

# sec news digest

Issue 92-103

May 28, 1992

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## NOTICE OF COMMISSION MEETINGS

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### CHANGE IN THE MEETING: RESCHEDULING

The open meeting scheduled for May 28 at 11:00 a.m. has been rescheduled for Friday, May 29. The time of the meeting has not yet been confirmed.

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## ADMINISTRATIVE PROCEEDINGS

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### CEASE-AND-DESIST PROCEEDINGS INSTITUTED AGAINST DANIEL MONTANO AND GOLD PROPERTIES RESTORATION CO., INC.

The Commission announced that on May 13 administrative proceedings pursuant to Section 8A of the Securities Act of 1933 were instituted against Daniel C. Montano (Montano) and Gold Properties Restoration Co., Inc. (Gold Properties), a California corporation. The proceedings were instituted to determine whether Gold Properties and Montano violated Section 17(a) of the Securities Act by disseminating materially misleading statements contained in promotional materials, used in connection with Gold Properties' private placement during the fall of 1990 through the spring of 1991 and an initial public offering of securities filed with the Commission on February 1, 1991. The proceedings were also instituted to determine whether the respondents violated Section 5(b)(1) of the Securities Act by engaging in various activities which constituted offers to sell Gold Properties common stock, used in connection with Gold Properties' initial public offering. (Rel. 33-6938)

### SEATTLE, WASHINGTON STOCKBROKER BARRED

The Commission announced that on May 21 an offer of settlement was accepted by Molly C. Wilson, formerly a Seattle stockbroker, barring her from association with any broker, dealer, investment adviser, investment company or municipal securities dealer. The proceedings were based on an injunction entered against Wilson with her consent in the U.S. District Court for the Western District of Washington and on a criminal conviction for fourteen counts of theft and one count of securities fraud. The Commission's complaint alleged securities fraud by Wilson involving the misappropriation of more than \$400,000 from securities customer accounts. (Rel. 34-30722)

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U.S. SECURITIES  
EXCHANGE COMMISSION

## STEPHEN KLOS BARRED

The Commission announced that on May 21 public administrative proceedings were instituted against Stephen J. Klos of Mercer Island, Washington. The proceedings against Klos were based on an injunction entered on April 13, 1992, with his consent, without admitting or denying the allegations of the complaint, in the U.S. District Court for the Western District of Washington. The Commission's complaint alleged that Klos violated Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, through material misstatements and omissions in the offer and sale of over \$3 million in unregistered Fortune Group, Ltd. notes and bonds. In the administrative proceedings, Klos was barred from association with any broker, dealer, municipal securities dealer, investment adviser or investment company. (Rel. 34-30723)

## ANDREW EPSTEIN BARRED FROM PRACTICE BEFORE THE COMMISSION FOR THREE YEARS FOR BBS AUDIT

Andrew L. Epstein, former audit partner in the New York City accounting firm of Frederick S. Todman and Company, has consented to be censured and to be barred from practicing before the Commission with the right to reapply after three years, pursuant to Rule 2(e) of the Commission's Rules of Practice. The sanctions are due to improper professional conduct as one of two partners in charge of the 1984 audit of Bevill Bresler & Schulman, Incorporated (BBS), a registered broker-dealer formerly engaged in trading in government securities.

Epstein failed to either discover or require disclosure of an approximately \$29 million shortfall in collateral in trading accounts with a related party and other material, related party accounts. The lack of collateral was evident from the related party's statement of accounts included in the audit workpapers.

The audit also failed to discover and disclose a violation of the Commission's minimum net capital requirements (Rule 15c3-1) that would have caused BBS's net capital to fall below the required minimum by over \$6 million. Other audit and accounting deficiencies included misclassification of BBS's profits and losses, inadequate review of BBS's internal accounting controls, lack of disclosure of tax liability and inability to determine safekeeping and segregation of customer owned securities. (Rel. 34- 30731)

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## CIVIL PROCEEDINGS

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### STOTLER & COMPANY, THOMAS M. EGAN, ET AL. SUED

The Commission announced on May 27 that a Complaint for Final Judgment of Permanent Injunction and Other Equitable Relief was filed in the U. S. District Court for the Northern District of Illinois against Thomas M. Egan, Salvatore C. Russo, Phillip C. Zarcone, Thomas F. Kolter and Stotler & Company, a partnership. All of the individual defendants were variously associated with Stotler Group, Inc. (SGI), a public company whose securities were registered with the Commission and Stotler & Company (Company), a wholly-owned subsidiary of SGI and formerly a registered broker-dealer engaged in the government securities business and a futures commission merchant. The defendants

are charged with violating, or aiding and abetting violations, of the antifraud provisions, periodic reporting, proxy and books and records provisions of the federal securities laws. It is further alleged that Defendants Egan, Russo and Zarcone aided and abetted Company's violations of Treasury rules concerning net capital, customer reserve, reporting, books and records and telegraphic notice provisions of the federal securities laws. The Commission is also seeking to prohibit Egan from acting as an officer or director of any public company.

In addition, 19 partners of Stotler & Company partnership were named as relief defendants and the Commission is seeking orders of disgorgement against them based on funds unlawfully obtained or distributed to them. [SEC v. Egan, et al., E.D. IL, 92C3480] (LR-13252)

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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-3 DOW CHEMICAL CO /DE/, 2030 WILLARD H DOW CTR, MIDLAND, MI 48640 (517) 636-1000 - 175,000,000 (\$175,000,000) EQUIPMENT TRUST CERTIFICATES. (FILE 33-47819 - MAY. 19) (BR. 2)
- S-6 CORPORATE INCOME FUND THREE HUNDRED EIGHTH MONTHLY PYMT SER (FILE 33-47998 - MAY. 20) (BR. 17 - NEW ISSUE)
- S-4 LOCKHART BANKSHARES INC, 111 S MAIN ST, LOCKHART, TX 78644 (512) 398-3416 - 240,000 (\$10,053,600) COMMON STOCK. (FILE 33-48032 - MAY. 20) (BR. 2 - NEW ISSUE)
- S-4 TELECONCEPTS CORP, TEXAS COMMERCE TWR, 600 TRAVIS STE 4750, HOUSTON, TX 77002 (713) 228-4633 - 8,223,978 (\$21,587,942.25) COMMON STOCK. (FILE 33-48040 - MAY. 20) (BR. 8)
- S-3 GEORGIA PACIFIC CORP, 133 PEACHTREE ST NE, ATLANTA, GA 30303 (404) 521-4000 - 500,000,000 (\$500,000,000) STRAIGHT BONDS. (FILE 33-48041 - MAY. 21) (BR. 8)
- S-8 DIBRELL BROTHERS INC, 512 BRIDGE ST, DANVILLE, VA 24541 (804) 792-7511 - 20,000,000 (\$20,000,000) OTHER SECURITIES INCLUDING VOTING TRUST. (FILE 33-48052 - MAY. 21) (BR. 7)
- S-2 TPI ENTERPRISES INC, 885 THIRD AVE, NEW YORK, NY 10022 (212) 230-2233 - 51,750,000 (\$51,750,000) CONVERTIBLE DEBENTURES AND NOTES. UNDERWRITER: KIDDER PEABODY & CO INC, MORGAN KEEGAN & CO INC, STEPHENS INC. (FILE 33-48053 - MAY. 20) (BR. 11)
- S-1 FEDDERS CORP /DE/, 158 HWY 206, PO BOX 265, PEAPACK, NJ 07977 (908) 234-2100 - 100,000,000 (\$100,000,000) STRAIGHT BONDS. (FILE 33-48054 - MAY. 20) (BR. 9)

REGISTRATIONS CONTINUED

- S-3 ALLEGHENY POWER SYSTEM INC, 12 EAST 49TH ST, NEW YORK, NY 10017 (212) 752-2121 - 1,980,000 (\$89,100,000) COMMON STOCK. UNDERWRITER: GOLDMAN SACH & CO, MERRILL LYNCH & CO. (FILE 33-48055 - MAY. 20) (BR. 7)
- S-3 CLEVELAND ELECTRIC ILLUMINATING CO, 55 PUBLIC SQ, CLEVELAND, OH 44113 (216) 622-9800 - 125,000,000 (\$125,000,000) STRAIGHT BONDS. UNDERWRITER: MORGAN STANLEY & CO INC, SALOMON BROTHERS INC, SMITH BARNEY HARRIS UPHAM & CO INC. (FILE 33-48057 - MAY. 21) (BR. 8)
- S-3 CONSOLIDATED EDISON CO OF NEW YORK INC, 4 IRVING PL, NEW YORK, NY 10003 (212) 460-4600 - 6,000,000 (\$165,750,000) COMMON STOCK. UNDERWRITER: LEHMAN BROTHERS, MERRILL LYNCH & CO, SMITH BARNEY HARRIS UPHAM & CO INC. (FILE 33-48059 - MAY. 21) (BR. 7)
- S-8 ILLINOIS TOOL WORKS INC, 3600 W LAKE AVE, GLENVIEW, IL 60025 (708) 724-7500 - 1,000,000 (\$63,250,000) COMMON STOCK. (FILE 33-48060 - MAY. 21) (BR. 5)
- S-3 FEDERAL PAPER BOARD CO INC, 75 CHESTNUT RIDGE RD, MONTVALE, NJ 07645 (201) 391-1776 - 200,000,000 (\$200,000,000) STRAIGHT BONDS. (FILE 33-48063 - MAY. 21) (BR. 8)
- S-3 BANK OF NEW YORK CO INC, 48 WALL ST, NEW YORK, NY 10286 (212) 495-1784 - 9,200,000 (\$390,448,000) COMMON STOCK. UNDERWRITER: GOLDMAN SACHS & CO, MERRILL LYNCH & CO, MORGAN STANLEY & CO, WITTER DEAN REYNOLDS INC. (FILE 33-48065 - MAY. 21) (BR. 2)