

# sec news digest

Issue 96-16

January 30, 1996

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## COMMISSION ANNOUNCEMENTS

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Following is a schedule of Commission meetings which will be conducted under provisions of the Government in the Sunshine Act. In general, the Commission expects to follow a schedule of holding open meetings on Wednesday mornings. Otherwise, meetings will be scheduled according to the requirements of agenda items under consideration.

Visitors are welcome at all open meetings, insofar as space is available.

Meetings will be held in the Commission Meeting Room, Room 1C30, at the Commission's headquarters building, 450 Fifth Street, N.W., Washington, D.C. Persons wishing to photograph or videotape Commission meetings must obtain permission in advance from the Secretary of the Commission. Persons wishing to tape record a Commission meeting should notify the Secretary's office 48 hours in advance of the meeting.

Any member of the public who requires auxiliary aids such as a sign-language interpreter or material on tape to attend a public meeting should contact Nancy Wolynetz, Office of Administrative and Personnel Management, to make arrangements. Ms. Wolynetz can be reached at (202) 942-4091 or at a TTY number (202) 942-4075. Staff members at the Commission are encouraged to contact Ms. Wolynetz if they receive inquiries on availability of auxiliary aids.

### OPEN MEETING - MONDAY, FEBRUARY 5, 1996 - 11:30 A.M.

The subject matter of the open meeting scheduled for Monday, February 5, 1996, at 11:30 a.m., will be:

The Commission will consider releasing the staff report of the Task Force on Disclosure Simplification. This report will contain a number of recommendations designed to simplify, streamline, and modernize the rules and forms addressing corporation finance. The Task Force, composed of Commission staff members, was assisted by Philip K. Howard. For further information, contact: Brian J. Lane, Counselor to the Chairman, at (202) 942-0100.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

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## ENFORCEMENT PROCEEDINGS

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### PUBLIC ADMINISTRATIVE PROCEEDINGS INSTITUTED AGAINST JOSEPH AARON

The Commission instituted public administrative proceedings against Joseph M. Aaron pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 (Exchange Act).

The Order Instituting Proceedings (Order) alleges that Aaron was enjoined on January 11, 1996 from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The Commission's complaint in that civil action alleged that, from October 1990 through October 1992, while Aaron was a registered representative of a registered broker dealer, Aaron and Chartwell Financial raised approximately \$16 million by selling investment trust notes through 12 broker-dealers to approximately 400 investors. While offering and selling the promissory notes issued by the trusts, Aaron and Chartwell made misrepresentations and omissions of material facts regarding certain risk-reducing features of the investments.

Aaron offered to settle the administrative proceedings. The Commission ordered that Aaron be suspended for a period of twelve months from association with any broker, dealer, municipal securities dealer, investment adviser or investment company and that he comply with certain undertakings in his offer of settlement. [SEC v. Joseph M. Aaron, Chartwell Financial, et al., USDC, ND CA, Civil Action No. 96-0101, EFL] (LR-14796)

## FORMER FIRST ALLIANCE PRINCIPAL ENJOINED

The Commission announced that on January 22 a Final Judgment By Default was entered in the U.S. District Court for the Northern District of Georgia against Calvin L. Word (Word), permanently enjoining Word from violating Section 17(a) of the Securities Act and Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder. Word was a co-owner and the vice president of First Alliance Securities, Inc. (First Alliance), a now defunct penny stock broker-dealer headquartered in Atlanta, Georgia.

The Commission's complaint alleged that First Alliance operated as a penny stock boiler room selling to unsophisticated investors through high pressure sales tactics, misrepresentations and omissions. The complaint alleged that Word frequently led meetings of the First Alliance sales staff instructing them in using such means and methods to sell the stocks promoted by First Alliance.

The Commission's complaint also alleged that Word participated in determining the prices which First Alliance would arbitrarily set for the stocks it promoted, and that those prices contained excessive markups designed to provide high commissions to First Alliance stockbrokers and profits to its insiders.

The Commission's complaint further alleged that Word, directly and through others, failed to disclose to First Alliance customers the firm's policy prohibiting net selling, which effectively prevented investors from withdrawing their funds from the firm. [SEC v. Calvin L. Word, et al., 1:95-CV-2470-GET, N.D. Ga.] (LR-14799)

## SUMMARY JUDGMENT OF DISGORGEMENT GRANTED AGAINST JAY BISHOP, FORMER CEO OF CONTINENTAL WIRELESS CABLE TELEVISION, INC.

On January 22, the Honorable Edward J. Schwartz, United States District Judge for the Southern District of California, granted the Commission's motion for summary judgment of disgorgement, which sought \$995,000 plus prejudgment interest, against Defendant Jay R. Bishop. Previously, on September 20, 1995, the Court entered an order permanently enjoining Bishop from further violations of the securities registration provisions of Section 5(a) and 5(c) of the Securities Act of 1933, the antifraud provisions of Section 17(a) of the Securities Act and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and the broker-dealer registration provision's of Section 15(a)(1) of the Exchange Act.

The Commission's complaint, filed May 11, 1994, alleged that the Defendants fraudulently offered and sold securities in the form of interests in two wireless cable television "general partnerships." The Defendants misappropriated and misused approximately 75% of the

\$39 million raised from 2,574 investors. McPherson and Cardenaz were previously enjoined from violating the above provisions on August 7, 1995, pursuant to their consents, and ordered to disgorge their ill-gotten gains, except for amounts they had demonstrated they were unable to pay. For further information see LR-14163; LR-14630 and LR-14690. [SEC v. Continental Wireless Cable Television, Inc., et al., Civil Action No. 94-0737S, BTM, SD Cal.] (LR-14800)

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#### **INVESTMENT COMPANY ACT RELEASES**

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##### **CITYFED FINANCIAL CORP.**

A notice has been issued giving interested persons until February 20 to request a hearing on an application filed by Cityfed Financial Corp. for an order under Sections 6(c) and 6(e) of the Investment Company Act. The order would exempt applicant from all provisions of the Act, except Sections 9, 17(a) (as modified in the application), 17(d) (as modified), 17(e), 17(f), and 36 through 45, and 47 through 51 of the Act, and the rules thereunder until the earlier of one year from the date of the requested order or such time as Cityfed would no longer be required to register as an investment company under the Act. The requested exemption would extend an exemption granted until February 28, 1996. (Rel. IC-21710 - January 26)

##### **JOHN HANCOCK CASH MANAGEMENT FUND**

A notice has been issued giving interested persons until February 20 to request a hearing on an application filed by John Hancock Cash Management Fund for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-21711 - January 26)

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#### **HOLDING COMPANY ACT RELEASES**

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##### **AMERICAN ELECTRIC POWER SERVICE CORP.**

A notice has been issued giving interested persons until February 20 to request a hearing on a proposal by American Electric Power Service Corporation (AEPSC), a subsidiary service corporation of American Electric Power Company, Inc. (AEP), a registered holding company. On January 1, 1996, AEPSC and AEP's eight subsidiary electric utility companies began to realign their organizations to

create four functional business units: Power Generation; Energy Transmission and Distribution; Nuclear Generation; and Corporate Development. To reflect changes in the services provided by AEPSC and the related cost allocations due to the reorganization, AEPSC proposes to amend its service agreements with AEP and the direct and indirect subsidiaries of AEP. (Rel. 35-26464)

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

A notice has been issued giving interested persons until February 20 to request a hearing on a proposal by Allegheny Power System, Inc. (Allegheny), a registered holding company, and its wholly owned subsidiary companies, Allegheny Power Service Corporation, Allegheny Generating Company, Monongahela Power Company, The Potomac Edison Company and West Penn Power Company (collectively, Applicants). By prior Commission order, Applicants may incur short-term debt during the period December 31, 1995 through December 31, 1997, subject to certain aggregate limits. Applicants now seek authorization for Allegheny to increase the aggregate limit on its short-term debt financing from \$165 million to \$400 million. (Rel. 35-26464)

#### LOUISIANA POWER & LIGHT CO.

A notice has been issued to giving all interested persons until February 20 to request a hearing on a proposal by Louisiana Power & Light Company (LP&L), an electric utility subsidiary company of Entergy Corporation, a registered holding company. LP&L proposes to cause the issuance and sale of up to \$326 million in secured lease obligation bonds, in one or more series through December 31, 1997, in order to redeem about \$310 million in previously issued and sold secured lease obligation bonds. (Rel. 35-26464)

#### EASTERN UTILITIES ASSOCIATES

A notice has been issued giving interested persons until February 20 to request a hearing on a proposal by Eastern Utilities Associates (EUA), a registered holding company, to acquire an interest in a new subsidiary that has a 30% ownership interest in Duke/Louis Dreyfus (New England) LLC (LLC), a company engaged in the business of marketing and brokering power and fuel and providing various other energy-related services. Authorization is sought, through December 31, 2000: for EUA to acquire common stock of EUA Energy Services, Inc. (Energy Services), and to make capital contributions, open account advances and/or short term loans to Energy Services; for EUA to provide credit support for Energy Services and/or LLC; for Energy Services to make investments in and provide credit support to LLC; for Energy Services to issue securities to EUA and for LLC to issue securities to Energy Services in connection with the investments described above; for EUA to issue and sell short-term notes to banks from time to time through December 31, 1999 in aggregate amounts at any one time outstanding not to exceed \$15 million; and for LLC and certain companies in the EUA system to provide services to one another at market prices. (Rel. 35-26464)

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## SELF-REGULATORY ORGANIZATIONS

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### ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission granted accelerated approval to a proposed rule change filed by the National Association of Securities Dealers (SR-NASD-96-03) to amend the Plan of the National Association of Securities Dealers, Inc. For the Implementation of Parts I, II & IIA of Form X-17A-5 Financial and Operational Combined Uniform Single Report (Focus Report) and Schedule I Thereunder as Amended. (Rel. 34-36780)

The Commission granted accelerated approval on a temporary basis through June 30, 1996, of proposed rule changes (SR-PHILADEP-96-02 and SR-SCCP-96-01) filed by the Philadelphia Depository Trust Company and the Stock Clearing Corporation of Philadelphia to amend Philadep's and SCCP's rules to provide for the application of Article 8 of the New York Uniform Commercial Code. Publication of the proposal is expected in the Federal Register during the week of February 5. (Rel. 34-36781)

The Commission granted accelerated approval on a temporary basis of a proposed rule change (SR-Philadep-96-01) filed by the Philadelphia Depository Trust Company. The order approves Philadep's designation of the West Canada Depository Trust Company as a correspondent depository through June 30, 1996. Publication of the proposal is expected in the Federal Register during the week of January 29. (Rel. 34-36782)

### APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change (SR-NASD-95-53) filed by the National Association of Securities Dealers that amends the NASD's Uniform Practice Code to establish standard limited partnership transfer forms for certain limited partnership securities. (Rel. 34-36783)

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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.

**REGISTRATIONS**

- S-3 MEDAREX INC, 1545 ROUTE 22 E, P O BOX 953, ANNANDALE, NJ 08801  
(908) 713-6001 - 899,888 (\$6,130,487) COMMON STOCK. (FILE 333-308 -  
JAN. 16) (BR. 4)
- S-1 MATEWAN BANCSHARES INC, 250 E SECOND AVE, P O BOX 100, WILLIAMSON, WV  
25661 (304) 235-1554 - \$17,250,000 PREFERRED STOCK. (FILE 333-367 -  
JAN. 23) (BR. 2)
- S-4 KEY ENERGY GROUP INC, 257 LIVINGSTON AVE, NEW BRUNSWICK, NJ 08901  
(915) 570-5721 - 5,679,962 (\$34,789,767) COMMON STOCK. (FILE 333-369 -  
JAN. 23) (BR. 4)
- S-3 WATSCO INC, 2665 S BAYSHORE DR, STE 901, COCONUT GROVE, FL 33133  
(305) 858-0828 - 1,610,000 (\$29,382,500) COMMON STOCK. (FILE 333-371 -  
JAN. 23) (BR. 9)
- S-1 GREAT AMERICAN RESERVE INSURANCE CO, 11815 N PENNSYLVANIA ST, CARMEL, IN  
46032 (317) 817-3700 - VARIABLE ANNUITY ISSUES. (FILE 333-375 - JAN. 23)  
(BR. 20)
- S-8 NATIONAL COMPUTER SYSTEMS INC, 11000 PRAIRIE LAKES DR, EDEN PRAIRIE, MN  
55344 (612) 829-3000 - 100,000 (\$1,825,000) COMMON STOCK. (FILE 333-377 -  
JAN. 23) (BR. 10)
- S-8 NATIONAL COMPUTER SYSTEMS INC, 11000 PRAIRIE LAKES DR, EDEN PRAIRIE, MN  
55344 (612) 829-3000 - 250,000 (\$4,562,500) COMMON STOCK. (FILE 333-379 -  
JAN. 23) (BR. 10)
- S-8 NATIONAL COMPUTER SYSTEMS INC, 11000 PRAIRIE LAKES DR, EDEN PRAIRIE, MN  
55344 (612) 829-3000 - 350,000 (\$6,387,500) COMMON STOCK. (FILE 333-381 -  
JAN. 23) (BR. 10)
- S-8 NATIONAL COMPUTER SYSTEMS INC, 11000 PRAIRIE LAKES DR, EDEN PRAIRIE, MN  
55344 (612) 829-3000 - 350,000 (\$6,387,500) COMMON STOCK. (FILE 333-383 -  
JAN. 23) (BR. 10)
- S-8 FIRST LIBERTY FINANCIAL CORP, 201 SECOND ST, MACON, GA 31297  
(912) 743-0911 - 2,000,000 (\$2,000,000)  
OTHER SECURITIES INCLUDING VOTING TRUST. 68,965 (\$1,474,126.88)  
COMMON STOCK. (FILE 333-385 - JAN. 23) (BR. 1)
- S-8 ETEC SYSTEMS INC, 26460 CORPORATE AVE, M/S 302, HAYWARD, CA 94545  
(510) -88-7-35 - 1,000,000 (\$8,375,000) COMMON STOCK. (FILE 333-386 -  
JAN. 18) (BR. 3)
- S-3 DAYTON HUDSON CORP, 777 NICOLLET MALL, MINNEAPOLIS, MN 55402  
(612) 370-6948 (FILE 333-389 - JAN. 23) (BR. 1)
- S-2 CLINICORP INC, 1601 BELVEDERE RD, STE 500 EAST, W PALM BEACH, FL 33406  
(407) 684-2225 - 6,336,430 (\$6,653,251.50) COMMON STOCK. 341,691  
(\$34,169.10) PREFERRED STOCK. (FILE 333-426 - JAN. 19) (BR. 5)
- S-8 GT INTERACTIVE SOFTWARE CORP, 16 EAST 40TH ST, NEW YORK, NY 10016  
(212) 726-6500 - 7,800,000 (\$84,864,000) COMMON STOCK. (FILE 333-428 -  
JAN. 19) (BR. 9)
- S-8 MIZAR INC (DE), 2410 LUNA RD, CARROLLTON, TX 75006 (214) 277-4600 -  
1,423,974 (\$11,925,782.25) COMMON STOCK. (FILE 333-430 - JAN. 19) (BR. 10)
- S-8 KERAVISION INC /CA/, 48630 HILMONT DR, FREMONT, CA 94538 (510) 353-3000  
- 1,886,482 (\$14,419,833) COMMON STOCK. (FILE 333-436 - JAN. 19) (BR. 8)
- S-4 THRIFTY PAYLESS HOLDINGS INC, 9275 SOUTHWEST PEYTON L, WILSONVILLE, OR  
97070 (503) 682-4100 - 166,795,294 (\$166,795,294.95) STRAIGHT BONDS.  
(FILE 333-438 - JAN. 22) (BR. 4)

REGISTRATIONS CONT.

- S-1 BACQU USA INC, 10 THURBER BLVD, SMITHFIELD, RI 02917 (201) 232-1200 - \$66,240,000 COMMON STOCK. (FILE 333-470 - JAN. 19) (BR. 8 - NEW ISSUE)
- S-1 APPLIED GRAPHICS TECHNOLOGIES INC, 28 W 23RD ST, NEW YORK, NY 10010 (212) 929-4111 - 4,600,000 (\$55,200,000) COMMON STOCK. (FILE 333-478 - JAN. 19) (BR. 6 - NEW ISSUE)
- S-3 FLORES & RUCKS INC /DE/, 8440 JEFFERSON HIGHWAY, STE 420, BATON ROUGE, LA 70809 (504) 927-1450 - 5,175,000 (\$77,625,000) COMMON STOCK. (FILE 333-484 - JAN. 19) (BR. 3)
- S-3 VIDEO UPDATE INC, 3100 WORLD TRADE CENTER 30 EAST SEVENTH, STREET, ST PAUL, MN 55101 (612) 222-0006 - 903,181 (\$6,491,613.44) COMMON STOCK. (FILE 333-486 - JAN. 19) (BR. 1)
- S-1 IP PACIFIC FORESTS LP, TWO MANHATTAN RD, PURCHASE, NY 10577 (914) 397-1500 - \$545,794,370 COMMON STOCK. (FILE 333-488 - JAN. 19) (BR. 3 - NEW ISSUE)
- S-1 WITTER DEAN SPECTRUM STRATEGIC LP, TWO WORLD TRADE CENTER 62ND FL, C/O DETEMER MANAGEMENT CORP, NEW YORK, NY 10048 (212) 392-5453 - 20,000,000 (\$234,600,000) LIMITED PARTNERSHIP CERTIFICATE. (FILE 333-494 - JAN. 19) (BR. 12)
- S-4 BIOSYS INC /CA/, 1057 EAST MEADOW CIRCLE, PALO ALTO, CA 94303 (415) 856-9500 - 4,729,560 (\$8,276,730) COMMON STOCK. (FILE 333-496 - JAN. 19) (BR. 2)
- S-8 ARRIS PHARMACEUTICAL CORP/DE/, 385 OYSTER POINT BLVD, SUITE 3, SOUTH SAN FRANCISCO, CA 94080 (415) 737-8600 - 128,460 (\$241,504.80) COMMON STOCK. (FILE 333-500 - JAN. 22) (BR. 4)
- S-8 CBT GROUP PLC, 28 CLONSKEAGH SQ, DUBLIN 14 IRELAND, L2 (415) 737-9050 - 8,625 (\$94,961.21) FOREIGN COMMON STOCK. (FILE 333-504 - JAN. 22) (BR. 9)
- S-4 CENTER FINANCIAL CORP /CT, 60 N MAIN ST, WATERBURY, CT 06702 (203) 573-7400 - 438,151 (\$7,860,428.94) COMMON STOCK. (FILE 333-506 - JAN. 22) (BR. 2)
- F-6 INBURSA FINANCIAL GROUP, 111 WALL ST, C/O CITIBANK NA, NEW YORK, NY 10043 (212) 657-7321 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-510 - JAN. 22) (NEW ISSUE)
- S-8 NPS PHARMACEUTICALS INC, 420 CHIPETA WAY SUITE 240, SALT LAKE CITY, UT 84108 (801) 583-4939 - 500,000 (\$6,000,000) COMMON STOCK. (FILE 333-512 - JAN. 17) (BR. 3)