

# SEC NEWS DIGEST

Issue 96-124

July 2, 1996

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## ENFORCEMENT PROCEEDINGS

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### ADMINISTRATIVE PROCEEDINGS AGAINST STEPHEN STOUT FOR FRAUDULENT SALES PRACTICES AND AGAINST ALFRED BAUER FOR FAILING REASONABLY TO SUPERVISE

The Commission today announced the institution of administrative proceedings against J. Stephen Stout, a registered representative and Alfred Bauer, a resident manager, formerly employed in the Flint, Michigan branch office of PaineWebber Incorporated.

The order alleges that Stout engaged in numerous fraudulent sales practices, including making unsuitable recommendations of securities; distributing false portfolio valuations that induced customers to buy more securities; and engaging in the unauthorized purchase of securities.

The order alleges that Bauer failed reasonably to supervise Stout by failing to adequately monitor outgoing mail to prevent Stout from sending out false valuations, signing and approving the mailing of one false account valuation without verifying its accuracy, and failing to conduct adequate quarterly portfolio reviews of Stout's customers.

A public hearing will be held to determine whether the allegations included in the Order are true, to offer Stout and Bauer an opportunity to establish any defenses to the allegations, and to determine what remedial sanctions, if any, are appropriate. (Rel. Nos. 33-7309; 34-37386)

### BOILER-ROOM DEFENDANT ORDERED TO DISGORGE \$122,670

The Commission announced that on June 6 William F. Kane of Lowell, Massachusetts, was ordered to disgorge \$122,670 plus prejudgment interest. The court previously had granted the Commission partial summary judgment, found Kane liable for violations of the antifraud and the securities and broker-dealer registration provisions of the federal securities laws and permanently enjoined Kane from further violating those provisions. The court declined to impose a penalty against Kane based his inability to pay.

In its complaint, filed on April 5, 1994, the Commission alleged that Kane participated in a fraudulent "boiler-room" offering of unregistered securities that raised more than \$3.5 million. The Commission alleged that, in addition to soliciting investors directly, Kane oversaw a team of telemarketers who solicited tens or hundreds of thousands of potential investors nationwide. The Commission further alleged that Kane made materially false statements to potential investors, including representations that the proceeds of the offering would be used to make automobile loans, when, in fact, most of the proceeds were converted to the defendants' personal benefit.

Separately, Kane pled guilty to one count of conspiracy to commit mail, wire and securities fraud based upon the same conduct alleged in the complaint. Sentencing is scheduled for July 18, 1996. [SEC v. Norman L. Brooks, et al., USDC for the District of New Hampshire C.A. No. 94-167-JD] (LR-14967)

**MOTION FOR JUDGMENT OF CIVIL CONTEMPT FILED AGAINST DEFENDANT RAYMOND GROSS FOR FAILURE TO PAY COURT ORDERED DISGORGEMENT AND PREJUDGMENT INTEREST**

On June 26, the Commission filed a motion for civil contempt against Defendant Raymond C. Gross (Gross) in the U.S. District Court for the Central District of California based upon Gross' failure to pay Court-ordered disgorgement and prejudgment interest awarded as a result of the Commission's civil enforcement action. The Commission's action alleged, and the Court found, that Gross and others made misrepresentations to investors in offerings of oil and gas limited partnerships in violation of the antifraud provisions of the federal securities laws. On January 17, 1996, the Court entered a Judgment Setting Amounts of Disgorgement and Civil Penalties against Defendants James E. Hammonds and Raymond C. Gross (Judgment) following the Court's granting the Commission's summary judgment motions.

The Judgment orders Gross to pay disgorgement in the total sum of \$652,162, plus prejudgment interest of \$86,278 thereon. [SEC v. Southern California Securities, Inc., et al., Civil Action No. 94-6156 HLH, JRx, C.D. Cal.] (LR-14968)

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**INVESTMENT COMPANY ACT RELEASES**

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**CORRECTION**

A notice regarding BEA Investment Funds, Inc. was inaccurately titled American Corporate Trust in the Digest for July 1. The release should have read as follows:

#### BEA INVESTMENT FUNDS, INC.

A notice has been issued giving interested persons until July 22 to request a hearing on an application filed by BEA Investment Funds, Inc. for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-22044 - June 27)

#### SHERMAN, DEAN FUND, INC.

A notice has been issued giving interested persons until July 23 to request a hearing on an application filed by Sherman, Dean Fund, Inc. for an order pursuant to Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-22046 - June 28)

#### SIERRA ASSET MANAGEMENT TRUST, ET AL.

An order has been issued on an application filed by Sierra Asset Management Trust (Trust), et al. under Section 6(c) of the Investment Company Act exempting applicants from Section 12(d)(1) of the Act and under Sections 6(c) and 17(b) of the Act exempting applicants from Section 17(a) of the Act. The order permits the Trust to operate as a "fund of funds." (Rel. IC-22047 - June 28)

#### AMERICAN CORPORATE TRUST

A notice has been issued giving interested persons until July 23 to request a hearing on an application filed by American Corporate 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-22048 - June 28)

#### OPPENHEIMER GLOBAL ENVIRONMENT FUND

A notice has been issued giving interested persons until July 26 to request a hearing on an application filed by Oppenheimer Global Environment Fund for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-22049 - July 1)

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#### HOLDING COMPANY ACT RELEASES

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#### SYSTEM ENERGY RESOURCES, INC., ET AL.

A notice has been issued giving interested persons until July 22 to request a hearing on a proposal by Entergy Corporation, a registered holding company, and its wholly owned subsidiary companies System Energy Resources, Inc. (SERI), Entergy Arkansas, Inc., formerly Arkansas Power & Light Company, Entergy Louisiana, Inc., formerly Louisiana Power & Light Company, Entergy Mississippi, Inc., and Entergy New Orleans, Inc., formerly New Orleans Public Service Inc.

SERI proposes to increase its authorization: to issue and sell one or more series of its first mortgage bonds and/or debentures to a combined aggregate principal amount not to exceed \$540 million; to incur obligations in connection with the issuance and sale of tax-exempt revenue bonds to an aggregate principal amount not to exceed \$350 million (Tax-Exempt Bonds); and, to issue and pledge one or more new series of its first mortgage bonds to an aggregate principal amount not to exceed \$395 million as security for the Tax-Exempt Bonds. Additionally, SERI requests authority to extend its authorization to enter into the above transactions through December 31, 2000. (Rel. 35-26538)

ENTERGY CORPORATION, ET AL.

A notice has been issued giving interested persons until July 22 to request a hearing on a proposal by Entergy Corporation (Entergy), a registered holding company, and its subsidiary company, Energy Power Marketing Corporation (EPMC), to engage in wholesale brokering and marketing of energy commodities. In addition, Entergy proposes to: make capital contributions to EPMC up to an aggregate principal amount \$20 million; acquire 100% of the authorized and issued common stock of EPMC; and, provide to EPMC up to an aggregate principal amount of \$150 million of credit support. (Rel. 35-26538)

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## SELF-REGULATORY ORGANIZATIONS

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### ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission is approving, on an accelerated basis, a proposed rule change (SR-CBOE-96-37) filed by the Chicago Board Options Exchange to institute a 30 day pilot test of a system that will monitor news announcements pertaining to underlying securities after the close of trading in the primary market for the underlying securities, and will automatically suspend the Exchange's automatic execution system in respect of options on those securities that are the subject of such announcements. Publication of the notice is expected in the Federal Register during the week of July 1. (Rel. 34-37380)

The Commission granted accelerated permanent approval of proposed rule changes (SR-NSCC-96-09 and SR-SCCP-96-02) filed by the National Securities Clearing Corporation and Stock Clearing Corporation of Philadelphia relating to the guarantee of trades in their continuous net settlement systems. Publication of the approval order is expected in the Federal Register during the week of July 1. (Rel. 34-37381)

## ACCELERATED TEMPORARY APPROVAL OF PROPOSED RULE CHANGES

The Commission granted accelerated approval on a temporary basis through December 31, 1996, of proposed rule changes (SR-Philadep-96-08 and SR-SCCP-96-04) filed by the Philadelphia Depository Trust Company and Stock Clearing Corporation of Philadelphia. The proposed rule changes seek permanent approval Philadep's and SCCP's amended rules to provide for the application of Article 8 of the New York Uniform Commercial Code. Publication of the proposal is expected in the Federal Register during the week of July 1. (Rel. 34-37382)

The Commission granted accelerated temporary approval of a proposed rule change (SR-Philadep-96-09) filed by the Philadelphia Depository Trust Company. The order approves Philadep's designation of the West Canada Depository Trust Company as a correspondent depository through December 31, 1996. Publication of the proposal is expected in the Federal Register during the week of July 1. (Rel. 34-37383; IS-998)

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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 ACRODYNE COMMUNICATIONS INC, 516 TOWNSHIP LINE RD, BLUE BELL, PA 19422  
(215) 542-7000 - 587,500 (\$2,575,000) COMMON STOCK. (FILE 333-6727 - JUN. 25) (BR. 8)
- S-4 ZAPATA CORP, 1717 ST. JAMES PLACE, SUITE 550, P.O. BOX 4240, HOUSTON, TX 77056 (713) 940-6100 - \$34,993,042 COMMON STOCK. (FILE 333-6729 - JUN. 25) (BR. 3)
- S-1 ACE COMM CORP, 209 PERRY PARKWAY, GAITHERBURG, MD 20877 (301) 258-9850  
- 2,895,933 (\$31,855,263) COMMON STOCK. (FILE 333-6731 - JUN. 25)  
(NEW ISSUE)
- S-8 HFS INC, 339 JEFFERSON RD, PARSIPPANY, NJ 07054 (201) 428-9700 -  
6,000,000 (\$380,250,000) COMMON STOCK. (FILE 333-6733 - JUN. 25) (BR. 12)
- S-8 CRANE CO /DE/, 100 FIRST STAMFORD PLACE, STAMFORD, CT 06902  
(203) 363-7300 - 500,000 (\$20,531,250) COMMON STOCK. (FILE 333-6735 - JUN. 25) (BR. 6)
- S-4 HOMESIDE INC, 7301 BAY MEADOWS WAY, JACKSONVILLE, FL 32256  
(904) 281-3000 - 200,000,000 (\$200,000,000) STRAIGHT BONDS. (FILE 333-6737 - JUN. 25)

REGISTRATIONS CONT.

- S-3 ALLIANCE PHARMACEUTICAL CORP, 3040 SCIENCE PARK RD, SAN DIEGO, CA 92121 (619) 558-4300 - 1,875,000 (\$33,046,875) COMMON STOCK. (FILE 333-6739 - JUN. 25) (BR. 4)
- S-8 WESBANCO INC, ONE BANK PLZ, WHEELING, WV 26003 (304) 234-9000 - 25,000 (\$668,750) COMMON STOCK. (FILE 333-6741 - JUN. 25) (BR. 1)
- S-8 CABLE DESIGN TECHNOLOGIES CORP, 661 ANDERSON DR, FOSTER PLZ 7, PITTSBURGH, PA 15220 (412) 937-2300 - 75,000 (\$3,131,250) COMMON STOCK. (FILE 333-6743 - JUN. 25) (BR. 6)
- S-8 CMG INFORMATION SERVICES INC, 187 BALLARDVALE ST, STE B110, WILMINGTON, MA 01887 (508) 657-7000 - 141,000 (\$3,754,125) COMMON STOCK. (FILE 333-6745 - JUN. 25) (BR. 6)
- S-8 TRANSMEDIA NETWORK INC /DE/, 11900 BISCAYNE BLVD, STE 460, MIAMI, FL 33181 (305) 892-3300 - 505,906 (\$4,110,973.75) COMMON STOCK. (FILE 333-6747 - JUN. 25) (BR. 6)
- S-3 IMATRON INC, 389 OYSTER POINT BLVD, SOUTH SAN FRANCISCO, CA 94080 (415) 583-9964 - 6,283,700 (\$36,131,275) COMMON STOCK. (FILE 333-6749 - JUN. 25) (BR. 8)
- S-3 CHIC BY H I S INC, 1372 BROADWAY, NEW YORK, NY 10018 (212) 302-6400 - 203,066 (\$1,028,021.62) COMMON STOCK. (FILE 333-6751 - JUN. 25) (BR. 7)
- S-4 FINANCIAL SERVICES ACQUISITION CORP /DE/, 667 MADISON AVE, NEW YORK, NY 10021 (212) 246-1000 - 9,462,956 (\$58,370,199.80) COMMON STOCK. (FILE 333-6753 - JUN. 25) (BR. 11)
- S-8 BEARD CO /OK, 5600 N MAY AVE, STE 320, OKLAHOMA CITY, OK 73112 (405) 842-2333 - 50,000 (\$143,750) COMMON STOCK. (FILE 333-6757 - JUN. 25) (BR. 2)
- S-3 WINDMERE CORP, 5980 MIAMI LAKES DR, MIAMI LAKES, FL 33014 (305) 362-2611 - 2,708,112 (\$36,234,538) COMMON STOCK. (FILE 333-6759 - JUN. 25) (BR. 9)
- S-8 PROVIDENCE JOURNAL CO, PROVIDENCE, 75 FOUNTAIN ST, PROVIDENCE, RI 02902 (401) 277-7031 - 1,971,000 (\$12,496,140) COMMON STOCK. (FILE 333-6761 - JUN. 25) (BR. 7)
- S-3 KROGER CO, 1014 VINE ST, CINCINNATI, OH 45202 (513) 762-4000 - \$400,000,000 STRAIGHT BONDS. (FILE 333-6763 - JUN. 25) (BR. 2)
- S-8 CYPRESS BIOSCIENCE INC, 401 QUEEN ANNE AVE N, SEATTLE, WA 98109 (206) 298-9400 - 334,800 (\$627,750) COMMON STOCK. (FILE 333-6765 - JUN. 25) (BR. 4)
- S-8 AMP INC, P O 3608, HARRISBURGH, PA 17105 (717) 564-0100 - 1,500,000 (\$59,437,500) COMMON STOCK. (FILE 333-6767 - JUN. 25) (BR. 3)
- S-3 HEALTH MANAGEMENT SYSTEMS INC, 401 PARK AVE SOUTH, NEW YORK, NY 10016 (212) 685-4545 - 460,000 (\$15,584,800) COMMON STOCK. (FILE 333-6769 - JUN. 25) (BR. 10)
- S-8 CYPRESS BIOSCIENCE INC, 401 QUEEN ANNE AVE N, SEATTLE, WA 98109 (206) 298-9400 - 8,806,335 (\$17,027,707.74) COMMON STOCK. (FILE 333-6771 - JUN. 25) (BR. 4)
- S-8 ELECTROSTAR INC, 710 NORTH 600 WEST, LOGAN, UT 84321 (801) 753-4700 - 850,000 (\$5,986,943.82) COMMON STOCK. (FILE 333-6773 - JUN. 25) (BR. 3)
- S-8 ELECTROSTAR INC, 710 NORTH 600 WEST, LOGAN, UT 84321 (801) 753-4700 - 50,000 (\$641,000) COMMON STOCK. (FILE 333-6775 - JUN. 25) (BR. 3)

REGISTRATIONS CONT.

- S-1 GRADALL INDUSTRIES INC, 406 MILL AVE SW, NEW PHILADELPHIA, OH 44663  
(330) 339-2211 - 3,593,750 (\$61,093,750) COMMON STOCK. (FILE 333-6777 -  
JUN. 25) (BR. 1 - NEW ISSUE)
- S-8 GELTEX PHARMACEUTICALS INC, 303 BEAR HILL RD, WALTHAM, MA 02154  
(617) 290-5888 - 75,000 (\$1,070,875) COMMON STOCK. (FILE 333-6779 -  
JUN. 25) (BR. 4)
- S-4 TWIN LABORATORIES INC, 2120 SMITHTOWN AVE, RONKONKOMA, NY 11779  
(516) 467-3140 - 100,000,000 (\$100,000,000) STRAIGHT BONDS. (FILE  
333-6781 - JUN. 25) (NEW ISSUE)
- S-8 LIFERATE SYSTEMS INC, 7210 METRO BLVD, MINNEAPOLIS, MN 55439  
(612) 844-0599 - 100,000 (\$775,000) COMMON STOCK. (FILE 333-6783 -  
JUN. 25) (BR. 10)
- S-3 EQUITABLE COMPANIES INC, 787 SEVENTH AVE, NEW YORK, NY 10019  
(212) 554-1234 - 10,000,000 (\$240,000,000) COMMON STOCK. (FILE 333-6785 -  
JUN. 25) (BR. 10)
- S-2 DONEGAL GROUP INC, 1195 RIVER RD PO BOX 302, MARIETTA, PA 17547  
(717) 426-1931 - 300,000 (\$5,175,000) COMMON STOCK. (FILE 333-6787 -  
JUN. 25) (BR. 10)
- S-4 DII GROUP INC, 6273 MONARCH PARK PLACE, NIWOT, CO 80503 (303) 652-2221  
- 3,619,825 (\$85,990,948) COMMON STOCK. (FILE 333-6789 - JUN. 25) (BR. 3)
- S-4 BROOKS FIBER PROPERTIES INC, 425 WOODS MILL RD S STE 300, TOWN & COUNTY,  
MO 63017 - 425,000,000 (\$228,437,500) STRAIGHT BONDS. (FILE 333-6791 -  
JUN. 25) (BR. 7)
- S-3 SFX BROADCASTING INC, 150 EAST 58TH ST, 150 EAST 58TH ST, NEW YORK, NY  
10155 (212) 407-9191 - \$149,500,000 PREFERRED STOCK. (FILE 333-6793 -  
JUN. 25) (BR. 7)
- S-1 CUBIST PHARMACEUTICALS INC, 24 EMILY ST, CAMBRIDGE, MA 02139  
(607) 576-1999 - 2,875,000 (\$37,375,000) COMMON STOCK. (FILE 333-6795 -  
JUN. 25)
- S-8 ALLWASTE INC, 5151 SAN FELIPE STE 1600, HOUSTON, TX 77056 (713) 623-8777  
- 44,780 (\$195,912.50) COMMON STOCK. (FILE 333-6797 - JUN. 25) (BR. 8)
- S-4 CITATION CORP /AL/, 2 OFFICE PARK CIRCLE, STE 204, BIRMINGHAM, AL 35223  
(205) 871-5731 - 1,496,474 COMMON STOCK. (FILE 333-6799 - JUN. 25)  
(BR. 6)
- S-1 AWARE INC /MA/, ONE OAK PARK, BEDFORD, MA 01730 (617) 276-4000 -  
3,910,000 (\$46,920,000) COMMON STOCK. (FILE 333-6807 - JUN. 25)  
(NEW ISSUE)
- S-8 HIGH POINT FINANCIAL CORP, PO BOX 460, BRANCHVILLE, NJ 07826  
(201) 948-3300 - 240,000 (\$1,514,400) COMMON STOCK. (FILE 333-6811 -  
JUN. 25) (BR. 2)