

# sec news digest

Issue 94-236

December 13, 1994

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## COMMISSION ANNOUNCEMENTS

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### NEW FACSIMILE NUMBER FOR THE OFFICE OF THE CHIEF ACCOUNTANT

Effective December 21, 1994, the facsimile phone number for the Commission's Office of the Chief Accountant will be changed. The new number will be (202) 942-9656. Persons who use fax as a means of communicating with that office should note the change. Callers to the former number will not be redirected to the new number.

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## ENFORCEMENT PROCEEDINGS

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### PROCEEDINGS INSTITUTED AGAINST THE CENTER FOR FINANCIAL PLANNING

On December 6, the Commission instituted public administrative proceedings under Section 203(e) of the Investment Advisers Act of 1940 against the Center For Financial Planning, Inc. (CFP), an investment adviser registered with the Commission from September 13, 1990. The proceedings are based on allegations that on September 21, 1994, the United States District Court for the Northern District of Georgia entered a final judgment against CFP finding that it violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and Sections 206(1) and 206(2) of the Investment Advisers Act in connection with a scheme in which more than \$1.6 million of CFP clients' funds were misappropriated. The final judgment also permanently enjoined CFP from violating these sections and ordered that CFP pay disgorgement of \$1,604,708, prejudgment interest of \$56,656, and a civil penalty of \$100,000.

A hearing will be held to determine what, if any, remedial action is appropriate in the public interest. (Rel. IA-1456)

**ORDER OF DISGORGEMENT AND CIVIL PENALTIES ENTERED AGAINST JAMES MERRIAM AND DORI MERRIAM**

On December 5, the United States District Court for the Northern District of California entered an Order of Disgorgement and Civil Penalties against defendants James A. Merriam (Merriam) and Dori R. Merriam (D. Merriam). The Order decreed that Merriam and D. Merriam are jointly and severally liable to disgorge the sum of \$1,141,030.40, plus prejudgment interest. The Order also noted that civil penalties are appropriate against Merriam under the Securities Act of 1933, Securities Exchange Act of 1934, Investment Company Act of 1940 and the Securities Enforcement Remedies and Penny Stock Reform Act of 1990. The Court waived disgorgement and did not assess the civil penalties based upon the defendants' financial inability to pay.

The complaint, filed on March 7, 1994, alleged that Vintage and James A. Merriam sold unregistered securities and committed fraud in the offering, sale and purchase of securities. It further alleged that Vintage violated the periodic reporting requirements of the Securities Exchange Act of 1934 and the accounts and records provisions of the Investment Company Act of 1940. The complaint further charged James Merriam with a violation of the breach of fiduciary duty and a violation of the periodic reporting provisions.

The complaint alleged that Vintage and James A. Merriam fraudulently offered and sold Vintage securities to the public. In connection with the scheme, Vintage, whose general purpose was to invest in new and developing companies offering long-term growth potential, issued financial statements that substantially overstated the fair value of Vintage's securities portfolio. These false and misleading financial statements were included in the reports on Forms 10-Q and Forms 10-K that Vintage filed with the Commission. [SEC v. Vintage Group, Inc., James A. Merriam and Dori R. Merriam, Civil Action No., C-94-0772, WHO, N.D. Cal.] (LR-14350)

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**INVESTMENT COMPANY ACT RELEASES**

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**PORTICO FUNDS, INC.**

A notice has been issued giving interested persons until January 3 to request a hearing on an application filed by Portico Funds, Inc. for an order that would permit it to enter into deferred compensation agreements with certain of its trustees. (Rel. IC-20760 - December 9)

**AIM EQUITY FUNDS, INC., ET AL.**

A notice has been issued giving interested persons until January 3 to request a hearing on an application filed by AIM Equity Funds, Inc., et al. for a conditional order pursuant to Section 17(d) of the Investment Company Act and Rule 17d-1 thereunder. The requested order would permit applicants to invest jointly in repurchase agreements with remaining maturities not to exceed 60 days and certain other short-term money market instruments with remaining maturities not to exceed 90 days. (Rel. IC-20761 - December 9)

**AFD EXCHANGE RESERVES, ET AL.**

An order has been issued on an application filed by AFD Exchange Reserves, et al. under Section 6(c) of the Investment Company Act amending prior orders granting exemptions from Sections 2(a) (32), 2(a) (35), 18(f), 18(g), 18(i), 22(c) and 22(d) of the Act and Rule 22c-1 thereunder. The prior orders permit the issuance of up to three classes of shares and the imposition of a contingent deferred sales charge (CDSC) on certain redemptions of two class of shares and the waiver of the CDSC under certain circumstances. The amended order permits applicants to issue and sell up to four classes of shares, to impose a contingent deferred sales charge on certain redemptions of shares, and to waive the CDSC under certain circumstances. (Rel. IC-20763 - December 12)

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**HOLDING COMPANY ACT RELEASES**

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**NEW ENGLAND ELECTRIC SYSTEM**

An order has been issued authorizing a proposal by New England Electric System (NEES), a registered holding company, to provide guarantees to employees of NEES subsidiaries relative to premiums for life insurance plans provided by the subsidiaries. (Rel. 35-26182)

**CONSOLIDATED NATURAL GAS COMPANY, ET AL.**

A notice has been issued giving interested persons until January 3 to request a hearing on a proposal by Consolidated Natural Gas Company (CNG), a registered holding company, and CNG Financial Services, Inc. (CNGF), a wholly-owned subsidiary company of CNG. CNG and CNGF seek authorization, through December 31, 1998, for CNGF to engage in the financing of certain gas utilizing equipment (Gas Equipment) for customers who purchase or may be expected to purchase gas, directly or indirectly, from companies of the CNG System and for CNG to provide CNGF with the funds necessary to make loans to such customers. (Rel. 35-26183)

## CENTRAL AND SOUTH WEST CORPORATION, ET AL.

An order has been issued authorizing a proposal by Central and South West Corporation (CSW), a registered holding company, and CSW Energy, Inc. (CSW Energy), a wholly owned nonutility subsidiary company of CSW, to invest in a 320-MW qualifying cogeneration facility, to be located in or near Sweeny, Texas, and form related project entities, in connection with their program to develop sources of energy and capacity from qualifying cogeneration facilities, qualifying small power production facilities, and independent power facilities, including exempt wholesale generators. (Rel. 35-26184)

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## SELF-REGULATORY ORGANIZATIONS

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### DELISTINGS GRANTED

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration Live Entertainment, Inc., Common Stock, \$.01 Par Value. (Rel. 34-35070)

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration Carolco Pictures, Inc., Common Stock, \$.001 Par Value. (Rel. 34-35071)

### WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until December 27 to comment on the application of Media Logic, Inc. to withdraw its Common Stock, \$.01 Par Value, from listing and registration on the Boston Stock Exchange. (Rel. 34-35072)

### PROPOSED RULE CHANGES

The Government Securities Clearing Corporation filed a proposed rule change (SR-GSCC-94-07) that will modify GSCC rules to establish minimum financial standards for two current Netting System membership categories: insurance companies and registered investment companies. Publication of the proposed rule change is expected in the Federal Register during the week of December 12. (Rel. 34-35061)

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-94-69) that would amend Schedule A to its By-Laws to adjust the amount of credit as set forth in Section 1(d), which is currently 62%, to 69%. The proposed rule change is effective until December 31, 1994, after which a previously filed (SR-NASD-94-58) rule change amending the NASD's fee structure will go in to effect. (Rel. 34-35073)

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-94-58) that would amend Schedule A, Sections 1, 2(a) and 5 to its By-Laws by eliminating the basic membership fee, revising the definition of gross revenue for assessment purposes, adjusting the fees assessed for branch office registration and oversight, and revising and adjusting the calculation of fees assessed on gross revenue. (Rel. 34-35074)

#### APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change submitted by the Boston Stock Exchange (SR-BSE-94-09) regarding stopping stock. (Rel. 34-35068)

#### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

A proposed rule change filed by the American Stock Exchange to allow a 50% discount on all Exchange transaction charges incurred in connection with equities trading on the Exchange during the month of December, 1994 (SR-Amex-94-53) has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of December 12. (Rel. 34-35076)

The Midwest Clearing Corporation filed a proposed rule change (SR-MCC-94-14) that implements procedures in conformity with New York Stock Exchange Rule 412 and National Securities Clearing Corporation Rule 50, Section 9, to accelerate the Automated Customer Account Transfer Service cycle and to make changes to the ACAT-Fund/SERV interface. The rule change became effective upon filing. Publication of the proposal is expected in the Federal Register during the week of December 12. (Rel. 34-35078)

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-94-65) to clarify the security application fee for PORTAL securities. The NASD, pursuant to Section 19(b)(3)(A) of the Act, filed the proposal as constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the NASD. This renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. Publication of the notice in the Federal Register is expected during the week of December 19. (Rel. 34-35083)

#### AMENDMENTS TO PROPOSED RULE CHANGES

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-94-68) to extend the SOES Interim Changes (except the short sale prohibition) through May 1, 1995. Currently, the SOES Interim Changes are scheduled to expire on January 25, 1995. Publication of the proposal is expected in the Federal Register during the week of December 12. (Rel. 34-35077)

In connection with File Nos. SR-NASD-94-13 and SR-NASD-94-68, the National Association of Securities Dealers filed an econometric analysis conducted by the NASD's Economic Research Department. In addition, in connection with File No. SR-NASD-94-13 on December 2, 1994 the NASD filed with the Commission an analysis of the potential for order queues to develop in its proposed Nasdaq Primary Retail Order View and Execution System (N.PROVE). Publication of these analyses is expected in the Federal Register during the week of December 12. (Rel. 34-35080)

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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-8 ALTRON INC, ONE JEWEL DRIVE, WILMINGTON, MA 01887 (508) 658-5800 - 50,000 (\$726,250) COMMON STOCK. (FILE 33-86862 - DEC. 02) (BR. 3)
- S-8 HMG COURTLAND PROPERTIES INC, 2701 S BAYSHORE DR, COCONUT GROVE, FL 33133 (305) 854-6803 - 120,000 (\$1,084,500) COMMON STOCK. (FILE 33-86864 - DEC. 02) (BR. 5)
- S-1 IDS MANAGED FUTURES L P, SEARS TOWER, 233 S WACKER DR STE 2300, CHICAGO, IL 60604 (312) 460-4000 - 65,700 (\$49,999,671) LIMITED PARTNERSHIP CERTIFICATE. (FILE 33-86894 - NOV. 29) (BR. 11)
- S-3 SOVEREIGN BANCORP INC, 1130 BERKSHIRE BLVD, WYOMISSING, PA 19610 (610) 320-8400 - 5,665,000 (\$27,600,000) COMMON STOCK. (FILE 33-86970 - DEC. 05) (BR. 1)
- S-8 BUTLER INTERNATIONAL INC /MD/, 110 SUMMIT AVE, MONTVALE, NJ 07645 (201) 573-8000 - 110,000 (\$680,625) COMMON STOCK. (FILE 33-87012 - DEC. 02) (BR. 6)
- S-8 CHOICES ENTERTAINMENT CORP, 81 BIG OAK RD, STE 205, MORRISVILLE, PA 19067 (215) 428-1000 - 915,000 (\$210,450) COMMON STOCK. (FILE 33-87016 - DEC. 02) (BR. 12)
- S-8 U S ALCOHOL TESTING OF AMERICA INC, 10410 TRADEMARK ST, RANCHO CUCAMONGA, CA 91730 (909) 466-8378 - 450,000 (\$1,773,000) COMMON STOCK. (FILE 33-87018 - DEC. 02) (BR. 8)
- S-8 DIY HOME WAREHOUSE INC, 5811 CANAL RD STE 180, VALLEY VIEW, OH 44125 (216) 328-5100 - 500,000 (\$3,931,250) COMMON STOCK. (FILE 33-87020 - DEC. 02) (BR. 10)
- S-8 WALKER INTERACTIVE SYSTEMS INC, MARATHON PLZ THREE NORTH, 303 SECOND ST, SAN FRANCISCO, CA 94107 (415) 495-8811 - 1,580,000 (\$10,902,200) COMMON STOCK. (FILE 33-87022 - DEC. 05) (BR. 10)

REGISTRATIONS CONT.

- S-8 MPTV INC, 3 CIVIC PLAZA, SUITE 210, NEWPORT BEACH, CA 92660  
(612) 571-7877 - 100,000 (\$46,875) COMMON STOCK. (FILE 33-87050 - DEC. 02)  
(BR. 11)
- S-8 INVACARE CORP, 899 CLEVELAND ST, P O BOX 4028, ELYRIA, OH 44036  
(216) 329-6000 - 1,000,000 (\$31,500,000) COMMON STOCK. (FILE 33-87052 -  
DEC. 05) (BR. 8)
- S-3 FORD HOLDINGS INC, AMERICAN ROAD, DEARBORN, MI 48121 (313) 322-3000 -  
5,000 (\$500,000,000) PREFERRED STOCK. (FILE 33-56747 - DEC. 06) (BR. 12)
- SB-2 KELLER FINANCIAL SERVICES SERIES XXII INC, 19329 U S HWY 19 NORTH,  
CLEARWATER, FL 34624 - 22,500 (\$22,500,000) STRAIGHT BONDS. (FILE  
33-86582-A - NOV. 22) (BR. 12 - NEW ISSUE)
- SB-2 NELLORO CORP, 900 BRUSH ST, STE 413, LAS VEGAS, NV 89107 (702) 870-6421  
- 25,000 (\$125,000) COMMON STOCK. (FILE 33-86706-LA - NOV. 28) (BR. 14  
- NEW ISSUE)
- S-4 COMMERCE BANCSHARES INC /MO/, 1000 WALNUT 86, KANSAS CITY, MO 64106  
(816) 234-2000 - 170,000 (\$3,301,400) COMMON STOCK. (FILE 33-86710 -  
DEC. 05) (BR. 2)
- S-1 MEDPARTNERS INC, 3000 GALLERIA TOWER, STE 1000, BIRMINGHAM, AL 35244  
(205) 733-8996 - 3,910,000 (\$46,920,000) COMMON STOCK. UNDERWRITER:  
MONTGOMERY SECURITIES, SMITH BARNEY INC. (FILE 33-86806 - NOV. 29)  
(BR. 5 - NEW ISSUE)
- S-1 GLOBALSTAR TELECOMMUNICATIONS LTD, CEDAR HOUSE, 41 CEDAR HOUSE,  
HAMILTON HM12 BERMUDA, DO (809) 295-2244 - 13,800,000 (\$358,800,000)  
COMMON STOCK. (FILE 33-86808 - NOV. 29) (BR. 7 - NEW ISSUE)
- N-1A FIRST CAMBORNE TRUST, 6800 COLLEGE BLVD, STE 610, OVERLAND PARK, KS  
66211 (913) 339-0300 - INDEFINITE SHARES. (FILE 33-86818 - NOV. 29)  
(BR. 17 - NEW ISSUE)
- S-1 MISSISSIPPI VIEW HOLDING CO, 35 EAST BROADWAY, LITTLE FALLS, MN 56345  
(612) 632-5461 - 892,688 (\$8,926,880) COMMON STOCK. (FILE 33-86820 -  
NOV. 29) (BR. 1 - NEW ISSUE)
- S-1 NEOPATH INC, 1750 112TH AVE N E, STE B101, BELLEVUE, WA 98004  
(206) 455-5932 - 3,450,000 (\$41,400,000) COMMON STOCK. UNDERWRITER:  
INVEMED ASSOCIATES INC. (FILE 33-86822 - NOV. 30) (BR. 9)
- N-1A FLAG INVESTORS EQUITY PARTNERS FUND INC, 135 EAST BALTIMORE AVE,  
BALTIMORE, MD 21202 (410) 727-1700 - INDEFINITE SHARES. (FILE 33-86832 -  
NOV. 30) (BR. 16 - NEW ISSUE)
- S-4 AFTERMARKET TECHNOLOGY CORP, 401 S WEBSTER, STE A, SEATTLE, WA 98108  
(206) 762-6968 - 120,000,000 (\$120,000,000) STRAIGHT BONDS. (FILE  
33-86838 - NOV. 30) (BR. 4 - NEW ISSUE)
- N-2 PHILADELPHIA VENTURES LIBERTY FUND L P, THE BELLEVUE,  
200 SOUTH BROAD ST, PHILADELPHIA, PA 19102 (215) 732-4445 - 6,000  
(\$30,000,000) LIMITED PARTNERSHIP CERTIFICATE. (FILE 33-86870 - NOV. 29)  
(BR. 18 - NEW ISSUE)

REGISTRATIONS CONT.

- SB-2 SEPRAGEN CORP - 10,388,000 (\$77,248,750) COMMON STOCK. (FILE 33-86888 - NOV. 30) (BR. 8 - NEW ISSUE)
- S-8 PM AGRI-NUTRITION GROUP LTD, 1380 RIVERPORT DR, MARYLAND HEIGHTS, MO 63043 (314) 298-7330 - \$583,593.75 COMMON STOCK. (FILE 33-86892 - NOV. 29) (BR. 4)
- F-6 VALMET CORP, BANK OF NEW YORK, 48 WALL ST, NEW YORK, NY 10286 (212) 495-1727 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. DEPOSITOR: BANK OF NEW YORK. (FILE 33-86922 - DEC. 01) (BR. 99 - NEW ISSUE)
- SB-2 INTERACTIVE FLIGHT TECHNOLOGIES INC, 3070 W POST RD, LAS VEGAS, NV 89118 (702) 896-8900 - 15,340,000 (\$120,702,740) COMMON STOCK. UNDERWRITER: DH BLAIR INVESTMENT BANKING CORP. (FILE 33-86928 - DEC. 02) (BR. 10 - NEW ISSUE)
- S-4 AVID TECHNOLOGY INC, METROPOLITAN TECHNOLOGY PARK, ONE PARK WEST, TEWKSBURY, MA 01876 (508) 640-6789 - 5,983,510 (\$233,356,890) COMMON STOCK. (FILE 33-86932 - DEC. 02) (BR. 11)
- S-1 FIRST FEDERAL BANCORPORATION /MN/, 214 5TH ST, BEMIDJI, MN 56601 (218) 751-5120 - 991,875 (\$9,918,750) COMMON STOCK. (FILE 33-86964 - DEC. 02) (BR. 2 - NEW ISSUE)
- SB-2 ENTERACTIVE INC /DE/, 110 WEST 40TH ST, STE 2100, NEW YORK, NY 10018 (212) 221-6559 - 800,000 (\$1,250,000) STRAIGHT BONDS. 800,000 (\$3,200,000) COMMON STOCK. (FILE 33-86966 - DEC. 05) (BR. 10)
- S-8 CALIFORNIA MICROWAVE INC, 985 ALMANOR AVE, SUNNYVALE, CA 94086 (408) 732-4000 - 800,000 (\$24,256,000) COMMON STOCK. (FILE 33-86968 - DEC. 05) (BR. 8)
- S-1 CEC RESOURCES LTD, 1605 700 6TH AVE S W, CALGARY ALBERTA CANADA, A6 P 0T8 - 1,500,000 (\$4,875,000) FOREIGN COMMON STOCK. (FILE 33-86996 - DEC. 01) (BR. 3 - NEW ISSUE)
- S-8 DENOVO CORP /CN/, 11711NW 39TH ST, CORAL SPRINGS, FL 33065 (305) 345-2266 - 350,000 (\$568,750) COMMON STOCK. (FILE 33-87014 - DEC. 02) (BR. 7)
- S-2 RESTOR INDUSTRIES INC, 4501 VINELAND RD, ORLANDO, FL 32811 (407) 843-7031 - 2,372,558 (\$3,558,837) COMMON STOCK. (FILE 33-87026 - DEC. 05) (BR. 6)
- S-4 STORAGE COMPUTER CORP, 11 RIVERSIDE DR, NASHUA, NH 03062 (603) 880-3005 - 748,141 (\$935,176.25) COMMON STOCK. (FILE 33-87028 - DEC. 02) (BR. 9 - NEW ISSUE)
- S-8 HORIZON FINANCIAL SERVICES CORP, 301 FIRST AVE EAST, OSKALOOSA, IA 52577 (515) 673-8328 - 50,601 (\$556,611) COMMON STOCK. (FILE 33-87030 - DEC. 05) (BR. 1)
- N-2 VAN KAMPEN MERRITT PRIME RATE INCOME TRUST, ONE PARKVIEW PLZ, OAKBROOK TERRACE, IL 60181 (708) 684-6000 - 140,000,000 (\$1,405,600,000) COMMON SHARES OF BENEFICIAL INTEREST. (FILE 33-87032 - DEC. 05) (BR. 18)