

SEC NEWS DIGEST

Issue 97-69

April 10, 1997

COMMISSION ANNOUNCEMENTS

COMMISSION MEETING

CLOSED MEETING - THURSDAY, APRIL 3, 1997

CHANGE IN THE MEETING: Deletion

The following item was not considered at the closed meeting scheduled for Thursday, April 3, 1997:

Settlement of injunctive action.

Commissioner Hunt, as duty officer, determined that Commission business required the above change and that no earlier notice thereof was possible.

ENFORCEMENT PROCEEDINGS

DECISION SANCTIONING M. RIMSON & CO., INC. AND MOSHE RIMSON FINAL

The decision of an administrative law judge imposing sanctions on M. Rimson & Co., Inc. (Rimson Inc.), a registered broker-dealer located in New York City, and Moshe Rimson, its president and sole shareholder, has become final. The law judge's order (1) revoked Rimson Inc.'s broker-dealer registration; (2) barred Moshe Rimson from association with any broker-dealer and from participation in any offering of penny stock; (3) barred respondents from association with any member of a national securities exchange or registered securities association; (4) fined Rimson Inc. \$9,500,000 and Rimson \$1,900,000; (5) ordered respondents to disgorge \$730,000 plus prejudgment interest; and (6) ordered respondents to cease and desist from further violations.

The law judge found that respondents committed egregious violations of antifraud provisions in that Moshe Rimson knowingly permitted four separate boiler room operations, involving high pressure sales tactics and fraudulent representations to customers, to be conducted

through his firm. The law judge also found that respondents maintained false books and records; failed to produce required records for inspection by the Commission's staff; employed unregistered salespersons; aided and abetted the operation of an unregistered broker-dealer; and violated penny stock rules. (Rel. 34-38489)

COMMISSION ORDERS TRADING SUSPENSION IN SECURITIES OF HISTORIC HOTEL HOLDINGS, INC.

Today the Commission announced that, pursuant to Section 12(k) of the Securities Exchange Act of 1934, it issued an order suspending trading in the securities of Historic Hotel Holdings, Inc. (HHH), a Lake Park, Florida based company purportedly engaged in the business of acquiring a hotel in Sebring, Florida, as well as acquiring a company engaged in a business connected to the oil and gas industry. The order was issued because of questions regarding the accuracy of assertions by HHH, and by others, in press releases and in documents sent to investors concerning, among other things, HHH's alleged ownership of and plans to renovate, or current efforts to acquire, the Harder Hall hotel in Sebring, Florida; in what market HHH's securities are traded; and HHH's acquisition of Boyd Energy Corporation and Alert Manufacturing, Inc. Pursuant to the Commission's order, trading in HHH's securities was suspended for the period from 9:30 a.m. EDT, April 10, 1997 through 11:59 p.m. EDT, on April 23, 1997. (Rel. 34-38492)

COMMISSION ANNOUNCES TWO INSIDER CASES AGAINST THIRTEEN DEFENDANTS

The Securities and Exchange Commission today announced the filing of two "bad news" insider trading cases involving the securities of Alpha 1 Biomedicals, Inc. and SciClone Pharmaceuticals, Inc. In each case, a group of traders was tipped about negative news concerning how an experimental, anti-hepatitis drug, Thymosin alpha 1, developed by Alpha 1 and licensed to SciClone, had performed in a crucial clinical trial on which the future business prospects of both companies depended. The traders were tipped about the fact that initial analysis of the test data from the clinical trial indicated that the trial had not proven the drug to be effective.

The complaints allege that Dr. Milton Mutchnick, the lead investigator on the clinical trial, and his wife tipped a group of friends and family members in Michigan and Ohio and that his assistant, Dr. Rangarao Panguluri, tipped a separate group of friends and business associates in California. Each of the people Mutchnick and Panguluri tipped immediately sold all of their Alpha 1 or SciClone securities prior to the public announcement of the bad news by Alpha 1, thereby avoiding losses in the aggregate of approximately \$300,000.

Simultaneous with the filing of the Commission's complaint in the District of Columbia, Milton and Renee Mutchnick, and their tippees Michael DeWood, Dennis M. Gill, Yvonne Graham, Paul H. Holloway,

William M. Leuchter and Richard Liebich consented, without admitting or denying the allegations in the complaint, to the entry of Final Judgments providing for injunctive relief, disgorgement and, as to certain defendants who are able to pay, civil penalties. The Mutchicks have agreed to pay a civil penalty of \$163,494.75, an amount equal to the total of all of their tippees' avoided losses.

The Commission's complaint filed in the Central District of California against Dr. Panguluri and his tippees, Dr. Ravindra Alapati, Dr. Syam Gaddam, Gowtami Gaddam, and Dr. Ravi Makam, alleges that Panguluri provided his tip at a time when he was negotiating to join Dr. Alapati's and Dr. Gaddam's medical practice. The complaint also alleges that Drs. Alapati, Gaddam and Makam concocted phony alibis and enlisted the help of others in an attempt to cover up their insider trading. The complaint seeks injunctive relief, disgorgement, and civil penalties. [SEC v. Milton Mutchnick, et al., Civil Action No. 1:97CV00709 JLG, D.D.C., April 10, 1997; SEC v. Rangarao Panguluri, et al., Civil Action No. SACV 97-298 GLT, EEX, C.D. Cal., April 9, 1997] (LR-15322)

COMPLAINT AGAINST EUNICE LEIGH

The Commission announced that on April 9 it filed a complaint in the United States District Court for the Central District of California against Eunice J. Leigh, based on allegations that she engaged in insider trading. The Commission's complaint alleges that the defendant, a resident of Palm Desert, California, violated certain anti-fraud provisions of the federal securities law by buying stock in Davis Water & Waste Industries, Inc. while in possession of material, nonpublic information she received in the course of her employment as a secretary in the legal department of U.S. Filter Corporation.

Specifically, the complaint alleges the defendant learned on Friday, April 26, 1996, that U.S. Filter Corporation was negotiating to acquire Davis Water & Waste. On Monday, April 29, 1996, the defendant bought 1,000 shares of Davis Water & Waste common stock. On May 16, 1996, the day after U.S. Filter Corporation publicly announced that it had agreed to acquire Davis Water & Waste, the defendant sold her shares.

The defendant has consented to entry of a final judgment, without admitting or denying the allegations in the complaint. The Final Judgment grants injunctive relief barring the defendant from future violations of certain anti-fraud provisions of the federal securities laws and orders her to disgorge her profits of \$10,224 and pay a penalty of \$10,224. [SEC v. Eunice J. Leigh, Civil Action No. 97-2385GHK, AJWx, C.D. Cal.] (LR-15323)

SEC V. KENNETH P. KASARJIAN, THE KENTON GROUP, INC. F/K/A KENTON PORTFOLIO MANAGEMENT, INC., 97 Civ. 2516 (JES) (S.D.N.Y.)

The Commission announced that it filed today a complaint in federal court in Manhattan charging a former executive of The Bennett Funding Group, Inc. (BFG) and a corporation that he controlled with

directing the fraudulent offer and sale of hundreds of millions of dollars of unregistered securities on behalf of BFG and its affiliates. Today's action is the second civil suit filed by the Commission arising out of the alleged massive Ponzi scheme perpetrated by BFG and its affiliates.

The complaint names Kenneth P. Kasarjian (Kasarjian), 52, who was a senior vice president of BFG from about 1990 through May 1995. During this time and continuing through December 1995, Kasarjian managed sales of BFG financial products through a network of broker-dealers. The complaint also names The Kenton Group, Inc. (Kenton), a New Jersey corporation wholly-owned by Kasarjian since January 1993, and owned jointly by Kasarjian and another person from 1990 through 1992. Kenton is the corporate entity through which Kasarjian managed sales of BFG financial products. From late 1995 through 1996, Kenton created and managed investment funds designed to invest primarily in office equipment leases to be acquired from, among others, BFG and its affiliates.

According to the complaint, Kasarjian, both as an executive of BFG and through Kenton, from about 1991 through about 1996 offered and sold several hundred million dollars of securities on behalf of BFG and certain of its affiliates through a network of broker-dealers located in, among other places, New York City, New Jersey, and Philadelphia.

In SEC v. The Bennett Funding Group, Inc. et al., 96 Civ. 2237 (JES) the Commission alleged that between 1991 through 1996, BFG and certain others engaged in a massive "Ponzi" scheme in the offer and sale of several hundred million dollars of securities including purported assignments of equipment leases (Lease Assignments) and promissory notes (Notes) issued by BFG, Bennett Receivables Corporation (BRC), or Bennett Receivables Corporation-II (BRC-II). The Commission alleged that BFG did not have sufficient receivable streams to support the Lease Assignments offered and sold to investors. In some instances, such as the sale of tens of millions of dollars of purported New York City Transit Authority Lease Assignments, the underlying leases simply did not exist. In other instances, the leases purportedly sold were already pledged to other investors or to banks. The Commission further alleged that BRC and BRC-II Notes were sold by means of materially false BFG financial statements.

In the complaint filed today, the Commission alleges that Kasarjian and Kenton violated the antifraud provisions of the federal securities laws when they sold BFG Lease Assignments and Notes on behalf of BFG. The Commission alleges that Kasarjian and Kenton knew or were reckless in not knowing: (a) that BFG did not have sufficient receivable streams to support the sales of Lease Assignments; and (b) that BFG's financial statements were materially false.

According to the complaint, Kasarjian and Kenton participated in sham transactions that were used to materially overstate income on

BFG's audited financial statements. Those financial statements were included in memoranda used to offer and sell BRC and BRC-II Notes. Kasarjian's and Kenton's sale of the Lease Assignments allegedly also violated the registration provisions of the Securities Act of 1933.

Last, Kasarjian and Kenton are charged with fraudulently offering and selling, during 1995 and 1996, approximately \$27 million in membership interests in certain investment funds (Funds) that were designed to invest in municipal leases and other debt instruments. The complaint alleges that Kasarjian and Kenton fraudulently advanced the proceeds of these membership interest offerings to BFG and its affiliates without acquiring any such debt instruments for the Funds.

The Commission seeks permanent injunctions against future violations of the securities laws, disgorgement of all ill-gotten gains, prejudgment interest, and other relief.

BFG and certain of its affiliates are debtors in Chapter 11 bankruptcy proceedings pending in the United States Bankruptcy Court for the Northern District of New York. In April 1996, the bankruptcy court granted the Commission's motion for the appointment of a Chapter 11 Trustee over BFG and its affiliated debtors, and subsequently appointed Richard C. Breeden to serve in that capacity. In July 1996, Patrick Bennett consented to a preliminary injunction and an asset freeze in the SEC-Bennett District Court Action, without admitting the allegations. Since then, the SEC-Bennett District Court Action against Patrick Bennett has been stayed pending the resolution of criminal proceedings against him. The Commission's investigation of the facts surrounding the sale of BFG securities remains ongoing. For more information see Litigation Release Nos. 14875 and 14991; Accounting and Auditing Enforcement Release Nos. 772 and 805. [SEC V. KENNETH P. KASARJIAN, THE KENTON GROUP, INC. F/K/A KENTON PORTFOLIO MANAGEMENT, INC., 97 Civ. 2516, JES, S.D.N.Y.] (LR-15324)

CIVIL AND ADMINISTRATIVE ACTIONS INVOLVING STRUCTURAL DYNAMICS RESEARCH CORPORATION, SIX FORMER EMPLOYEES AND ITS INDEPENDENT AUDITORS

The Securities and Exchange Commission today filed a civil action alleging that five former senior officers of Structural Dynamics Research Corporation (SDRC) -- Chief Executive Officer Ronald J. Friedsam, Chief Financial Officer Ronald H. Hoffman, Senior Vice-President Robert A. Fischer, Vice-President Tony Tolani and Controller Richard J. LaJoie, Jr. -- violated the antifraud provisions in connection with SDRC's artificially inflating revenues and earnings by recognizing premature and fictitious revenue. All five defendants have settled the action, filed in the United States District Court for the Southern District of Ohio, by agreeing, without admitting or denying the allegations, to the entry of permanent injunctions against them and to pay a total of approximately \$1.5 million in civil penalties, disgorgement and prejudgment interest. Friedsam and Hoffman also consented to be barred for five years from serving as an officer or director of any

public reporting company, and Hoffman and LaJoie agreed to administrative orders barring them for five years from appearing or practicing before the Commission as an accountant.

In simultaneous administrative proceedings, Assistant Controller Lynn K. Blattman consented, without admitting or denying the Commission's findings, to a cease and desist order based on her contribution to SDRC's reporting violations.

The Commission also today instituted and simultaneously settled administrative proceedings pursuant to Rule 102(e) of the Commission's Rules of Practice as to SDRC's auditors for the audit of SDRC's 1993 financial statements, namely Philip S. Present II and William J. Scanlon, former partners of SDRC's independent auditors at the time, KPMG Peat Marwick LLP, based on improper professional conduct. Without admitting or denying the allegations in the Order, Present consented to an Order barring him for a period of two and one-half years from appearing or practicing before the Commission as an accountant, and Scanlon consented to an Order censuring him. [SEC v. Structural Dynamics Research Corporation, Ronald J. Friedsam, Ronald H. Hoffman Robert A. Fischer, Tony Tolani and Richard J. LaJoie, Jr., Civ. No. C-1-97-0352] (Rels. 34-38493; 34-38494, Present and Scanlon; LR-15325)

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.

- F-3 ANDINA BOTTLING CO INC, CARLOS VALDOVINOS 560, SAN JOAQUIN, SANTIAGO CHILE, F3 - \$500,000,000 STRAIGHT BONDS. (FILE 333-6708 - APR 01) (BR 2)
- F-3 REED ELSEVIER CAPITAL INC, 1105 NORTH MARKET ST STE 924, WILMINGTON, DE 19801 (302) 427-9299 - 1,750,000,000 (\$1,750,000,000) STRAIGHT BONDS (FILE 333-6710 - APR 01) (BR 5)
- F-6 WATTACHAK PUBLIC CO LTD /ADR/, 48 WALL ST, C/O BANK OF NEW YORK, NEW YORK, NY 10286 (212) 495-1727 - 10,000,000 (\$500,000) FOREIGN COMMON STOCK (FILE 333-6712 - APR. 01) (BR. 99 - NEW ISSUE)
- F-1 DOCDATA NV, HELVOIRTSEWEG 9, 5261 CA VUGHT, THE NETHERLANDS, P7 - 5,750,000 (\$86,250,000) FOREIGN COMMON STOCK. (FILE 333-6714 - APR. 02) (BR. 2 - NEW ISSUE)
- F-1 QUEZON POWER PHILIPPINES LTD CO, 62 H DELA COSTA ST, BARANGUAY DAUNGAN, MAUBAN QUEZON PHILIPPINES, R6 - 215,000,000 (\$215,000,000) STRAIGHT BONDS. (FILE 333-6716 - APR 02) (BR. 4 - NEW ISSUE)
- S-8 FOOD CONCEPTS INC, 6601 LYONS ROAD SUITE C-12, COCONUT CREEK, FL 33073 (954) 420-0882 - 5,000,000 (\$182,500) COMMON STOCK. (FILE 333-6718 - APR 01) (BR 2)

S-3 BARRETT BUSINESS SERVICES INC, 4724 S W MACADAM AVE, PORTLAND, OR 97201
(503) 220-0988 - 157,443 (\$2,204,202) COMMON STOCK. (FILE 333-24449 -
APR 03) (BR. 7)

S-6 NUVEEN TAX FREE UNIT TRUST SERIES 935, 333 W WACKER, CHICAGO, IL 60606
(312) 917-7786 - INDEFINITE SHARES. (FILE 333-24451 - APR 03) (NEW ISSUE)

S-3 MELLON RESIDENTIAL FUNDING CORP, ONE MELLON BANK CENTER, ROOM 410,
PITTSBURGH, PA 15258 (412) 236-6559 - 1,000,000 (\$1,000,000)
PASS-THROUGH MORTGAGE-BACKED CERTIFICATE (FILE 333-24453 - APR 03)
(BR. 8 - NEW ISSUE)

S-3 IMC SECURITIES INC, 0, 3450 BURCHWOOD PARK DRIVE STE 250, TAMPA, FL
33618 (813) 932-2211 - 1,000,000 (\$1,000,000) EQUIPMENT TRUST CERTIFICATES.
(FILE 333-24455 - APR. 03) (BR. 8)

S-3 TRANSOCEAN OFFSHORE INC, 4 GREENWAY PLAZA, HOUSTON, TX 77046
(713) 871-7500 (FILE 333-24457 - APR 03)

S-8 BDM INTERNATIONAL INC /DE/, 1501 BDM WAY, MCLEAN, VA 22102 (703) 848-5000
- 2,500,000 (\$52,187,500) COMMON STOCK (FILE 333-24459 - APR. 03)
(BR 4)

S-8 JAVA CENTRALE INC /CA/, 1610 ARDEN WAY, STE 299, SACRAMENTO, CA 95815
(916) 568-2310 - 1,800,000 (\$787,500) COMMON STOCK. (FILE 333-24461 -
APR. 03) (BR. 2)

S-8 TRANS ENERGY INC, 210 SECOND ST, PO BOX 393, ST MARYS, WV 26170
(304) 684-7053 - 25,000 (\$71,875) COMMON STOCK (FILE 333-24463 - APR. 03)
(BR. 4)

S-3 UNITED STATES FILTER CORP, 40-004 COOK STREET, PALM DESERT, CA 92211
(619) 340-0098 - 2,291,059 (\$69,590,917 13) COMMON STOCK (FILE 333-24465
- APR 03) (BR. 6)

S-8 MASON OIL CO INC, 455 EAST 500 SOUTH, SUITE 205, SALT LAKE CITY, UT
84121 (801) 942-0592 - 1,050,000 (\$1,711,500) COMMON STOCK (FILE
333-24467 - APR 03) (BR. 9)

S-8 AUTODESK INC, 111 MCINNIS PKWY, SAN RAFAEL, CA 94903 (415) 332-2344 -
495,509 (\$13,026,974 47) COMMON STOCK (FILE 333-24469 - APR 03) (BR 3)

S-8 WEST TELESERVICES CORP, 9910 MAPLE ST, OMAHA, NE 68134 (402) 571-7700 -
9,499,500 (\$121,712,343 75) COMMON STOCK (FILE 333-24473 - APR 03)
(BR 6)

S-8 GRAHAM CORP, 20 FLORENCE AVE, POST OFFICE BOX 719, BATAVIA, NY 14020
(716) 343-2216 - 42,000 (\$588,000) COMMON STOCK. (FILE 333-24475 -
APR 03) (BR 5)

S-8 PERFORMANCE TECHNOLOGIES INC \DE\, 315 SCIENCE PARKWAY, ROCHESTER, NY
14620 (716) 256-0200 - 373,865 (\$4,183,549 35) COMMON STOCK. (FILE
333-24477 - APR. 03) (BR 6)

S-1 GENESYS TELECOMMUNICATIONS LABORATORIES INC,
1153 MARKET STREET, 11TH FLOOR, SAN FRANCISCO, CA 94103 (415) 437-1100 -
2,300,000 (\$36,800,000) COMMON STOCK (FILE 333-24479 - APR 03) (BR 3
- NEW ISSUE)

S-8 INTEGRATED MEDICAL RESOURCES INC, 8326 MELROSE DRIVE, LENEXA, KS 66214
(913) 894-0591 - 700,000 (\$4,900,000) COMMON STOCK. (FILE 333-24481 -
APR. 03) (BR 9)

S-3 CARDINAL HEALTH INC, 5555 GLENDON COURT, DUBLIN, OH 43016 (614) 761-8700
- 350,000,000 (\$350,000,000) STRAIGHT BONDS (FILE 333-24483 - APR 03)
(BR 1)

S-8 INTEGRATED MEDICAL RESOURCES INC, 8326 MELROSE DRIVE, LENEXA, KS 66214
(913) 894-0591 - 100,000 (\$700,000) COMMON STOCK (FILE 333-24485 -
APR. 03) (BR. 9)

S-8 AQUILA BIOPHARMACEUTICALS INC, 365 PLANTATION STREET,
BIOTECHNOLOGY RESEARCH PARK, WORCESTER, MA 01605 (508) 797-5777 -

2,200,000 (\$11,000,000) COMMON STOCK. (FILE 333-24487 - APR. 03) (BR. 1)

S-3 MORTGAGE CAPITAL FUNDING INC, 399 PARK AVE, 3RD FLOOR, NEW YORK, NY
10043 (212) 793-5880 - 4,000,000,000 (\$4,000,000,000)
PASS-THROUGH MORTGAGE-BACKED CERTIFICATE. (FILE 333-24489 - APR. 03)
(BR 8)

S-8 AQUILA BIOPHARMACEUTICALS INC, 365 PLANTATION STREET,
BIOTECHNOLOGY RESEARCH PARK, WORCESTER, MA 01605 (508) 797-5777 - 200,000
(\$1,000,000) COMMON STOCK (FILE 333-24491 - APR. 03) (BR. 1)

S-8 PROTECTION ONE INC, 6011 BRISTOL PARKWAY, CULVER CITY, CA 90230
(310) 338-6930 - 356,000 (\$3,684,125) COMMON STOCK. (FILE 333-24493 -
APR 03) (BR 7)

S-3 KEY ENERGY GROUP INC, 255 LIVINGSTON AVE, NEW BRUNSWICK, NJ 08901
(915) 570-5721 - 5,810,556 (\$81,347,784) COMMON STOCK (FILE 333-24497 -
APR 03) (BR. 4)

S-3 KEY ENERGY GROUP INC, 255 LIVINGSTON AVE, NEW BRUNSWICK, NJ 08901
(915) 570-5721 - 917,500 (\$12,845,000) COMMON STOCK. (FILE 333-24499 -
APR 03) (BR. 4)

S-3 OWENS CORNING, OWENS CORNING WORLD HEADQUARTERS,
ONE OWENS CORNING PARKWAY, TOLEDO, OH 43659 (419) 248-8000 (FILE 333-24501
- APR. 03) (BR. 6)

S-6 WITTER DEAN SELECT EQUITY TR SELECT 5 INDUST PORT 97-3,
C/O DEAN WITTER REYNOLDS INC, TWO WORLD TRADE CENTER 59TH FL, NEW YORK, NY
10048 - INDEFINITE SHARES (FILE 333-24503 - APR. 03) (NEW ISSUE)

S-6 WITTER DEAN SELECT EQUITY TR SELECT 10 INDUSTRIAL 97-3,
C/O DEAN WITTER REYNOLDS INC, TWO WORLD TRADE CENTER 59TH FL, NEW YORK, NY
10048 - INDEFINITE SHARES (FILE 333-24505 - APR 03) (NEW ISSUE)

S-4 WILLCOX & GIBBS INC /DE, 800 MILIK ST, CARTERT, NJ 07008 (908) 541-6255
- 85,000,000 (\$85,000,000) STRAIGHT BONDS. (FILE 333-24507 - APR 03)
(BR 6 - NEW ISSUE)

S-2 FIDELITY BANCORP INC, 1009 PERRY HIGHWAY, PITTSBURGH, PA 15237
(412) 367-3300 - 1,100,000 (\$11,000,000) PREFERRED STOCK (FILE 333-24509
- APR 03) (BR. 7)

S-1 MRCDROM COM INC, 2415 MIDWAY STE 115, CARROLLTON, TX 75006
(972) 713-2609 - 3,000,000 (\$12,000,000) COMMON STOCK. (FILE 333-24511 -
APR 04) (BR 2 - NEW ISSUE)