

# SEC NEWS DIGEST

Issue 96-239

December 17, 1996

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## RULES AND RELATED MATTERS

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### REVISIONS TO FORMS SB-1, SB-2, REGULATION A AND REGULATION S-T

The Commission today issued a release amending Forms SB-1, SB-2, and Regulation A to provide that registrants may no longer file their Forms SB-1 and SB-2 registration statements and Regulation A materials in the Commission's Regional Offices given recently implemented changes to its filing processing programs. All such documents must be filed at the Commission's Headquarters in Washington, D.C. beginning 30 days after publication of the release in the Federal Register. Regulation S-T also is being revised to reflect this change. Consequently, all Forms SB-1 and SB-2 will be required to be filed via the Commission's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system rather than in paper (as was previously allowed for Regional Office filings). In order to allow small businesses time to prepare for this change, Forms SB-1 and SB-2 relating only to initial public offerings may be filed in paper at the Commission's Headquarters until May 5, 1997. On or after May 5, 1997, these filings must be made via EDGAR absent a hardship exemption. Regulation A filings will continue to be made in paper. FOR FURTHER INFORMATION CONTACT: Barbara C. Jacobs or James R. Budge, Division of Corporation Finance, at (202) 942-2950. (Rel. 33-7373)

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## ENFORCEMENT PROCEEDINGS

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### PROCEEDINGS INSTITUTED AGAINST SKY SCIENTIFIC, INC., GILBERT MARSHALL & CO., INC., STRATEGIC RESOURCE MANAGEMENT, INC., SMITH, BENTON & HUGHES AND OTHERS

The Commission announced institution of administrative and cease and desist proceedings against Sky Scientific, Inc. and its officers, three broker-dealers, several registered representatives, and several stock promoters. The order alleges that, from 1993 through 1995, most of the respondents violated the registration and antifraud provisions of the securities laws. Sky Scientific filed Forms S-8 registering 30 million shares of common stock while the respondents were disseminating false and misleading statements, particularly ones concerning the value of Sky Scientific's mineral

assets, the magnitude of its expenses, and the value of financial instruments purportedly issued by a Russian bank. The order also charges two additional violations of the antifraud provisions: that two broker-dealers sold stock at prices that included excessive, undisclosed mark-ups, and that publishers of tout sheets failed to disclose their receipt of stock from Sky Scientific. Finally, the order charges that Sky Scientific and its officers violated the periodic reporting provisions of the securities laws.

A hearing will be scheduled to determine whether the allegations are true and, if so, what sanctions, if any, are appropriate and in the public interest, whether a cease and desist order should be issued, and whether disgorgement and civil penalties are appropriate. (Rel. Nos. 33-7372, 34-38049, AAE Rel. 863)

#### ERNEST GRENDI, CPA IS DENIED PRIVILEGE OF PRACTICING OR APPEARING BEFORE THE COMMISSION

The Commission has instituted public administrative proceedings, pursuant to Rule 102(e) of the Commission's Rules of Practice, against Ernest W. Grendi, CPA (Grendi), former chief financial officer of JWP, Inc. (JWP) (now known as EMCOR Group, Inc.). Simultaneously with the institution of the proceedings, the Commission accepted a settlement offer from Grendi. Grendi consented to the entry of an order, whereby he is permanently denied the privilege of appearing or practicing before the Commission. The Commission found that Grendi willfully violated certain provisions of the federal securities laws and engaged in improper professional conduct. In addition, the Commission found that Grendi consented to the entry of a Final Judgment of Permanent Injunction and Other Equitable Relief, without admitting or denying the allegations contained in the Commission's complaint (SEC v. Ernest W. Grendi, et al., 95 Civ. 8085 (DAB)). The Commission's complaint alleges, among other items, that between January 1991 and August 1992, Grendi, knowingly or recklessly, participated in a fraudulent accounting scheme, whereby he, directly or indirectly, recorded improper accounting entries, failed to record expenses, and maintained overvalued assets on the books of JWP and its subsidiaries. Grendi knew or was reckless in not knowing that as a result, JWP included materially misstated financial statements in periodic reports filed with the Commission for the year ended December 31, 1991 and the quarters ended March 31, 1992 and June 30, 1992, and in a Form S-3 registration statement and Schedule 14D-1 also filed with the Commission. (Rel. Nos. 33-7374; 34-38050; AAE Rel. 864)

#### FORMER KURZWEIL EXECUTIVES BERNARD BRADSTREET AND THOMAS CAMPBELL SENTENCED TO PRISON TERMS

On December 12, the Defendants Bernard F. Bradstreet and Thomas E. Campbell were sentenced to federal prison terms of thirty-three and eighteen months, respectively. In addition, Bradstreet was ordered to pay restitution of \$2.3 million, and Bradstreet and Campbell were each sentenced to two years probation upon release from prison and to pay a special assessment of \$250. Bradstreet and Campbell,

former executives of Kurzweil Applied Intelligence, Inc. (Kurzweil), were found guilty by a jury in May 1996 of five counts of conspiracy, securities fraud and falsification of corporate books and records in violation of Sections 10(b) and 13(b)(5) of the Exchange Act and Rule 10b-5 thereunder and 18 U.S.C. §§ 2 and 371. From 1992 through May 1994, the defendants engaged in a fraudulent revenue recognition scheme which inflated Kurzweil's revenues and earnings as reported by the company in financial statements filed with the Commission and in related press releases. Bradstreet and Campbell have previously settled a Commission injunctive action relating to the fraudulent scheme. [U.S. v. Bradstreet, et al., USDC for the District of Massachusetts, No. 95-CR-10228-RGS] (LR-15187; AAE Rel. 865)

#### COURT ISSUES FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST MICHAEL LEVINE

The Commission announced today that on December 13 the Honorable John G. Koeltl of the United States District Court of the Southern District of New York granted the Commission's motion for entry of a final judgment (Final Judgment) against defendant Michael Levine (Levine). The Final Judgment includes an injunction against future violations of Section 14(e) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 14e-3, and orders Levine to pay disgorgement of \$73,724.21, prejudgment interest at the rate used by the Internal Revenue Service to calculate interest on tax underpayments (IRS rate) of \$63,855.87, and a penalty of \$221,172.63, the maximum available against him under the Insider Trading and Securities Fraud Enforcement Act of 1988.

The Final Judgment embodies the relief awarded the Commission on partial summary judgment this past July. In ruling in the Commission's favor, the Court held that Levine, a 48 year old resident of Weston, Connecticut, and the owner of MDM Copying Services, Inc., an office supply business located in New York, New York, had violated the tender offer antifraud provisions of the federal securities laws by purchasing DeSoto, Inc. (DeSoto) stock. Levine purchased nearly \$450,000 of this stock on November 9, 1989, the day that Sutton Holding Corp. announced its intention to commence a \$50 per share tender offer for DeSoto. He sold those shares the next day for a profit of \$73,724.21. Judge Koeltl, finding that genuine issues of material fact exist, declined to grant summary judgment on the Commission's claims that Levine also violated Section 14(e) of the Exchange Act and Rule 14e-3 when he purchased DeSoto stock in October 1989, and when he communicated material, nonpublic information to David P. Schwartz (Schwartz) on November 8 or 9, 1989, under circumstances in which it was reasonably foreseeable that Schwartz would communicate that information to Edward A. Cantor (Cantor), who then purchased DeSoto stock. On December 13, 1996, these claims, as well as the Commission's claim that Levine violated Section 10(b) of the Exchange Act and Rule 10b-5 by purchasing DeSoto stock in October and November 1989, were dismissed by the Court without prejudice at the Commission's request, thus concluding this insider trading action.

The Court, in its opinion granting the motion for entry of the Final Judgment, rejected Levine's arguments that he should be enjoined only from the specific provisions of Section 14(e) and Rule 14e-3 that he was found to have violated. The Court also rejected Levine's objection to calculating prejudgment interest at the IRS rate.

Cantor and Schwartz previously settled the action against them, without admitting or denying the allegations of the Commission's complaint. For further information see LR-14997, LR-14769, LR-14678, and LR-14329. [SEC v. Cantor, 94 Civ. 8079, JGK, SDNY] (LR-15188)

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## INVESTMENT ADVISERS ACT RELEASES

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### BLACKROCK FINANCIAL MANAGEMENT, INC.

An order has been issued, pursuant to Section 206A of the Investment Advisers Act on an application by BlackRock Financial Management, Inc. for an exemption from Section 205(a)(1) of the Act. The requested order permits applicant to charge a performance fee to BlackRock Assets Investors, a registered closed-end investment company. (Rel. IA-1600 - December 13)

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## HOLDING COMPANY ACT RELEASES

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### AYP CAPITAL, INC., ET AL.

A notice has been issued giving interested persons until January 6 to request a hearing on a proposal by AYP Capital, Inc., a nonutility subsidiary company of Allegheny Power System, Inc. (APS), a registered holding company, to engage, through December 31, 1999, in marketing, selling, acquisition and installation of a new type of heat pump to and for, nonassociated industrial, commercial and residential customers located within the five states in which APS's operating subsidiaries provide electric service and the District of Columbia. (Rel. 35-26625)

### APPALACHIAN POWER COMPANY

A notice has been issued giving interested persons until January 6 to request a hearing on a proposal by Appalachian Power Company (APCO), an electric utility subsidiary of American Electric Power Company, a registered holding company. A previous Commission order authorized APCO to amend its utility mortgage to facilitate the future deletion of Part I of a two-part maintenance provision, and, upon such deletion, to change the applicable percentage specified in Part II of the maintenance provision from 2.25% to 2.90%. Amendment of the mortgage to delete Part I of the maintenance provision could not take place as long as bonds issued under the original two-part

maintenance provision were outstanding. Since no such bonds remain outstanding, APCO now proposes to delete Part I of the maintenance provision, but seeks authorization to retain the 2.25% applicable percentage in Part II of the maintenance provision. (Rel. 35-26625)

**CENTRAL AND SOUTH WEST CORPORATION, ET AL.**

A supplemental order has been issued authorizing a proposal by Central and South West Corporation, a registered holding company, and its direct and indirect subsidiaries, CSW Energy, Inc., CSW Development-I, Inc., Orange Cogeneration GP II, Inc. (Orange GP Sub), CSW Orange II, Inc. (Orange LP Sub), Orange Cogeneration G.P., Inc. (JV Sub), CSW Orange, Inc. (CSW Orange), and Orange Cogeneration Limited Partnership (Project Venture) (collectively, Applicants). Applicants propose to organize a subsidiary of the Project Venture (OCLP Sub), including the acquisition of OCLP Sub securities by Project Venture; that OCLP Sub issue certain debt securities (Orange Securities) to third parties; that OCLP Sub loan to the Project Venture the proceeds of the Orange Securities; that Project Venture, JV Sub, CSW Orange, Orange GP Sub and Orange LP Sub guarantee OCLP Sub's obligations under the Orange Securities; and that Project Venture, JV Sub, CSW Orange, Orange GP Sub and Orange LP Sub pledge substantially all of its respective assets to secure OCLP Sub's obligations under the Orange Securities. (Rel. 35-26626)

**CENTRAL AND SOUTH WEST CORPORATION, ET AL.**

A supplemental order has been issued authorizing Central and South West Corporation and its wholly-owned nonutility subsidiary, CSW Credit, Inc. (Credit), to extend existing authorizations concerning the financing and operation of Credits factoring business, through December 31, 2000. (Rel. 35-26627)

**GULF POWER COMPANY**

An order has been issued authorizing a proposal by Gulf Power Company (Gulf Power), an electric utility subsidiary of The Southern Company, a registered holding company. Gulf Power proposes to issue and sell from time to time, prior to January 1, 2004, short-term and/or term loan notes to lenders, commercial paper to or through dealers and/or issue non-negotiable promissory notes to public entities for their revenue anticipation notes in an aggregate principal amount at any one time outstanding of up to \$300 million. (Rel. 35-26628)

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**SELF-REGULATORY ORGANIZATIONS**

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**ACCELERATED APPROVAL OF PROPOSED RULE CHANGE**

The Commission granted accelerated approval to a proposed rule change submitted by the Pacific Stock Exchange (SR-PSE-96-44) to amend its Constitution. (Rel. 34-38045)

## PROPOSED RULE CHANGES

The Cincinnati Stock Exchange filed Amendment No. 1 to a proposed rule change (SR-CSE-96-05) to amend its rules concerning day trading margin requirements. Publication of the notice is expected in the Federal Register during the week of December 16. (Rel. 34-38046)

The New York Stock Exchange has filed a proposed rule change (SR-NYSE-96-38) to amend its Rule 80B relating to trading halts due to extraordinary market volatility (Circuit Breaker Provisions) to adopt new thresholds for triggering its Circuit Breakers. Publication of the proposal is expected in the Federal Register during the week of December 16. (Rel. 34-38047)

## WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until January 8 to comment on the application of Urohealth Systems, Inc. to withdraw from listing and registration on the American Stock Exchange, Common Stock, \$.001 Par Value; Stock Purchase Rights; and its Warrants to Purchase Common Stock. (Rel. 34-38051)

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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.

- F-1 GENESIS DEVELOPMENT & CONSTRUCTION LTD, 10 HASIKMA ST, PO BOX 70068, HAIFA 31700 ISRAEL, L3 - 11,000,000 (\$79,700,000) FOREIGN COMMON STOCK. 200,000 (\$2,000) WARRANTS, OPTIONS OR RIGHTS. 1,000,000 (\$6,500,000) FOREIGN COMMON STOCK. (FILE 333-6136 - DEC. 06) (BR. 6 - NEW ISSUE)
- S-8 FILA HOLDING SPA, VIALE CESARE BATTISTI 26, 13051 BIELLA ITALY, L6 (410) 785-7530 - 6,500,000 (\$5,070,000) FOREIGN COMMON STOCK. (FILE 333-6138 - DEC. 06) (BR. 2)
- F-6 GLOBEX UTILIDADES SA /ADR/, 48 WALL ST, C/O BANK OF NEW YORK, NEW YORK, NY 10286 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-6142 - DEC. 06) (BR. 99)
- F-6 MILLENNIUM & COPTHORNE HOTELS PLC /ADR/, 48 WALL ST, C/O BANK OF NEW YORK, NEW YORK, NY 10286 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-6144 - DEC. 09) (NEW ISSUE)
- S-8 CINERGY CORP, 139 E FOURTH ST, CINCINNATI, OH 45202 (513) 381-2000 - 7,000,000 (\$230,562,500) COMMON STOCK. (FILE 333-17531 - DEC. 10) (BR. 4)
- S-8 PORTOLA PACKAGING INC, 890 FAULSTICH CT, SAN JOSE, CA 95112 - 3,899,710 (\$13,780,620) COMMON STOCK. (FILE 333-17533 - DEC. 10) (BR. 6)

- S-6 NUVEEN TAX FREE UNIT TRUST SERIES 910, 333 W WACKER, CHICAGO, IL 60606  
(312) 917-7786 - INDEFINITE SHARES. (FILE 333-17535 - DEC. 10) (NEW ISSUE)
- S-3 MRV COMMUNICATIONS INC, 8917 FULLBRIGHT AVE, CHATSWORTH, CA 91311  
(818) 773-9044 - 5,160,999 (\$113,541,978) COMMON STOCK. (FILE 333-17537 -  
DEC. 10) (BR. 6)
- S-8 CHARTWELL RE CORP, FOUR STAMFORD PLAZA, P.O. BOX 120043, STAMFORD, CT  
06912 ((20) 3) -705- - 200,000 (\$5,225,000) COMMON STOCK. (FILE 333-17539  
- DEC. 10) (BR. 1)
- S-8 JAVA GROUP INC /CN, STE 404-999 CANADA PLACE,  
VANCOUVER BRITISH COLUMBIA, CANADA V6C 3E2, A1 - 550,000 (\$308,000)  
COMMON STOCK. (FILE 333-17541 - DEC. 10) (BR. 2)
- S-8 FX ENERGY INC, 3006 HIGHLAND DR, STE 206, SALT LAKE CITY, UT 84106  
(801) 486-5555 - 25,000 (\$75,000) COMMON STOCK. (FILE 333-17543 - DEC. 10)  
(BR. 4)
- S-8 EUPHONIX INC \CA\, 220 PORTAGE AVE, PALO ALTO, CA 94306 (415) 855-0400  
- 500,000 (\$2,312,500) COMMON STOCK. (FILE 333-17545 - DEC. 10) (BR. 2)
- S-2 SA TELECOMMUNICATIONS INC /DE/, 1912 AVE K STE 100, PLANO, TX 75074  
(214) 516-0662 - 27,200,000 (\$27,200,000) STRAIGHT BONDS. 859,022  
(\$1,314,304) COMMON STOCK. (FILE 333-17547 - DEC. 10) (BR. 3)
- S-8 CONAGRA INC /DE/, ONE CONAGRA DR, OMAHA, NE 68102 (402) 595-4000 -  
1,700,000 (\$84,898,000) COMMON STOCK. (FILE 333-17549 - DEC. 10) (BR. 2)
- S-8 HBO & CO, 301 PERIMETER CTR N, ATLANTA, GA 30346 (770) 360-00 -  
189,854 (\$5,644,378.41) COMMON STOCK. (FILE 333-17551 - DEC. 10) (BR. 3)
- S-8 WATSON WYATT & CO, 601 13TH ST NW, STE 1000, WASHINGTON, DC 20005  
(202) 508-4600 - 3,700,000 (\$18,278,000) COMMON STOCK. (FILE 333-17553 -  
DEC. 10) (BR. 1)
- S-8 HBO & CO, 301 PERIMETER CTR N, ATLANTA, GA 30346 (770) 360-00 -  
126,945 (\$4,465,379.24) COMMON STOCK. (FILE 333-17555 - DEC. 10) (BR. 3)
- S-8 CABLETRON SYSTEMS INC, 35 INDUSTRIAL WAY, EAST ROCHESTER, NH 03867  
(603) 332-9400 - 679,345 (\$679,345) COMMON STOCK. (FILE 333-17557 -  
DEC. 10) (BR. 3)
- S-3 TMS INC /OK/, 206 WEST SIXTH AVENUE, P O BOX 1358, STILLWATER, OK 74076  
(405) 377-0880 - 102,345 (\$67,548) COMMON STOCK. (FILE 333-17559 -  
DEC. 10) (BR. 9)
- S-8 PRIMARK CORP, 1000 WINTER STREET STE 4300N, WALTHAM, MA 02154  
(617) 466-6611 - 250,000 (\$6,218,750) COMMON STOCK. (FILE 333-17561 -  
DEC. 10) (BR. 1)
- S-8 PRIMARK CORP, 1000 WINTER STREET STE 4300N, WALTHAM, MA 02154  
(617) 466-6611 - 1,414,276 (\$35,180,115.50) COMMON STOCK. (FILE 333-17563  
- DEC. 10) (BR. 1)
- S-8 REGISTRY INC, 189 WELLA AVE, NEWTON, MA 02159 (617) 527-6886 -  
2,217,895 (\$110,340,276) COMMON STOCK. (FILE 333-17565 - DEC. 10) (BR. 3)
- S-8 PRIMARK CORP, 1000 WINTER STREET STE 4300N, WALTHAM, MA 02154  
(617) 466-6611 - 250,000 (\$6,218,750) COMMON STOCK. (FILE 333-17567 -  
DEC. 10) (BR. 1)
- S-8 TELETECH HOLDINGS INC, 1700 LINCOLN STREET, 14TH FLOOR, DENVER, CO 80203  
(303) 894-4000 - \$256,387,500 COMMON STOCK. (FILE 333-17569 - DEC. 10)  
(BR. 6)
- S-6 EQUITY INCOME FUND SEL GROWTH PORT 1997 SER A DEF ASSET FDS,  
C/O DAVIS POLK & WARDWELL, 450 LEXINGTON AVE, NEW YORK, NY 10017  
(212) 450-4792 - INDEFINITE SHARES. (FILE 333-17571 - DEC. 10) (NEW ISSUE)
- S-8 CONAGRA INC /DE/, ONE CONAGRA DR, OMAHA, NE 68102 (402) 595-4000 -  
7,000,000 (\$349,580,000) COMMON STOCK. (FILE 333-17573 - DEC. 10) (BR. 2)

- S-8 CHOICE HOTELS HOLDINGS INC, 10750 COLUMBIA PIKE, SILVER SPRING, MD 20901  
(301) 593-5600 - 2,000,000 (\$31,875,000) COMMON STOCK. (FILE 333-17575 -  
DEC. 10) (BR. 5)
- S-8 CHOICE HOTELS HOLDINGS INC, 10750 COLUMBIA PIKE, SILVER SPRING, MD 20901  
(301) 593-5600 - 3,000,000 (\$47,812,500) COMMON STOCK. (FILE 333-17577 -  
DEC. 10) (BR. 5)
- S-8 HBO & CO, 301 PERIMETER CTR N, ATLANTA, GA 30346 (770) 360-00 -  
41,288 (\$156,337.01) COMMON STOCK. (FILE 333-17579 - DEC. 10) (BR. 3)
- S-1 EPIX MEDICAL INC, 71 ROGERS ST, CAMBRIDGE, MA 02142 (617) 499-1406 -  
2,300,000 (\$25,300,000) COMMON STOCK. (FILE 333-17581 - DEC. 10)  
(NEW ISSUE)
- S-8 HBO & CO, 301 PERIMETER CTR N, ATLANTA, GA 30346 (770) 360-00 -  
49,350 (\$1,424,685.15) COMMON STOCK. (FILE 333-17583 - DEC. 10) (BR. 3)
- S-8 QUINTEL ENTERTAINMENT INC, ONE BLUE HILL PLAZA, PO BOX 1665,  
PEARL RIVER, NY 10965 (914) 620-1212 - 500,000 (\$3,625,000) COMMON STOCK.  
(FILE 333-17585 - DEC. 10) (BR. 5)
- S-8 PROMUS HOTEL CORP, 6800 POPLAR AVENUE, STE 200, MEMPHIS, TN 38138  
(901) 374-5103 - 3,000,000 (\$95,070,000) COMMON STOCK. (FILE 333-17587 -  
DEC. 10) (BR. 5)
- S-8 CHIPS & TECHNOLOGIES INC, 2950 ZANKER RD, SAN JOSE, CA 95134  
(408) 434-0600 - 2,200,000 (\$45,232,000) COMMON STOCK. (FILE 333-17589 -  
DEC. 10) (BR. 6)
- S-8 HBO & CO, 301 PERIMETER CTR N, ATLANTA, GA 30346 (770) 360-00 -  
26,698 (\$125,654.14) COMMON STOCK. (FILE 333-17591 - DEC. 10) (BR. 3)
- S-8 PREMIERE TECHNOLOGIES INC, 3399 PEACHTREE ROAD NE,  
LENOX BUILDING SUITE 400, ATLANTA, GA 30326 (404) 262-8435 - 5,787,240  
(\$137,446,950) COMMON STOCK. (FILE 333-17593 - DEC. 10) (BR. 3)
- S-3 INSIGNIA FINANCIAL GROUP INC, ONE INSIGNIA FINANCIAL PLZ, PO BOX 1089,  
GREENVILLE, SC 29602 (803) 239-1000 - 2,990,000 (\$161,460,000)  
PREFERRED STOCK. 6,668,588 (\$153,377,524) COMMON STOCK. (FILE 333-17595 -  
DEC. 10) (BR. 8)
- S-3 CILCORP INC, 300 HAMILTON BLVD STE 300, PEORIA, IL 61602 (309) 675-8810  
- 323,805 (\$11,758,169) COMMON STOCK. (FILE 333-17597 - DEC. 11) (BR. 4)
- S-3 FIRST UNION CORP, ONE FIRST UNION CTR, CHARLOTTE, NC 28288  
(704) 374-6565 - 62,089 (\$4,563,542) COMMON STOCK. (FILE 333-17599 -  
DEC. 10) (BR. 7)
- S-4 HARPER GROUP INC /DE/, 260 TOWNSEND ST, SAN FRANCISCO, CA 94107  
(415) 978-0600 - 500,000 (\$11,750,000) COMMON STOCK. (FILE 333-17601 -  
DEC. 10) (BR. 5)
- S-8 AWARD SOFTWARE INTERNATIONAL INC, 777 E MIDDLEFIELD ROAD, MOUNTAIN VIEW,  
CA 94043 (415) 968-4433 - 1,349,709 (\$7,382,145) COMMON STOCK. (FILE  
333-17607 - DEC. 11) (BR. 3)



**FOR IMMEDIATE RELEASE**

**96-140**

**ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS INSTITUTED  
AGAINST SKY SCIENTIFIC, INC., DENVER BROKER-DEALERS, AND OTHERS**

**Washington, D.C., December 17, 1996** -- The Commission announced that it has instituted public administrative proceedings pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 ("Exchange Act") and cease and desist proceedings pursuant to Section 21C of the Exchange Act and Section 8A of the Securities Act of 1933 ("Securities Act") against:

- Sky Scientific, Inc., a Florida company
- W.A. Dorow, Jr., president of Sky Scientific
- Jerry L. Foster, chief financial officer of Sky Scientific
- Gilbert Marshall & Co., Inc., a Colorado broker-dealer
- Michael A. Usher, president of Gilbert Marshall Strategic Resource Management, Inc., a Colorado broker-dealer
- William A. Moler, president of Strategic Resource Management
- Daniel R. Lehl, a registered representative at Gilbert Marshall and Strategic
- Thomas Patrick Meehan, a registered representative at Gilbert Marshall and Strategic
- Douglas A. Glaser, a registered representative at Gilbert Marshall
- Smith, Benton & Hughes, Inc., a California broker-dealer
- Michael Zaman, president of Smith, Benton & Hughes
- George T. Hellen, a registered representative at Smith, Benton & Hughes
- Robert Schlien, a Florida stock promoter
- American Capital Network, Inc., a Florida corporation owned by Schlien
- Philip M. Georgeson, a Colorado stock promoter
- Melvin L. Levine, a Florida stock promoter
- William David Jones, a Florida stock promoter.

The order instituting proceedings alleges that between April 1993 and June 1995:

- Gilbert Marshall, Usher, Smith, Benton & Hughes, Zaman, Lehl, Meehan, Glaser, Hellen, Georgeson, Schlien, American Capital, Levine, and Jones violated the registration provisions of the Securities Act by participating in the offer and sale of common stock in regard to which Sky Scientific filed Forms S-8 (Sky

Scientific registered approximately 30 million shares on Form S-8);

- all respondents, except Strategic Resource Management and Moler, violated the antifraud provisions of the securities laws by making materially false and misleading statements to investors, principally concerning the value of Sky Scientific's mineral assets, the magnitude of its expenses, and the value of financial instruments purportedly issued by a Russian bank;
- Schlien, American Capital Network, Levine, and Jones also violated the anti-touting provision of the Securities Act by publishing materials touting Sky Scientific without disclosing that they had received common stock from Sky Scientific;
- Gilbert Marshall, Usher, Strategic Resource Management and Moler violated the antifraud provisions by selling Sky Scientific stock to customers at prices that included excessive, undisclosed markups;
- Sky Scientific, Dorow, and Foster violated the antifraud and periodic reporting provisions by making false filings with the Commission and creating false accounting records.

A hearing will be scheduled to determine whether the allegations are true and, if so, what sanctions, if any, are appropriate and in the public interest, whether a cease-and-desist order should be issued, and whether disgorgement and civil penalties are appropriate.

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