

# sec news digest

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## ENFORCEMENT PROCEEDINGS

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**INITIAL DECISION REVOKES COMMISSION BROKER-DEALER REGISTRATIONS OF F.N. WOLF & CO., INC. AND L.C. WEGARD & CO., INC.; SUSPENDS WEGARD PRESIDENT, LEONARD GREER, FOR ONE YEAR AND BARS HIM FROM PARTICIPATING IN OFFERING OF PENNY STOCK**

In a case involving the manipulation of Of Counsel securities from the initial public offering price of \$3.25 per unit to approximately \$8 per unit during November and December of 1993, Administrative Law Judge Glenn R. Lawrence ordered that the registrations with the Commission as broker-dealers of F.N. Wolf & Co., and L.C. Wegard & Co., Inc. be revoked. He further ordered that disgorgement of \$2,580,239 plus prejudgment interest and a penalty of \$2,500,000 be assessed against F.N. Wolf & Co., Inc., but not ordered to be paid due to Wolf & Co.'s pending bankruptcy. The company is also ordered to cease and desist from committing or causing violations of Section 17(a) of the Securities Act, Sections 10(b), 13(d)(1), 13(d)(2), 15(c) and 16(a) of the Exchange Act and Rules 10b-5, 13d-1(a), 13d-2(a), 15c1-2 and 16a-3(f)(1)(ii) thereunder.

Judge Lawrence ordered L.C. Wegard & Co., Inc. to disgorge \$158,375 plus prejudgment interest and to pay a penalty of \$1,000,000. He further ordered that Wegard cease and desist from committing or causing violations of Section 17(a) of the Securities Act, Sections 10(b), 13(d)(1), 13(d)(2) and 15(c) of the Exchange Act and Rules 10b-5, 13d-1(a), 13d-2(a) and 15c1-2 thereunder.

Judge Lawrence ordered that Wegard president and head trader Leonard B. Greer be suspended for one year from associating with any broker or dealer and barred from participating in any offering of penny stock. Greer is ordered to pay a penalty of \$175,000 and to cease and desist from committing or causing violations of Section 17(a) of the Securities Act, Sections 10(b), 13(d)(1), 13(d)(2) and 15(c) of the Exchange Act and Rules 10b-5, 13d-1(a), 13d-2(a) and 15c1-2 thereunder. (Initial Decision Rel. No. 83)

**CIVIL ACTION AGAINST GIANCARLO PARRETTI AND ADMINISTRATIVE PROCEEDINGS AGAINST FLORIO FIORINI AND FERNANDO CAPPUCCIO, FORMER PATHE COMMUNICATIONS CORP. EXECUTIVES**

The Commission filed a complaint against Giancarlo Parretti, formerly the Chief Executive Officer and a director of the motion picture company Pathe Communications Corp. (Pathe) in the United States District Court for the District of Columbia. The Commission also issued cease-and-desist orders by consent against Florio Fiorini, formerly the Chairman of Pathe's Board of Directors, and Fernando Cappuccio, formerly Pathe's Chief Financial Officer and a director. All three enforcement actions concern the failure to disclose material facts regarding Pathe's purported sale of certain theater properties in 1989, and its acquisition of MGM/UA Communications Company in 1990. Without admitting or denying the allegations against him, Parretti consented to entry of a permanent injunction against future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rules 10b-5, 13b2-1 and 13b2-2 thereunder. Fiorini and Cappuccio both consented to the entry of the cease-and-desist orders without admitting or denying the findings. The order against Fiorini finds that he violated Section 10(b) of the Exchange Act and Rules 10b-5 and 13b2-2 thereunder. The order against Cappuccio finds that he violated or caused violations of Sections 10(b), 13(a) and 13(b)(2) of the Exchange Act, and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13, 13b2-1 and 13b2-2 thereunder. [SEC v. Giancarlo Parretti, Civil Action No. 1:96CV00013, NHJ, D.D.C.] (LR-14770; AAE Rel. 746); (Florio Fiorini - 34-36669; AAE Rel. 744; Fernando Cappuccio - 34-36670; AAE Rel. 745)

**CEASE AND DESIST ORDER AND ORDER PURSUANT TO RULE 102(e) OF THE COMMISSION'S RULES OF PRACTICE ENTERED AGAINST WILLIAM KRUEGER**

The Commission announced the entry of an Order instituting public proceedings pursuant to Section 21C of the Exchange Act and Rule 102(e) of the Commission's Rules of Practice against William Krueger. Krueger consented to the Order without admitting or denying the Commission's findings.

Between 1989 and 1992, Krueger, a CPA, served as treasurer and CFO of Datronic Rental Corporation, general partner of various public limited partnerships. From October 1990 to May 1992, the president of Datronic misappropriated approximately \$15 million of partnership funds. During this period, Krueger committed and caused violations of the antifraud, reporting and recordkeeping provisions of the federal securities laws by, among other things, falsifying the partnerships' books and records, and making false and misleading statements to Datronic's auditors.

The Order requires Krueger to cease and desist from committing or causing any future violation of certain antifraud, reporting and recordkeeping provisions of the federal securities laws. The Order also bars Krueger from appearing or practicing before the Commission as an accountant for a period of five years. (Rel. 34-36672; AAE Rel. 748)

#### CEASE AND DESIST ORDER ENTERED AGAINST EDMUND LIPINSKI

The Commission announced the entry of an Order Instituting Public Proceedings Pursuant to Section 21C of the Securities Exchange Act, Making Findings and Imposing A Cease and Desist Order against Edmund C. Lipinski (Lipinski). Lipinski consented to the issuance of the Order without admitting or denying the Commission's findings.

The Order contains findings that from approximately 1989 to 1992, Lipinski was an officer and director of Datronic Rental Corporation, the corporate general partner of various public limited partnerships formed for the purpose of investing in equipment leases. From October 1990 to May 1992, the president and chief executive officer of Datronic misappropriated approximately \$15 million of limited partnership funds. During this period, Lipinski failed to ensure that Datronic devised and maintained for the partnerships a system of internal accounting controls sufficient to provide reasonable assurances that transactions were recorded as necessary to maintain accountability for partnership funds, in violation of Section 13(b)(2)(B) of the Exchange Act.

The Order requires Lipinski to cease and desist from causing any future violation of Section 13(b)(2)(b) of the Exchange Act. (Rel. 34-36673; AAE Rel. 749)

#### CIVIL ACTION AGAINST WILLIAM YOUNG

On December 12, the United States District Court for the District of Columbia entered a Final Judgment of Permanent Injunction and Other Equitable Relief against William J. Young, the former president of American Mobile Systems, Inc. The Court's judgment was based on Young's default.

The Commission's complaint alleged that Young arranged for AMS to advance substantial funds to nonpublic entities under his control and ultimately used this arrangement to misappropriate company funds. Young was responsible for material misrepresentations and omissions in periodic reports concerning AMS's transactions with the entities. Young also made false statements to AMS's auditors in connection with audits of AMS's financial statements, and failed to implement a sufficient system of internal accounting controls at AMS.

The Court enjoined Young from violating Section 17(a) of the Securities Act and Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5 and 13b2-2 thereunder; barred him from acting as an officer or director of any public company; and ordered him to disgorge \$2,825,961.03, the amount by which he was unjustly enriched by his illegal conduct, plus prejudgment interest. [SEC v. William J. Young, USDC for the District of Columbia, Civil Action No. 1: 95CV01336, GK] (LR-14771; AAE Rel. 747)

**PERMANENT INJUNCTION BY CONSENT ENTERED AND DISGORGEMENT ORDERED AGAINST ROBERT VECCHIONI**

The Commission announced that an Order of Permanent Injunction by Consent was entered against Robert Vecchioni on December 22 in federal District Court, Eastern District of Michigan. The Injunction prohibits Vecchioni from violating the antifraud and registration provisions of the federal securities laws. Additionally, the Court ordered Vecchioni to pay disgorgement in the amount of \$7,947,247 and prejudgment interest. Vecchioni is turning over cash, securities and other assets valued at approximately \$2.9 million and, based upon his financial condition, the Court waived the payment of the remainder of disgorgement and prejudgment interest. The Court did not impose a civil penalty on Vecchioni based on his inability to pay. [SEC v. Basic Energy & Affiliated Resources, Inc., et al., E.D. MI, File No. 94 CV 74434] (LR-14772)

**INJUNCTION ENTERED AGAINST EDMUND LOPINSKI, JR.**

The Commission announced that on December 22 the United States District Court for the Northern District of Illinois entered a Final judgment and Order of Permanent Injunction and Other Equitable Relief against Edmund J. Lopinski, Jr. Lopinski consented to the entry of the Order without admitting or denying the allegations made against him in the Commission's complaint.

The complaint alleged that from October 1990 to May 1992, Lopinski, while acting as president of Datronic Rental Corporation, the corporate general partner of various public limited partnerships, misappropriated approximately \$15 million of partnership funds for his personal use. The complaint alleged that Lopinski committed violations of the antifraud, reporting and recordkeeping provisions of the federal securities laws by, among other things, failing to disclose his personal use of partnership funds in the offer and sale of securities and in the partnerships' periodic filings.

The Order enjoins Lopinski from committing future violations of the federal securities laws, permanently bars him from acting as an officer or director of any public company, and waives the imposition of a civil penalty against Lopinski based on his inability to pay. [SEC v. Edmund J. Lopinski, Jr., USDC, ND Ill., Civil Action No. 95 C 7556] (LR-14773)

**ROBERT CARL, III CONSENTS TO CEASE AND DESIST ORDER AND CIVIL PENALTY FOR SECTION 16 VIOLATIONS**

On January 4, the Commission issued an Order pursuant to Section 21C of the Securities Exchange Act of 1934 (Exchange Act) against Robert D. Carl, III, requiring Carl to cease and desist from committing or causing any violation or future violation of Section 16(a) of the Exchange Act and Rules 16a-2 and 16a-3 thereunder. Carl, without admitting or denying the allegations in the Commission's Order, consented to its entry. Carl is the chairman, chief executive officer, and president of Health Images, Inc., and he beneficially owns more than five percent of its outstanding common stock. The Order finds that Carl failed, for periods ranging from 2-1/2 years to 10 years, to report on Form 4 numerous transactions in his mother's brokerage accounts, having an aggregate value of approximately \$1,116,485, involving shares of Health Images stock in which he had a beneficial ownership interest.

Simultaneously with the entry of the Commission's Order, the Commission filed a civil action pursuant to Section 21(d)(3) of the Exchange Act seeking a \$10,000 civil penalty against Carl based on the violations described above. Without admitting or denying the Commission's allegations, Carl consented to entry of a final judgment imposing the penalty. [SEC v. Robert D. Carl, III, USDC, D.D.C., Case No. 1:96CV00016] (Rel. 34-36678; LR-14774)

**COMPLAINT FILED AGAINST LINDA TAYLOR, NEWTON KAVANAUGH, AND JOHN KAVANAUGH FOR INSIDER TRADING**

The Commission announced that it filed a complaint in the United States District Court for the District of Columbia against Linda Lou Taylor, Newton Kavanaugh, and John Kavanaugh alleging violations of Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder by engaging in insider trading. Simultaneously, and without admitting or denying the allegations, Linda Lou Taylor, Newton Kavanaugh, and John Kavanaugh consented to the entries of Final Judgments enjoining each of them from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, ordering them to disgorge \$20,475, \$9,750, and \$9,750 respectively with prejudgment interest thereon, and to pay a one-time civil penalty.

The complaint alleges that while in possession of material, nonpublic information, Taylor, whose husband was a director of MidSouth Corp. purchased MidSouth common stock, and then tipped her brothers Newton Kavanaugh and John Kavanaugh who also purchased MidSouth common stock. From their illegal trades in MidSouth, Linda Lou Taylor, Newton Kavanaugh, and John Kavanaugh realized illegal profits of \$20,475, \$9,750, and \$9,750 respectively. [SEC v. Linda Lou Taylor, Newton Kavanaugh, and John Kavanaugh, Civil Action No. 96-17, NHJ, D.D.C.] (LR-14775)

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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-4 DAKA INTERNATIONAL INC, ONE CORPORATE PL, 55 FERNCREFT RD, DANVERS, MA 01923 (508) 774-9115 - 4,953,774 (\$44,893,576.88) COMMON STOCK. (FILE 33-65425 - DEC. 28) (BR. 12)
- S-4 D&N FINANCIAL CORP, 400 QUINCY ST, HANCOCK, MI 49930 (202) 414-6100 - 186,604 (\$6,163,530.12) COMMON STOCK. (FILE 33-65429 - DEC. 28) (BR. 1)
- S-3 FIRST CHICAGO NBD CORP, ONE FIRST NATIONAL PLAZA, CHICAGO, IL 60670 (312) 732-4000 - \$1,850,000,000 PREFERRED STOCK. (FILE 33-65431 - DEC. 28) (BR. 1)
- S-6 FIRST TRUST SPECIAL SITUATIONS TRUST SERIES 134, C/O NIKE SECURITIES LP, 1001 WARRENVILLE ROAD, LISLE, IL 60532 (708) 241-4141 - INDEFINITE SHARES. (FILE 33-65433 - DEC. 28) (BR. 18 - NEW ISSUE)
- S-6 FIRST TRUST SPECIAL SITUATIONS TRUST SERIES 137, C/O NIKE SECURITIES L P, 1001 WARRENVILLE ROAD, LISLE, IL 60532 (708) 241-4141 - INDEFINITE SHARES. (FILE 33-65435 - DEC. 28) (NEW ISSUE)
- S-8 COMPASS BANCSHARES INC, 15 SOUTH 20TH ST, P O BOX 10566, BIRMINGHAM, AL 35233 (205) 933-3000 - 100,000 (\$3,250,000) COMMON STOCK. (FILE 33-65437 - DEC. 28) (BR. 2)
- S-8 DEL ELECTRONICS CORP, 1 COMMERCE PARK, VALHALLA, NY 10595 (914) 686-3600 - 286,946 (\$1,810,629.26) COMMON STOCK. (FILE 33-65439 - DEC. 28) (BR. 3)
- S-8 PLYMOUTH RUBBER CO INC, 104 REVERE ST, CANTON, MA 02021 (617) 828-0220 - 100,000 (\$1,012,500) COMMON STOCK. (FILE 33-65441 - DEC. 28) (BR. 5)
- S-8 MERIDIAN DIAGNOSTICS INC, 3471 RIVER HILLS DR, CINCINNATI, OH 45244 (513) 271-3700 - 150,000 (\$1,603,125) COMMON STOCK. (FILE 33-65443 - DEC. 28) (BR. 4)
- S-8 SL INDUSTRIES INC, 520 FELLOWSHIP ROAD, STE 306C, MT LAUREL, NJ 08054 (609) 727-1500 - 50,000 (\$418,750) COMMON STOCK. (FILE 33-65445 - DEC. 28) (BR. 3)
- S-8 ROHR INC, 850 LAGOON DRIVE, CHULA VISTA, CA 91910 (619) 691-4111 - 1,800,000 (\$25,200,000) COMMON STOCK. (FILE 33-65447 - DEC. 28) (BR. 12)
- S-8 ROADWAY SERVICES INC, 1077 GORGE BLVD, P O BOX 88, AKRON, OH 44309 (216) 384-8184 - 150,000 (\$7,434,000) COMMON STOCK. (FILE 33-65449 - DEC. 28) (BR. 4)
- S-8 ALLWASTE INC, 5151 SAN FELIPE STE 1600, HOUSTON, TX 77056 (713) 623-8777 - 305,315 (\$1,354,835.31) COMMON STOCK. (FILE 33-65451 - DEC. 28) (BR. 8)
- S-3 IWC RESOURCES CORP, 1220 WATERWAY BLVD, INDIANAPOLIS, IN 46202 (317) 639-1501 - 1,000,000 (\$19,880,000) COMMON STOCK. (FILE 33-65453 - DEC. 28) (BR. 8)