

# SEC NEWS DIGEST

Issue 98-183

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## ENFORCEMENT PROCEEDINGS

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### ADMINISTRATIVE PROCEEDINGS INSTITUTED AND SIMULTANEOUSLY SETTLED AGAINST BRIAN COHEN

On September 18, the Commission instituted administrative proceedings pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 (Exchange Act) against Brian M. Cohen (Cohen). The Order Instituting Proceedings (Order) alleges that Cohen was, at all relevant times, a registered principal of First Montauk Securities, Corp. (First Montauk), a registered broker-dealer, in its main office in Red Bank, New Jersey.

The Order alleges that certain individuals in First Montauk's Houston office (the Houston traders) engaged in a parking scheme and that Cohen failed reasonably to supervise the Houston traders who were subject to his supervision within the meaning of Section 15(b) of the Exchange Act. The Commission simultaneously accepted Cohen's Offer of Settlement which provides for a suspension from association with any broker or dealer for four months; following the suspension period, a bar from association in a supervisory capacity with any broker or dealer, with a right to reapply after one year; and a \$5,000 civil money penalty. (Rel. 34-40450; File No. 3-9708)

### SEC FILES EMERGENCY ACTION AND FREEZES ASSETS IN LARGE SCALE PRIME BANK PONZI SCHEME

The Commission announced that a seal was lifted on an emergency action freezing the assets of ten defendants who were participating in a massive prime bank Ponzi scheme in which more than \$19 million was raised from more than 80 investors in 16 states. The Commission alleged that beginning in August 1997, Terry V. Koontz (Koontz), Jeffrey A. DeVille (J. DeVille) and Mykael Y. DeVille (M. DeVille), recruited and used a network of salesmen on the East Coast to sell interests in an "international bank debenture trading program" named Private Pool, LLC. Using false information and offering materials provided by defendants Koontz, J. DeVille and M. DeVille, sales agents, including defendants Richard J. Fulcher, Thomas Dolan, Lawrence E. Seppanen, Walter Lapp, and Kurt Fox falsely informed investors that their funds would be invested in a 40-week bank debenture trading program through Koontz, an international bond trader affiliated with Barclays Bank. The defendants falsely

promised investors that investments in the trading program would provide a 1% weekly return and would be secured by bonds.

The complaint alleges that Koontz dissipated at least \$9.9 million from the Zone account buying cars, jewelry and real estate. Koontz also made gratuitous transfers of over \$6.7 million to five relief defendants. The Commission obtained an order temporarily restraining the fraudulent activities, freezing assets, prohibiting the acceptance of additional investor funds, requiring repatriation of funds transferred abroad and other relief in a complaint filed on September 17, 1998, in the United States District Court for the District of Massachusetts. [SEC v. Terry V. Koontz, et al., Civ. Action No. 98CV11904-NG, USDC, D. MA) (LR-15892)

#### **COURT FREEZES PROCEEDS OF ALLEGED INSIDER TRADING BY HALTON TECHNOLOGIES, LTD., IN SECURITIES OF TELEDATA COMMUNICATIONS LTD.**

The Commission obtained a TRO against Halton Technologies, Ltd., in connection with a complaint alleging that Halton engaged in illegal insider trading in the securities of Teledata Communications Ltd., an Israeli firm. The complaint alleged that Halton, an Israeli entity, bought 225 Teledata call options and 45,000 shares of Teledata common stock on U.S. markets approximately two weeks before the September 16, 1998, announcement that ADC Telecommunications, Inc., a Minnesota corporation, intended to acquire Teledata. After the merger announcement, Halton's investment rose in value by more than \$300,000, or 66%. The Court temporarily froze all proceeds from the sale of any of those securities. The complaint alleges violations of Section 10(b) of the Exchange Act and Rule 10b-5, and seeks permanent injunctive relief, the disgorgement of all illegal profits, and the imposition of civil monetary penalties. [SEC v. Halton Technologies, Ltd., No. 98-Civ-6634, BSJ, USDC, SDNY] (LR-15893)

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

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#### **THE WHITE ELK FUNDS, ET AL.**

A notice has been issued giving interested persons until October 16, 1998, to request a hearing on an application filed by The White Elk Funds (Funds) and White Elk Asset Management Inc. (Advisor) (together, Applicants). Applicants seek an order to permit shares of certain series of the Funds that are designed to fund insurance products and shares of any other investment company that is designed to fund insurance products and for which the Advisor or any of its affiliates may serve as investment adviser, administrator, manager, principal underwriter, or sponsor to be sold to and held by: (1) separate accounts funding variable annuity and variable life insurance contracts of both affiliated and unaffiliated life insurance companies and (2) qualified pension or retirement plans. (Rel. IC-23440 - September 21)

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## HOLDING COMPANY ACT RELEASES

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### CONECTIV, ET AL.

A notice has been issued giving interested persons until October 13, 1998, to request a hearing on a proposal by Conectiv, a registered holding company under the Public Utility Holding Company Act, and its subsidiaries (Applicants). Conectiv proposes to increase its short-term debt authorization from \$500 million to \$800 million and to amend the description of the benefit plans under which common stock may be issued to include a prior incentive plan of its subsidiary, Delmarva Power & Light Company. In addition, Applicants request authority for Petron Oil Corporation to participate in the Conectiv system money pool. (Rel. 35-26917)

### ENTERGY CORPORATION

A notice has been issued giving interested persons until October 13, 1998, to request a hearing on a proposal by Entergy Corporation (Entergy), a registered holding company. Entergy proposes to issue securities for the purpose of financing the acquisition, directly or indirectly, of interests in exempt wholesale generators (EWGs) and foreign utility companies (FUCOs), and to guarantee the obligations of these entities. The aggregate amount of these securities and guaranties outstanding at any time would not, when added to Entergy's aggregate investment in EWGs and FUCOs, exceed 100% of Entergy's consolidated retained earnings. (Rel. 35-26917)

### GPU, INC.

A notice has been issued giving interested persons until October 13, 1998, to request a hearing on a proposal by GPU, Inc., a registered holding company, and its subsidiaries, Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company. GPU proposes, through December 31, 2006, to be a party to or guarantee obligations under letter of credit reimbursement agreements entered into by a subsidiary, GPU Service, Inc. (GPUS) on behalf of GPUS and other GPU subsidiaries, in an aggregate face amount of up to \$40 million. (Rel. 35-26917)

### NIAGARA MOHAWK HOLDINGS, INC.

A notice has been issued giving interested persons until October 13, 1998, to request a hearing on a proposal by Niagara Mohawk Holdings, Inc. (Holdings), a wholly owned subsidiary of Niagara Mohawk Power Corporation (Niagara Mohawk), a New York public utility company currently exempt from registration as a holding company under Section 3(a)(2) of the Act, to acquire all of the outstanding shares of common stock of Niagara Mohawk, and indirectly, 86% of the outstanding common stock of Beebee Island Corporation, 67% of the outstanding common stock of Moreau Manufacturing Corporation, and 50% of Canadian Niagara Power Company Limited under an exchange

agreement. Holdings is also requesting an order under Section 3(a)(1) of the Act exempting it from all provisions of the Act except Section 9(a)(2). (Rel. 35-26917)

#### **NORTHEAST UTILITIES**

A notice has been issued giving interested persons until October 13, 1998, to request a hearing on a proposal by Northeast Utilities (NU), a public utility holding company and its wholly owned subsidiary Northeast Utilities Service Company. NU proposes through December 31, 1999 to: (1) organize, acquire the capital stock, and provide financing to subsidiaries that will engage in a variety of energy-related and other activities; (2) fund the subsidiaries either internally or through unaffiliated third parties in the aggregate amount of \$150 million; and (3) issue guarantees in an aggregate amount not to exceed \$75 million. (Rel. 35-26917)

#### **NORTHERN STATES POWER COMPANY**

A notice has been issued giving interested persons until October 13, 1998, to request a hearing on a proposal by Northern States Power Company (NSP), a holding company exempt from registration under Section 3(a)(2) of the Public Utility Holding Company Act (Act), to acquire all of the issued and outstanding common stock of Black Mountain Gas Company, a gas utility not currently subject to the Act. NSP intends to cause the assets of BMG to be transferred to a newly formed, wholly owned, first-tier subsidiary of NSP. NSP also requests an exemption from all provisions of the Act, except Section 9(a)(2), following consummation of the transactions. (Rel. 35-26917)

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#### **SELF-REGULATORY ORGANIZATIONS**

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##### **APPROVAL OF PROPOSED RULE CHANGE**

The Commission approved a proposed rule change (SR-CBOE-98-21) filed by the Chicago Board Options Exchange changing the minimum value size for an opening transaction in any FLEX Equity Option series which has no open interest. Publication of the approval order is expected in the Federal Register during the week of September 21. (Rel. 34-40451)

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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.

- F-9 COMINCO LTD, 500 200 BURRARD ST, VANCOUVER BC CANADA, A1 (000) 000-0000  
- 200,000,000 (\$200,000,000) STRAIGHT BONDS (FILE 333-9388 - SEP 11)  
(BR 4)
- S-3 CHESAPEAKE UTILITIES CORP, 909 SILVER LAKE BLVD, PO BOX 615, DOVER, DE  
19904 (302) 734-6799 - 214,251 (\$3,756,088) COMMON STOCK (FILE 333-63381  
- SEP. 15) (BR 2)
- S-8 SEITEL INC, 50 BRIAR HOLLOW LN, WEST BLDG 7TH FLR, HOUSTON, TX 77027  
(713) 627-1990 - 2,388,000 (\$24,103,875) LIMITED PARTNERSHIP CERTIFICATE.  
(FILE 333-63383 - SEP. 15) (BR 4)
- S-2 PRO FAC COOPERATIVE INC, 90 LINDEN PL, P O BOX 682, ROCHESTER, NY 14603  
(716) 383-1850 - 7,000,000 (\$7,000,000) PREFERRED STOCK (FILE 333-63385 -  
SEP 15) (BR 4)
- S-8 SIGMATRON INTERNATIONAL INC, 2201 LANDMEIER RD, ELK GROVE VILLAGE, IL  
60007 (708) 956-8000 - 105,000 (\$831,250) COMMON STOCK (FILE 333-63389 -  
SEP 15) (BR 5)
- S-3 INTELICALL INC, 2155 CHENAULT STE 410, CARROLLTON, TX 75006  
(214) 416-0022 - 3,765,152 (\$3,914,000) COMMON STOCK (FILE 333-63391 -  
SEP 15) (BR 7)
- S-8 CSK AUTO CORP, 645 E MISSOURI AVENUE, PHOENIX, AZ 85012 (602) 265-9200  
- 2,718,379 (\$41,516,572) COMMON STOCK (FILE 333-63393 - SEP 15)  
(BR 2)
- S-8 VIAD CORP, 1850 N CENTRAL AVE, SUITE 2212, PHOENIX, AZ 85077  
(602) 207-4000 - 1,940,000 (\$45,529,375) COMMON STOCK (FILE 333-63397 -  
SEP 15) (BR 5)
- S-8 VIAD CORP, 1850 N CENTRAL AVE, SUITE 2212, PHOENIX, AZ 85077  
(602) 207-4000 - 1,500,000 (\$35,203,125) COMMON STOCK (FILE 333-63399 -  
SEP 15) (BR 5)
- S-8 NORDSTROM INC, 1501 FIFTH AVE, SEATTLE, WA 98101 (206) 628-2111 -  
10,050,000 (\$261,300,000) COMMON STOCK (FILE 333-63403 - SEP. 15)  
(BR 2)
- S-4 SOUTHTRUST CORP, 420 N 20TH ST, BIRMINGHAM, AL 35203 (205) 254-5000 -  
792,918 (\$10,017,198) COMMON STOCK (FILE 333-63405 - SEP 15) (BR 7)
- S-8 WASTE CONNECTIONS INC/DE, 2260 DOUGLAS BLVD, SUITE 280, ROSEVILLE, CA  
95661 (916) 772-2221 - 309,700 (\$5,903,656 25) COMMON STOCK (FILE  
333-63407 - SEP 15) (BR 6)
- S-8 SUNSOURCE INC, 3000 ONE LOAN SQ, PHILADELPHIA, PA 19103 (215) 665-3650  
- 18,000,000 (\$18,000,000) OTHER SECURITIES INCLUDING VOTING TRUST (FILE  
333-63409 - SEP 15) (BR. 6)
- S-8 ARIS INDUSTRIES INC, 475 FIFTH AVE, 3RD FLOOR, NEW YORK, NY 10017  
(212) 686-5050 - 3,500,000 (\$7,000,000) COMMON STOCK (FILE 333-63411 -  
SEP 15) (BR 2)
- S-8 COCA COLA ENTERPRISES INC, 2500 WINDY RIDGE PKWY, ATLANTA, GA 30339  
(770) 989-3000 - 700,000 (\$18,593,750) COMMON STOCK (FILE 333-63413 -  
SEP. 15) (BR 2)
- S-8 CABLETRON SYSTEMS INC, 35 INDUSTRIAL WAY, ROCHESTER, NH 03886  
(603) 332-9400 - 493,970 (\$133,371 90) COMMON STOCK (FILE 333-63419 -  
SEP. 15) (BR 3)
- S-4 CONGOLEUM CORP, 3705 QUAKERBRIDGE RD STE 211, PO BOX 3127, MERCERVILLE,  
NJ 08619 (609) 584-3000 - 100,000,000 (\$100,000,000) STRAIGHT BONDS  
(FILE 333-63421 - SEP 15) (BR 6)

S-3 HERCULES INC, 1313 N MARKET ST, HERCULES PLZ, WILMINGTON, DE 19894  
(302) 594-5000 (FILE 333-63423 - SEP 15) (BR 2)

S-8 PIONEER HI BRED INTERNATIONAL INC, 700 CAPITAL SQ, 400 LOCUST ST,  
DES MOINES, IA 50309 (515) 245-3500 - 2,000,000 (\$62,125,000) COMMON STOCK  
(FILE 333-63425 - SEP 15) (BR 4)

S-3 ARAMARK CORP, THE ARA TOWER, 1101 MARKET ST, PHILADELPHIA, PA 19107  
(215) 238-3000 - 400,000,000 (\$400,000,000) STRAIGHT BONDS. (FILE  
333-63427 - SEP 15) (BR 5)

S-3 TENNESSEE GAS PIPELINE CO, 1001 LOUISIANA, EL PASO ENERGY BLDG, HOUSTON,  
TX 77002 (713) 757-2131 - 500,000,000 (\$500,000,000) STRAIGHT BONDS  
(FILE 333-63429 - SEP 15) (BR 2)

S-8 CHAMPION ENTERPRISES INC, 2701 UNIVERSITY DR, STE 320, AUBURN HILLS, MI  
48326 (810) 340-9090 - 1,419,500 (\$33,003,375) COMMON STOCK. (FILE  
333-63431 - SEP 15) (BR 6)

S-4 PRUDENTIAL SECURITIES STRUCTURED ASSETS INC, ONE SEAPORT PLZ, NEW YORK,  
NY 10292 (212) 214-1000 - 80,000,000 (\$23,992,000)  
EQUIPMENT TRUST CERTIFICATES (FILE 333-63433 - SEP 15) (BR 8)

S-8 ASSOCIATED MATERIALS INC, 2200 ROSS AVE STE 4100 E, DALLAS, TX 75201  
(214) 754-7188 - 250,000 (\$1,875,000) COMMON STOCK (FILE 333-63435 -  
SEP 15) (BR 6)

S-3 NCS HEALTHCARE INC, 3201 ENTERPRISE PKWY, STE 2200, BEACHWOOD, OH 44122  
(216) 514-3350 - 2,141,418 (\$36,537,945) COMMON STOCK (FILE 333-63437 -  
SEP 15) (BR 1)

S-3 ASPEN TECHNOLOGY INC /DE/, TEN CANAL PARK, CAMBRIDGE, MA 02141  
(617) 949-1000 - 86,250,000 (\$86,250,000) STRAIGHT BONDS (FILE 333-63439  
- SEP 15) (BR. 3)

S-3 BERGEN BRUNSWIG CORP, 4000 METROPOLITAN DR, ORANGE, CA 92668  
(714) 385-4000 - 490,142 (\$18,043,353) COMMON STOCK (FILE 333-63441 -  
SEP 15) (BR. 1)

S-3 DIAMOND OFFSHORE DRILLING INC, 15415 KATY FREEWAY, HOUSTON, TX 77094  
(713) 492-5300 - 17,682,055 (\$895,562,500) COMMON STOCK (FILE 333-63443 -  
SEP 15) (BR 4)

S-8 ASSOCIATED MATERIALS INC, 2200 ROSS AVE STE 4100 E, DALLAS, TX 75201  
(214) 754-7188 - 737,600 (\$6,035,184) COMMON STOCK (FILE 333-63445 -  
SEP 15) (BR 6)

S-3 ATLANTIC CITY ELECTRIC CO, 800 KING STREET, PO BOX 231, WILMINGTON, DE  
19899 (609) 645-4100 - 1,200,000 (\$30,000,000)  
EQUIPMENT TRUST CERTIFICATES. (FILE 333-63447 - SEP 15) (BR 2)

S-8 CHARLES RIVER ASSOCIATES INC, 200 CLARENDON STREET, T-33, BOSTON, MA  
02116 (617) 425-3000 - 970,000 (\$21,371,080) COMMON STOCK (FILE  
333-63451 - SEP 15) (BR 8)

S-8 CHARLES RIVER ASSOCIATES INC, 200 CLARENDON STREET, T-33, BOSTON, MA  
02116 (617) 425-3000 - 243,000 (\$4,920,750) COMMON STOCK. (FILE 333-63453  
- SEP 15) (BR 8)

S-3 CONSOLIDATED GRAPHICS INC /TX/, 5858 WESTHEIMER STE 200, HOUSTON, TX  
77057 (713) 787-0977 - 364,543 (\$16,347,566) COMMON STOCK (FILE  
333-63455 - SEP 15) (BR 5)

S-8 FSF FINANCIAL CORP, 201 MAIN ST SOUTH, HUTCHINSON, MN 55350  
(612) 234-4500 - 300,000 (\$4,933,816) COMMON STOCK (FILE 333-63457 -  
SEP 15) (BR 7)

S-4 SEACOAST FINANCIAL SERVICES CORP, 791 PURCHASE ST, NEW BEDFORD, MA 02740  
(508) 984-6000 - 12,791,539 (\$115,548,571.88) COMMON STOCK (FILE  
333-63459 - SEP 15) (BR 7)

S-4 PRUDENTIAL SECURITIES STRUCTURED ASSETS INC, ONE SEAPORT PLZ, NEW YORK,  
 NY 10292 (212) 214-1000 - 58,871,740 (\$58,661,964 27)  
 EQUIPMENT TRUST CERTIFICATES (FILE 333-63461 - SEP 16) (BR 8)

S-4 PRUDENTIAL SECURITIES STRUCTURED ASSETS INC, ONE SEAPORT PLZ, NEW YORK,  
 NY 10292 (212) 214-1000 - 75,000,000 (\$19,726,500)  
 EQUIPMENT TRUST CERTIFICATES (FILE 333-63463 - SEP 16) (BR 8)

N-2 EMERGING MARKETS GROWTH FUND INC, 11100 SANTA MONICA BLVD, 15TH FLOOR,  
 LOS ANGELES, CA 90025 (310) 996-6000 - 12,000,000 (\$405,000,000)  
 COMMON STOCK (FILE 333-63465 - SEP 16) (BR 22)

S-8 O REILLY AUTOMOTIVE INC, 233 S PATTERSON, SPRINGFIELD, MO 65802  
 (417) 862-2674 - 1,050,000 (\$30,975,000) COMMON STOCK (FILE 333-63467 -  
 SEP 16) (BR. 2)

S-3 PENNSYLVANIA MANUFACTURERS CORP, THE PMA BLDG, 380 SENTRY PKWY,  
 BLUE BELL, PA 19422 (215) 665-5046 - 100,000,000 (\$100,000 000)  
 COMMON SHARES OF BENEFICIAL INTEREST (FILE 333-63469 - SEP 16) (BR 1)

S-3 PMC CAPITAL I, 380 SENTRY PKWY, BLUE BELL, PA 19422 (215) 665-5046  
 (FILE 333-63469-01 - SEP 16) (NEW ISSUE)

S-4 R&B FALCON CORP, 901 THREADNEEDLE, HOUSTON, TX 77079 (281) 496-5000 -  
 28,212,564 (\$350,167,709) COMMON STOCK (FILE 333-63471 - SEP 16)  
 (BR 4)