

# sec news digest

Issue 95-56

March 23, 1995

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## COMMISSION ANNOUNCEMENTS

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### CHAIRMAN LEVITT SIGNS UNDERSTANDINGS WITH SOUTH AFRICAN AUTHORITIES

Chairman Levitt signed understandings on March 2 with key South African authorities responsible for overseeing that nation's securities markets. The understandings with the Financial Services Board (FSB), the Securities Regulation Panel (SRP) and the Office for Banks (OFB) provide for mutual assistance in investigative and regulatory matters, to the fullest extent legally possible. The FSB and the SRP also signed declarations of intent with the SEC to enter comprehensive information-sharing Memoranda of Understanding once the South African authorities have obtained the authority to implement such agreements. (International Series Rel. 794)

### NEW NUMBER OF FEDWORLD USERS

On March 22, the number for Fedworld access will change. The new number is (703) 321-3339. Please record the number for future reference.

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## ENFORCEMENT PROCEEDINGS

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### FINDINGS MADE AND SANCTIONS IMPOSED BY DEFAULT AGAINST LAWRENCE DIODATO

The Commission made findings and imposed remedial sanctions by default against Lawrence Diodato (Diodato) in connection with administrative proceedings instituted against him and others. Diodato was a former manager of F.D. Roberts Securities, Inc. (F.D. Roberts), a registered broker-dealer which ceased operations in February 1989. The Commission

found that Diodato pled guilty in the U.S. District Court for the District of New Jersey to a three-count criminal Information based on his participation in a massive stock manipulation scheme while affiliated with F.D. Roberts, and ordered that Diodato be barred from association with any broker, dealer, municipal securities dealer, investment company or investment adviser. (Rel. 34-35501)

#### ADMINISTRATIVE PROCEEDINGS INSTITUTED AGAINST WILLIAM IRVIN, JOHN KEALY AND WILLIAM MOORE

On March 16, the Commission instituted separate administrative proceedings against William Charles Irvin, John Martin Kealy and William Moore pursuant to Sections 15(b), 19(h) and 21C of the Securities Exchange Act of 1934. The Commission simultaneously accepted offers of settlement from Irvin, Kealy and Moore in which they consented, without admitting or denying the findings contained therein, to an order to cease and desist from violating Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder.

Irvin and Kealy consented to be barred permanently from association with any broker, dealer, investment adviser, investment company, or municipal securities dealer, and Moore consented to be barred from association with any such entities with the right to reapply to the appropriate self-regulatory organization in three years. Irvin was ordered to pay disgorgement of \$187,099, plus interest, Kealy was ordered to pay disgorgement of \$192,936, plus interest and Moore was ordered to pay \$15,300, plus interest. Payment of such disgorgement was waived, however, based upon their demonstrated inability to pay.

The Commission found that Irvin, Kealy and Moore participated in the fraudulent sale of unregistered securities by InterLink Data Network of Los Angeles, Inc., InterLink Fiber Optic Partner L.P. and InterLink Video Phone Partners L.P. Some of the misrepresentations made by the respondents related to InterLink Data's ownership of proprietary fiber optic technology, when it owned none, its installation of fiber optic cable, when it had not installed any, and the company's use of investor proceeds. Irvin helped to raise over \$1 million from numerous investors and received approximately \$187,099 as commissions and other payments. Kealy managed the sales force, directed brokers to make misrepresentations to investors and handed out misleading sales scripts to brokers which recommended that they make falsehoods to investors. Kealy received around \$192,936 reflecting salary, bonuses and sales commissions from sales he participated in or sales made by brokers he supervised. Moore raised around \$155,000 from approximately seven investors. The Commission also found that the respondents solicited unaccredited investors nationwide through cold calls, cable television or radio advertisements. (Rel. 34-35500)

## CIVIL ENFORCEMENT ACTION FILED AGAINST RICHARD GALANTI

On March 22, the Commission filed a civil complaint in the U.S. District Court for the District of Columbia against Richard A. Galanti, a director and officer of a public company. The complaint alleges that on November 21, 1990, while in possession of material, nonpublic information about an impending merger transaction involving The Office Club, Inc. (Office Club) and Office Depot, Inc., Galanti purchased 5,000 shares of Office Club common stock. The complaint further alleges that Galanti obtained the material, nonpublic information from a research analyst employed by the investment banking firm that represented Office Club in the merger transaction. When the merger was publicly announced on December 20, 1990, the market price of Office Club's stock rose 4-5/8 points, resulting in profits of \$26,875 on Galanti's 5,000 shares.

Simultaneously with the filing of the complaint, and without admitting or denying the allegations contained therein, Galanti consented to the entry of a Final Judgment that permanently enjoins him from violating Section 10(b) of the securities Exchange Act of 1934 and Rule 10b-5 thereunder, orders him to disgorge \$26,875 in profits plus \$10,658 in prejudgment interest, and orders him to pay a civil penalty in the amount of \$26,875. [SEC v. Richard A. Galanti, Civil Action No. 1:95CC00546, D.D.C.] (LR-14445)

### BROKER-DEALERS ENJOINED

The Commission announced that on March 10 Final Judgments of Permanent Injunction were entered by consent against Portfolio Asset Management/USA Financial Group, Inc., Bridgerock Securities, Inc., Sprung & Wise, USA Financial Group, Inc., Portfolio Asset Management, Inc. (broker-dealer defendants), enjoining each from future violations of the antifraud and broker-dealer provisions of the federal securities laws. In 1993, the Securities Investors Protection Corporation applied for a protective order and appointment of a trustee for the broker-dealer defendants and sought liquidation of the firms in U.S. Bankruptcy Court.

The Commission complaint alleged that the broker-dealer defendants participated in the fraudulent offer and sale of limited partnership interests and debentures. The complaint further alleged that the broker-dealer defendants failed to maintain net capital requirements and accurate books and records, to timely file reports with the Commission, and to immediately notify the Commission of any net capital deficiency. [SEC v. Ronald Stephen Combs, et al., EP93CA310(H), USDC/WD TX] (LR-14446)

**COMPLAINT FILED AGAINST SHERI KLEINBAUM, RICHARD KLEINBAUM AND JENNIFER KLEINBAUM**

On March 23, the Commission filed a complaint in U.S. District Court for the Southern District of New York against Sheri I. Kleinbaum, Richard A. Kleinbaum, and Jennifer M. Kleinbaum. The complaint alleges that, in 1992, Sheri Kleinbaum, by virtue of her employment in a law firm, learned material nonpublic information relating to the identity of two acquisition targets of clients of the firm. Sheri Kleinbaum communicated this information to Richard and Jennifer Kleinbaum, her father and step-mother, who purchased the common stock of the targets prior to public announcements about the acquisitions. In addition, according to the complaint, Richard and Jennifer Kleinbaum tipped others who traded in the securities of the companies. Richard and Jennifer Kleinbaum personally realized profits of \$60,567.91, and their friends and business associates realized profits of \$701,875.43.

Without admitting or denying the allegations in the complaint, the defendants have consented to the entry of final judgments that enjoin each from violating Sections 10(b) and 14(e) of the Exchange Act and Rules 10b-5 and 14e-3 thereunder. In addition, Richard Kleinbaum agreed to disgorge \$250,000, and Jennifer Kleinbaum agreed to disgorge jointly and severally with her husband \$212,995.99 of that amount. [SEC v. Sheri I. Kleinbaum, Richard A. Kleinbaum, and Jennifer M. Kleinbaum, Civil Action No. 95 Civ. 1963, PKL] (LR-14447)

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**SELF-REGULATORY ORGANIZATIONS**

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**APPROVAL OF PROPOSED RULE CHANGE**

The Commission approved a proposed rule change (SR-Amex-94-30) filed by the American Stock Exchange that permits the listing and trading of Commodity Linked Notes (COINs). The value of COINs will be linked to changes in a commodity index comprised of eleven industrial futures contracts. Publication of the notice is expected in the Federal Register during the week of March 27. (Rel. 34-35518)

**PROPOSED RULE CHANGES**

The Chicago Board Options Exchange filed a proposed rule change (SR-CBOE-95-07) relating to solicited transactions. Publication of the notice is expected in the Federal Register during the week of March 27. (Rel. 34-35519)

The Philadelphia Stock Exchange filed a proposed rule change (SR-Phlx-95-02) and Amendment No. 1 to the proposed rule change relating to additional expirations for the cash/spot German mark foreign currency options (3D Options). Publication of the notice is expected in the Federal Register during the week of March 27. (Rel. 34-35520; International Series Rel. 793)

The Chicago Board Options Exchange; Philadelphia Stock Exchange; Pacific Stock Exchange; New York Stock Exchange; and American Stock Exchange (collectively, Exchanges) filed proposed rule changes (SR-CBOE-95-13, SR-PHLX-95-10, SR-PSE-95-05, SR-NYSE-95-04, and SR-Amex-95-13, respectively) which request permanent approval of the Exchanges' pilot programs establishing position limit exemptions for hedged option positions. Publication of the notice is expected in the Federal Register during the week of March 27. (Rel. 34-35523)

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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 LINCOLN NATIONAL CORP, 1300 S CLINTON ST, PO BOX 1110, FORT WAYNE, IN 46802 (219) 455-2000 - 150,000 (\$6,000,000) COMMON STOCK. (FILE 33-58113 - MAR. 16) (BR. 9)
- S-4 NORWEST CORP, NORWEST CTR, SIXTH & MARQUETTE, MINNEAPOLIS, MN 55479 (612) 667-1234 - 2,900,000 (\$64,416,670.50) COMMON STOCK. (FILE 33-58115 - MAR. 16) (BR. 2)
- S-4 MILLIPORE CORP, 80 ASHBY RD, BEDFORD, MA 01730 (617) 275-9200 - 100,000,000 (\$100,000,000) STRAIGHT BONDS. (FILE 33-58117 - MAR. 16) (BR. 8)
- S-8 CONMED CORP, 310 BROAD ST, UTICA, NY 13501 (315) 797-8375 - 86,120 (\$1,712,066) COMMON STOCK. (FILE 33-58119 - MAR. 16) (BR. 8)
- S-3 DANA CORP, 4500 DORR ST, TOLEDO, OH 43699 (419) 535-4500 - 2,356,283 (\$56,108,989) COMMON STOCK. (FILE 33-58121 - MAR. 16) (BR. 4)
- S-3 SILICON VALLEY GROUP INC, 2240 RINGWOOD AVE, SAN JOSE, CA 95131 (408) 434-0500 - 1,494,300 (\$37,820,733) COMMON STOCK. (FILE 33-58123 - MAR. 16) (BR. 9)
- F-6 COMPANION BUILDING MATERIAL HOLDINGS LTD /ADR/, 111 WALL ST, CITIBANK NA, NEW YORK, NY 10043 (212) 657-7691 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 33-89696 - FEB. 23) (BR. 99 - NEW ISSUE)

REGISTRATIONS CONT.

- S-8 TRIDENT MICROSYSTEMS INC, 189 NORTH BERNARDO AVENUE, MOUNTAIN VIEW, CA 94043 (415) 691-9211 - 800,000 (\$8,016,558.50) COMMON STOCK. (FILE 33-89828 - FEB. 28) (BR. 3)
- S-1 HF BANCORP INC, 445 E FLORIDA AVE, HEMET, CA 92543 (909) 658-4411 - 5,785,938 (\$46,287,504) COMMON STOCK. UNDERWRITER: FRIEDMAN BILLINGS RAMSEY & CO INC, WEBB CHARLES & CO. (FILE 33-90286 - MAR. 14) (BR. 1 - NEW ISSUE)
- S-4 COOPER CAMERON CORP, 13013 NW FREEWAY, HOUSTON, TX 77040 (713) 939-2211 - 35,000 (\$500,175,000) COMMON STOCK. UNDERWRITER: CS FIRST BOSTON CORP. (FILE 33-90288 - MAR. 14) (BR. 3 - NEW ISSUE)
- S-1 ATLAS AIR INC, 538 COMMONS DR, GOLDEN, CO 80401 (303) 526-5050 - 3,450,000 (\$55,200,000) COMMON STOCK. UNDERWRITER: MERRILL LYNCH FENNER & SMITH, SMITH BARNEY INC. (FILE 33-90304 - MAR. 14) (BR. 4 - NEW ISSUE)
- S-1 RED LION HOTELS INC, 4001 MAIN ST, VANCOUVER, WA 98663 (360) 696-0001 - 11,212,500 (\$179,400,000) COMMON STOCK. UNDERWRITER: MONTGOMERY SECURITIES, MORGAN SATANLYE & CO, SMITH BARNEY INC. (FILE 33-90306 - MAR. 14) (BR. 12 - NEW ISSUE)
- F-1 GRUNDY WORLDWIDE LTD, LE GEORGE V, 14 AVE DE GRANDE BRETAGNE, MONACO MC 98000, 10 (339) 350-4837 - 6,112,250 (\$116,132,750) FOREIGN COMMON STOCK. UNDERWRITER: DONALDSON LUFKIN & JENRETTE SECURITIES C, MERRILL LYNCH & CO. (FILE 33-90310 - MAR. 14) (BR. 11 - NEW ISSUE)
- S-1 APPS DENTAL INC, 8800 ROSWELL RD, STE 244, ATLANTA, GA 30350 (404) 998-8936 - 3,933,000 (\$51,129,000) COMMON STOCK. UNDERWRITER: BRADFORD JC & CO, DEAN WITTER REYNOLDS INC, MONTGOMERY SECURITIES. (FILE 33-90316 - MAR. 14) (BR. 9 - NEW ISSUE)

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RECENT 8K FILINGS

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Form 8-K is used by companies to file current reports on the following events:

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Bankruptcy or Receivership.
- Item 4. Changes in Registrant's Certifying Accountant.
- Item 5. Other Materially Important Events.
- Item 6. Resignations of Registrant's Directors.
- Item 7. Financial Statements and Exhibits.
- Item 8. Change in Fiscal Year.

The companies listed below have filed 8-K reports for the date indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Room (when ordering, please give the date of the report). An invoice will be included with the requested material when mailed.

NAME OF ISSUER	STATE CODE	8K ITEM NO.								DATE	COMMENT
		1	2	3	4	5	6	7	8		
MONEY STORE TENNESSEE INC 1992-D-I									X	02/15/95	
MONEY STORE TENNESSEE INC 1992-D-II									X	02/15/95	
MONEY STORE TENNESSEE INC 1993-A-II									X	02/15/95	
MONEY STORE TENNESSEE INC 1993-C									X	02/15/95	
MONEY STORE TENNESSEE INC 1994-C									X	02/15/95	
MONEY STORE VERMONT INC 1992-A									X	02/15/95	
MONEY STORE VERMONT INC 1992-D-I									X	02/15/95	
MONEY STORE VERMONT INC 1992-D-II									X	02/15/95	
MONEY STORE VERMONT INC 1993-A-II									X	02/15/95	
MONEY STORE VERMONT INC 1993-C									X	02/15/95	
MONEY STORE VERMONT INC 1994-C									X	02/15/95	
MONEY STORE WASHINGTON INC 1992-B									X	02/15/95	
MONEY STORE WASHINGTON INC 1992-C									X	02/15/95	
MONEY STORE WASHINGTON INC 1992-D-I									X	02/15/95	
MONEY STORE WASHINGTON INC 1992-D-II									X	02/15/95	
MONEY STORE WASHINGTON INC 1993-A-II									X	02/15/95	
MONEY STORE WASHINGTON INC 1993-C									X	02/15/95	
MONEY STORE WISCONSIN INC 1993-C									X	02/15/95	
MONEY STORE 1993-A-1									X	02/15/95	
MORTGAGE BANKERS FINANCIAL CORP I	DE					X	X			03/01/95	
MORTGAGE BARON ALABAMA INC 1992-A									X	02/15/95	
MORTGAGE BARON ALABAMA INC 1992-B									X	02/15/95	
MORTGAGE BARON ALABAMA INC 1992-D-I									X	02/15/95	
MORTGAGE BARON ALABAMA INC 1992-D-II									X	02/15/95	
MORTGAGE BARON ALABAMA INC 1993-A-I									X	02/15/95	
MORTGAGE BARON ALABAMA INC 1993-A-II									X	02/15/95	
NATIONAL GYPSUM CO /DE/	DE					X				03/02/95	
NATIONAL TECHTEAM INC /DE/	DE					X	X			02/27/95	
NATIONSMART CORP	MO					X	X			03/07/95	
NEW WORLD TELEVISION INC	DE		X				X			03/07/95	
NEW YORK BANCORP INC	DE			X		X	X			02/24/95	
NEXSTAR PHARMACEUTICALS INC	DE		X				X			02/21/95	
NONURA ASSET SEC CORP COM MORT PAS THRO						X	X			02/15/95	
NSA INTERNATIONAL INC	TN		X				X			02/28/95	
OLYMPIC FINANCIAL LTD	MN					X	X			03/08/95	
ONGARD SYSTEMS INC	DE					X				01/24/95	
OSTEOTECH INC	DE					X				02/27/95	
OUT TAKES INC	DE	X					X			03/03/95	
PACIFIC TELECOM INC	WA					X	X			03/09/95	
PACKAGING RESEARCH CORP	CO		X			X	X			02/17/95	
PARACELSIAN INC /DE/	DE						X			10/25/94AMEND	
PATRIOT SCIENTIFIC CORP	DE					X				02/02/95	
PHYSICIANS HEALTH SERVICES INC	DE					X	X			02/21/95	
PLAID CLOTHING GROUP INC	DE					X	X			03/06/95	
PLAYTEX PRODUCTS INC	DE		X				X			01/04/95AMEND	
PNC MORTGAGE SECURITIES CORP MORT PASS T						X	X			02/24/95	
PREMIERE RADIO NETWORKS INC	CA					X				01/17/95	
PRUDENTIAL MONE MORT SEC CO INC MORT PA						X	X			01/30/95	
PRUDENTIAL SEC FIN ASSET FUNDING CORP PA	NY					X	X			02/28/95	
PRUDENTIAL SECURITIES FINANCIAL ASSET FU	DE					X	X			02/15/95	
PRUDENTIAL SECURITIES FINANCIAL ASSET FU	DE					X	X			02/28/95	
PSC INC	NY						X			12/31/94AMEND	

8K REPORTS CONT.

NAME OF ISSUER	STATE CODE	8K ITEM NO.								DATE	COMMENT
		1	2	3	4	5	6	7	8		
R & G MORTGAGE CORP					X	X				02/24/95	
R&G MORTGAGE CORP					X	X				02/25/95	
R&G MORTGAGE TRUST 1994-2					X	X				02/24/95	
RECEIVABLES PARTNERS L P EQU FIN TRU PA					X	X				03/06/95	
RESEARCH FRONTIERS INC	DE				X	X				02/23/95	
RESOLUTION TRUST CORP COMM MORT PASS TRR					X	X				02/25/95	
RETIREMENT CARE ASSOCIATES INC /CO/	CO					X				12/10/93AMEND	
RETIREMENT CARE ASSOCIATES INC /CO/	CO					X				03/03/94AMEND	
RETIREMENT CARE ASSOCIATES INC /CO/	CO					X				04/29/94AMEND	
RETIREMENT CARE ASSOCIATES INC /CO/	CO					X				03/03/95	
RHONE POLLENC BORER INC	PA	X								02/22/95	
RICHARDSON ELECTRONICS LTD/DE	DE		X							02/23/95	
RYKOFF SEXTON INC	DE		X			X				02/21/95	
RYLAND MORTGAGE SECURITIES CORP /VA/	VA					X				02/28/95	
RYLAND MORTGAGE SECURITIES CORP MORT PAR						X				02/23/95	
SAHARA GAMING CORP	NV				X	X				03/06/95	
SALOMON BROTHERS MORT SEC VII INC MORT P		X				X				01/30/95	
SAWIFILL INC	DE		X			X				03/06/95	
SANTA FE PACIFIC CORP	DE				X					03/07/95	
SECOM GENERAL CORP	DE				X					02/24/95	
SECURITY PACIFIC NONE EQUITY TRUST 1991-	CA					X				03/10/95	
SEILER POLLUTION CONTROL SYSTEMS INC	DE				X					03/01/95	
SHUFFLE MASTER INC	MI				X					03/06/95	
SIERRA HEALTH SERVICES INC	NV					X				03/02/95	
SOURCE ONE MORTGAGE SERVICES CORP	DE					X				02/27/95	
SPORTS MEDIA INC	DE				X	X				11/17/94	
SUNMA FOUR INC	DE				X	X				02/09/95	
TALBOTS INC	DE				X					02/21/95	
TANDY RECEIVABLES CORP	DE				X	X				02/15/95	
TERRANO CORP	NE		X							02/14/95AMEND	
TERRANO CORP	NE		X							03/01/95	
TMS MORTGAGE INC 1994-C						X				02/15/95	
TMS MORTGAGE INC 1994-D						X				02/15/95	
TRANSAMERICA OCCID LIFE INS CO SE COMM M					X	X				02/15/95	
TRANSWORLD INSURANCE CO ASSET BACKED NOT						X				02/15/95	
TRANSWORLD INSURANCE CO EDUCATD STUDENT						X				02/15/95	
UNITED FINANCIAL CORPORATION OF SOUTH CA	DE		X			X				12/26/64	
UNITED STATES FILTER CORP	DE	X				X				03/02/95	
UNITEL VIDED INC/DE	DE	X								02/24/95	
UNIVERSAL HOLDING CORP	NY				X					01/11/95AMEND	
VIRAL TESTING SYSTEMS CORP	DE		X	X	X					02/07/95	
WASHINGTON ENERGY CO	WA				X					03/08/95	
WASHINGTON MUTUAL SAVINGS BANK MORT BACK	WA			X						12/31/94	
WASHINGTON NATURAL GAS CO	WA				X					03/08/95	
WATSON GENERAL CORP	CA				X					03/07/95	
WEBSTER FINANCIAL CORP	DE				X	X				03/01/95	
WESTERN FINANCIAL 1994-1 GRANTOR TRUST	CA				X	X				03/01/95	
WESTERN FINANCIAL 1994-2 GRANTOR TRUST	CA				X	X				03/01/95	
WESTERN FINANCIAL 1994-3 GRANTOR TRUST	CA				X	X				03/01/95	
WESTERN WATER CO	DE				X					03/02/95	
WHITMAN MEDICAL CORP	NJ					X				12/21/94AMEND	
ZHOU LIN INTERNATIONAL INC	DE				X	X				03/06/95	
ZIONS HOME REFINANCE LOAN TRUST 1993-1					X	X				02/27/95	