

# sec news digest

Issue 94-215

November 10, 1994

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## COMMISSION ANNOUNCEMENTS

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### MARKET TRANSACTIONS ADVISORY COMMITTEE MEETING

On December 7, 1994, the Securities and Exchange Commission's Market Transactions Advisory Committee will hold its next meeting at 10:00 a.m. in Room 1C30 at the Commission's main offices. The meeting will be open to the public. Publication of the notice is expected in the Federal Register during the week of November 7. (Rel. 34-34940; File No. 265-18)

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## RULES AND RELATED MATTERS

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### CHANGE OF EFFECTIVE DATE OF RULE 15c6-1

The Commission issued an order that changes the effective date of Rule 15c6-1 from June 1, 1994 to June 7, 1994. Rule 15c6-1 will require that most broker-dealer securities transactions settle within three business days after the trade date. Publication of the order changing the effective date is expected in the Federal Register during the week of November 7. (Rels. 33-7110; 34-34952; IC-20691)

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## ENFORCEMENT PROCEEDINGS

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### INITIAL DECISION BARS MICHAEL GARTNER

Administrative Law Judge Edward J. Kuhlmann has issued an initial decision barring Michael Gartner from association with any broker or dealer, investment company, investment adviser or municipal securities dealer. Gartner has also been barred from associating with any member of a national securities exchange or registered securities association.

On November 15, 1993, Gartner was permanently enjoined by the United States District Court for the Central District of California from further violations of Section 5(a), 5(c) and 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder and ordered to disgorge \$12,285,035 plus prejudgment interest (SEC v. InterLink Data Network of Los Angeles, Inc, InterLink Fiber Optic Partners L.P., InterLink Video Phone Partner L.P. and Michael Gartner, Civ. No. 93-3073 R, C.D. Calif.). The court entered findings of fact and conclusions of law in reaching its judgment.

The final judgment of the district court was given substantial weight in assessing whether the public interest would be served by sanctioning Gartner. Judge Kuhlmann concluded that Gartner should be barred from further association with a broker-dealer and from entering other securities professions where he might continue to perpetrate fraud on unsuspecting investors. Gartner is being held in the Metropolitan Detention Center in Los Angeles, California after having been found in contempt of the court's disgorgement order. (Initial Decision Rel. 58)

#### NASD ACTION AGAINST MICHAEL KESELICA SUSTAINED

The Commission has sustained findings of violation by the National Association of Securities Dealers, Inc. (NASD) against Michael G. Keselica, a former branch manager of Penn Mutual Equity Services, Inc. (PMES), a member of the NASD. The NASD had found that Keselica effected three unauthorized transactions for the account of a client of PMES. The Commission sustained the NASD's sanctions of a censure, fine of \$30,000, and a bar from associating with any NASD member in any capacity.

It was undisputed that Keselica effected the transactions in question; the only issue was whether he received authorization to do so. The Commission agreed with the NASD in crediting the testimony of the client and the former designated broker of record for the client's account that they had never requested Keselica or anyone to make the purchases at issue. (Rel. 34-34929)

#### NASD DISCIPLINARY ACTION AGAINST NETWORK 1 FINANCIAL SECURITIES, INC. AND WILLIAM HUNT, JR. SUSTAINED

The Commission has sustained NASD findings of violation against Network 1 Financial Securities, Inc., a member firm of the National Association of Securities Dealers, Inc., and William R. Hunt, Jr., the Firm's president. The NASD censured Network 1 Financial Securities and Hunt and fined them \$7,500, jointly and severally.

The Commission found that Network 1 Financial Securities and Hunt charged retail customers unfair markups in the sale of Powerex common stock. The Commission further found that Network 1 Financial Securities was not a market maker in Powerex, and therefore, was required to base its price on its contemporaneous cost, absent countervailing evidence. The Commission also noted that, even if Network were a market maker in Powerex common stock, reliance on quotations would still be improper because Powerex common stock was an inactive security, characterized by wide spreads between the bid and offer, with its price subject to negotiation. (Rel. 34-34930)

#### JAMES PETRANTIS APPEAL DISMISSED

The Commission has dismissed the appeal taken by James H. Petrantis from the withdrawal by the NASD of its prior approval of his continued association with a member firm as a general securities principal. In February 1994 the NASD modified an October 1989 determination, approved by the Commission in February 1990. That earlier action had permitted Petrantis, notwithstanding a statutory disqualification arising from a 1983 Commission administrative proceeding, to become associated with a member firm as a general securities principal and as a limited principal -- financial and operations with supervisory authority. In 1994, the NASD concluded that Petrantis had exceeded the duties authorized in the 1989 order.

The Commission agrees with the NASD that it was never contemplated in the 1989 proceeding that Petrantis would have the responsibilities he had assumed by 1994. Because his additional responsibilities varied materially from the terms under which the original application was approved, the NASD's withdrawal of authority to act as a general securities principal was proper. (Rel. 34-34931)

#### NASD BAR OF ROBERT NELSON MODIFIED

The Commission has modified the total bar imposed by the NASD on Robert T. Nelson of Seattle, a former branch office manager for B.J. Leonard & Company, Inc., a former NASD member firm. The Commission provided that, after five years from November 14, 1991, the date the bar was originally imposed, Nelson may apply to become associated with an NASD firm in a non-proprietary, non-supervisory capacity, upon a satisfactory showing of adequate supervision. The Commission sustained the NASD's imposition of censure and a \$73,000 fine.

The NASD had imposed the sanctions in question pursuant to the Commission's remand of the proceedings for reassessment of the sanction following Nelson's initial appeal. On that appeal, the Commission affirmed findings that Nelson violated registration provisions, failed to give his firm prior written notice of a private securities transactions, and failed to exercise proper supervision. However, the Commission set aside the NASD's finding that Nelson had violated antifraud provisions, the most serious finding against him, and accordingly remanded the proceedings. On remand, the NASD reimposed censure and a total bar, and slightly reduced Nelson's fine.

In modifying the bar, the Commission noted that it had set aside the NASD's finding that Nelson violated antifraud provisions; that Nelson's record in the securities business was otherwise unblemished; and that Nelson's violative conduct was most directly related to his supervisory activities. (Rel. 34-34932)

#### COMMISSION SUSTAINS NASD FINDING OF VIOLATION AND MODIFIES SANCTION AGAINST LOUIS FELDMAN

The Commission has sustained the finding of violation made by the National Association of Securities Dealers, Inc. (NASD) against Louis Feldman of Coral Springs, Florida. At the time of the conduct charged, Feldman was a one-third owner, vice president, member of the board of directors, and general securities principal of NASD member firm FISCL Securities, Inc. The Commission found, as had the NASD, that Feldman engaged in conduct inconsistent with just and equitable principles of trade when he submitted to six mutual fund companies requests that the broker-dealer of record on 584 mutual fund accounts be changed from FISCL to NASD member firm USA Financial, Inc. (USA). Feldman did not seek the authorizations of FISCL or of the accountholders before making the requests. Shortly after requesting the transfers Feldman became registered with USA.

The Commission sustained the NASD's censure and ten-day suspension of, and \$10,000 fine against, Feldman. The NASD also had required that Feldman requalify by examination for any registered capacity in which he might function. Stating that it believed that the NASD in fact intended to give Feldman a reasonable time in which to take and pass an examination, the Commission modified the requalification requirement to permit Feldman 90 days from the date of its order to requalify by examination. (Rel. 34-34933)

#### WALTER CUSHMAN AND RODNEY HOLLOMAN SENTENCED

The Commission and the United States Attorney for the Northern District of Texas announced the sentencing on April 15 of Rodney Lee Holloman (Holloman), and April 18 of Walter Humbert Cushman III (Cushman). Holloman was sentenced to 210 months imprisonment with three years supervisory release and fined \$30,000. Cushman was sentenced to 290 months imprisonment with three years supervisory release, fined \$40,000, and charged \$1,800 in special assessments.

On December 9, 1993, after a jury trial, Cushman and Holloman were convicted of 31 counts and 29 counts respectively of criminal conspiracy to commit mail fraud and wire fraud, and money laundering on charges arising from the sale of interests in an oil and gas venture while failing to disclose their ownership interest or the history of previous

enforcement proceedings brought against them. On January 24, 1994, Cushman and Holloman were found guilty on five counts each of criminal contempt on charges of wilfully disobeying an order of permanent injunction entered by Court April 1, 1992, in which the two defendants were permanently enjoined from future violations of the securities registration, antifraud and broker-dealer registration provisions of the federal securities laws. [U.S. v. Walter Humbert Cushman III, et al., 4:93-CR-015-A, USDC, ND TX, Fort Worth] (LR-14327)

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## INVESTMENT COMPANY ACT RELEASES

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### CORPORATE RENAISSANCE GROUP, INC., ET AL.

An order has been issued on an application filed by Corporate Renaissance Group, Inc., et al. under Sections 6(c) and 57(i) of the Investment Company Act and Rule 17d-1 thereunder authorizing certain joint transactions otherwise prohibited by Section 57(a)(4) of the Act. The order permits applicant to co-invest with certain private investment companies either advised by the same investment adviser or by certain affiliates of the investment adviser. (Rel. IC-20690 - November 8)

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## SELF-REGULATORY ORGANIZATIONS

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### WITHDRAWALS SOUGHT

A notice has been issued giving interested persons until November 28 to comment on the application of RCM Technologies, Inc. to withdraw its Common Stock, \$.05 Par Value and Class C Warrants, from listing and registration on the Boston Stock Exchange. (Rel. 34-34950)

A notice has been issued giving interested persons until November 28 to comment on the application of Lifschultz Industries, Inc. to withdraw its Common Stock, \$.001 Par Value, from listing and registration on the Boston Stock Exchange. (Rel. 34-34951)

### APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change (SR-PSE-94-18) filed by the Pacific Stock Exchange, which amends PSE Rule 6.87, "Automatic Execution System," to allow the PSE's Options Floor Trading Committee to be authorized to increase, on an issue-by-issue basis, the size of the equity option orders that may be eligible to be executed through the PSE's Automatic Execution System (Auto-Ex) up to a maximum of 20 contracts. Publication of the order is expected in the Federal Register during the week of November 14. (Rel. 34-34946)

## 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.

N-1A ALLIANCE OMNIBUS RESERVES, 1345 AVE OF THE AMERICAS, NEW YORK, NY 10105  
 (800) 221-5672 - INDEFINITE SHARES. (FILE 33-85850 - OCT. 31) (BR. 16  
 - NEW ISSUE)

### RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events:

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Bankruptcy or Receivership.
- Item 4. Changes in Registrant's Certifying Accountant.
- Item 5. Other Materially Important Events.
- Item 6. Resignations of Registrant's Directors.
- Item 7. Financial Statements and Exhibits.
- Item 8. Change in Fiscal Year.

The companies listed below have filed 8-K reports for the date indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Room (when ordering, please give the date of the report). An invoice will be included with the requested material when mailed.

NAME OF ISSUER	STATE CODE	8K ITEM NO.								DATE	COMMENT
		1	2	3	4	5	6	7	8		
ABLE TELCOM HOLDING CORP	FL	X		X	X					06/22/94	
AGTSPTS INC	CO			X						08/29/94	
ALBA WALDENSIAN INC	DE			X		X				08/26/94	
ALBARA CORP	CO				X					08/16/94	
AMERICAN CONSOLIDATED GROWTH CORP	DE	X								09/01/94	
ANALYSIS & TECHNOLOGY INC	CT				X					08/16/94	
BALANCE FOR LIFE INC /DE/	DE	X	X		X					08/31/93AMEND	
BASIC EARTH SCIENCE SYSTEMS INC	DE			X	X					08/25/94	
BIRD CORP	MA	X				X				08/22/94	
BIRMINGHAM UTILITIES INC	CT				X					08/29/94	
BITWISE DESIGNS INC	DE	X				X				08/18/94	

8K REPORTS CONT.

NAME OF ISSUER	STATE CODE	8K ITEM NO.								DATE	COMMENT	
		1	2	3	4	5	6	7	8			
BLACK HAWK GAMING & DEVELOPMENT CO INC	CO					X					08/10/94	
BUCKEYE COMMUNICATIONS INC	DE					X	X				08/22/94	
CAMBRIDGE INVESTMENT SERVICE CORP	DE	X				X					08/29/94	
CAMCO INTERNATIONAL INC	DE					X	X				09/01/94	
CARLYLE GOLF INC	CO							X			08/17/94	
CHECKMATE ELECTRONICS INC	GA						X				08/16/94	
CHEMICAL MORTGAGE SEC INC MUL CL MORT PA	NY					X	X				08/25/94	
CHILDRENS BROADCASTING CORPORATION	MN					X	X				08/31/94	
CHIRON CORP	DE					X	X				08/25/94	
CIRCLE FINE ART CORP	DE					X					08/29/94	
CONNECTICUT GENERAL REALTY INVESTORS LTD	CT	X					X				08/16/94	
COOPERATIVE BANKSHARES INC	NC					X	X				08/18/94	
CROSS TIMBERS OIL CO	DE					X	X				08/26/94	
CWBS INC MORT PASS THR CERT SER 1994-2	DE					X	X				06/25/94	
CWBS INC MORT PASS THRO CERT SER 1994-0	DE					X	X				06/25/94	
CWBS INC MORT PASS THRO CERT SER 1994-1	DE					X	X				06/25/94	
CWBS INC MORT PASS THRO CERT SER 1994-7	DE					X	X				06/25/94	
CWBS INC MORT PASS THRO CERT SER 1994-8	DE					X	X				06/25/94	
CWBS INC MORT PASS THRO CERT SERIES 199						X	X				06/25/94	
CWBS INC MORTGAGE PASS THROUGH CERTIFIC						X	X				06/25/94	
CWBS INC MORTGAGE PASS THROUGH CERTIFIC						X	X				06/25/94	
CWBS INC MORTGAGE PASS THROUGH CERTIFIC						X	X				06/25/94	
CWBS INC MORTGAGE PASS THROUGH CERTIFIC						X	X				06/25/94	
DE ANZA PROPERTIES IX	CA	X									08/18/94	
DE ANZA PROPERTIES X	CA	X									08/18/94	
DE ANZA PROPERTIES XI LTD	CA	X									08/18/94	
DE ANZA PROPERTIES XII LTD	CA	X									08/18/94	
EDISTO RESOURCES CORP	DE					X	X				08/31/94	
ENZON INC	DE					X					08/23/94	
EXPRESS SCRIPTS INC	DE					X	X				08/31/94	
EXTENDED PRODUCT LIFE INC	CO					X					08/29/94	
FIFTH THIRD BANCORP	OH					X	X				08/26/94	
FINANCIAL CORP OF LOUISIANA	DE						X				07/15/94	
FIRST ALLIANCE MORTGAGE CO /CA/	CA	X					X				08/30/94	
FRONTIER OIL & GAS CO /DE	DE	X					X				07/29/93AMEND	
FUND AMERICA INVESTORS CORP II	DE	X					X				07/29/94AMEND	
FUTURE HEALTHCARE INC	OH	X					X				08/16/94	
GE CAPITAL MORTGAGE SERVICES INC	NJ	NO ITEMS									02/25/94AMEND	
GE CAPITAL MORTGAGE SERVICES INC	NJ	NO ITEMS									03/25/94AMEND	
GE CAPITAL MORTGAGE SERVICES INC	NJ	NO ITEMS									04/25/94AMEND	
GE CAPITAL MORTGAGE SERVICES INC	NJ	NO ITEMS									05/25/94AMEND	
GE CAPITAL MORTGAGE SERVICES INC	NJ	NO ITEMS									06/27/94AMEND	
GE CAPITAL MORTGAGE SERVICES INC	NJ	NO ITEMS									07/25/94AMEND	
GROUND ROUND RESTAURANTS INC	NY					X	X				08/23/94	
GWINNETT BANCSHARES INC	GA					X	X				08/31/94	
HARTFORD STEAM BOILER INSPECTION & INSUR	CT	X									09/06/94	
HEALTH O METER PRODUCTS INC /DE	DE	X				X	X				08/17/94	
HEARTLAND WIRELESS COMMUNICATIONS INC	DE	X					X				08/19/94	
HOUSTON SAM RACE PARK LTD	TX					X					02/03/94	
HOUSTON SAM RACE PARK LTD	TX					X					08/31/94	
HYUNDAI AUTO RECEIVABLES TRUST 1993-A	DE					X					08/15/94	
INFINITY BROADCASTING CORP	DE						X				06/17/94AMEND	

8K REPORTS CONT.

NAME OF ISSUER	STATE CODE	8K ITEM NO.								DATE	COMMENT
		1	2	3	4	5	6	7	8		
INNOVET INC	FL	X				X				08/22/94	
INTELLIGENT SYSTEMS CORP	GA	X				X				08/19/94	
INTERNATIONAL RESEARCH & DEVELOPMENT COR	DE		X			X				08/19/94	
IVAX CORP /DE	FL			X		X				08/26/94	
JMC GROUP INC	DE			X		X				08/30/94	
KEITH GROUP OF COMPANIES INC	DE			X						09/01/94	
KENTUCKY CENTRAL LIFE INSURANCE CO	KY		X			X				08/18/94	
LAKESIDE BANCSHARES INC	LA			X						08/17/94	
LEHMAN HOME EQUITY LOAN TRUST 1994-1				X		X				08/23/94	
MACNEAL SCHWENDLER CORP	CA	X		X						08/18/94	
MAS VENTURES LTD	CO		X							07/29/94	
MEGAFOODS STORES INC	NV		X			X				08/26/94	
MICRONICS COMPUTERS INC /CA	CA	X				X				08/19/94	
MID AM INC	OH			X						08/30/94	
MONEY STORE INC TMS EQUITY LOAN ASS BAK	NJ					X				08/15/94	
MONEY STORE INC TMS HOME EQ LOAN ASSET B						X				08/15/94	
MONEY STORE INC TMS HOME EQUITY LN ASSET						X				08/15/94	
MONEY STORE INC TMS HOME EQUITY LOAN ASS	NJ					X				08/15/94	
NEOGEN CORP	MI	X				X				08/17/94	
PARAGON MORTGAGE CORP	IL			X		X				08/25/94	
PERMA FIX ENVIRONMENTAL SERVICES INC	DE					X				06/17/94	AMEND
PERSEPTIVE BIOSYSTEMS INC	DE	X				X				08/22/94	
PETSMART INC				X						08/24/94	
PINNACLE BANC GROUP INC	IL			X						08/16/94	
POLYDEX PHARMACEUTICALS LTD/BAHAMAS				X						08/25/94	
PRESIDENT RIVERBOAT CASINOS INC	DE			X		X				08/26/94	
PRUDENTIAL SECURITIES SECURED FINANCING	DE			X		X				08/30/94	
READING CO	PA	X				X				08/17/94	
REALTY BUSINESS PARTNERS	CA	X								08/18/94	
REALTY INCOME CORP	CA			X						08/15/94	
REGIONS FINANCIAL CORP	DE			X		X				09/06/94	
RIDE SNOWBOARD CO	WA	X				X				08/18/94	
ROCK FINANCIAL CORP/NJ/	NJ			X		X				08/26/94	
SHOP TELEVISION NETWORK INC	DE			X		X				08/23/94	
SHRP CAPITAL CORP	NY			X						08/31/94	
SHRP INC	TX			X						08/31/94	
SHRP INC	TX			X						08/31/94	
SML INC		X				X				08/12/94	
SOLIGEN TECHNOLOGIES INC	WY		X			X				07/20/94	AMEND
SOMATOGEN INC	DE		X			X				08/24/94	
SOUTHERN BANK GROUP INC	GA			X						08/25/94	
SPECTRASCIENCE INC	MN			X						08/22/94	
TRAVIS INDUSTRIES INC	CO	NO ITEMS								09/01/94	
UNICOMP INC	CO	X				X				10/08/92	
VALUE MERCHANTS INC	WI			X		X				08/30/94	
VILLAGE GREEN BOOKSTORE INC	NY			X		X				08/17/94	
WAVEMAT INC	DE			X		X				08/19/94	
WILTEK INC	CT					X				08/24/94	
WISCONSIN PUBLIC SERVICE CORP	WI	X								09/01/94	
WNC HOUSING TAX CREDIT FUND IV L P SERIE						X				08/08/94	
WPS RESOURCES CORP	WI	X								09/01/94	
XIOX CORP	DE	X		X		X				08/29/94	