

SEC NEWS DIGEST

Issue 97-128

July 3, 1997

ENFORCEMENT PROCEEDINGS

INVESTMENT ADVISER CENSURED

Valicenti Advisory Services (VAS), an Elmira, NY, investment adviser, has been censured for violating provisions of the Investment Advisers Act of 1940 in connection with a 1991 chart and bar graph that were furnished to prospective clients to show a five year rate of return for a composite of accounts under management. The sanction was imposed after a hearing before an administrative law judge. The law judge found that the materials had been prepared negligently and contained material misrepresentations.

The law judge found that other charges against VAS were not proven and dismissed "aiding and abetting" charges against its owner.

VAS had been charged with violations in connection with the 1991 chart and graph, a 1992 update, and a sample account statement.

The law judge found that there was no "scienter," or intent to defraud in connection with the 1991 materials. The law judge also found that the 1992 update was never used and that the sample account statement was merely a sample used to explain VAS' quarterly statements to prospective clients and was not an advertisement or recommendation of securities.

Finally, the law judge noted various mitigating factors and concluded that censuring VAS was the appropriate sanction for the violations and would serve to deter future violations. (Initial Decision No. 111)

COMPLAINT FILED IN TOUCH TONE PARTNERS OFFERING

The Commission announced that on July 2 it filed a complaint in United States District Court in Los Angeles alleging fraud in the offer and sale of units in Touch Tone Partners (Touch Tone), a California partnership. Touch Tone purportedly was going to establish and operate a 900-number dating service, and pay profits from this business to investors.

The complaint alleges that B.M.C. Enterprises, Inc. (B.M.C.), Touch Tone's promoter and initial managing partner, raised

approximately \$3.9 million from investors nationwide. The complaint alleges that salespeople at B.M.C., its owners Michael E. Lopuszynski and C. Scott Courtney, Madison Consulting Group, Inc., and its owners Jonathan Shoucair and Michael W. Engelhardt, fraudulently failed to disclose material facts about this investment, including that B.M.C. would spend over 70% of the money raised on commissions, salaries, and overhead expenses.

The complaint also alleges that numerous telemarketing sales rooms, all based in Southern California, violated the broker-dealer and securities registration provisions of the federal securities laws.

The Commission seeks permanent injunctions, civil penalties, and accountings from the defendants, and disgorgement of ill-gotten gains with prejudgment interest from B.M.C., Madison, Frontline Consulting, Inc., and their owners. [SEC v. B.M.C. Enterprises, Inc., Michael E. Lopuszynski, C. Scott Courtney, Madison Consulting Group, Inc., Jonathan Shoucair, Michael W. Engelhardt, Joseph Widmer, Livestock Financial Services, Inc., Eugene Evangelist, Kent Bollenbach, Brookside Management, Inc., Timothy Grayson, Lion's Share Ventures, Brent Morris, James Perez, Robert Haug d/b/a West Coast Investments, Frontline Consulting, Inc., Marc Levine, and Ira Itskowitz, Civil Action No. 97-4811 ABC, JGx, C.D. Cal.] (LR-15400)

COMPLAINT FILED ALLEGING INSIDER TRADING IN CENTURY MEDICORP STOCK; FOUR DEFENDANTS CONSENT TO BE ENJOINED AND TO PAY A TOTAL OF \$281,752.50 IN DISGORGEMENT AND \$507,502.50 IN ITSFEA PENALTIES

On July 2, the Commission filed an action in United States District Court in Los Angeles alleging insider trading in Century MediCorp, Inc., stock immediately prior to its acquisition by Foundation Health Corporation in July 1992. Defendants include Jacob Turner, then Century's CEO, President and Chairman; and Theodore Dutton, then a Century Board member.

Four of the six defendants have consented to entry of judgments permanently enjoining them from future violations of the antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, without admitting or denying the allegations. Turner has consented to pay an ITSFEA penalty of \$225,750 equalling the profits of his alleged tippee, Nissan Kahen, who has agreed to disgorge \$225,750, with interest, and to pay an ITSFEA penalty of \$265,750 equalling his profits and those of his alleged tippee, Parviz Kahen. Andrea Dutton has agreed to disgorge her profits of \$16,002.50, with interest, and to pay a \$16,002.50 ITSFEA penalty. Parviz Kahen has agreed to disgorge \$40,000, with interest, but because of his demonstrated inability to pay, payment of all but \$27,000 is waived, and an ITSFEA penalty will not be imposed.

The Commission seeks permanent injunctions, disgorgement and penalties from the remaining two defendants, Dutton and his alleged tippee, Voigt. [SEC v. Jacob Y. Turner, Nissan Kahen, Parviz Kahen, Theodore W. Dutton, George D. Voigt, and Andrea Guillen Dutton, Civil Action No. 97-4812 GHK, JGx, C.D. Cal.] (LR-15401)

PRELIMINARY INJUNCTION GRANTED AGAINST RECIDIVIST SECURITIES VIOLATOR

The Commission announced that on June 3 the Honorable Richard A. Paez, United States District Judge, issued an order of preliminary injunction against Affordable Prepaid Cellular, Inc., and its part-owner and Vice President, John C. Rockett (Rockett). The Court's Order also continued the freeze of APC's and Rockett's assets until trial, prohibits them from destroying documents, and requires them to account for investor funds.

The Commission has alleged that APC and Rockett fraudulently offered and sold securities in the form of \$5,000 corporate notes, to at least 100 individuals since December 1997. APC guaranteed investors a 16 3/4% annual return, plus 1% of half of APC's profits, plus the return of their original contribution at the end of one year. Further, APC promised that investors' monies would be used to fund APC's business operations, providing prepaid cellular telephone service to "credit-challenged" individuals. Instead, the Commission alleges, Rockett misused and misappropriated at least \$414,250 of the \$750,000 raised from investors.

In granting the preliminary injunction, the Court found that the Commission had demonstrated a substantial likelihood of success in its action as to the fraudulent statements made by APC and Rockett, including Rockett's involvement with APC and his background (Rockett was twice convicted of securities fraud and has been enjoined or ordered to cease selling fraudulent investments in eight states). [SEC v. Affordable Prepaid Cellular, Inc. and John C. Rockett, Civil Action No. 97-3750 RAP, JGx, C.D. Cal.] (LR-15402)

FINAL JUDGMENTS ENTERED AGAINST JERRY ALLISON AND QUALIFIED PENSIONS, INC.

The Commission announced that the United States District Court for the District of Columbia entered final judgments of permanent injunction against defendants Jerry G. Allison (Allison) and Qualified Pensions, Inc. (QPI) on June 17, 1997 and June 4, 1997, respectively. As previously announced, the Commission alleged that QPI and Allison defrauded investors by misappropriating millions of dollars in retirement savings that were entrusted to QPI by its clients to be maintained in Individual Retirement Accounts (IRA) and other retirement savings plans, and executed securities transactions for their clients without registering as brokers.

The permanent injunction against Allison was entered by default on motion of the Commission. QPI, by the Court-appointed Receiver, consented to the entry of a permanent injunction against it without admitting or denying the allegations of the complaint. The injunctions prohibit both parties from violating Section 17(a) of the Securities Act of 1933, Sections 10(b), 15(a), and 15(c) of the Securities Exchange Act of 1934 (Exchange Act), and Exchange Act Rule 10b-5. [SEC v. Qualified Pensions, Inc., et al., Civil Action No. 95-1746, LFO, D.D.C.] (LR-15403)

SELF-REGULATORY ORGANIZATIONS

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change filed by the National Association of Securities Dealers (SR-NASD-97-46) that extends the effectiveness of the NASD's excess spread rule until September 30, 1997. (Rel. 34-38804)

APPROVAL OF PROPOSED RULE CHANGES

The Commission approved a proposed rule change filed by the Chicago Board Options Exchange (SR-CBOE-97-19) relating to a minor rule violation plan amendment with respect to position limit fines. Publication of the proposal is expected in the Federal Register during the week of July 7. (Rel. 34-38805)

The Commission approved a proposed rule change filed by the Pacific Exchange (SR-PCX-97-19) to extend its specialist evaluation pilot program for an additional six months, until January 1, 1998. (Rel. 34-38806)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change filed by the National Association of Securities Dealers to amend the surcharge on members named as respondents in arbitration proceedings (SR-NASD-97-40) 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 July 7. (Rel. 34-38807)

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.

Registration statements may be obtained in person or by writing to the Commission's Public Reference Branch at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the following e-mail box address: <public info @ sec>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

S-B POLAND REPUBLIC OF, EMBASSY OF POLAND, 14 WALL STREET, NEW YORK, NY
10005 (000) 000-0000 - 300,000,000 (\$300,000,000)
CONVERTIBLE DEBENTURES AND NOTES (FILE 333-7072 - JUN 16) (BR 3)

F-1 TELEPARTNER A/S, ROSENKAERET 13, DK-2860 SOBORG DENMARK, G7 - 3,125,000
(\$21,621,875) WARRANTS, OPTIONS OR RIGHTS (FILE 333-7092 - JUN 20)
(BR. 3 - NEW ISSUE)

F-1 PEPTOR LTD, BLDG 1 WEIZMANN INDUSTRIAL PARK, KIRYAT WEIZMANN, REHOVOT,
L4 - 2,300,000 (\$36,800,000) FOREIGN COMMON STOCK (FILE 333-7102 -
JUN 20) (BR 1 - NEW ISSUE)

F-6 WATERFORD WEDGWOOD PLC /ADR/, 48 WALL ST, C/O BANK OF NEW YORK,
NEW YORK, NY 10286 (212) 495-1727 - 20,000,000 (\$1,000,000)
DEPOSITARY RECEIPTS FOR COMMON STOCK (FILE 333-7106 - JUN 23) (BR 99
- NEW ISSUE)

S-B PROVINCE DE QUEBEC, DELEGATION GENERALE DU QUEBEC NEW YORK,
630 FIFTH AVE STE 360, NEW YORK, NY 10111 - 2,167,092,880 (\$2,167,092,880)
STRAIGHT BONDS (FILE 333-7108 - JUN 24) (BR 99)

F-10 GULF CANADA RESOURCES LTD, 401 NINTH AVE SW, P O BOX 130,
CALGARY ALBERTA CANADA T2P 2H7, A0 (403) 233-4000 - 27,760,917
(\$246,378,138.30) FOREIGN COMMON STOCK (FILE 333-7110 - JUN 25) (BR 4)

F-1 CHINA SOUTHERN AIRLINES CO LTD, BAILYUN INTERNATIONAL AIRPORT, GUANGZHOU,
PEOPLES REPUBLIC OF CHINA, F5 - 861,823,000 (\$525,712,030)
FOREIGN COMMON STOCK (FILE 333-7114 - JUN 25) (BR 5)

F-6 CHINA SOUTHERN AIRLINES CO LTD /ADR/, 48 WALL ST, C/O BANK OF NEW YORK,
NEW YORK, NY 10286 (212) 815-1727 - 50,000,000 (\$2,500,000)
DEPOSITARY RECEIPTS FOR COMMON STOCK (FILE 333-7116 - JUN. 25) (BR 99)

F-6 CIFRA SA DE CV /ADR/, 1 CHASE MANHATTAN PLAZA, C/O CHASE MANHATTAN BANK,
NEW YORK, NY 10081 (212) 552-1305 - 100,000,000 (\$5,000,000)
DEPOSITARY RECEIPTS FOR COMMON STOCK (FILE 333-7118 - JUN 25) (BR 99)

S-8 MEGALITH CORP, 4720 ESCO DR, STE 220, FORT WORTH, TX 76140
(817) 478-4299 - 40,000 (\$50,000) COMMON STOCK (FILE 333-7120 - JUN 23)
(BR 9)

F-6 ROSNEFTEGAZSTROY /ADR/, 48 WALL ST, C/O BANK OF NEW YORK, NEW YORK, NY
10286 (212) 815-1727 - 50,000,000 (\$2,500,000)
DEPOSITARY RECEIPTS FOR COMMON STOCK (FILE 333-7124 - JUN 25) (BR 99)

F-1 CRYSTAL SYSTEMS SOLUTIONS LTD, 6 MASKIT STREET, HERZLIA 46733, ISRAEL,
L3 - 1,680,000 (\$35,944,440) FOREIGN COMMON STOCK (FILE 333-7126 -
JUN 25) (BR 3)

F-3 NICE SYSTEMS LTD, ATIDIM INDUSTRIAL PK BLDG 7,
NEVE SHARETT PO BOX 58070, TEL AVIV 61580 ISRAEL, L3 (212) 267-3545 -
2,875,000 (\$87,687,500) FOREIGN COMMON STOCK (FILE 333-7130 - JUN 26)
(BR 3)

S-8 TITAN EXPLORATION INC, 500 W TEXAS AVE, SUITE 500, MIDLAND, TX 79701
(915) 682-6612 - 850,000 (\$7,809,375) COMMON STOCK (FILE 333-30061 -
JUN 26) (BR 4)

S-8 TITAN EXPLORATION INC, 500 W TEXAS AVE, SUITE 500, MIDLAND, TX 79701
(915) 682-6612 - 3,631,330 (\$7,553,208) COMMON STOCK (FILE 333-30063 -
JUN 26) (BR 4)

S-1 U S LIQUIDS INC, 411 N SAM HOUSTON PARKWAY EAST, STE 400, HOUSTON, TX
77060 (281) 272-4500 - 1,725,000 (\$18,112,500) COMMON STOCK (FILE
333-30065 - JUN 26) (BR. 4 - NEW ISSUE)

S-8 BROWN TOM INC /DE, 508 W WALL, STE 500, MIDLAND, TX 79701 (915) 682-9715
- 600,000 (\$10,837,500) COMMON STOCK (FILE 333-30069 - JUN 26) (BR 4)

S-8 U S PHYSICAL THERAPY INC /NV, 3040 POST OAK BLVD STE 222, HOUSTON, TX
77056 (713) 297-7000 - 95,000 (\$908,200) COMMON STOCK (FILE 333-30071 -
JUN 26) (BR 1)

S-8 APPLIED INTELLIGENCE GROUP INC, 13800 BENSON RD, EDMOND, OK 73013
(405) 936-2300 - 100,000 (\$266,700) COMMON STOCK (FILE 333-30073 -
JUN 26) (BR. 3)

S-8 US INDUSTRIES INC, 101 WOOD AVE SOUTH, ISELIN, NJ 08830 (908) 767-0700
- 16,134 (\$600,000) COMMON STOCK (FILE 333-30075 - JUN 26) (BR. 6)

S-4 ASR INVESTMENTS CORP, 335 NORTH WILMOT STE 250, TUCSON, AZ 85711
(602) 748-2111 - 2,000,000 (\$45,000,000) COMMON STOCK (FILE 333-30077 -
JUN 26) (BR 8)

S-8 HARRIS PAUL STORES INC, 6003 GUION RD, INDIANAPOLIS, IN 46268
(317) 293-3900 - 1,100,000 (\$17,600,000) COMMON STOCK. (FILE 333-30079 -
JUN 26) (BR 2)

S-4 JOHNSON & JOHNSON, ONE JOHNSON & JOHNSON PLZ, NEW BRUNSWICK, NJ 08933
(908) 524-0400 - 11,272,140 (\$310,547,457) COMMON STOCK (FILE 333-30081 -
JUN 26) (BR. 1)

S-8 GENELABS TECHNOLOGIES INC /CA, 505 PENOBSCOT DR, REDWOOD CITY, CA 94063
(415) 369-9500 - 500,000 (\$1,390,625) COMMON STOCK (FILE 333-30083 -
JUN 26) (BR 1)

S-8 ECOLOGY & ENVIRONMENT INC, 368 PLEASANTVIEW DR, LANCASTER, NY 14086
(716) 684-8060 - 200,000 (\$1,575,000) COMMON STOCK (FILE 333-30085 -
JUN 26) (BR 4)

S-8 FIRST COMMERCIAL CORP, 400 WEST CAPITOL AVE, LITTLE ROCK, AR 72201
(501) 371-7000 - 1,200,000 (\$49,950,000) COMMON STOCK (FILE 333-30089 -
JUN 26) (BR 7)

S-8 TRIANGLE BANCORP INC, 4300 GLENWOOD AVENUE, RALEIGH, NC 27621
(919) 881-0455 - 250,000 (\$4,937,500) COMMON STOCK (FILE 333-30091 -
JUN 26) (BR 7)

S-3 GABLES RESIDENTIAL TRUST, 2859 PACES FERRY RD, STE 1450, ATLANTA, GA
30339 (770) 436-4600 (FILE 333-30093 - JUN 26) (BR 8)

S-8 WILLIAMS COMPANIES INC, ONE WILLIAMS CTR, TULSA, OK 74172 (918) 588-2000
- 200,000 (\$8,275,000) COMMON STOCK (FILE 333-30095 - JUN 26) (BR. 4)

S-8 VICON INDUSTRIES INC /NY/, 89 ARKAY DR, HAUPPAUGE, NY 11788
(516) 952-2288 - 250,000 (\$735,219) COMMON STOCK (FILE 333-30097 -
JUN 26) (BR 3)

S-8 AMERICAN MOBILE SATELLITE CORP, 10802 PARKRIDGE BLVD, RESTON, VA 22091
(703) 758-6000 - 1,500,000 (\$16,406,250) COMMON STOCK (FILE 333-30099 -
JUN 26) (BR 3)

S-3 ESSEX COUNTY GAS COMPANY, 7 N HUNT RD, AMESBURY, MA 01913 (508) 388-4000
- 200,000 (\$5,000,000) COMMON STOCK (FILE 333-30101 - JUN 26) (BR 4)

S-8 UNITED INDUSTRIAL CORP /DE/, 18 E 48TH ST, NEW YORK, NY 10017
(212) 752-8787 - 300,000 (\$2,568,750) COMMON STOCK. (FILE 333-30103 -
JUN 26) (BR 6)

S-8 TSENG LABS INC, 6 TERRY DR, NEWTOWN COMMONS, NEWTOWN, PA 18940
(215) 968-0502 - 3,000,000 (\$10,406,250) COMMON STOCK (FILE 333-30105 -
JUN 26) (BR 3)

S-8 MERIDIAN DATA INC, 5615 SCOTTS VALLEY DR, SUITE 200, SCOTTS VALLEY, CA
95066 (415) 960-0288 - COMMON STOCK (FILE 333-30107 - JUN 26) (BR. 3)

S-1 PJ AMERICA INC, 9109 PARKWAY E, BIRMINGHAM, AL 35206 (205) 836-1212 -
1,380,000 (\$23,460,000) COMMON STOCK. (FILE 333-30109 - JUN 26) (BR 2)

S-8 CONCEPTUS INC, 1021 HOWARD AVE, SAN CARLOS, CA 94070 (415) 802-7240 -
1,000,000 (\$10,234,204 88) COMMON STOCK (FILE 333-30111 - JUN 26)
(BR 1)

S-2 VALLEY RESOURCES INC /RI/, 1595 MENDON RD, CUMBERLAND, RI 02864
(401) 334-1188 - \$8,056,812 COMMON STOCK \$7,000,000 STRAIGHT BONDS
(FILE 333-30113 - JUN 26) (BR 4)

S-4 CITYSCAPE FINANCIAL CORP, 565 TAXTER RD, ELMSFORD, NY 10523
(914) 592-6677 - 300,000,000 (\$300,000,000) STRAIGHT BONDS (FILE
333-30115 - JUN. 27) (BR. 8)

S-8 LUMISYS INC \DE\, 225 HUMBOLDT CT, SUNNYVALE, CA 94089 (408) 733-6565 -
200,000 (\$1,388,000) COMMON STOCK. (FILE 333-30117 - JUN 27) (BR 3)

S-4 JAMES RIVER CORP OF VIRGINIA, P O BOX 2218, RICHMOND, VA 23219
(804) 649-4296 - 104,707,425 (\$3,645,722,135) COMMON STOCK (FILE
333-30119 - JUN. 27) (BR 4)

S-8 HONEYWELL INC, HONEYWELL PLZ, 2701 4TH AVE S, MINNEAPOLIS, MN 55408
(612) 951-1000 - 2,000,000 (\$154,312,000) COMMON STOCK (FILE 333-30121 -
JUN. 26) (BR. 5)

S-8 QWEST COMMUNICATIONS INTERNATIONAL INC, 555 17TH ST STE 1000, DENVER, CO
80202 (303) 291-1400 - 10,000,000 (\$257,320,000) COMMON STOCK (FILE
333-30123 - JUN 26) (BR 3)

S-8 CT COMMUNICATIONS INC /NC, 68 CABARRUS AVE EAST, P O BOX 227, CONCORD,
NC 28025 (704) 788-0244 - 8,000 (\$1,440,000) COMMON STOCK (FILE
333-30125 - JUN 26) (BR 3)

S-8 WESTINGHOUSE ELECTRIC CORP, WESTINGHOUSE BLDG, 11 STANWIX STREET,
PITTSBURGH, PA 15222 (412) 244-2300 - 15,000,000 (\$335,625,000)
COMMON STOCK (FILE 333-30127 - JUN 26) (BR 3)

S-8 HONEYWELL INC, HONEYWELL PLZ, 2701 4TH AVE S, MINNEAPOLIS, MN 55408
(612) 951-1000 - 7,500,000 (\$578,670,000) COMMON STOCK (FILE 333-30129 -
JUN 26) (BR 5)

N-2 FRANKLIN FLOATING RATE TRUST, 777 MARINERS ISLAND BLVD, SAN MATEO, CA
94404 - 10,000,000 (\$100,000,000) COMMON STOCK (FILE 333-30131 - JUN 27)