

sec news digest

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ENFORCEMENT PROCEEDINGS

GUS ZOPPI, JR. AND SCOTT SOWLES BARRED FOR THREE YEARS FROM ASSOCIATING WITH ANY REGULATED ENTITY

The Commission announced that it instituted public administrative proceedings pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 (Exchange Act) against Gus Zoppi, Jr. and Scott Sowles. Simultaneously, Zoppi and Sowles submitted offers of Settlement, which the Commission accepted. Accordingly, the Commission entered an Order Instituting Proceedings, Making Findings, and Imposing Remedial Sanctions. Specifically, Zoppi and Sowles were barred from associating with any regulated entity, provided that after three years they may make applications to reassociate.

The Order finds that Zoppi and Sowles were top salespersons of unregistered securities offered by Basic Energy and Affiliated Resources, Inc. (BEAR). BEAR securities were sold through a multi-level marketing structure to at least 1000 investors and such sales raised at least \$27 million. Zoppi and Sowles received \$888,529 and \$1,037,895, respectively, in commissions. The Order further finds that Zoppi and Sowles made misrepresentations and omissions of material facts in the sale of BEAR securities concerning the risks associated with investing in BEAR programs, the financial condition of BEAR, the use of investor funds, and the estimated oil and gas reserves of properties leased or owned by BEAR. The Order also finds that on August 9, 1995, Zoppi and Sowles were permanently enjoined from violating the antifraud and registration provisions of the securities laws (SEC v. Basic Energy & Affiliated Resource, Inc., et al., E.D. MI). (Rel. 34-36161)

COURT ENTERS PRELIMINARY INJUNCTIONS AGAINST TEN DEFENDANTS NAMED IN ACTION TO HALT FRAUDULENT UNREGISTERED OFFERING

The Commission announced that the Honorable Reginald Lindsay of the U. S. District Court for the District of Massachusetts entered Preliminary Injunctions and Orders for the Freezing of Assets and Other Relief on August 14, 1995, against International Breeders, Inc., First Western Ostrich Corp., Ostrich Breeders of America, Inc., NSA, Inc., Capital Management and Development Corp., Jeffrey Dale Davis, Bob Lee Stewart, Steven Floyd Stewart, Clifford Duane Stahl and Rik Foxx prohibiting them from continuing the fraudulent offer and sale of unregistered securities, freezing certain assets and requiring an accounting of investor funds.

The Commission's action, filed August 14, 1995, alleged that the defendants named above, and defendants Freddie Don Stewart and Homer James Rios violated Sections 5(a) and (c) and 17(a) of the Securities Act and Sections 15(a) and 10(b) of the Securities Exchange Act and Rule 10b-5.

The complaint alleges that since late 1992, the defendants have fraudulently obtained \$6.5 million from 700 investors nationwide, by promising a virtually risk-free annual return of up to 500% in ostrich breeding partnerships. The defendants also failed to disclose that five states had issued cease-and-desist orders in connection with the scheme. Most recently, defendants have continued the fraudulent offering by inducing investors to exchange their partnership interests for nonexistent stock in a shell corporation.

The Commission's complaint seeks permanent injunctive relief, disgorgement and civil monetary penalties. No trial date has been set. [SEC v. International Breeders Inc., et al., Civil Action No. 95-11810-REK, D. MA.] (LR-14618)

MONETARY ASPECTS OF MONTVINE LITIGATION SETTLED

The Commission announced that its civil litigation against the promoters of an investment limited partnership, Montvine Associates, LP, has been concluded by the issuance on August 15, 1995, by the United States District Court, Southern District of New York, of a Final Judgment as to Monetary Relief Against Kenneth L. Weinberg, Kenneth G. Lampasona, Kenneco Capital Corporation and Kenneco Group, Inc. by Consent. The judgment establishes joint and several disgorgement liability of \$1,062,000 plus prejudgment interest of \$219,500, but waives payment, based on the defendants' inability to pay, as demonstrated in sworn statements and testimony. The judgment states that civil penalties were

not assessed, also based on demonstrated inability to pay. All four defendants had previously been permanently enjoined, upon consent, from future violations of the antifraud provisions of the Securities Act, the Exchange Act and the Investment Advisers Act and the broker-dealer registration provisions of the Exchange Act. Moreover, the Commission previously accepted an offer of settlement from Lampasona and Weinberg and barred them from association with a broker, dealer, municipal securities dealer, investment adviser, or investment company. [SEC v. Weinberg, et al., 94 Civ. 7127, LAK] (LR-14619)

FINAL JUDGMENT ENTERED AGAINST STANLEY AND SHEILA LEPELSTAT, THE TWO REMAINING DEFENDANTS

The Commission announced that on August 22 the United States District Court for the Southern District of New York entered a Final Judgment against Stanley and Sheila Lepelstat, the two remaining defendants in the case. Stanley Lepelstat was the founder, president and Chairman of the Board of Directors of Accuhealth, Inc. Sheila Lepelstat, Stanley's wife, was an officer and director of the company. The Lepelstats consented to the entry of the Final Judgment without admitting or denying the allegations in the Commission's complaint, which was filed on September 8, 1994. The judgment enjoins them from violating 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, and further enjoins Stanley Lepelstat from violating Section 13(b)(5) of the Exchange Act and Rules 13b2-1 and 13b2-2 thereunder; bars them from serving as officers or directors of any reporting company; and orders them to pay, jointly and severally, \$100,000 in disgorgement of losses avoided on Stanley Lepelstat's sale of Accuhealth stock in September 1992. [SEC v. Stanley Lepelstat, Sheila Lepelstat, et al., USDC, SDNY, No. 94 Civ. 6489, LAP] (LR-14620)

INVESTMENT COMPANY ACT RELEASES

GLENBROOK LIFE AND ANNUITY COMPANY, ET AL.

A notice has been issued giving interested persons until September 19 to request a hearing on an application by Glenbrook Life and Annuity Company (Company); Glenbrook Life and Annuity Company Variable Annuity Account (Variable Account); and Allstate Life Financial Services, Inc. (ALFS) for an order, pursuant to Section 6(c) of the Investment Company Act granting exemptions from the provisions of Sections 26(a)(2)(C) and 27(c)(2) of the Act. The order would provide exemptions to the extent necessary to permit the deduction of a mortality and expense risk charge

imposed under certain variable annuity contracts (Contracts) and any other variable annuity contracts issued by the Company that are substantially similar in all material respects to the Contracts (Materially Similar Contracts), from the assets of the Variable Account or any other separate account established in the future by the Company in connection with the offering of Materially Similar Contracts. Applicants also request that the exemptions apply to registered broker-dealers other than ALFS, in the event of a change in the identity of the principal underwriter for the relevant contracts. (Rel. IC-21321 - August 25)

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY, ET AL.

A notice has been issued giving interested persons until September 18 to request a hearing on an application filed by Great-West Life & Annuity Insurance Company (Company), The Great-West Life Assurance Company, and FutureFunds Series Account (Separate Account) for an order pursuant to Section 6(c) of the Investment Company Act amending a previous order that granted exemptions from the provisions of Sections 26(a) and 27(c)(2) of the Act. The order would provide exemptions to the extent necessary to permit the deduction of mortality and expense risk charges from the assets of the Separate Account in connection with the issuance and sale of certain group variable annuity contracts (Contracts). The amendment will permit the deduction of mortality and expense risk charges from the assets of any other separate account established in the future by the Company, in connection with the issuance of certain group variable annuity contracts that are substantially similar in all material respects to the Contracts. (Rel. IC-21322 - August 28)

HOLDING COMPANY ACT RELEASES

THE COLUMBIA GAS SYSTEM, INC.

An order/report has been issued authorizing the plan of reorganization of The Columbia Gas System, Inc., a registered holding company, under Chapter 11 of the United States Bankruptcy Code, and certain related transactions. (Rel. 35-26361)

CONSOLIDATED NATURAL GAS COMPANY, ET AL.

An order has been issued authorizing Consolidated Natural Gas Company (CNG), a registered holding company, and CNG Energy Services Corporation (Energy Services), its wholly owned subsidiary company, to form a new subsidiary company, CNG Special Products and Services (CSPS), to engage in the business of providing certain energy-related services. CNG and Energy Services have also been authorized to provide CSPS with up to \$10 million in related revolving loan financing through December 31, 2000. (Rel. 35-26363)

SELF REGULATORY ORGANIZATIONS

DELISTING GRANTED

An order has been issued granting the application of the Boston Stock Exchange to strike from listing and registration United Medicorp Inc., Common Stock, \$.01 Par Value. (Rel. 34-36157)

PROPOSED RULE CHANGES

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-95-36) to amend Schedule B to the NASD By-Laws to delete informational text on the number of members of the NASD Board of Governors elected from each district. Publication of the proposal is expected in the Federal Register during the week of August 28. (Rel. 34-36153)

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-95-34) to extend the Interim SOES Rules through January 31, 1996. Currently, the Interim SOES Rules are scheduled to expire on October 2, 1995. Publication of the proposal is expected in the Federal Register during the week of August 28. (Rel. 34-36154)

The Chicago Board Options Exchange filed a proposed rule change (SR-CBOE-95-45) to list and trade options on the CBOE Mexico 30 Index, a broad-based, "modified" capitalization weighted index comprised of thirty Mexican stocks. On August 25, the CBOE filed Amendment No. 1 to the proposal to establish additional Index maintenance criteria. Publication of the notice is expected in the Federal Register during the week of September 4. (Rel. 34-36160; International Series Rel. 845)

APPROVAL OF PROPOSED RULE CHANGES

The Commission approved a proposed rule change submitted the New York Stock Exchange (SR-NYSE-95-22) to introduce onto its trading floor wireless data communications technology that allows a member in a trading crowd or elsewhere on the floor to communicate with others by means of a hand-held wireless device. The Commission also approved the Exchange's related interpretation with respect to NYSE Rule 117 which requires members' orders to be in writing. (Rel. 34-36156)

The Commission approved a proposed rule change filed by the Pacific Stock Exchange (SR-PSE-95-16) relating to violations of the Intermarket Trading System rules and the Exchange's Minor Rule Plan. (Rel. 34-36158)

ACCELERATED APPROVAL OF AMENDMENT TO A PROPOSED RULE CHANGE

The Commission granted approval of a proposed rule change filed by the Chicago Board Options Exchange (SR-CBOE-95-07) relating to solicited transactions. Publication of the approval order is expected in the Federal Register during the week of August 28. (Rel. 34-36159)

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-8 CENTRAL FIDELITY BANKS INC, 1021 E CARY ST, P O BOX 27602, RICHMOND, VA 23219 (804) 782-4000 - 500,000 (\$15,687,500) COMMON STOCK. (FILE 33-61993 - AUG. 22) (BR. 2)
- S-1 PRICELLULAR WIRELESS CORP, 45 ROCKEFELLER CENTER, NEW YORK, NY 10020 (212) 459-0800 - 169,021,436 (\$120,000,000) STRAIGHT BONDS. (FILE 33-95834 - AUG. 15) (BR. 7)
- F-3 RADA ELECTRONIC INDUSTRIES LTD, MEDINAT HAYEHIDIM 12, P O BOX 2059, HERZLIYA ISRAEL 46120, L3 (212) 734-8340 - 321,861 (\$1,477,342) FOREIGN COMMON STOCK. (FILE 33-95858 - AUG. 18) (BR. 3)
- S-3 IMCLONE SYSTEMS INC/DE, 180 VARICK ST, NEW YORK, NY 10014 (212) 645-1405 - 2,997,700 (\$9,742,525) COMMON STOCK. (FILE 33-95860 - AUG. 18) (BR. 4)
- S-8 HAPPINESS EXPRESS INC, 50 W 23RD ST, NEW YORK, NY 10010 (212) 675-0461 - 796,375 (\$10,452,421.88) COMMON STOCK. (FILE 33-95862 - AUG. 18) (BR. 11)
- S-8 ADFLEX SOLUTIONS INC, 2001 WEST CHANDLER BOULEVARD, CHANDLER, AZ 85224 (602) 963-4584 - 24,000 (\$240,000) COMMON STOCK. (FILE 33-95864 - AUG. 18) (BR. 3)
- S-8 ANB CORP, 110 E MAIN ST, MUNCIE, IN 47305 (317) 747-7575 - 150,000 (\$4,275,000) COMMON STOCK. (FILE 33-95866 - AUG. 18) (BR. 1)
- S-8 ANB CORP, 110 E MAIN ST, MUNCIE, IN 47305 (317) 747-7575 - 150,000 (\$4,275,000) COMMON STOCK. (FILE 33-95868 - AUG. 18) (BR. 1)
- SB-2 TOWER TECH INC, RURAL RTE 3, POST OFFICE 1838, CHICKASHA, OK 73023 (405) 222-2876 - 1,000,000 (\$1,000,000) COMMON STOCK. (FILE 33-95870 - AUG. 18) (BR. 5)
- S-8 UNILAB CORP /DE/, 18448 OXNARD ST, TARZANA, CA 91356 (818) 966-7300 - 7,007,000 (\$32,845,313) COMMON STOCK. (FILE 33-95872 - AUG. 18) (BR. 6)