

sec news digest

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RULES AND RELATED MATTERS

STATUS OF INVESTMENT ADVISORY PROGRAMS UNDER THE INVESTMENT COMPANY ACT OF 1940

The Commission published for public comment revised proposed Rule 3a-4 and proposed Form N-3a4, both under the Investment Company Act of 1940. Revised proposed Rule 3a-4 would provide a nonexclusive safe harbor from the definition of investment company for certain programs under which investment advisory services are provided to clients (investment advisory programs). Proposed Form N-3a4 would be filed with the Commission by sponsors of investment advisory programs intending to rely on Rule 3a-4. Additionally, the Commission requested comment regarding the application of certain provisions of the Investment Advisers Act of 1940 to investment advisers participating in investment advisory programs. FOR FURTHER INFORMATION, CONTACT: Rochelle Kauffman Plesset at (202) 942-0660. (Rels. IC-21260; IA-1510; File No. S7-24-95)

PROPOSED RULE AMENDMENTS AND REQUEST FOR COMMENTS

The Commission issued a release soliciting comment on proposed amendments to Rule 17f-5 under the Investment Company Act of 1940, the rule that governs the custody of investment company assets outside the United States. The proposed amendments would revise the findings that currently must be made in establishing foreign custody arrangements to focus exclusively on the safekeeping of investment company assets, permit a company's board of directors to delegate its responsibilities under the rule to evaluate these arrangements, and expand the class of foreign banks and securities depositories that could serve as investment company custodians.

Comments should be submitted in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Stop 6-9, Washington, D.C. 20549. Comments must be received by October 6, 1995, and should refer to File No. S7-23-95. All submissions will be available for inspection in the Public Reference Room. FOR FURTHER INFORMATION, CONTACT: Elizabeth Krentzman at (202) 942-0690. (Refs. IC-21259; International Series Rel. 831; File S7-23-95)

ENFORCEMENT PROCEEDINGS

FINAL JUDGMENT AND ADMINISTRATIVE BAR ORDER ENTERED AGAINST CARMEN LIBRANDI

The Commission announced that on July 10 a Final Judgment of Permanent Injunction and Other Equitable Relief was entered against Carmen J. Librandi in SEC v. Current Financial Services, Inc., et al., 91 Civ. 3089 (SSH), with his consent. The complaint charged Librandi and others with violating the federal securities laws' registration and antifraud provisions in connection with their activities in offering and selling debt securities to finance the purported factoring operations of Current Financial Services, Inc. The Final Judgment enjoins Librandi from violating Sections 5 and 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5; and finds that Librandi is obligated to disgorge \$34,679.67 and pay prejudgment interest thereon.

Based on the entry of the Final Judgment, the Commission today issued an Order Instituting Proceedings Pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (Order) against Librandi. The Order accepts Librandi's Offer of Settlement barring him from association with any broker, dealer, investment company, investment advisor, or municipal securities dealer with a right to reapply after eighteen months. (Rel. 34-36024)

TIMOTHY ESSAYE CONSENTS TO PERMANENT INJUNCTION, PAYMENT OF DISGORGEMENT, AND PREJUDGMENT INTEREST THEREON

The Commission today announced that it filed a complaint in the United States District Court for the District of Columbia against Timothy Essaye (Essaye) alleging violations of Sections 10(a) and 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-21(T) thereunder [permanently adopted as 17 C.F.R. § 240.10b-21]. Simultaneously, and without admitting or denying the allegations, Essaye consented to the entry of a Final Judgment permanently enjoining him from future violations of Sections 10(a) and 10(b) of the Exchange Act and Rule 10b-21 thereunder, and ordering him to disgorge his illegal profits in the amount of \$16,762.50, with prejudgment interest thereon of \$3,768.06.

The complaint alleges that, with respect to six public offerings, Essaye sold securities short during the period after the registration statement was filed, but before the offered shares became publicly available, and subsequently covered the short positions with securities purchased in the public offerings, thereby violating Sections 10(a) and 10(b) of the Exchange Act and Rule 10b-21 thereunder. The complaint further alleges that Essaye realized illegal profits of \$16,762.50. [SEC v. Timothy Essaye, Civil Action No. 95-1384, D.D.C.] (LR-14572)

BARRY KING INDICTED ON FORTY-SEVEN COUNTS

The Commission announced that Barry L. King (King) of Boca Raton, Florida, was indicted by a federal grand jury on forty-seven counts, including, among other things, a count for making false statements to the staff of the Commission in connection with a prior Commission investigation into his conduct. In addition, the indictment also charges King with mail fraud, wire fraud, false statements to financial institutions, and bankruptcy fraud. The indictment alleges that, between late 1986 and 1989, King solicited over \$11 million from former clients, many of whom were elderly, to invest their monies in secured mortgages in return for guaranteed interest payments. According to the indictment, and contrary to his representations, King pooled the investor funds and loaned their money to non-creditworthy borrowers on distressed properties. The indictment further alleges that King used investor funds to pay personal expenses, including gambling debts, family airline tickets, his daughter's wedding expenses, and interior design bills.

In September 1990, the Commission filed an injunctive action alleging that King violated various registration and antifraud provisions of the Securities Act, Exchange Act and Advisers Act in connection with the scheme set forth in the indictment. King, by consent, was enjoined in December 1990 from further violations of all provisions alleged in the complaint, ordered to comply with the terms of a 1986 Commission bar order and ordered to make restitution to investors. In March 1991, the court granted the Commission's further application for an asset freeze against King and ordered Wellesley Mortgage Corporation, an entity formerly controlled by Barry King, to file for bankruptcy.

The Commission staff assisted the New England Bank Fraud Task Force of the Department of Justice in its criminal investigation of King. [U.S. v. Barry L. King, USDC, District of Massachusetts Cr. No. 95-10220NMG] (LR-14574)

INVESTMENT COMPANY ACT RELEASES

SMITH HAYES TRUST, INC.-CAPITAL BUILDER FUND, ET AL.

An order has been issued on an application filed by SMITH HAYES Trust, Inc.-Capital Builder Fund, et al., under Section 17(b) of the Investment

Company Act for an exemption from Section 17(a) of the Act. The order permits Conley Partners Limited Partnership, a private investment company, to merge into a series of the SMITH HAYES Trust, Inc.-Capital Builder Fund, an affiliated registered investment company. (Rel. IC-21252 - July 26)

THE TRAVELERS LIFE AND ANNUITY COMPANY, ET AL.

An order has been issued under Section 6(c) of the Investment Company Act granting an exemption from Sections 26(a)(2)(C) and 27(c)(2) of the Act. The order permits applicants to deduct a mortality and expense risk charge from the assets of certain separate accounts established by applicants to support certain variable annuity accounts. (Rel. IC-21253 - July 26)

ANCHOR NATIONAL LIFE INSURANCE COMPANY, ET AL.

An order has been issued pursuant to Section 6(c) of the Investment Company Act granting exemptions to Anchor National Life Insurance Company (Anchor National), Variable Annuity Account Four (Account), and SunAmerica Capital Services, Inc. from the provisions of Sections 26(a)(2)(C) and 27(c)(2) of the Act to the extent necessary to permit the deduction of mortality and expense risk and distribution expense risk charges from the assets of the Account and of any other separate account established in the future by Anchor National, in connection with the issuance and sale of certain flexible payment deferred annuity contracts. (Rel. IC-21254 - July 26)

PACIFIC CORINTHIAN VARIABLE FUND

An order has been issued under Section 8(f) declaring that Pacific Corinthian Variable Fund has ceased to be an investment company. (Rel. IC-21255 - July 26)

PIONEER AMERICAN FUND, INC.

An order has been issued under Section 8(f) declaring that Pioneer American Fund, Inc. has ceased to be an investment company. (Rel. IC-21256 - July 26)

PIONEER MONEY MARKET ACCOUNT, INC.

An order has been issued under Section 8(f) declaring that Pioneer Money Market Account, Inc. has ceased to be an investment company. (Rel. 21257 - July 26)

HARTFORD LIFE INSURANCE COMPANY, ET AL.

An order has been issued under Section 6(c) of the Investment Company Act exempting Hartford Life Insurance Company (Hartford), ITT Hartford

Life and Annuity Insurance Company (ITT-Hartford) (collectively, Companies), Separate Account VL II of Hartford, Separate Account VL III of ITT-Hartford (collectively, Separate Accounts), any future separate accounts of the Companies issuing flexible premium variable life insurance contracts that are materially similar to the last survivor flexible premium variable life insurance contracts (collectively, Contracts) issued by the Separate Accounts, and Hartford Equity Sales Company (collectively, Applicants), from the provisions of Sections 27(a)(3) and 27(c)(2) of the Act and Rules 6e-3(T)(b)(13)(ii) and 6e-3(T)(c)(4)(v) thereunder. Applicants have been granted exemptive relief to the extent necessary to permit issuance of the Contracts in which: premium payments attributable to the basic face amount in excess of the target premium and any premium payments attributable to the supplemental face amount may be subject to a lower sales load when compared to a subsequent year's premium payment attributable to the basic face amount up to the target premium; and a deduction is made from premium payments of an amount that is reasonably related to the Companies' increased federal tax burden resulting from the application of Section 848 of the Internal Revenue Code of 1986, as amended. (Rel. IC-21258 -July 26)

PAINE WEBBER GROUP INC., ET AL.

An order has been issued under Section 2(a)(9) of the Investment Company Act declaring that the presumption of control by a greater than 25% shareholder has been rebutted. General Electric Company (GE) acquired securities of Paine Webber Group Inc. (PWG) that, upon conversion of certain of such securities into common stock, would result in GE owning more than 25% of PWG's outstanding voting securities. The PWG securities owned by GE are subject to certain restrictions, obligations, and prohibitions as described in a stockholders agreement. The order will be effective for so long as the stockholders agreement remains in full force and effect without an amendment that would materially reduce the restrictions, obligations, and prohibitions with respect to GE's ownership of PWG's securities. (Rel. IC-21261 - July 27)

HOLDING COMPANY ACT RELEASES

WEST TEXAS UTILITIES COMPANY

A supplemental order has been issued authorizing West Texas Utilities Company, a wholly owned electric public-utility subsidiary company of Central and South West Corporation, a registered holding company, to issue and sell up to an additional \$130 million of first mortgage bonds, through December 31, 1997. (Rel. 35-26340)

CONSOLIDATED NATURAL GAS COMPANY, ET AL.

An order has been issued authorizing Consolidated Natural Gas Company (Consolidated), a registered holding company, and its nonutility subsidiary company CNG Energy Service Corporation (Energy Services) to invest in joint venture projects solely for the purpose of engaging in gas related activities. Energy Services is authorized to invest an aggregate amount not to exceed the lesser of \$150 million or its previously authorized, but unused financing authority. Consolidated and Energy Services are also authorized to guarantee obligations incurred pursuant to their equity investments in joint ventures up to such amount. (Rel. 35-26341)

ENTERGY CORPORATION, ET AL.

An order has been issued authorizing a proposal by Entergy Corporation, a registered holding company, and its wholly-owned nonutility subsidiary companies, Entergy Enterprises, Inc. and Entergy Systems and Service, Inc. (Entergy SASI), to remove a percentage limitation previously placed upon Entergy SASI's energy management services activities and to expand Entergy SASI's business to include worldwide consulting activities. The order also denies requests by the Council of the City of New Orleans and the Mississippi Public Service Commission for a hearing. (Rel. 35-26342)

ENTERGY CORPORATION

An order has been issued authorizing a proposal by Entergy Corporation, a registered holding company to obtain bank loans in an amount up to \$300 million during a period not to exceed three years to finance acquisitions of its outstanding common stock and nonutility activities, including investments in energy wholesale generators (Ageist) and foreign utility companies (Faeces), subject to any necessary Commission approvals. Entergy contemplates investments of up to approximately \$150 million per year for each of the next three years, primarily in Ageist and Faeces and, to a lesser extent, in related nonutility businesses.

The order also denies requests by the Arkansas Public Services Commission, the Louisiana Public Service Commission, the Council of the City of New Orleans and the Mississippi Public Service Commission for a hearing. (Rel. 35-26343)

SELF-REGULATORY ORGANIZATIONS

DELISTING GRANTED

An order has been issued granting the application of the American Stock Exchange to strike from listing and registration Quality Products, Inc., Common Stock, \$0.00001 Par Value. (Rel. 34-36026)

PROPOSED RULE CHANGE

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-95-32) to amend Section 2 to Schedule A of the By-Laws to temporarily increase certain filing fees to recover the costs associated with the redesign of the Central Registration Depository. (Rel. 34-36025)

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.

- S-1 JERRYS FAMOUS DELI INC, 12711 VENTURA BLVD, STE 400, STUDIO CITY, CA 91604 (818) 766-8311 - 2,415,000 (\$15,697,500) COMMON STOCK. 1 (\$100) WARRANTS, OPTIONS OR RIGHTS. 1,236,250 (\$8,035,625) COMMON STOCK. (FILE 33-94724 - JUL. 19) (BR. 12 - NEW ISSUE)
- S-3 INTERSCIENCE COMPUTER CORP /CA/, 5171 CLARETON DR, AGOURA HILLS, CA 91301 (818) 707-2000 - 16,667 (\$83,335) COMMON STOCK. (FILE 33-94726 - JUL. 19) (BR. 10)
- S-11 FIRST WASHINGTON REALTY TRUST INC, 4350 EAST WEST HWY - STE 400, BETHESDA, MD 20814 (301) 907-7800 - 358,000 (\$7,876,000) COMMON STOCK. (FILE 33-94728 - JUL. 19) (BR. 6)
- S-8 INTERNEURON PHARMACEUTICALS INC, ONE LEDGEMONT CENTER, 99 HAYDEN AVE, LEXINGTON, MA 02173 (617) 861-8444 - 3,000,000 (\$27,750,000) COMMON STOCK. (FILE 33-94730 - JUL. 19) (BR. 4)
- F-6 BODY SHOP INTERNATIONAL PLC, ONE PIEREPONT PLAZA, C/O MORGAN STANLEY TRUST CO, NEW YORK, NY 11201 (718) 754-4000 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 33-94732 - JUL. 19) (BR. 99)
- F-3 ARGENTARIA CAPITAL FUNDING LTD, P O BOX 268 GEORGE TOWN, C/O CAMPBELL CORPORATE SERVICES LTD 4TH, GRAND CAYMAN BWI CAYMAN ISLAND, E9 - 1,000,000,000 (\$1,000,000,000) STRAIGHT BONDS. (FILE 33-94734 - JUL. 19) (BR. 1)
- S-8 INTERNEURON PHARMACEUTICALS INC, ONE LEDGEMONT CENTER, 99 HAYDEN AVE, LEXINGTON, MA 02173 (617) 861-8444 - 100,000 (\$925,000) COMMON STOCK. (FILE 33-94736 - JUL. 19) (BR. 4)
- S-3 MEDICAL RESOURCES INC /DE/, 1339 BROAD ST, CLIFTON, NJ 07013 (201) 773-2893 - 2,091,592 (\$8,366,368) COMMON STOCK. (FILE 33-94738 - JUL. 19) (BR. 5)
- S-8 HOLLYWOOD TRENZ INC, 3471 N FEDERAL HWY, STE 508, FT LAUDERDALE, FL 33306 (305) 568-0433 - 1,800,000 (\$1,350,000) COMMON STOCK. (FILE 33-94740 - JUL. 19) (BR. 11)

REGISTRATIONS CONT.

- S-8 DYNAMIC AMERICAN CORP, PO BOX 870, 10 N CENTRAL, HILDALE, UT 84784
(801) 972-0963 - 150,000 (\$225,000) COMMON STOCK. (FILE 33-94742 -
JUL. 19) (BR. 2)
- S-1 NORTHFIELD LABORATORIES INC /DE/, 1560 SHERMAN AVE, STE 1000, EVANSTON,
IL 60201 (708) 864-3500 - 2,875,000 (\$43,484,375) COMMON STOCK. (FILE
33-94754 - JUL. 19) (BR. 4)
- S-8 THORSDEN GROUP LTD, 1500 QUAIL ST, STE 550, NEWPORT BEACH, CA 92660
(714) 660-1500 - 300,000 (\$300) COMMON STOCK. (FILE 33-94762 - JUL. 19)
(BR. 14)
- S-8 BANKERS CORP, 210 SMITH ST, PERTH AMBOY, NJ 08861 (908) 442-4100 -
912,000 (\$16,352,160) COMMON STOCK. (FILE 33-94764 - JUL. 20) (BR. 2)
- S-8 HEMASURE INC, 33 LOCKE DR, MARLBOROUGH, MA 01752 (617) 526-6000 -
400,000 (\$3,175,000) COMMON STOCK. (FILE 33-94768 - JUL. 20) (BR. 8)
- S-8 BIOSEPREA INC, 140 LOCKE DR, MARLBOROUGH, MA 01752 (508) 481-6802 -
300,000 (\$1,275,000) COMMON STOCK. (FILE 33-94770 - JUL. 20) (BR. 8)
- S-8 HEMASURE INC, 33 LOCKE DR, MARLBOROUGH, MA 01752 (617) 526-6000 -
100,000 (\$793,750) COMMON STOCK. (FILE 33-94772 - JUL. 20) (BR. 8)
- S-8 SEPRACOR INC /DE/, 33 LOCKE DRIVE, MARLBOROUGH, MA 01752 (508) 481-6700
- 750,000 (\$10,968,750) COMMON STOCK. (FILE 33-94774 - JUL. 20) (BR. 8)
- S-8 HAMILTON EXPLORATION CO INC, 778 17TH AVE, SALT LAKE CITY, UT 84103
(801) 363-3702 - 409,000 (\$40,900) COMMON STOCK. (FILE 33-94776 - JUL. 19)
(BR. 1)
- S-4 GENSIA INC, 9360 TOWNE CENTRE DR, SAN DIEGO, CA 92121 (619) 546-8300 -
2,875,000 (\$30,906,250) COMMON STOCK. (FILE 33-94778 - JUL. 20) (BR. 4)
- S-8 KFX INC, 1999 BROADWAY, SUITE 2505, DENVER, CO 80202 (303) 293-2992 -
96,979 (\$406,099.57) COMMON STOCK. (FILE 33-94780 - JUL. 20) (BR. 2)
- S-3 LIBERTY PROPERTY TRUST, 65 VALLEY STREAM PARKWAY, STE 100, MALVERN, PA
19355 (610) 648-1700 - 350,000,000 (\$350,000,000) STRAIGHT BONDS. (FILE
33-94782 - JUL. 20) (BR. 5)
- S-1 YAMAHA MOTOR RECEIVABLES CORP, 6555 KATELLA AVE, CYPRESS, CA 90630
(714) 761-7500 - 1,000,000 (\$1,000,000) EQUIPMENT TRUST CERTIFICATES.
(FILE 33-94784 - JUL. 20) (BR. 11)
- S-4 MEDPARTNERS INC, 3000 GALLERIA TOWER, STE 1000, BIRMINGHAM, AL 35244
(205) 733-8996 - 845,875 (\$1,880,450) COMMON STOCK. (FILE 33-94786 -
JUL. 20) (BR. 5)
- S-3 OVERSEAS PARTNERS LTD, CRAIG APPIN HOUSE, WESLEY ST, HAMILTON 5 BERMUDA,
DO (809) 295-0788 - 5,000,000 (\$49,400,000) COMMON STOCK. (FILE 33-94788 -
JUL. 20) (BR. 9)
- S-8 SIERRA SEMICONDUCTOR CORP, 2075 N CAPITOL AVE, SAN JOSE, CA 95132
(408) 263-9300 - 800,000 (\$29,700,000) COMMON STOCK. (FILE 33-94790 -
JUL. 20) (BR. 3)
- S-8 BIOSEPREA INC, 140 LOCKE DR, MARLBOROUGH, MA 01752 (508) 481-6802 -
50,000 (\$212,500) COMMON STOCK. (FILE 33-94792 - JUL. 20) (BR. 8)