

# sec news digest

Issue 96-26

February 13, 1996

---

## COMMISSION ANNOUNCEMENTS

---

### SEC AND THE ISRAEL SECURITIES AUTHORITY ANNOUNCE THE SIGNING OF A MEMORANDUM OF UNDERSTANDING CONCERNING CONSULTATION AND COOPERATION

SEC Chairman Arthur Levitt signed a Memorandum of Understanding (MOU) today with the SEC's counterpart, the Israel Securities Authority (ISA) (signing on behalf of the Government of Israel), in Jerusalem. The MOU provides for consultations between the parties on all matters relating to the operation of the securities markets of their respective countries, and on the operation of the MOU, and expresses the intent of the ISA and the SEC to use their best efforts to coordinate cross-border offerings of securities by U.S. and Israeli issuers. Consultations on these issues are intended to facilitate and foster access to each market and to improve the efficiency of the registration and reporting process for multi-jurisdictional issuers. The MOU also expresses each party's commitment to provide mutual assistance in enforcement and administrative matters, particularly in areas most critical to investor protection, such as fraud investigations, including insider trading, and also provides for assistance relating to the regulation of businesses providing investment advice.

In accordance with its terms, the MOU will become effective immediately after each party notifies the other that domestic legislation and other measures that are necessary to implement the provisions of the MOU have been adopted. In this regard, the necessary legislation has already been submitted by the ISA to the appropriate government ministries for eventual approval by the Knesset. In the mean time, the SEC and the ISA intend to adhere to the spirit of the MOU in so far as is permissible by law. (Press Rel. 96-26; International Series Rel. 934)

---

## ENFORCEMENT PROCEEDINGS

---

### SUPERVISORY SUSPENSION AND \$10,000 PENALTY IMPOSED AGAINST JAMES SMALL

The Commission announced that it has entered an Order Instituting Proceedings, Making Findings and Imposing Remedial Sanctions (Order) against James S. Small (Small) and has simultaneously accepted Small's Offer of Settlement. The Order, which institutes public administrative proceedings pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 (Exchange Act), suspends Small, a former branch manager of the Wayne, Pennsylvania office of Dean Witter Reynolds, Inc. (Dean Witter), from acting in a supervisory or proprietary capacity with any broker, dealer, investment adviser, investment company or municipal securities dealer for a period of 12 months, and Orders Small to pay a \$10,000 civil penalty. Small consented to the entry of the Order without admitting or denying the findings therein.

The Order finds that from July 1991 through November 1993, Small failed reasonably to supervise a former Dean Witter registered representative with a view to preventing his aiding and abetting violations of certain books and records provisions contained in Section 17(a) of the Exchange Act and Rule 17a-3(a)(9) thereunder. The Order finds that the registered representative recorded false information on various Dean Witter books and records, including account documentation. The Order finds that Small failed to respond to "red flags" alerting him to certain irregularities with one of the registered representative's accounts. (Rel. 34-36829)

### PRELIMINARY INJUNCTION GRANTED IN SEC v. CITI FINANCIAL SERVICES, ET AL.

On February 9, the Honorable William J. Rea, United States District Court Judge for the Central District of California, entered a Preliminary Injunction (Injunction) prohibiting the offer and sale of fictitious brokered Certificates of Deposit (CDs) by Citi Financial Services, Citi Corp Realty Partners IV, Harold Goldstein (Goldstein), Richard Thomas Mandell (Mandell), Robert Singleton (Singleton), Mark Barquera and Roberta Crampton. The Injunction also freezes the assets of the Citi Entities, Goldstein, Mandell and Singleton.

The complaint alleges that the defendants violated Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, by engaging in the fraudulent offer and sale of brokered CDs. The defendants falsely

claimed that they were affiliated with the New York based money center bank, Citibank, N.A., and its parent corporation, Citicorp, and that they were purchasing FDIC insured CDs with investor monies. Defendants have no affiliation with Citicorp and did not purchase any CDs on behalf of investors. [SEC v. Citi Financial Services, Citi Corp Realty Partners IV, Harold Goldstein, Richard Thomas Mandell, a.k.a. Mark Morgenlender, Robert Singleton, Mark Barquera, a.k.a. Mark Cabrerro and Roberta Crampton, Civil Action No. 96-0349 WJR, BQRx, C.D. Cal.] (LR-14815)

---

## **HOLDING COMPANY ACT RELEASES**

---

### **ALLEGHENY POWER SYSTEM, INC., ET AL.**

A notice has been issued giving interested persons until March 4 to request a hearing on a proposal by Allegheny Power System, Inc. (APS), a registered holding company, AYP Capital, Inc. (AYP), a non-utility subsidiary company of APS, and Allegheny Power Service Corporation, also a non-utility subsidiary company of APS, for APS and AYP to increase the limit on loans and guarantees to finance previously authorized activities from \$100 million to \$300 million and for AYP to purchase the 50% interest of Duquesne Light Company in Fort Martin Generating Station Unit No. 1 for \$181 million. (Rel. 35-26470)

### **CONSOLIDATED NATURAL GAS COMPANY**

A notice has been issued giving interested persons until March 4 to request a hearing on a proposal by Consolidated Natural Gas Company (CNG), a registered holding company. CNG proposes to establish a subsidiary company, CNG International Corporation (CNGI), which would, through March 31, 2001, directly or, through subsidiary companies, indirectly acquire interests in or securities of one or more foreign utility companies and exempt wholesale generators. CNG further proposes to invest, through CNGI, up to \$300 million in businesses engaged in certain energy-related activities and to enter into credit support agreements aggregating no more than an additional \$300 million with third parties in connection with such activities through March 31, 2001. The businesses in which CNGI has an interest may also issue equity and debt securities to third parties, without recourse to CNG. Additionally, CNG proposes that CNGI render services and sell goods to CNGI affiliates. (Rel. 35-26470)

### **THE COLUMBIA GAS SYSTEM, INC.**

A notice has been issued giving interested persons until March 4 to request a hearing on a proposal by The Columbia Gas System, Inc. (Columbia), a registered holding company. Columbia proposes to form subsidiaries to engage in the business of providing energy-related consumer services. (Rel. 35-26470)

---

## SELF-REGULATORY ORGANIZATIONS

---

### ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission granted accelerated approval to a proposed rule change submitted by the American Stock Exchange (SR-Amex-96-06) to extend the Exchange's pilot program concerning the execution of odd-lot orders until August 8, 1996. (Rel. 34-36821)

The Commission granted accelerated approval to a proposed rule change submitted by the National Association of Securities Dealers (SR-NASD-96-04) relating to two modified modules of the General Securities Representative examination. The Series 37 and Series 38 would be modified exams for Canadian registered representatives. (Rel. 34-36825)

### APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change filed by The Options Clearing Corporation (SR-OCC-95-13) that amended Article VI, Section 11 of OCC's By-Laws governing adjustments on options for ordinary stock dividends declared on the underlying security. (Rel. 34-36823)

---

## SIGNIFICANT NO-ACTION, EXEMPTIVE AND INTERPRETIVE LETTERS

---

The following is a list of significant no-action and interpretative letters recently issued by the Division of Market Regulation. These letters express the view of the Division respecting novel or important questions arising under the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, and the Investment Advisers Act of 1940. Copies of these letters may be obtained by writing to the Public Reference Room, Securities and Exchange Commission, Washington, D.C. 20549, or by making a request in person at the Public Reference Room, 450 Fifth Street, N.W., Room 1024, Washington, D.C., stating the name of the subject company, the Act and the Section of the Act to which it relates, and the public availability date.

Listed below are significant interpretive, exemptive, or no-action letters issued by the Division of Market Regulation for the period October 1 to December 31, 1995.

<u>Company</u>	<u>Act/Section/Rule</u>	<u>Date Mailed</u>	<u>Date Available</u>
Commodity Futures Trading Commission	Commodity Exchange Act Section 2(a)(1)(B)	10/3/95	10/3/95
Commodity Futures Trading Commission	Commodity Exchange Act Section 2(a)(1)(B)	10/10/95	10/10/95
Commodity Futures Trading Commission	Commodity Exchange Act Section 2(a)(1)(B)	11/7/95	11/7/95
Chicago Board Brokerage, Inc.	1934 Act Sections 6, 17A	12/13/95	12/13/95
Merrill Lynch, Pierce Fenner & Smith; PaineWebber, Inc.; Prudential Securities, Inc.; and Smith Barney, Inc.	1934 Act Rule 17a-23	11/20/95	11/20/95
Intervest Financial Services, Inc.	1934 Act Section 6	8/1/95	8/1/95
North Carolina Municipal Power Agency Number 1	1934 Act Rule 15c2-12	10/26/95	10/26/95

---

## 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-3 SEPRACOR INC /DE/, 33 LOCKE DRIVE, MARLBOROUGH, MA 01752 (508) 481-6700  
- 4,109,756 (\$76,544,205) COMMON STOCK. (FILE 333-460 - FEB. 05) (BR. 8)

SB-2 ROCKY MOUNTAIN CRYSTAL WATER INC, 5575 S SYCAMORE ST, SUITE 103,  
LITTLETON, CO 80120 - 1,157,161 (\$6,364,386) COMMON STOCK. 50,000  
(\$275,000) WARRANTS, OPTIONS OR RIGHTS. 1,150,000 (\$11,500,000)  
COMMON STOCK. (FILE 333-764-D - JAN. 30) (BR. 11 - NEW ISSUE)

F-1 BAAN CO N V, P O BOX 250, 6710 BG EDE NETHERLANDS, P7 (011) 318-3880 -  
4,658,182 (\$191,567,734.75) FOREIGN COMMON STOCK. (FILE 333-800 - JAN. 31)  
(BR. 10)

REGISTRATIONS CONT.

- S-4 BRISTOL HOTEL CO, 14285 MIDWAY RD, STE 340, DALLAS, TX 75244  
(214) 788-0001 - 70,000,000 (\$70,000,000) STRAIGHT BONDS. (FILE 333-808 -  
FEB. 01) (BR. 11)
- S-1 INTELLIQUEST INFORMATION GROUP INC, 1250 CAPITAL OF TEXAS HIGHWAY S,  
BLDG TWO PLZ ONE, AUSTIN, TX 78746 (512) 329-0808 - 2,213,750  
(\$28,778,750) COMMON STOCK. (FILE 333-844 - FEB. 02) (BR. 5)
- S-1 YORK GROUP INC \DE\, 9430 OLD KATY RD, HOUSTON, TX 77055 (713) 984-5500  
- 2,875,000 (\$40,250,000) COMMON STOCK. (FILE 333-846 - FEB. 02) (BR. 6  
- NEW ISSUE)
- S-8 GELTEX PHARMACEUTICALS INC, 303 BEAR HILL RD, WALTHAM, MA 02154  
(617) 290-5888 - 50,000 (\$800,000) COMMON STOCK. (FILE 333-864 - FEB. 01)  
(BR. 4)
- S-3 FEMALE HEALTH CO, 919 NORTH MICHIGAN AVENUE, SUITE 2208, CHICAGO, IL  
60611 (312) 280-2201 - 429,520 (\$1,288,560) COMMON STOCK. (FILE 333-966 -  
FEB. 02) (BR. 1)
- S-3 WHOLE FOODS MARKET INC, 601 N LAMAR, STE 300, AUSTIN, TX 78703  
(512) 477-4455 - 195,205 (\$2,879,274) COMMON STOCK. (FILE 333-968 -  
FEB. 02) (BR. 1)
- S-3 ARRIS PHARMACEUTICAL CORP/DE/, 385 OYSTER POINT BLVD, SUITE 3,  
SOUTH SAN FRANCISCO, CA 94080 (415) 737-8600 - 3,450,000 (\$53,043,750)  
COMMON STOCK. (FILE 333-972 - FEB. 05) (BR. 4)
- F-6 JAPAN AIRLINES CO LTD /ADR/, 2 RECTOR ST,  
C/O SECURITY PACIFIC NATL TRUST CO OF NY, NEW YORK, NY 10006 - 10,000,000  
(\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-974 - FEB. 05)  
(BR. 0)
- F-6 CHINA LIGHT & POWER CO LTD, 280 PARK AVNEUE, NEW YORK, NY 10015 -  
10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-976  
- FEB. 05) (BR. 99)
- F-6 SANYO ELECTRIC CO LTD, CO/MARINE MIDLAND BANK, 140 BROADWAY 12TH FLOOR,  
NEW YORK, NY 10005 (212) 658-6555 - 10,000,000 (\$500,000)  
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-978 - FEB. 05) (BR. 99  
- NEW ISSUE)
- F-6 SHARP CORP, CO/MARINE MIDLAND BANK, 140 BROADWAY 12TH FLOOR, NEW YORK,  
NY 10005 (212) 658-6555 - 10,000,000 (\$500,000)  
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-980 - FEB. 05) (BR. 99  
- NEW ISSUE)
- F-6 BRIDGESTONE CORP /ADR/, 1 CHASE MANHATTAN PLAZA, CHASE MANHATTAN PLAZA,  
NEW YORK, NY 10081 (212) 552-1305 - 10,000,000 (\$500,000)  
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-982 - FEB. 05) (BR. 99)
- F-6 KIRIN BREWERY CO LTD/ADR/, 1 CHASE MANHATTAN PLAZA,  
CHASE MANHATTAN BANK, NEW YORK, NY 10018 (212) 552-1305 - 10,000,000  
(\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-984 - FEB. 05)  
(BR. 99)
- S-3 HOUSEHOLD CONSUMER LOAN TRUST 1996-1, 1111 TOWN CENTER DR, LAS VEGAS, NV  
89134 (847) 564-6301 - 2,000,000 (\$2,000,000) EQUIPMENT TRUST CERTIFICATES.  
(FILE 333-992 - FEB. 05) (BR. 11 - NEW ISSUE)
- S-8 HEART LABS OF AMERICA INC /FL/, 2650 N MILITARY TRAIL STE 230,  
BOCA RATON, FL 33431 (407) 241-7857 - 21,950 (\$49,387) COMMON STOCK.  
(FILE 333-994 - FEB. 01) (BR. 6)
- S-3 IMCLONE SYSTEMS INC/DE, 180 VARICK ST, NEW YORK, NY 10014 (212) 645-1405  
- 2,530,000 (\$18,184,375) COMMON STOCK. (FILE 333-1012 - FEB. 05) (BR. 4)
- S-8 PETRO UNION INC, 123 NORTHWEST 4TH ST STE 3, EVANSVILLE, IN 47708  
(812) 424-6745 - 580,000 (\$220,400) COMMON STOCK. (FILE 333-1068 -  
JAN. 26) (BR. 3)