

sec news digest

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August 12, 1986

U.S. SECURITIES AND
EXCHANGE COMMISSION

CIVIL PROCEEDINGS

S.R.O. ENTERTAINMENT, INC. ENJOINED

The Los Angeles Regional Office filed a complaint on August 4 in the U.S. District Court for the Central District of California against S.R.O. Entertainment, Inc., a Utah corporation located in North Hollywood, California. Simultaneously, without admitting or denying the allegations in the complaint, SRO consented to a permanent injunction from violations of the antifraud provisions of the Securities Exchange Act of 1934.

The complaint alleges that SRO disseminated a balance sheet dated February 29, 1984 which reported the value of certain theatrical/film properties at \$1,850,000 when, in fact, they had negligible value under generally accepted accounting principles. The complaint also alleges that (1) SRO disseminated an audit report which represented that the balance sheet had been audited by Steven S. Glick; (2) Glick was not a certified public accountant; and (3) SRO knew that Glick did not audit its balance sheet. (SEC v. S.R.O. Entertainment, Inc., CDCA, CV 86-5049 WMB [Px]). (LR-11189)

CRIMINAL PROCEEDINGS

MORTGAGE COMPANY EXECUTIVE INDICTED

The Seattle Regional Office announced that on July 23 Daniel Carlin Fulwiler, former owner of Churchill Mortgage Company, Portland, Oregon, was indicted for 15 counts each of mail and securities fraud. All of the violations involved a mortgage lending scheme. A bench warrant was issued for the arrest of Fulwiler. (U.S. v. Daniel Carlin Fulwiler, CR-86-149). (LR-11186)

COMMODITIES INVESTMENT BROKER INDICTED

The Seattle Regional Office announced that on July 23 James E. Kessi, a former introducing broker for Rosenthal and Company, was indicted for one count of accessory after the fact and four counts of aiding and abetting mail fraud, securities fraud, interstate transportation of stolen property and making a false statement. All of the violations involved a mortgage lending scheme. (U.S. v. James E. Kessi, CR-86-201V). (LR-11187)

INVESTMENT COMPANY ACT RELEASES

ML VENTURE PARTNERS I, L.P.

A notice has been issued giving interested persons until August 27 to request a hearing on an application filed by ML Venture Partners I, L.P., Merrill Lynch KECALP L.P. 1984 and Merrill Lynch KECALP L.P. 1986 for an order permitting certain transactions. (Rel. IC-15234 - August 5)

WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO

An order has been issued granting Western Reserve Life Assurance Co. of Ohio, WRL Series Life Account and Pioneer Western Distributors, Inc. exemptions from Sections 2(a)(32), 22(c), 26(a)(2), 27(c)(1), 27(c)(2) and 27(d) of the Investment Company Act and from Rules 6e-3(T)(b)(12), 6e-3(T)(b)(13), 6e-3(T)(c)(2) and 22c-1 to treat the "disability waiver" rider and the "disability waiver and income" rider as incidental insurance benefits within the meaning of Rule 6e-3(T). The exemptions also permit the deduction of an administrative charge and the premium tax in the form of a contingent deferred charge in connection with the issuance of flexible premium variable life insurance contracts. (Rel. IC-15235 - August 5)

SELF-REGULATORY ORGANIZATIONS

APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change filed under Rule 19b-4 by the National Association of Securities Dealers (SR-NASD-86-16) to modify its existing terminal equipment and query charges and to create a new charge applicable to terminal equipment supplied by a subscriber in substitution for NASDAQ equipment. (Rel. 34-23508)

NOTICE OF PROPOSED RULE CHANGES

Proposed rule changes have been filed under Rule 19b-4 by: The New York Stock Exchange (SR-NYSE-86-22) to amend its Rule 345 and its Supplementary Material relating to requirements on member firms and their employees concerning registration, approval and recordkeeping. The proposal would also change the definition of registered representative in NYSE Rule 10 and provide an addendum for Form U-4. (Rel. 34-23509); The Chicago Board Options Exchange (SR-CBOE-86-26) to extend the one-year index option escrow receipt pilot program for an additional six months. (Rel. 34-23510), (SR-CBOE-86-27) to permit CBOE to list and trade American-style foreign currency options on British pounds, Canadian dollars, French francs, Japanese yen, Swiss francs and West German marks. (Rel. 34-23511); and The Pacific Stock Exchange (SR-PSE-86-16) to require in certain near-term options that when market makers are making the best bid and/or offer, orders will be filled at a minimum depth of ten contracts by the market makers in the trading crowd. (Rel. 34-23512)

Publication of the proposals are expected to be made in the Federal Register during the week of August 11.

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-18 DECISION EQUITIES INC, 153 GLEN HEAD RD, GLEN HEAD, NY 11545 (516) 676-1610 - 500,000 (\$750,000) COMMON STOCK. 550,000 (\$1,100,000) COMMON STOCK. 550,000 (\$1,375,000) COMMON STOCK. 50,000 (\$50) WARRANTS, OPTIONS OR RIGHTS. 50,000 (\$82,500) COMMON STOCK. UNDERWRITER: BUNKER SECURITIES CORP. (FILE 33-7646-NY - JUL. 30) (BR. 11 - NEW ISSUE)
- S-18 EUROPEAN QUALITY INC, 330 E 39TH ST STE 31J, NEW YORK, NY 10016 (212) 867-4330 - 700,000 (\$700,000) COMMON STOCK. 1,470,000 WARRANTS, OPTIONS OR RIGHTS. 700,000 (\$1,050,000) COMMON STOCK. 700,000 (\$1,400,000) COMMON STOCK. 70,000 (\$84,000) COMMON STOCK. UNDERWRITER: EQUITIES INTERNATIONAL SECURITIES INC. (FILE 33-7683-NY - JUL. 31) (BR. 11 - NEW ISSUE)
- S-11 CROSSLAND NEW YORK FUNDING CORP IV, 1209 ORANGE ST, WILMINGTON, DE 19801 - 1,000 (\$100,000,000) PREFERRED STOCK. UNDERWRITER: SALOMON BROTHERS INC. (FILE 33-7687 - AUG. 01) (BR. 11 - NEW ISSUE)
- S-18 HOSPITALITY PLUS INC, 1 CONSTITUTION DR, LEONARDO, NJ 07737 (201) 291-4031 - 1,000,000 (\$750,000) COMMON STOCK. 100,000 (\$100) WARRANTS, OPTIONS OR RIGHTS. 100,000 (\$105,000) COMMON STOCK. UNDERWRITER: ALPINE SECURITIES CORP. (FILE 33-7692-NY - JUL. 31) (BR. 10 - NEW ISSUE)
- S-18 VTX ELECTRONICS CORP, 61 EXECUTIVE BLVD, FARMINGDALE, NY 11735 (516) 293-9880 - 690,000 (\$5,520,000) COMMON STOCK. UNDERWRITER: PRESCOTT BALL & TURBEN INC. (FILE 33-7693-NY - AUG. 01) (BR. 3 - NEW ISSUE)
- S-4. FIRSTBANK OF ILLINOIS CO, 205 S FIFTH ST, SPRINGFIELD, IL 62701 (217) 753-7543 - 3,009,740 (\$37,025,000) COMMON STOCK. (FILE 33-7701 - AUG. 01) (BR. 2)
- S-18 HVC GROUP INC, 8235 HERMITAGE RD, RICHMOND, VA 23228 (804) 262-2200 - 805,000 (\$4,830,000) COMMON STOCK. 2,415,000 COMMON STOCK. 805,000 WARRANTS, OPTIONS OR RIGHTS. 805,000 WARRANTS, OPTIONS OR RIGHTS. UNDERWRITER: STEINBERG & LYMAN. (FILE 33-7704 - AUG. 01) (BR. 9 - NEW ISSUE)

- S-1 ALPINE GROUP INC, THREE UNIVERSITY PLZ, HACKENSACK, NJ 07601 (212) 489-0110 - 30,000,000 (\$30,000,000) STRAIGHT BONDS. (FILE 33-7709 - AUG. 01) (BR. 6)
- S-3 SOUTH CAROLINA NATIONAL CORP, 1426 MAIN ST, COLUMBIA, SC 29226 (803) 765-3270 - 672,043 (\$35,000,000) COMMON STOCK. (FILE 33-7710 - AUG. 01) (BR. 2)
- S-11 DSM CO, 700 N CENTRAL AVE, GLENDALE, CA 91203 - 300,000,000 (\$300,000,000) PASS-THROUGH MORTGAGE-BACKED CERTIFICATE. UNDERWRITER: MERRILL LYNCH CAPITAL MARKETS. (FILE 33-7714 - AUG. 01) (BR. 12 - NEW ISSUE)
- S-6 SALOMON BROTHERS UNIT INVT TR INSURED TAX EXEMPT SER FOURTEE, ONE NEW YORK PLZ, C/O SALOMON BROTHERS INC, NEW YORK, NY 10004 - 8,500 (\$8,925,000) UNIT INVESTMENT TRUST. DEPOSITOR: SALOMON BROTHERS INC. (FILE 33-7725 - AUG. 04) (BR. 17 - NEW ISSUE)
- S-6 SALOMON BROTHERS UNIT INVT TR CALIF INSURED TAX EXE SER NINE, ONE NEW YORK PLZ, C/O SALOMON BROTHERS INC, NEW YORK, NY 10004 - 5,500 (\$5,775,000) UNIT INVESTMENT TRUST. DEPOSITOR: SALOMON BROTHERS INC. (FILE 33-7726 - AUG. 04) (BR. 17 - NEW ISSUE)
- S-6 SALOMON BROTHERS UNIT INVT TR INSURED TAX EXEMPT SER THIRTEE, ONE NEW YORK PLZ, C/O SALOMON BROTHERS INC, NEW YORK, NY 10004 - 8,500 (\$8,925,000) UNIT INVESTMENT TRUST. DEPOSITOR: SALOMON BROTHERS INC. (FILE 33-7728 - AUG. 04) (BR. 17 - NEW ISSUE)
- S-6 SALOMON BROTHERS UNIT INVT TR CALIF INSURED TAX EX SER EIGHT, ONE NEW YORK PLZ, C/O SALOMON BROTHERS INC, NEW YORK, NY 10004 - 5,500 (\$5,775,000) UNIT INVESTMENT TRUST. DEPOSITOR: SALOMON BROTHERS INC. (FILE 33-7729 - AUG. 04) (BR. 17 - NEW ISSUE)
- S-11 FEDERAL INSURED MORTGAGE INVESTORS LP II, AMERICAN EXPRESS TWR, WORLD FINANCIAL CTR, NEW YORK, NY 10285 (212) 298-2002 - 10,000,000 (\$200,000,000) LIMITED PARTNERSHIP CERTIFICATE. (FILE 33-7730 - AUG. 04) (BR. 12 - NEW ISSUE)
- S-3 OPTICAL RADIATION CORP, 1300 OPTICAL DR, AZUSA, CA 91702 (818) 969-3344 - 30,000 (\$513,750) COMMON STOCK. (FILE 33-7732 - AUG. 04) (BR. 8)
- S-8 WORTHEN BANKING CORP, WORTHEN BANK BLDG, 200 WEST CAPITOL, LITTLE ROCK, AR 72201 (501) 378-1433 - 264,436 (\$3,206,286.50) COMMON STOCK. (FILE 33-7733 - AUG. 04) (BR. 2)
- S-1 MADISON JAMES LTD, 1730 M ST NW, WASHINGTON, DC 20036 (202) 452-5500 - 3,450,000 (\$58,650,000) COMMON STOCK. (FILE 33-7736 - AUG. 04) (BR. 1)
- S-11 KIDDER PEABODY ACCEPTANCE CORP I, 3939 INTERFIRST TWO, DALLAS, TX 75270 - 200,000,000 (\$200,000,000) PASS-THROUGH MORTGAGE-BACKED CERTIFICATE. UNDERWRITER: KIDDER PEABODY & COINC. (FILE 33-7737 - AUG. 04) (BR. 11 - NEW ISSUE)
- S-3 PAINE WEBBER GROUP INC, 1285 AVENUE OF THE AMERICAS, NEW YORK, NY 10019 (212) 713-2000 - 150,000,000 (\$150,000,000) STRAIGHT BONDS. (FILE 33-7738 - AUG. 04) (BR. 12)
- S-8 USACAFES, 8080 N CENTRAL EXPRESSWAY, STE 500 BOX 65, DALLAS, TX 75206 (214) 891-8400 - 927,000 (\$6,836,625) COMMON STOCK. (FILE 33-7740 - AUG. 05) (BR. 11)
- S-1 GRANADA 5, 10900 RICHMOND, PO BOX 42298, HOUSTON, TX 77242 (713) 977-7000 UNDERWRITER: GRANADA FINANCIAL SERVICES INC. (FILE 33-7741 - AUG. 05) (BR. 4 - NEW ISSUE)
- S-1 MUSICLAND GROUP INC, 7500 EXCELSIOR BLVD, MINNEAPOLIS, MN 55426 (612) 932-7700 - 2,012,500 (\$34,212,500) COMMON STOCK. UNDERWRITER: BEAR STEARNS & CO INC, DONALDSON LUFKIN & JENRETTE, MERRILL LYNCH CAPITAL MARKETS. (FILE 33-7742 - AUG. 05) (BR. 1 - NEW ISSUE)
- S-3 ILLINOIS POWER CO, 500 S 27TH ST, DECATUR, IL 62525 (217) 424-6600 - 150,000,000 (\$150,000,000) STRAIGHT BONDS. (FILE 33-7743 - AUG. 05) (BR. 8)
- S-4 BANC ONE CORP/DE/, 100 E BRJAD ST, COLUMBUS, OH 43271 (614) 463-5944 - 1,025,521 (\$13,741,981) COMMON STOCK. (FILE 33-7744 - AUG. 05) (BR. 2)
- S-11 MLH INCOME REALTY PARTNERSHIP VII, TWO BROADWAY, NEW YORK, NY 10004 - 300,000 (\$300,000,000) LIMITED PARTNERSHIP CERTIFICATE. (FILE 33-7771 - AUG. 05) (BR. 5 - NEW ISSUE)

S-1 INTEGRATED IMAGES INC, 44 W 24 ST, NEW YORK, NY 10010 (212) 206-7878 - 2,070,000 (\$3,450,000) COMMON STOCK. 1,380,000 (\$3,450,000) COMMON STOCK. 180,000 (\$360,000) COMMON STOCK. 120,000 WARRANTS, OPTIONS OR RIGHTS. 120,000 (\$300,000) COMMON STOCK. UNDERWRITER: MALON HENRY C, WEGARD L C & CO INC. (FILE 33-7772 - AUG. 04) (BR. 8 - NEW ISSUE)

REGISTRATIONS EFFECTIVE

July 21: C&C Investments, Inc., 33-6175-NY; Computer Integrated Manufacturing and Design Systems, Inc., 33-3191; Cortland First Financial Corporation, 33-6726; Creston Technology, Inc., 33-5592-A; Farmers Group, Inc., 33-5129; Kolster Cruise, 33-7255; Lincoln Service Capital Trust I, 33-5114; North American Bancorporation, 33-6206; Oppenheimer Variable Life Bonds, 33-6630, 33-6631; Paine Webber Equity Partners Two Limited Partnership, 33-5929; State Bond and Mortgage Co., 33-6131; Thomson-CSF, 33-7066; Thomson McKinnon Global Trust, 2-96089; TS Industries, Inc., 33-5402; WM Realty Limited Partnership, 33-4772.

July 22: Applied Resources, Inc., 33-6126-A; AFG Industries, Inc., 33-7135; American Western Corporation, 33-6565; BBDO International, Inc., 33-7347; Bombay Palace Restaurants, Inc., 33-6178; Bonneville Pacific Corporation, 33-6460; Centocor, Inc., 33-7311; Colonial International Equity Index Trust, 33-5377; Colonial Small Stock Index Trust, 33-5376; Colonial United States Equity Index Trust, 33-2193; Doyle Dane Bernbach Group, Inc., 33-7347-01; Fortune Financial Group, Inc., 33-6288; Hearthbrite Industries, Inc., 33-3742-NY; Horizon Bancorp, 33-6221; Intelogic Trace, Inc., 33-6619; Kemper Double Play Trust Series 3 - Summit, 33-4287; Jiffy Lube International, Inc., 33-6119; LTX Corporation, 33-7019; National Diversified Services, Inc., 2-99080-NY; Pharmacontrol Corp., 33-6731; Remote Monitoring Systems, Inc., 33-5778; Southmark Equity Partners III, Ltd., 33-5568; Steve's Homemade Ice Cream, Inc., 33-4857-NY; Sun Bancorp, Inc., 33-6814; Texas Air Corporation, 33-6863,