

# SEC NEWS DIGEST

Issue 97-186

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## ENFORCEMENT PROCEEDINGS

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### RICHARD MILBRODT, INDEPENDENT FINANCIAL CONSULTANT, ORDERED TO CEASE AND DESIST IN MUNICIPAL BOND CASE

The Commission issued an Order finding that Richard Milbrodt of Sacramento, California, recklessly misrepresented the creditworthiness of certain municipal securities issued by the County of Nevada, California (Nevada), and ordering that he cease and desist from violating antifraud provisions of the federal securities laws. Milbrodt consented to issuance of the Order without admitting or denying the Commission's findings.

The Order finds that in late 1990 Milbrodt acted as independent financial consultant to public financing authorities formed by Wasco, California and Avenal, California for their purchases of municipal bonds issued by Nevada. These public financing authorities were organized pursuant to The California Marks-Roos Local Bond Pool Act of 1985.

The Order finds that Milbrodt recklessly misrepresented to the Wasco and Avenal public financing authorities that the County of Nevada bonds met the minimum credit requirements of their respective trust indentures -- a requirement necessary for the authorities to purchase the Nevada bonds -- when, in fact, they did not meet the applicable minimum credit requirement. The minimum credit requirement was intended to measure the creditworthiness of the Nevada bonds and to limit the risk being assumed by the authorities and their bondholders. (Rel. 33-7455; 34-39121)

### DWIGHT ALLEN, INDEPENDENT FINANCIAL CONSULTANT, ORDERED TO CEASE AND DESIST IN MUNICIPAL BOND CASE

The Commission issued an Order finding that Dwight Allen of San Francisco, California, recklessly misrepresented the

creditworthiness of certain municipal securities issued by Ione, California, and ordering that he cease and desist from violating antifraud provisions of the federal securities laws. Allen consented to issuance of the Order without admitting or denying the Commission's findings.

The Order finds that in 1991 Allen acted as independent financial consultant to public financing authorities formed by Wasco, California and Avenal, California for their purchases of municipal bonds issued by Ione, California. These public financing authorities were organized pursuant to The California Marks-Roos Local Bond Pool Act of 1985.

The Order finds that Allen recklessly misrepresented to the Wasco and Avenal public financing authorities that the Ione bonds met the minimum credit requirements of their respective trust indentures -- a requirement necessary for the authorities to purchase the Ione bonds -- when, in fact, they did not meet the applicable minimum credit requirement. The minimum credit requirement was intended to measure the creditworthiness of the Ione bonds and to limit the risk being assumed by the authorities and their bondholders. (Rel. 33-7456; 34-39122)

COMMISSION PERMANENTLY BARS GERALD HIRSCH, FORMER PRESIDENT AND CHIEF EXECUTIVE OFFICER OF BROKER-DEALER, FROM SECURITIES INDUSTRY

The Commission instituted and simultaneously settled public administrative proceedings pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934, against Gerald P. Hirsch, the former President and Chief Executive Officer of Churchill Securities, Inc., a registered broker-dealer.

Hirsch consented to the entry of an Order Instituting Public Administrative Proceedings, Making Findings and Imposing Remedial Sanctions (Order) that makes findings that, from approximately June 3, 1996 through December 4, 1996, Hirsch violated a prior order issued by the Commission on May 24, 1996, suspending Hirsch from associating with any broker, dealer, investment company, investment adviser or municipal securities dealer, for a period of 12 months. The Order bars Hirsch from associating with any broker, dealer, investment company, investment adviser or municipal securities dealer. (Rel. 34-39123)

ELLIOT STUMACHER ORDERED TO CEASE AND DESIST FROM VIOLATING SECTION 10(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10b-5, AND DENIED THE PRIVILEGE OF APPEARING OR PRACTICING BEFORE THE COMMISSION AS AN ACCOUNTANT

On September 24, the Commission instituted a cease and desist proceeding pursuant to Section 21C of the Securities Exchange Act of 1934 (Exchange Act) and an administrative proceeding pursuant to Rules 102(e)(1)(i) and (iii) of the Commission's Rules of Practice against Elliot Stumacher (Stumacher) of Woodmere, New York. Simultaneously, the Commission accepted Stumacher's settlement

offer, whereby he, without admitting or denying the Commission's findings, except as to jurisdiction, consented to the entry of an order requiring him to cease and desist from committing or causing any violation and any future violation of Section 10(b) of the Exchange Act and Rule 10b-5 and denying him the privilege of appearing or practicing before the Commission as an accountant.

The Commission found that Stumacher willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 by signing without authorization the name of Jack Diamond (Diamond), a CPA, to an audit report (1989 Audit Report) that accompanied the 1989 financial statements (1989 Financial Statements) of Packaging Plus Services, Inc. (Packaging Plus) in Commission filings, and by misrepresenting in the 1989 Audit Report that Diamond had conducted an audit of the 1989 Financial Statements in accordance with generally accepted auditing standards and that the 1989 Financial Statements were presented fairly in conformity with generally accepted accounting principles. The Commission also found that Stumacher does not possess the requisite qualifications to represent others before the Commission as he was not and is not qualified as a CPA. As part of this settlement, the Commission agreed to dismiss with prejudice its complaint against Stumacher in SEC v. Jerald Beagelman, et al., 96 Civ. 3899 (DRH) (EDNY), in which the Commission sought to enjoin Stumacher from violating Section 10(b) of the Exchange Act and Rule 10b-5. For further information see LR-15003; AAE Rel. 807 (August 6, 1996). (Rel. 34-39124; AAE Rel. 963)

#### CEASE AND DESIST ORDER ENTERED AGAINST NYCAL CORPORATION

On September 24, the Commission issued an Order pursuant to Section 21C of the Securities Exchange Act of 1934 against Nycal Corporation, requiring it to cease and desist from committing or causing any violations or future violations of the beneficial ownership reporting provisions, Sections 13(d) and 16(a) of the Exchange Act and Rules 13d-1, 13d-2, 16a-2, and 16a-3 thereunder. Nycal is a Delaware corporation with its principal office in The Plains, Virginia, engaged in oil and gas, mining, and mineral extraction. Nycal, without admitting or denying the allegations, consented to the entry of the Order, which finds that Nycal failed to timely file with the Commission three Forms 3, thirty-seven Forms 4, and five Forms 5 for the period October 1990 to July 1993, and failed to timely file six Schedules 13D and amended schedules for the period April 1991 to January 1993. The combined value of the transactions is approximately \$2,660,009. (Rel. 34-39125)

#### COMMISSION SUSTAINS FINDING OF IMPROPER PROFESSIONAL CONDUCT AGAINST ROBERT POTTS, CPA

The Commission has imposed on Robert D. Potts, a certified public accountant and former partner with the accounting firm of Touche Ross & Co. and its successor Deloitte & Touche, a nine-month suspension from practice before the Commission. This remedial action was taken under former Rule 2(e) (now Rule 102(e)) of the Commission's Rules of Practice. Potts acted as concurring partner for Touche's audits of Kahler Corporation, a public company, for

fiscal years 1988 and 1989. The Commission concluded that Potts engaged in improper professional conduct by concurring in issuance of audit reports containing unqualified audit opinions on Kahler's financial statements. These financial statements improperly deferred recognition of operating losses for the University Park Hotel, a Kahler property, and thus materially misstated Kahler's income.

The Commission found that, in light of the total audit environment, which reflected the keen significance to the financial statements of the Hotel loss deferrals and the heightened risk of material misstatement present in both audit years, Potts' deviations from the duties imposed by Generally Accepted Accounting Principles and Generally Accepted Auditing Standards were "reckless."

Commissioner Johnson, in a concurring opinion, emphasized both his view that scienter is required to establish a violation of Rule 102(e) and his belief that Potts acted with scienter.

Commissioner Wallman dissented. In his view, the record in this matter was not sufficiently developed as to the accounting profession's understanding, during 1988 and 1989, of the responsibilities of concurring partners and thus did not "allow a determination as to whether Mr. Potts was reckless or negligent (or perhaps even something less)." Commissioner Wallman also expressed his views on the minimum standard for improper professional conduct under Rule 102(e). (Rel. 34-39126; AAE Rel. 964)

#### ADMINISTRATIVE PROCEEDINGS SETTLED WITH FORMER DEAN WITTER REYNOLDS INC. REGISTERED REPRESENTATIVE

The Commission has instituted and simultaneously settled public administrative proceedings against Michael J. Oberholzer (Oberholzer), a former broker in the Hayward, California, branch of Dean Witter Reynolds Inc. (Dean Witter). As a result of these proceedings, Oberholzer is barred from association with any broker, dealer, municipal securities dealer, investment adviser or investment company.

The Commission alleged that between September 1989 and September 1995 Oberholzer defrauded four Dean Witter customers and caused investor losses totalling \$320,000 by engaging in churning, unauthorized margin trading, and unsuitable trading. The Commission also alleged that Oberholzer made material misrepresentations and omissions, and that he falsified Dean Witter's books and records in connection with this fraudulent conduct. The customers were retired, elderly women on fixed incomes with little or no financial sophistication. Each of them had conservative financial objectives and invested a substantial part of their assets with Dean Witter.

The administrative proceedings are based upon the entry of a permanent injunction against Oberholzer in the Commission's previously filed civil action (SEC v. Oberholzer, Civil Action No. C97-3320, N.D. Cal. 1997; LR-15481). Oberholzer consented to the

administrative order and injunction without admitting or denying the Commission's allegations.

The permanent injunction enjoins Oberholzer from violating Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder, and Section 17(a)(1) of the Exchange Act and Rule 17a-3 thereunder. Because of Oberholzer's demonstrated inability to pay, the court waived payment of \$74,000 in disgorgement plus prejudgment interest, and did not assess penalties. (Rel. 34-39127)

#### INJUNCTIVE ACTION FILED AGAINST WILLIAM MALEK, DEAN TURNER AND MICHAEL COOPERSTOCK

The Commission announced that on September 19 it filed a complaint in the United States District Court against William H. Malek, Dean C. Turner, and Michael L. Cooperstock. The complaint alleges that Malek, Turner and Cooperstock violated the registration, antifraud, and broker-dealer provisions of the federal securities laws. Malek and Cooperstock have consented, without admitting or denying the allegations in the complaint, to the entry of Final Order of Permanent Injunction which will permanently enjoin them from future violations of the registration, antifraud and broker-dealer provisions of the federal securities laws.

The complaint alleges that, from 1990 through October 1995, Malek, the president and 50 percent shareholder of Lease Equities Fund, Inc., based near Detroit, Michigan, caused the company to offer and sell unregistered securities in the form of promissory notes as part of a Ponzi scheme. The complaint further alleges that the three defendants offered and sold LEF securities by misrepresenting the use of funds, the source of funds to be repaid to investors, the risks of the securities, the collateral for the securities and the returns to be realized. [SEC v. William H. Malek, et al., Civil Action No. 97-74810, USDC, E. Dist. Mich.] (LR-15506)

#### FINAL CONSENT JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST JOSEPH GREENWALD

The Commission announced that on September 23 the United States District Court for the Southern District of New York entered a Final Consent Judgment of Permanent Injunction and Other Relief against Joseph P. Greenwald. According to the Commission's complaint, filed on March 6, 1995, Greenwald engaged in insider trading by purchasing the stock of Motel 6, L.P., and Norton Co. while in possession of material, nonpublic information concerning planned tender offers for those companies. Greenwald tipped others who purchased as well. SEC v. Borlinghaus, et al., 95 Civ. 1520 (S.D.N.Y.).

The consent judgment permanently enjoins Greenwald from further violations of the antifraud provisions of the federal securities laws (specifically, Sections 10(b) and 14(e) of the Securities Exchange Act of 1934, and Rules 10b-5 and 14e-3 promulgated thereunder), and orders Greenwald to disgorge profits of \$1,725,059.65, plus prejudgment interest on that amount. However

based on Greenwald's demonstrated inability to pay, all but \$75,000 of the disgorgement and prejudgment interest is waived, and a civil penalty was not imposed.

Greenwald also consented to an administrative order to be entered barring him from association with any broker, dealer, investment company, investment adviser or municipal securities dealer. [SEC v. Michael Borlinghaus, Joseph Latona, Leonard Bellezza, Jeffrey F. Green, Joseph P. Greenwald, and Heinz Grien, 95 Civ. 1520, SDNY, JFK] (LR-15507)

#### CIVIL ACTION AGAINST FERROFLUIDICS CORPORATION, ET AL.

On September 25, the Commission filed a civil action in the United States District Court for the Southern District of New York against Ferrofluidics Corporation (Ferrofluidics), Ronald Moskowitz, Jan R. Kirk, Stephen P. Morin, Jerome Allen, Bruce S. Moody, and The 1991 RPM Irrevocable Trust (RPM Trust). The Commission's complaint alleges that from as early as July 1991 through April 1993, Ferrofluidics, a NASDAQ-listed company, materially inflated its revenues and earnings in financial statements filed with the Commission and in other disclosures made to the investing public. The complaint alleges that Ronald Moskowitz, Ferrofluidics' former chief executive officer, chairman of the board of directors and largest shareholder, was the architect of the fraudulent scheme, and that Jan Kirk, Stephen Morin and Jerome Allen participated in the scheme and concealed the fraud from Ferrofluidics' auditors. The complaint also alleges that defendant Bruce Moody, the trustee of defendant RPM Trust, helped Moskowitz conceal his beneficial interest in the Ferrofluidics shares held by the RPM Trust, and facilitated Moskowitz's sale of Ferrofluidics stock valued at approximately \$13 million during the time of the fraudulent conduct.

The complaint alleges that defendants prepared and disseminated a series of materially false and misleading statements concerning, among other things, a 1992 sham private placement of stock by the company, sales of the company's products, and equity investments made by the company. Defendants also allegedly disseminated favorable projections concerning Ferrofluidics' future business prospects and profitability, without having any reasonable basis for such projections. The complaint alleges that, as a result of defendants' activities, potential and actual investors in Ferrofluidics were led to believe that Ferrofluidics was a prosperous company with marketable and attractive products, and tremendous opportunities for rapid growth and earnings. In fact, Ferrofluidics was then experiencing significant losses and encountering problems developing and manufacturing its products.

The complaint alleges that during the relevant period Moskowitz (directly and through trusts that he controlled) and Allen sold Ferrofluidics stock worth millions of dollars, in a series of private placements and open market transactions, while in the possession of material, nonpublic information about the company.

The complaint alleges that the defendants (except Moody) violated the antifraud provisions of the federal securities laws. Ferrofluidics, Moskowitz, Kirk and Morin also violated certain reporting, internal controls and record-keeping provisions of the federal securities laws. The complaint also alleges that Allen violated Section 17(b) of the Securities Act of 1933 by publishing and circulating The International Investor, a newsletter that ran numerous articles recommending the securities of Ferrofluidics, without disclosing that he had been compensated by the company. The complaint also alleges that Moskowitz and the RPM Trust violated Section 13(d) of the Securities Exchange Act of 1934 and Rule 13d-2 thereunder by failing to make the disclosures and filings required of persons who directly or indirectly acquire a beneficial interest of 5% or more of any class of a registered equity security. For the same reasons, Kirk and Morin allegedly violated Section 13(d) of the Exchange Act and Rule 13d-1 thereunder.

The complaint alleges that Moody aided and abetted Moskowitz's and the RPM Trust's violations of the antifraud provisions by helping Moskowitz conceal his beneficial interest in the Ferrofluidics shares held by the Trust, and by permitting Moskowitz's sales of Ferrofluidics shares while Moskowitz possessed material nonpublic information about the company. Moody allegedly aided and abetted the RPM Trust's violation of Section 13(d) of the Exchange Act and Rule 13d-2 thereunder by failing to make the required disclosure concerning the Ferrofluidics shares beneficially owned by Moskowitz in the Trust's Schedules 13D filed with the Commission.

The Commission is seeking injunctive relief, disgorgement of defendants' ill-gotten gains, prejudgment interest, the imposition of civil penalties against Moskowitz, Kirk, Allen, Morin and the RPM Trust, and officer and director bars against Moskowitz, Kirk and Morin. Simultaneously with the filing of the complaint, and without admitting or denying the Commission's allegations, Ferrofluidics and Morin agreed to the entry of permanent injunctions. Morin also consented to pay a \$25,000 civil penalty, and to the entry of an order barring him for five years from serving as an officer or director of a public company. Morin has also offered to consent to a five-year bar from practicing as an accountant before the Commission pursuant to Commission Rule of Practice 102(e). [SEC v. Ferrofluidics Corporation, Ronald Moskowitz, Jan R. Kirk, Stephen P. Morin, Jerome Allen, Bruce S. Moody, and The 1991 RPM Irrevocable Trust, Civ. No. 97-Civ-7174, SDNY] (LR-15508; AAE Rel. 966)

#### CEASE AND DESIST PROCEEDING AGAINST KEDAR GUPTA, ALVAN CHORNEY AND HERBERT MOSKOWITZ

On September 25, the Commission instituted a cease and desist proceeding against Kedar Gupta, Alvan Chorney, and Herbert Moskowitz. In the Order, the Division of Enforcement alleges that Ferrofluidics Corporation, a NASDAQ-listed corporation headquartered in New Hampshire, improperly recognized revenue totalling \$4,683,454 on six units of custom-ordered equipment during the third and fourth quarters of its fiscal year ended June 30, 1992. The Division alleges that Gupta obtained from a customer a letter, which he knew

would be provided to Ferrofluidics' auditors, falsely stating that the equipment was complete as of the end of the fiscal year. The Division alleges that Gupta caused violations of Exchange Act Section 10(b) and Rules 10b-5 and 13b2-2, and violated Exchange Act Rule 13b2-1.

The Division also alleges that during the fall of 1992, Ronald Moskowitz, who was then Ferrofluidics' chief executive officer and chairman of the board of directors, took several steps to ensure that a shareholder proposal requesting certain limits on executive compensation was defeated. The Division alleges that Ronald Moskowitz asked Gupta and Chorney to exercise their warrants and options for Ferrofluidics' shares, and provided them with below-market loans to fund the exercise. The Division also alleges that Ronald Moskowitz also arranged to have Chorney's unvested warrants accelerated on the condition that Chorney agree to exercise and vote the shares against the shareholder proposal. The Division alleges that Gupta and Chorney violated Exchange Act Section 13(d) and Rule 13d-1 by failing to file a timely Schedule 13D with the Commission disclosing their ownership, along with Ronald Moskowitz, of more than five percent of the common stock of Ferrofluidics.

The Division also alleges that, between May 24, 1991 and June 21, 1991, Herbert Moskowitz, Ronald Moskowitz's brother, funded the purchase of 40,100 shares of Ferrofluidics stock (then approximately 1.8 percent of the Ferrofluidics' shares) in an account owned by his daughter and son-in-law and over which he had trading authority. The Division alleges that on June 5, 1991, Herbert Moskowitz received 105,000 Ferrofluidics warrants (representing approximately 4.1 percent of the then outstanding shares). The Division alleges that Herbert Moskowitz caused his daughter and son-in-law to sell the 40,100 shares between July 10, 1991 and August 1, 1991. The Division alleges that Herbert Moskowitz failed to properly file a Schedule 13D with the Commission relating to his aggregated ownership of Ferrofluidics shares, thereby violating Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 thereunder.

A hearing will be held before an administrative law judge to determine if the allegations are true and if true, what if any remedial relief is appropriate and in the public interest. (Rel. 34-39128; AAE Rel. 965)

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## INVESTMENT COMPANY ACT RELEASES

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### GE FUNDS AND INVESTORS TRUST

An order has been issued on an application filed by GE Funds and Investors Trust under Section 17(b) of the Investment Company Act granting relief from Section 17(a). The order permits certain series of the GE Funds to acquire all of the assets and assume certain of the liabilities of certain series



of Investors Trust. (Rel. IC-22830 - September 24)

MONARCH LIFE INSURANCE COMPANY, ET AL.

An order has been issued under Section 26(b) of the investment Company Act approving the substitution, by Monarch Life Insurance Company and Monarch Separate Account VA (Account), of shares of certain funds of Merrill Lynch Variable Series Funds, Inc. for shares of certain series of Variable investors Series Trust held by the Account. (Rel. IC-22831 - September 24)

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**SELF-REGULATORY ORGANIZATIONS**

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ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change filed by the Pacific Exchange (SR-PCX-97-32) to extend the Lead Market Maker Book Pilot Program for one year. Publication of the proposal is expected in the Federal Register during the week of September 29. (Rel. 34-39106)

The Commission has granted accelerated approval to a proposed rule change filed by the National Association of Securities Dealers (SR-NASD-97-70) that extends the effectiveness of the NASD's excess spread rule until October 13, 1997. (Rel. 34-39120)

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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.

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>.

F-6 FUJI PHOTO FILM CO LTD/ADR/, 1 CHASE MANHATTAN PLAZA,  
CHASE MANHATTAN BANK, NEW YORK, NY 10081 (212) 552-1305 - 100,000,000  
(\$5,000,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-7586 -  
SEP. 11) (BR. 99)

F-6 TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD /ADR/, 111 WALL ST,  
C/O ITIBANK NA, NEW YORK, NY 10043 (212) 657-7691 - 50,000,000  
(\$2,500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-7610 -  
SEP. 15) (BR. 99 - NEW ISSUE)

F-8 BAYTEX ENERGY LTD, 2200 101 6TH AVE SW, CALGARY ALBERTA, AO  
(403) 269-4282 - 1,249,000 (\$15,990,649.74) COMMON STOCK. (FILE 333-7612 -  
SEP. 15) (BR 4 - NEW ISSUE)

F-6 BANCO RIO DE LA PLATA SA /ADR/, 48 WALL ST, C/O BANK OF NEW YORK,  
NEW YORK, NY 10286 (212) 495-1727 - 50,000,000 (\$2,500,000)  
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-7614 - SEP. 16) (BR. 99  
- NEW ISSUE)

S-3 SUBURBAN LODGES OF AMERICA INC, 1000 PARKWOOD CIRCLE, STE 850, ATLANTA,  
GA 30339 (770) 951-9511 - 3,450,000 (\$92,287,500) COMMON STOCK. (FILE  
333-35871 - SEP. 18) (BR. 5)

S-4 EQUITY RESIDENTIAL PROPERTIES TRUST, TWO N RIVERSIDE PLZ, STE 400,  
CHICAGO, IL 60606 (312) 466-1300 - 13,027,181 (\$594,669,788) COMMON STOCK.  
(FILE 333-35873 - SEP. 18) (BR. 8)

S-3 MOVADO GROUP INC, 125 CHUBB AVE, LYNDHURST, NJ 07071 (201) 460-4800 -  
1,760,000 (\$54,780,000) COMMON STOCK. (FILE 333-35875 - SEP. 18) (BR. 2)

S-8 UNIVERSAL FOODS CORP, 433 EAST MICHIGAN ST, MILWAUKEE, WI 53202  
(414) 271-6755 - 1,000,000 (\$40,468,800) COMMON STOCK. (FILE 333-35877 -  
SEP. 18) (BR. 2)

S-3 BB&T CORP, 200 WEST SECOND STREET, WINSTON-SALEM, NC 27101  
(910) 733-2000 - 374,841 (\$19,949,038) COMMON STOCK. (FILE 333-35879 -  
SEP. 18) (BR. 7)

S-2 FALL RIVER GAS CO, 155 N MAIN ST, P O BOX 911, FALL RIVER, MA 02722  
(508) 675-7811 - 391,000 (\$5,180,750) COMMON STOCK. (FILE 333-35881 -  
SEP. 18) (BR. 4)

S-3 COLUMBUS SOUTHERN POWER CO /OH/, 215 N FRONT ST, COLUMBUS, OH 43215  
(614) 464-7700 - 100,000,000 (\$100,000,000) STRAIGHT BONDS. (FILE  
333-35885 - SEP. 18) (BR. 4)

S-8 MYLAN LABORATORIES INC, 130 SEVENTH ST, 1030 CENTURY BLDG, PITTSBURGH,  
PA 15222 (412) 232-0100 - 10,000,000 (\$218,900,000) COMMON STOCK. (FILE  
333-35887 - SEP. 18) (BR. 1)

S-8 TRUSTMARK CORP, 248 E CAPITOL ST, P O BOX 291, JACKSON, MS 39201  
(601) 354-5111 - 300,000 (\$8,118,750) COMMON STOCK. (FILE 333-35889 -  
SEP. 18) (BR. 7)

S-4 ITEQ INC, 2727 ALLEN PARKWAY SUITE 760, HOUSTON, TX 77019 (713) 285-2700  
- 10,040,049 (\$104,165,509) COMMON STOCK. (FILE 333-35891 - SEP. 18)  
(BR. 6)

S-8 NATIONAL TRANSACTION NETWORK INC, 117 FLANDERS RD, WESTBOROUGH, MA 01581  
(508) 562-6500 - 300,000 (\$208,850) COMMON STOCK. (FILE 333-35893 -  
SEP. 18) (BR. 3)

S-1 MAXIM PHARMACEUTICALS INC, 3099 SCIENCE PK RD, STE 150, SAN DIEGO, CA  
92121 (619) 453-4040 - 2,875,000 (\$36,296,875) COMMON STOCK. (FILE  
333-35895 - SEP. 18) (BR. 1)

S-3 AMBI INC, 771 OLD SAW MILL RIVER ROAD, 170 53RD ST, TARRYTOWN, NY 10591  
(914) 347-5767 - 500,000 (\$1,281,250) COMMON STOCK. (FILE 333-35897 -  
SEP. 18) (BR. 1)

S-4 XPEDITE SYSTEMS INC, 446 HIGHWAY 35, EATONTOWN, NJ 07724 (908) 389-3900  
- 205,000 (\$4,766,250) COMMON STOCK. (FILE 333-35899 - SEP. 18) (BR. 3)

S-8 AMPHENOL CORP /DE/, 358 HALL AVE, WALLINGFORD, CT 06492 (203) 265-8900  
- 1,200,000 (\$31,200,000) COMMON STOCK. (FILE 333-35901 - SEP. 18)  
(BR. 6)

S-3 MILESTONE SCIENTIFIC INC/NJ, 220 S ORANGE AVE,  
LIVINGSTON CORPORATE PARK, LIVINGSTON, NJ 07039 (201) 379-3171 - 3,499,998  
(\$47,906,222.62) COMMON STOCK. (FILE 333-35903 - SEP. 18) (BR. 9)

S-4 FIRST CHARTER CORP /NC/, 22 UNION ST N, PO BOX 228, CONCORD, NC 28026

(704) 788-0482 - 1,760,370 (\$29,926,290) COMMON STOCK. (FILE 333-35905 - SEP. 18) (BR. 7)

S-4 UNITED AUTO GROUP INC, 375 PARK AVE, 22ND FL, NEW YORK, NY 10152  
(212) 223-3300 - 150,000,000 (\$150,000,000) STRAIGHT BONDS. (FILE 333-35907 - SEP 18) (BR. 2)

S-8 URBAN SHOPPING CENTERS INC, 900 NORTH MICHIGAN AVE, STE 1500, CHICAGO, IL 60611 (312) 915-2000 - 525,000 (\$16,537,500) COMMON STOCK. (FILE 333-35909 - SEP. 18) (BR. 8)

S-3 URBAN SHOPPING CENTERS INC, 900 NORTH MICHIGAN AVE, STE 1500, CHICAGO, IL 60611 (312) 915-2000 (FILE 333-35911 - SEP. 18) (BR. 8)

SB-2 OBJECTIVE COMMUNICATIONS INC, 14100 MEADOW PARK DR, CHANTILLY, VA 20151  
(703) 227-3000 - 2,300,000 (\$62,962,500) COMMON STOCK. (FILE 333-35913 - SEP. 18) (BR. 9)

S-11 AMB PROPERTY CORP, 505 MONTGOMERY STREET, 415-394-9000, SAN FRANCISCO, CA 94111 - \$287,500,000 COMMON STOCK. (FILE 333-35915 - SEP. 18)

S-8 ELECTRO SCIENTIFIC INDUSTRIES INC, 13900 NW SCIENCE PARK DR, PORTLAND, OR 97229 (503) 641-4141 - 108,165 (\$55,107.07) COMMON STOCK. (FILE 333-35917 - SEP. 18) (BR. 6)

S-8 CELL THERAPEUTICS INC, 201 ELLIOTT AVE W, STE 400, SEATTLE, WA 98119 - 2,615,720 (\$34,740,162 02) COMMON STOCK. (FILE 333-35919 - SEP. 18) (BR. 1)

S-3 BAKER J INC, 555 TURNPIKE ST, CANTON, MA 02021 (617) 828-9300 - 100,000,000 (\$100,000,000) STRAIGHT BONDS. (FILE 333-35923 - SEP. 18) (BR. 2)

S-3 AMERICAN COMMUNICATIONS SERVICES INC, 131 NATIONAL BUSINESS PKWY, STE 100, ANNAPOLIS JUNCTION, MD 20701 (310) 617-4200 - 50,000,000 (\$50,000,000) STRAIGHT BONDS. (FILE 333-35925 - SEP. 18) (BR. 9)

S-3 ELECTRO SCIENTIFIC INDUSTRIES INC, 13900 NW SCIENCE PARK DR, PORTLAND, OR 97229 (503) 641-4141 - 100,000 (\$5,173,750) COMMON STOCK. (FILE 333-35927 - SEP. 18) (BR. 6)

S-8 KIEWIT PETER SONS INC, 1000 KIEWIT PLZ, 14TH FLOOR, OMAHA, NE 68131 (402) 342-2052 - 400,000 (\$17,425,000) COMMON STOCK. (FILE 333-35929 - SEP. 19) (BR. 6)

S-4 CLEVELAND ELECTRIC ILLUMINATING CO, 55 PUBLIC SQ, PO BOX 5000, CLEVELAND, OH 44101 (216) 622-9800 - 720,000,000 (\$720,000,000) STRAIGHT BONDS. (FILE 333-35931 - SEP. 18) (BR. 4)

S-1 CENTURY INVESTMENTS INTERNATIONAL INC, 1201 4TH AVENUE S, # 312, SEATTLE, WA 98134 - 2,500,000 (\$250) COMMON STOCK. (FILE 333-35933 - SEP. 18) (BR. 8 - NEW ISSUE)

S-3 NATURAL HEALTH TRENDS CORP, 2001 WEST SAMPLE RD, POMPANO BEACH, FL 33064 (954) 969-9771 - 11,412,175 (\$2,853,044) COMMON STOCK. (FILE 333-35935 - SEP. 19) (BR. 7)

S-8 QUADRAMED CORP, QUADRAMED CORP, 80 E SIR FRANCIS DRAKE BLVD STE 2A, LARKSPUR, CA 94939 (415) 461-7725 - 102,265 (\$1,694,241) COMMON STOCK. (FILE 333-35937 - SEP. 19) (BR. 9)

S-8 COMPUTER MOTION INC, 250 STROKE RD SUITE A, GOLETA, CA 93117 - 2,516,247 (\$21,397,444) COMMON STOCK. (FILE 333-35939 - SEP. 19) (BR. 1)

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Litigation Release No. 15506 / September 24, 1997**

**SECURITIES AND EXCHANGE COMMISSION V. WILLIAM H. MALEK, DEAN C. TURNER AND MICHAEL L. COOPERSTOCK, U.S. District Court for the Eastern District of Michigan, Civil Action No. 97-74810 (E.D. Mich. September 19, 1997)**

The Securities and Exchange Commission announced that on September 19, 1997, it filed a Complaint in the United States District Court for the Eastern District of Michigan against William H. Malek, formerly a resident of Bellaire, Michigan, Dean C. Turner, a resident of Franklin, Michigan and Michael L. Cooperstock, a resident of Whitmore Lake, Michigan. The Complaint seeks the entry of a final order of permanent injunction against Malek, Turner and Cooperstock, disgorgement of Turner's ill-gotten gains and civil penalties against Turner and Cooperstock. The Complaint alleges that all three defendants violated the securities registration and the antifraud provisions of the Securities Act of 1933 (Securities Act) and the broker-dealer registration and antifraud provisions of the Securities Exchange Act (Exchange Act).

In its Complaint, the Commission alleges that, from approximately 1990 through October 1995, Malek was the president and a 50 percent shareholder in Lease Equities Fund, Inc. (LEF), which leased equipment for use by businesses and financed these transactions by offering and selling securities in the form of promissory notes secured by the equipment leases. According to the Complaint, LEF also offered and sold promissory notes secured by cable television agreements assigned to LEF by NBF Cable Systems, Inc. (NBF), a cable television company affiliated with LEF. The Complaint alleges that, from 1990 through October 1995, Malek operated a Ponzi scheme by using part of the proceeds of new promissory notes to repay previous investors in the notes, by forging equipment leases and by overassigning leases. The Complaint further alleges that, from 1990 through approximately 1995, Malek caused LEF to offer and sell unregistered LEF securities and that, from approximately October 1992 through October 1995, Turner and Cooperstock offered and sold unregistered LEF securities. According to the Complaint, Malek, Turner and Cooperstock made misrepresentations and omissions of material fact to investors concerning the use of investor funds, the source of funds to be repaid to investors, the risks associated with the securities, the collateral for the securities and the returns to be realized, and Turner made misrepresentations and omitted to state facts regarding his ownership interest in NBF and his status as an officer of both LEF and NBF.

Malek and Cooperstock have consented, without admitting or denying the allegations in the Complaint, to the entry of a Final Judgment and Order of Permanent Injunction which will enjoin them

from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act and Sections 10(b), 15(a) and 15(c) of the Exchange Act and Rules 10b-5 and 15c1-2 thereunder. The Final Judgment will not order Cooperstock to pay a civil penalty, pursuant to Section 21(d) of the Exchange Act, based on his demonstrated inability to pay. In April 1997, A U.S. District Court judge sentenced Malek to 42 months imprisonment and ordered him to pay \$11 million in restitution to LEF investors. Malek had previously pled guilty to one count of mail fraud in connection with his LEF activities.

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**LITIGATION RELEASE NO. 15507 / September 25, 1997**

**SECURITIES AND EXCHANGE COMMISSION V. MICHAEL BORLINGHAUS, JOSEPH LATONA, LEONARD BELLEZZA, JEFFREY F. GREEN, JOSEPH P. GREENWALD, and HEINZ GREIN, 95 Civ. 1520 (S.D.N.Y.) (JFK)**

The Securities and Exchange Commission announced that on September 23, 1997, the United States District Court for the Southern District of New York entered a Final Consent Judgment of Permanent Injunction and Other Relief against Joseph P. Greenwald. According to the Commission's Complaint, filed on March 6, 1995, Greenwald, a securities trader, engaged in insider trading by purchasing the stock of Motel 6, L.P., and Norton Co. while in possession of material, nonpublic information concerning planned tender offers for those companies.

According to the Commission's complaint, the original source of the Motel 6 information was a company officer, Hugh Thrasher, who disclosed the information to Carl Harris. Harris disclosed the information to Gregg Shawzin who tipped John Anderson. Anderson tipped his friend, Greenwald, who thereafter tipped Jeffrey Green and Joseph Latona.

The Commission previously charged Thrasher, Shawzin, Anderson and others with insider trading in connection with Motel 6 securities. SEC v. Thrasher, et al., 92 Civ. 6987 (JFK) (S.D.N.Y. 1992).

The Commission alleges that the original source of the Norton information was a paralegal working on the proposed deal at a law firm which represented the financial advisor to the company making the tender offer. Leonard Bellezza, who had been tipped by a friend, thereafter tipped Heinz Grein and Michael Borlinghaus, who tipped Latona, who tipped Greenwald. Greenwald then tipped Green. Bellezza, Grein, Borlinghaus, Latona, and Green were all defendants in SEC v. Borlinghaus.

The consent judgment permanently enjoins Greenwald from further violations of the antifraud provisions of the federal securities laws (specifically, Sections 10(b) and 14(e) of the Securities Exchange Act of 1934, and Rules 10b-5 and 14e-3 promulgated thereunder), and orders Greenwald to disgorge profits of \$1,725,059.65, plus prejudgment interest on that amount. All but \$75,000 of the disgorgement and prejudgment interest is waived based on Greenwald's demonstrated inability to pay. Also based on Greenwald's inability to pay, a civil penalty was not imposed.

Greenwald also consented to an administrative order to be entered barring him from association with any broker, dealer, investment company, investment adviser or municipal securities dealer.