

SEC NEWS DIGEST

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ENFORCEMENT PROCEEDINGS

PONDER INDUSTRIES, INC. AND FORMER OFFICERS CONSENT TO CEASE AND DESIST ORDER

The Commission instituted public administrative proceedings against Ponder Industries, Inc., an oil field service company based in Alice, Texas, and three of its officers, Mack Ponder, founder and former chief executive officer, Charles E. Greenwood, a former chief financial officer, and Michael A. Dupre, another former chief financial officer (collectively, respondents). Simultaneous to the institution of those proceedings, the Commission accepted offers of settlement from the respondents in which they consented, on a neither admit nor deny basis, to an order requiring them to cease and desist from committing or causing any violation or any future violation, variously, of Sections 10(b), 13(a) and 13(b)(2)(A) of the Exchange Act, and Rules 10b-5, 12b-20, 13a-1 and 13a-13 thereunder.

The cease and desist order is based on the Commission's charges that Ponder Industries materially misstated its net income before taxes and its assets in its report on Form 10-Q for the third quarter of fiscal year 1992, in a press release issued on August 11, 1992 and in its report on Form 10-K for fiscal year 1993. The Commission charged that Ponder Industries improperly recognized revenue from, and improperly capitalized costs associated with, its operations in Azerbaijan. The Commission charged that, as a result, for the third quarter of fiscal year 1992, Ponder Industries reported net income before taxes of \$1.1 million, instead of a net loss before taxes of \$1.1 million; in the press release, Ponder Industries projected net earnings of \$4.1 million for fiscal year 1992, which improperly included more than \$8 million in revenues from operations in Azerbaijan; and for fiscal year 1993, Ponder Industries improperly reported a net loss before taxes of \$1.2 million instead of a \$2.8 million loss. (Rel. 34-38858; AAE Rel. 938)

ADMINISTRATIVE PROCEEDINGS INSTITUTED AGAINST THOMAS FOX

The Commission announced that administrative proceedings have been instituted against Thomas J. Fox (Fox) of Springfield, Virginia.

The Commission's Order alleges that on September 24, 1996, the Commission filed a complaint seeking a permanent injunction against Fox in the United States District Court for the Eastern District of Virginia alleging that he violated Section 17(a) of the Securities Act and Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5 thereunder. The Commission also sought ancillary relief in the form of disgorgement and prejudgment interest. The Commission's complaint alleged that Fox, while employed as a registered representative of a brokerage firm, fraudulently misappropriated approximately \$1.3 million from nineteen customer accounts from April 1991 through June 1993. According to the complaint, Fox used the misappropriated funds to pay personal expenses and finance personal investments. The complaint further alleged that, from August 1989 through March 1991, Fox engaged in unregistered broker-dealer activities by promoting and selling securities that were neither sponsored nor authorized by the brokerage firm where he was employed at the time.

On January 31, 1997, U.S. District Judge Claude M. Hilton entered an Order and Memorandum which permanently enjoined Fox from violating the aforementioned provisions of the Securities Act and the Exchange Act and ordered him to disgorge \$1,066,394 plus prejudgment interest of \$347,528. (Rel. 34-38863)

SEC SUES POLICY MANAGEMENT SYSTEMS CORPORATION AND FIVE COMPANY OFFICIALS OVER ACCOUNTING IRREGULARITIES

The Commission announced today that it had sued Policy Management Systems Corporation of Columbia, South Carolina (PMSC) and five of its current and former officers. PMSC is engaged in the business of developing and licensing software used by insurance companies and its securities are listed and trade on the New York Stock Exchange. The SEC alleged in its complaint that from January 1991 through March 1993 PMSC and various of its employees engaged in a number of improper accounting practices which materially misstated PMSC's results of operations. These practices included the use of side letters to modify the terms of contracts, an undisclosed billing arrangement with one customer, undisclosed prebilling arrangements with other customers, and various practices which had the effect of holding the books open beyond the end of several reporting periods. The SEC also alleged that at the end of several reporting periods PMSC and certain of its employees recorded revenue from contracts which had not yet been finalized with customers. According to the SEC complaint, these practices, which did not comply with generally accepted accounting principles or PMSC's own publicly stated accounting policies, caused the revenues in PMSC's quarterly and annual financial statements for 1991, 1992 and the first quarter of 1993 to be misstated by amounts ranging up to \$3.9 million.

The individual defendants sued by the SEC are George Larry Wilson, the chief executive officer of PMSC, Robert L. Gresham, PMSC's former chief financial officer, James P. Brown, the company's former

general counsel, David T. Bailey, an executive vice president of PMSC, and Bernard C. Mazon, formerly an executive vice president of the company.

The SEC's complaint charged that each of the individual defendants violated Section 13(b)(5) of the Securities Exchange Act of 1934 (Exchange Act) and Rules 13b2-1 and 13b2-2 thereunder. The complaint also alleged that PMSC, and as controlling persons, the chief executive officer, chief financial officer and general counsel violated Sections 13(a) and 13(b)(2)(A) and (B) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder.

Simultaneously with the filing of the complaint, PMSC and the five individual defendants consented, without admitting or denying the allegations in the complaint, to the entry of final judgments ordering PMSC to pay a \$1 million civil penalty and each individual defendant to pay a \$20,000 civil penalty. The judgments also enjoin PMSC, Wilson, Gresham and Brown from future violations of the periodic reporting, books and records, and internal controls provisions of the Exchange Act and enjoin Bailey and Mazon from future violations of the internal control provisions. [SEC v. Policy Management Systems Corporation, George Larry Wilson, Robert L. Gresham, James P. Brown, David T. Bailey and Bernard C. Mazon, Civil Action No. 3:97-2193-10, D.S.C.] (LR-15417; AAE Rel. 939)

INVESTMENT COMPANY ACT RELEASES

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED AND MERRILL LYNCH GOVERNMENT SECURITIES, INC.

A notice has been issued giving interested persons until August 15 to request a hearing on an application filed by Merrill Lynch, Pierce, Fenner & Smith Incorporated (Merrill Lynch) and Merrill Lynch Government Securities, Inc. (GSI) for an order under Section 12(d)(1)(J) of the Investment Company Act exempting the Structured Yield Product Exchangeable for Stock Trusts and certain future trusts for which Merrill Lynch will serve as a principal underwriter (Trusts) from Section 12(d)(1) of the Act, under Section 6(c) exempting the Trusts from Section 14(a) of the Act, and under Section 17(b) of the Act exempting Merrill Lynch and/or GSI and the Trusts from Section 17(a) of the Act. The requested order would permit other registered investment companies to own a greater percentage of the total outstanding voting stock (Securities) of each Trust than that permitted by Section 12(d)(1); exempt the Trusts from the initial net worth requirements of Section 14(a); and permit the Trusts to purchase U.S. government securities from Merrill Lynch and/or GSI at the time of a Trust's initial issuance of Securities. (Rel. IC-22758 - July 22)

PACIFICA VARIABLE TRUST

A notice has been issued giving interested persons until August 18 to request a hearing on an application filed by Pacifica Variable Trust for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-22759 - July 23)

SELF-REGULATORY ORGANIZATIONS

ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission granted accelerated approval to proposed rule changes filed by the American Stock Exchange (SR-AMEX-97-24), Chicago Board Options Exchange (SR-CBOE-97-31), Pacific Exchange (SR-PCX-97-30) and Philadelphia Stock Exchange (SR-PHLX-97-33) relating to an extension of the 2-1/2 Point Strike Pilot Program. (Rel. 34-38856)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change filed by the American Stock Exchange to revise the options fee schedule (SR-Amex-97-22) has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of July 28. (Rel. 34-38859)

PROPOSED RULE CHANGE

The American Stock Exchange filed a proposed rule change (SR-AMEX-97-23) relating to the Listed Put and Call Option Questionnaire administered by the Exchange. Publication in the Federal Register is expected during the week of July 28. (Rel. 34-38861)

WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until August 11 to comment on the application of Reynolds Metals Company to withdraw from listing and registration on the Chicago Stock Exchange, its Common Stock, Without Par Value and its Preferred Stock Purchase Rights. (Rel. 34-38854)

DELISTING GRANTED

An order has been issued granting the application of the Boston Stock Exchange to strike from listing and registration U.S. Medical Products, Inc., Common Stock, No Par Value, and its Redeemable Class A Common Stock Purchase Warrants. (Rel. 34-38862)

WITHDRAWALS GRANTED

An order has been issued granting the application of Servico, Inc. to withdraw from listing and registration its Common Stock, \$.01 Par Value, on the American Stock Exchange. (Rel. 34-38866)

An order has been issued granting the application of Alaris Medical, Inc. to withdraw from listing and registration its Common Stock, \$.01 Par Value, on the American Stock Exchange. (Rel. 34-38867)

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. Registration statements may be obtained in person or by writing to the Commission's Public Reference Branch at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the following e-mail box address: <public info @ sec>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

- F-1 DENISON INTERNATIONAL PLC, 107 HAMMERSMITH RD, LONDON, X0 00000
(171) 603-1515 - 4,381,500 (\$83,248,500) FOREIGN COMMON STOCK (FILE 333-7248 - JUL 15) (BR 6 - NEW ISSUE)
- S-8 HARMAT ORGANIZATION INC, 22 OLD COUNTRY RD, P O BOX 539, QUOGUE, NY 11959 (516) 653-3303 - 900,000 (\$1,412,500) COMMON STOCK (FILE 333-31445 - JUL 17) (BR 6)
- S-3 TECO ENERGY INC, TECO PLAZA, 702 N FRANKLIN ST, TAMPA, FL 33602 (813) 228-4111 - 844,431 (\$21,532,990 50) COMMON STOCK (FILE 333-31447 - JUL 17) (BR 4)
- S-3 CVS CORP, ONE CVS DR, WOONSOCKET, RI 02895 (914) 925-4000 - 15,841,755 (\$844,682,376 60) COMMON STOCK (FILE 333-31449 - JUL 17) (BR 1)
- S-8 GTE CORP, ONE STAMFORD FORUM, STAMFORD, CT 06904 (203) 965-2000 - 43,000,000 (\$1,982,300,000) COMMON STOCK (FILE 333-31451 - JUL 17) (BR 3)
- S-1 ADVANCED RADIO TELECOM CORP, 500 108TH AVE NE, SUITE 2600, BELLEVUE, WA 98004 (206) 688-8700 - 2,731,725 (\$27,317 25) COMMON STOCK. (FILE 333-31453 - JUL 17) (BR 3)
- S-8 GTE CORP, ONE STAMFORD FORUM, STAMFORD, CT 06904 (203) 965-2000 - 3,000,000 (\$138,300,000) COMMON STOCK. (FILE 333-31455 - JUL 17) (BR 3)
- S-3 U S HOME CORP /DE/, 1800 WEST LOOP SOUTH, STE 1900, HOUSTON, TX 77027 (713) 877-2311 - 300,000,000 (\$300,000,000) STRAIGHT BONDS (FILE 333-31457 - JUL 17) (BR 6)
- S-8 FRANKLIN BANCORPORATION INC, 1722 I (EYE) STREET NW, WASHINGTON, DC 20006 (202) 429-9888 - 500,000 (\$6,562,500) COMMON STOCK (FILE 333-31459 - JUL 17) (BR 7)

S-8 BLAIR CORP, 220 HICKORY ST, WARREN, PA 16366 (814) 723-3600 - 49,600 (\$372,000) COMMON STOCK (FILE 333-31461 - JUL 17) (BR 2)

S-3 FISERV INC, 255 FISERV DR, PO BOX 979, BROOKFIELD, WI 53045 (414) 879-5000 - 853,710 (\$38,442,561 30) COMMON STOCK. (FILE 333-31465 - JUL 17) (BR 3)

S-8 GENENTECH INC, 460 POINT SAN BRUNO BLVD, SOUTH SAN FRANCISCO, CA 94080 (415) 225-1000 - 700,000 (\$40,838,000) COMMON STOCK. (FILE 333-31467 - JUL 17) (BR 1)

S-8 EMC CORP, 171 SOUTH STREET, HOPKINTON, MA 01748 (508) 435-1000 - 6,000,000 (\$271,140,000) COMMON STOCK (FILE 333-31471 - JUL 17) (BR 3)

S-8 ALLIED CAPITAL CORP, 1666 K ST N W STE 901, WASHINGTON, DC 20006 (202) 331-1112 - 530,356 (\$8,485,696) COMMON STOCK. (FILE 333-31473 - JUL 17) (BR 16)

S-8 ARKANSAS BEST CORP /DE/, 3801 OLD GREENWOOD RD, FORT SMITH, AR 72903 (501) 785-6000 - 1,000,000 (\$6,151,210.75) COMMON STOCK. (FILE 333-31475 - JUL 17) (BR 5)

S-3 ANHEUSER BUSCH COMPANIES INC, ONE BUSCH PL, C/O OFFICE OF THE VP & SEC'Y, ST LOUIS, MO 63118 (314) 577-2000 - 700,000,000 (\$700,000,000) STRAIGHT BONDS (FILE 333-31477 - JUL 17) (BR 2)

S-8 VITAFORT INTERNATIONAL CORP, 1800 AVE OF THE STARS STE 480, LOS ANGELES, CA 90067 (310) 552-6393 - 428,086 (\$535,108) COMMON STOCK (FILE 333-31479 - JUL 17) (BR 2)

SB-2 INTEGRATED SURGICAL SYSTEMS INC, 829 WEST STADIUM LANE, SACRAMENTO, CA 95834 (916) 646-3487 - 1,993,250 (\$14,451,062 50) COMMON STOCK (FILE 333-31481 - JUL 17) (BR 9)

S-8 MTL INC, 3108 CENTRAL DR, PLANT CITY, FL 33567 (813) 754-4725 - 400,000 (\$9,300,000) COMMON STOCK. (FILE 333-31483 - JUL 17) (BR 5)

S-8 MARTIN INDUSTRIES INC /DE/, 301 E TENNESSEE ST, FLORENCE, AL 35630 (205) 767-0330 - 100,000 (\$631,250) COMMON STOCK. (FILE 333-31485 - JUL 17) (BR 6)

S-8 WESTERN DIGITAL CORP, 8105 IRVINE CENTER DR, IRVINE, CA 92718 (714) 932-5000 - 700,000 (\$700,000) OTHER SECURITIES INCLUDING VOTING TRUST (FILE 333-31487 - JUL 17) (BR 3)

S-3 CEL SCI CORP, 66 CANAL CENTER PLZ STE 510, ALEXANDRIA, VA 22314 (703) 549-5293 - 1,035,000 (\$3,819,150) COMMON STOCK. (FILE 333-31489 - JUL 17) (BR 1)

S-1 FIRST NORTH AMERICAN LIFE ASSURANCE CO ET AL, 116 HUNTINGTON AVE, CORPORATE CENTER AT RYE, BOSTON, MA 02116 (617) 266-6008 - \$330,000 VARIABLE ANNUITY ISSUES. (FILE 333-31491 - JUL 17) (BR. 20)

S-3 MONONGAHELA POWER CO /OH/, 1310 FAIRMONT AVE, PO BOX 1392, FAIRMONT, WV 26555 (304) 366-3000 - 1,000,000 (\$1,000,000) MORTGAGE BONDS (FILE 333-31493 - JUL 17) (BR 4)

S-8 SABRATEK CORP, 5601 WEST HOWARD ST, NILES, IL 60714 (847) 647-2760 - 150,000 (\$3,966,000) COMMON STOCK (FILE 333-31495 - JUL 17) (BR 1)

S-3 CEL SCI CORP, 66 CANAL CENTER PLZ STE 510, ALEXANDRIA, VA 22314 (703) 549-5293 - 240,000 (\$885,600) COMMON STOCK (FILE 333-31497 - JUL 17) (BR 1)

S-3 MARTIN INDUSTRIES INC /DE/, 301 E TENNESSEE ST, FLORENCE, AL 35630 (205) 767-0330 - 200,000 (\$1,262,500) COMMON STOCK (FILE 333-31499 - JUL 17) (BR 6)

SB-2 DYNACRAFT GOLF PRODUCTS INC, 71 MAHOLM ST, NEWARK, OH 43055
(800) 321-4833 - 700,000 (\$3,500,000) COMMON STOCK (FILE 333-31501 -
JUL 17) (BR 9 - NEW ISSUE)

S-8 SABRATEK CORP, 5601 WEST HOWARD ST, NILES, IL 60714 (847) 647-2760 -
2,026,312 (\$53,575,689 28) COMMON STOCK (FILE 333-31503 - JUL 17)
(BR 1)

S-8 RATIONAL SOFTWARE CORP, 2800 SAN TOMAS EXPRESSWAY, SANTA CLARA, CA 95051
(408) 496-3600 - 350,000 (\$6,016,500) COMMON STOCK (FILE 333-31505 -
JUL 17) (BR. 3)

S-3 U S LONG DISTANCE CORP, 9311 SAN PEDRO STE 100, SAN ANTONIO, TX 78216
(210) 525-9009 - 163,133 (\$2,732,477 70) COMMON STOCK. (FILE 333-31507 -
JUL. 17) (BR 3)

S-3 CORESTAFF INC, 4400 POST OAK PARKWAY, STE 1130, HOUSTON, TX 77027
(713) 961-3633 - \$207,000,000 CONVERTIBLE DEBENTURES AND NOTES
\$206,137,500 COMMON STOCK (FILE 333-31509 - JUL 17) (BR 7)

S-8 THINK NEW IDEAS INC, 45 W 36 STREET 12TH FLOOR, SUITE 160, NYE YORK, NY
10018 (212) 629-6800 - 350,000 (\$1,816,500) COMMON STOCK (FILE 333-31511
- JUL 17) (BR 9)

S-3 ALPHARMA INC, ONE EXECUTIVE DR, P O BOX 1399, FORT LEE, NJ 07024
(201) 947-7774 - 2,262,686 (\$36,972,289 24) COMMON STOCK (FILE 333-31513
- JUL. 17) (BR. 1)

S-8 ELECTRONICS COMMUNICATIONS CORP, 4 MADISON RD, FAIRFIELD, NJ 07004
(201) 808-8862 - 50,000 (\$20,625) COMMON STOCK (FILE 333-31515 - JUL 17)
(BR. 3)

S-3 ESS TECHNOLOGY INC, 48401 FREMONT BLVD, FREMONT, CA 94538 (510) 492-1088
- 685,415 (\$9,981,355 94) COMMON STOCK (FILE 333-31517 - JUL 17)
(BR 6)

S-8 BRYLANE INC, 463 SEVENTH AVE - 21ST FLR, NEW YORK, NY 10018
(212) 613-9500 - 2,479,584 (\$65,901,186 92) COMMON STOCK. (FILE 333-31519
- JUL 17) (BR 2)

S-8 OBJECT DESIGN INC, 25 MALL RD, BURLINGTON, MA 01803 (617) 674-5000 -
1,500,000 (\$11,265,000) COMMON STOCK (FILE 333-31521 - JUL 17) (BR 3)

S-3 HUGHES SUPPLY INC, 20 N ORANGE AVE, STE 200, P O BOX 2273, ORLANDO, FL
32802 (407) 841-4755 - 449,751 (\$11,841,943 83) COMMON STOCK (FILE
333-31523 - JUL 18) (BR 6)

S-4 RIDDELL SPORTS INC, 900 3RD AVE, NEW YORK, NY 10022 (212) 826-4300 -
115,000,000 (\$115,000,000) STRAIGHT BONDS (FILE 333-31525 - JUL 18)
(BR 5)