for information on whether or not a document has been filed, etc.

Publications Unit (202-272-7460/7461): Requests for forms, studies, directories, etc.

Office of the Secretary (202-272-2600): Requests for information on the Commission calendar.

SEC Information Line (202-272-3100/5624): General information about SEC operations and activities through a series of recorded messages.