

# sec news digest

Issue 95-102

May 26, 1995

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## ENFORCEMENT PROCEEDINGS

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### PROCEEDINGS INSTITUTED AGAINST FIRST JERSEY SECURITIES, INC. AND ROBERT BRENNAN

On May 19, the Commission instituted administrative proceedings against First Jersey Securities, Inc. and Robert E. Brennan pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934. The conduct at issue in the administrative proceeding is the same as that which is currently sub judice before the Honorable Richard Owen following the 1994 trial in SEC v. First Jersey Securities, Inc. and Robert E. Brennan, No. 85 Civ. 8585, RO, SDNY, and the Order Instituting Proceedings therefore directs the Administrative Law Judge not to commence hearings until Judge Owen has issued his ruling or until six months have elapsed, whichever come sooner. (Rel. 34-35741)

### STRATTON OAKMONT'S MOTION TO VACATE INJUNCTION IS DENIED

The Commission announced that Judge Joyce Hens Green of the U.S. District Court for the District of Columbia denied the motion of Stratton Oakmont, Inc., a registered broker-dealer, to vacate or modify the permanent injunction entered against it on February 28, 1995.

The permanent injunction restrained and enjoined Stratton from violating an Order issued by the Commission on March 17, 1994. The Commission Order directed Stratton to comply with certain undertakings, including, among other things, that Stratton implement the policies, practices and procedures recommended by an independent outside consultant. The Commission's complaint alleged that Stratton failed to adopt the independent consultant's recommendations. Stratton's appeal of the permanent injunction to the District of Columbia Circuit is pending. [SEC v. Stratton Oakmont - 94 Civ. 2681, JHG] (LR-14506)

FINAL JUDGMENTS ENTERED AGAINST JAMES CALL, IMAD MASRI, VINCENT GRIECO AND RODERICK ODOM

The Commission announced that on May 12 a final judgment was entered by consent in the Southern District of New York against James Call.

The complaint alleges that Call violated the antifraud provisions of the federal securities laws by retaining proceeds from an initial public offering of Special Delivery Systems, repaying himself amounts in excess of what he had previously loaned the company and by other means.

The court enjoined Call from violations of the antifraud provisions of the federal securities laws. Call also was permanently barred from serving as an officer or director of any public company. Finally, the court ordered disgorgement and noted the appropriateness of civil penalties but waived disgorgement and did not order civil penalties based upon Call's demonstrated inability to pay.

In addition, the court entered final judgments by consent against relief defendants Imad Masri and Vincent Grieco and a default judgment against Roderick Odom. Each is alleged to have come into possession of proceeds of the SDS offering. Grieco's payment was waived based upon his demonstrated inability to pay. [SEC v. Special Delivery Systems, et al., USDC, SDNY, 93 Civ. 6010, PKL, (LR-14509)]

RATHNA PAPA RACHURI, SRINIVASARAO VASU KAKOLLU, USHA RANI KAMISSETTI, SHARON SEELA JURAS, RAMADEVI BOLISSETTY AND LAKSHMANA SAI KUMAR RACHURI CHARGED WITH INSIDER TRADING

The Commission announced the filing of a complaint on May 24 against Rathna Papa Rachuri (Rachuri), Srinivasarao Vasu Kakollu (Kakollu), Usha Rani Kamiseti (Kamiseti), Sharon Seela Juras (Juras), Ramadevi Bolisetty (Bolisetty) and Lakshmana Sai Kumar Rachuri (Kumar Rachuri) alleging insider trading in connection with the purchase of securities of three banks just prior to public announcements that another bank intended to acquire them.

Without admitting or denying the allegations in the complaint, Defendants Rachuri, Kakollu, Kamiseti, Juras, Bolisetty and Kumar Rachuri consented to permanent injunctions enjoining them from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. Defendants Kamiseti, Juras, Bolisetty and Kumar Rachuri were ordered to pay disgorgement of their trading profits totalling \$33,821.50 with prejudgment interest and a one-time civil penalty. As against Defendants Rachuri and Kakollu, the disgorgement was partially waived and civil penalties were not assessed based on their demonstrated inability to pay. [SEC v. Rathna Papa Rachuri, Srinivasarao Vasu Kakollu, Usha Rani Kamiseti, Sharon Seela Juras, Ramadevi Bolisetty and Lakshmana Sai Kumar Rachuri, Civil Action No. 95-3475, JSL, C.D. Cal.] (LR-14510)

## BLOCH CHARGED IN \$3.8 MILLION SECURITIES FRAUD

The Commission announced that on May 25 it filed a civil injunctive action in the Southern District of New York, against Irwin Harry Bloch, a/k/a Sonny Bloch (Bloch), WBDN, L.C. (WBDN), WCNX, L.C. (WCNX), WGGG, L.C. (WGGG), (collectively, the Radio Stations), and Broadcast Radio Group, Inc. (BRG).

The complaint alleges the fraudulent offering of securities and the misappropriation and dissipation of over \$1 million of investor proceeds. Violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 and of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder are claimed.

The Commission asserts that the defendants violated the federal securities laws by distributing written offering materials containing material misrepresentations and omissions. The Commission also alleges that Bloch diverted in excess of \$1 million to himself, his wife, and companies they control.

Further, the Commission claims that the unregistered offering and sale of memberships in WBDN, L.C. and WCNX, L.C. violated Sections 5(a) and (c) of the Securities Act. The Commission seeks permanent injunctions, disgorgement, prejudgment interest, and civil penalties. In addition, the Commission seeks an accounting, appointment of a receiver, immediate asset freeze, and related interim equitable relief. [SEC v. Irwin Harry Bloch a/k/a Sonny Bloch, WBDN L.C., WGGG L.C., WCNX L.C., and Broadcast Radio Group, Inc., 95 Civ. 3821, SDNY, AGS] (LR-14511)

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## INVESTMENT COMPANY ACT RELEASES

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### EQUITABLE VARIABLE LIFE INSURANCE COMPANY, ET AL.

An order has been issued pursuant to Section 6(c) of the Investment Company Act exempting Equitable Variable Life Insurance Company (Equitable Variable), Separate Account FP of Equitable Variable Life Insurance Company, and Equico Securities, Inc. from Section 27(a)(3) of the Act and Subsections (b)(13)(ii) and (d)(1)(ii)(A) of Rule 6e-3(T) thereunder to permit Equitable Variable to make available an Accounting Benefit Rider to certain flexible premium variable life insurance policies it currently issues. (Rel. IC-21094 - May 24)

### COUNTDOWN TO RETIREMENT FUNDS

A notice has been issued giving interested persons until June 19 to request a hearing on an application filed by Countdown to Retirement Funds for an order under Section 8(f) of the Investment Company Act declaring that applicant has ceased to be an investment company. (Rel. IC-21095 - May 24)

## CONNECTICUT GENERAL LIFE INSURANCE COMPANY, ET AL.

An order has been issued pursuant to Section 6(c) of the Investment Company Act exempting Connecticut General Life Insurance Company (CG Life), CG Variable Annuity Separate Account II (Account), certain separate accounts that may be established by CG Life in the future to support certain variable annuity contracts issued by CG Life (Other Accounts, collectively, with the Account, Accounts) and Cigna Financial Advisors, Inc. from the provisions of Sections 2(a)(32), 26(a)(2)(C), 27(c)(1) and 27(c)(2) of the Act and Rule 22c-1 thereunder. The order provides exemptions to the extent necessary to permit CG Life to deduct from the assets of the Accounts the mortality and expense risk charge imposed under certain variable annuity contracts issued by CG Life (Existing Contracts) and under any other variable annuity contracts issued by CG Life which are materially similar to the Existing Contracts and are offered through any of the Accounts (Other Contracts, together, with the Existing Contracts, Contracts). Additionally, where the Contract owner has selected an optional death benefit, the order permits applicants to deduct from the value of the Contract an age and gender based charge for the benefits selected. The charge would be deducted upon the occurrence of one of the following events: upon the Contract anniversary; upon annuitization of the Contract; upon surrender of the Contract; or upon payment of the death benefit. (Rel. IC-21096 - May 25)

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### SELF-REGULATORY ORGANIZATIONS

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#### DELISTINGS GRANTED

An order has been issued granting the application of the American Stock Exchange to strike from listing and registration Diversified Communications Industries, Ltd., Common Stock, \$0.08 Par Value. (Rel. 34-35755)

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration Alliance Entertainment Corp., Class A Redeemable Warrants (Expiring May 13, 1995), Class B Redeemable Warrants, Expiring May 13, 1995. (Rel. 34-35762)

An order has been issued granting the application of the New York Stock Exchange Inc. to strike from listing and registration National Enterprises, Inc., Common Stock, \$.50 Par Value. (Rel. 34-35764)

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration Suave Shoe Corporation, 5% Convertible Subordinated Debentures, due January 1, 1997. (Rel. 34-35765)

## WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until June 15, 1995, to comment on the application of Pure Tech International, Inc. to withdraw its Common Stock, \$.01 Par Value from listing and registration on the Boston Stock Exchange. (Rel. 34-35763)

## PROPOSED RULE CHANGE

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-95-19) to add new paragraph 7 to Subsection (b)(2)(B)(vii)d. of Article III, Section 34 of the Rules of Fair Practice and to add new paragraph (vii) to Subsection (14)(D) to Part I of Schedule D to the By-Laws to exclude entities registered under the Investment Company Act of 1940 or any business development company as defined in Section 2(a)(48) of that Act from the definition of limited partnership rollup transaction. (Rel. 34-35761)

The Depository Trust Company filed a proposed rule change (SR-DTC-95-10) seeking to implement the Advice of Confirm Correction/Cancellation feature and Authorization/Exception Processing feature of the Institutional Delivery System. Publication of the proposal is expected in the Federal Register during the week of May 1995. (Rel. 34-35758)

## APPROVAL OF PROPOSED RULE CHANGE

The Commission has granted approval of a proposed rule change (SR-Phlx-95-02) and Amendment No. 1 to the proposed rule change filed by the Philadelphia Stock Exchange and has granted accelerated approval of Amendment No. 2 to the proposed rule change relating to additional expirations for cash/spot German mark foreign currency options (3D Options). Publication of the order and notice is expected in the Federal Register during the week of May 29. (Rel. 34-35756)

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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-6 PORTUGAL TELECOM SA/ADR, 48 WALL ST, NEW YORK, NY 10286 - 50,000,000  
(\$2,500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 33-91966 -  
MAY. 05) (NEW ISSUE)

REGISTRATIONS CONT.

- S-8 PROFESSIONAL SPORTS CARE MANAGEMENT INC /NY/, 550 MAMARONECK AVE,  
HARRISON, NY 10528 (212) 777-2400 - 1,200,000 (\$11,004,000) COMMON STOCK.  
(FILE 33-92300 - MAY. 15) (BR. 6)
- SB-2 U S OPPORTUNITY SEARCH INC, 44 KEAN ROAD, SHORT HILLS, NJ 07078  
(201) 379-3171 - 1,875,000 (\$7,620,000) COMMON STOCK. UNDERWRITER:  
PATTERSON TRAVIS INC. (FILE 33-92324 - MAY. 15) (BR. 12)
- S-8 COMMUNITY HEALTH SYSTEMS INC, 3707 FM 1960 W STE 500, HOUSTON, TX 77068  
(713) 537-5230 - 900,000 (\$28,462,500) COMMON STOCK. (FILE 33-92338 -  
MAY. 15) (BR. 6)
- S-8 ENCON SYSTEMS INC, 86 SOUTH ST, HOPKINTON, MA 01748 (508) 435-7700 -  
1,425,000 (\$5,880,277.01) COMMON STOCK. (FILE 33-92362 - MAY. 15) (BR. 3)
- F-6 LM ERICSSON TELEPHONE CO/ADR, 111 WALL ST, NEW YORK, NY 10043  
(703) 528-6100 - 300,000 (\$15,000,000)  
DEPOSITARY RECEIPTS FOR COMMON STOCK. DEPOSITOR: CITIBANK NA. (FILE  
33-92388 - MAY. 17) (NEW ISSUE)
- S-8 GEON CO, 6100 OAK TREE BLVD, INDEPENDENCE, OH 44131 (216) 447-6284 -  
1,000,000 (\$26,375,000) COMMON STOCK. (FILE 33-92398 - MAY. 17) (BR. 1)
- S-8 GEON CO, 6100 OAK TREE BLVD, INDEPENDENCE, OH 44131 (216) 447-6284 -  
2,500,000 (\$65,937,500) COMMON STOCK. (FILE 33-92400 - MAY. 17) (BR. 1)
- S-1 THERATX INC /DE/, 400 NORTHRIDGE RD, STE 400, ATLANTA, GA 30350  
(404) 518-9449 - 5,173,948 (\$69,848,298) COMMON STOCK. (FILE 33-92402 -  
MAY. 17) (BR. 6)
- S-1 THERATX INC /DE/, 400 NORTHRIDGE RD, STE 400, ATLANTA, GA 30350  
(404) 518-9449 - 100,000,000 (\$100,000,000)  
CONVERTIBLE DEBENTURES AND NOTES. (FILE 33-92404 - MAY. 17) (BR. 6)
- S-8 INDIGO NV, LUCHTHAVENWEG 59 VII, 5657 EA EINDHOVEN, NETHERLANDS, P8  
(314) 057-4300 - 700,000 (\$32,725,000) COMMON STOCK. (FILE 33-92410 -  
MAY. 17) (BR. 9)
- S-8 FIRST STANDARD VENTURES LTD, STE 12 286 1111 DAVIS DR,  
NEWMARKET ONTARIO CANA L3Y 7V1, A6 - 235,000 (\$152,750)  
FOREIGN COMMON STOCK. (FILE 33-92416 - MAY. 17) (BR. 2)
- S-8 ELECTRONIC FAB TECHNOLOGY CORP, 7251 WEST 4TH ST, GREELEY, CO 80634  
(303) 353-3100 - 140,000 (\$790,900) COMMON STOCK. (FILE 33-92418 -  
MAY. 17) (BR. 3)
- S-3 TRIDENT MICROSYSTEMS INC, 189 NORTH BERNARDO AVENUE, MOUNTAIN VIEW, CA  
94043 (415) 691-9211 - 1,995 (\$37,406.25) COMMON STOCK. (FILE 33-92420 -  
MAY. 17) (BR. 3)
- F-6 DEN DANSKE BANK AF 1871 AKTIESELSKAB /ADR/, 1 CHASE MANHATTAN PLAZA,  
C/O CHASE MANHATTAN BANK, NEW YORK, NY 10081 (212) 552-1305 - 10,000,000  
(\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 33-92422 - MAY. 17)  
(BR. 99)

REGISTRATIONS CONT.

- S-1 CONOLOG CORP, 5 COLUMBIA RD, SOMERVILLE, NJ 08876 (908) 722-8081 - 402,500 (\$2,012,500) COMMON STOCK. 432,500 (\$276,675) WARRANTS, OPTIONS OR RIGHTS. 1,337,500 (\$8,025,000) COMMON STOCK. UNDERWRITER: RABINOWITZ I A & CO. (FILE 33-92424 - MAY. 17) (BR. 3)
- S-8 BORG WARNER AUTOMOTIVE INC, 200 S MICHIGAN AVE, CHICAGO, IL 60604 (312) 322-8500 - 25,000 (\$656,250) COMMON STOCK. (FILE 33-92426 - MAY. 17) (BR. 4)
- S-8 BORG WARNER AUTOMOTIVE INC, 200 S MICHIGAN AVE, CHICAGO, IL 60604 (312) 322-8500 - 25,000 (\$656,250) COMMON STOCK. (FILE 33-92432 - MAY. 17) (BR. 4)
- S-8 LIGAND PHARMACEUTICALS INC, 9393 TOWNE CENTRE DR STE 100, SAN DIEGO, CA 92121 (619) 535-3900 - 1,995,170 (\$11,472,227.50) COMMON STOCK. (FILE 33-92436 - MAY. 18) (BR. 4)
- S-8 APPLIED VOICE TECHNOLOGY INC /WA/, 11410 NE 122ND WAY, KIRKLAND, WA 98034 (206) 820-6000 - 1,159,339 (\$18,984,176.13) COMMON STOCK. (FILE 33-92438 - MAY. 17) (BR. 7)
- S-8 ATHENA NEUROSCIENCES INC/DE, 800 GATEWAY BLVD, SOUTH SAN FRANCISCO, CA 94080 (415) 877-0900 - 100,000 (\$750,000) COMMON STOCK. (FILE 33-92440 - MAY. 17) (BR. 4)
- S-8 FINANCIAL BANCORP INC, 45 25 QUEENS BLVD, LONG ISLAND CITY, NY 11104 (718) 729-5002 - 218,500 (\$2,183,033.50) COMMON STOCK. (FILE 33-92442 - MAY. 17) (BR. 2)
- S-8 FINANCIAL BANCORP INC, 45 25 QUEENS BLVD, LONG ISLAND CITY, NY 11104 (718) 729-5002 - 52,000 LIMITED PARTNERSHIP CERTIFICATE. 52,000 (\$562,120) COMMON STOCK. (FILE 33-92444 - MAY. 17) (BR. 2)
- S-3 ULTRATECH STEPPER INC, 3050 ZANKER ROAD, SAN JOSE, CA 95134 (408) 321-8835 - 115,000 (\$3,910,000) COMMON STOCK. (FILE 33-92446 - MAY. 18) (BR. 12)
- S-4 DATA BROADCASTING CORPORATION, 120 WALL ST 9TH FL, NEW YORK, NY 10005 (212) 208-7705 - 6,678,300 (\$44,677,827) EQUIPMENT TRUST CERTIFICATES. (FILE 33-92448 - MAY. 18) (BR. 12)
- S-8 ATHENA NEUROSCIENCES INC/DE, 800 GATEWAY BLVD, SOUTH SAN FRANCISCO, CA 94080 (415) 877-0900 - 1,000,000 (\$7,500,000) COMMON STOCK. (FILE 33-92450 - MAY. 17) (BR. 4)
- S-3 ZIEGLER MORTGAGE SECURITIES INC II, 215 N MAIN ST, WEST BEND, WI 53095 (414) 334-5521 - 50,000,000 (\$50,000,000) MORTGAGE BONDS. (FILE 33-92454 - MAY. 18) (BR. 11)
- S-3 BENSON EYECARE CORP, 555 THEODORE FREMD AVE, STE B 302, RYE, NY 10580 (914) 967-9400 - 2,824,750 (\$26,835,125) COMMON STOCK. UNDERWRITER: GENESIS MERCHANT GROUP SECS, MONTGOMERY SECURITIES, SALOMON BROTHERS INC, SMITH BARNEY INC. (FILE 33-92458 - MAY. 18) (BR. 9)
- S-8 SOFTPOINT INC, 4750 LONGLEY LANE SUITE 210, RENO, NV 89502 (702) 355-1130 - 3,500,000 (\$210,000) COMMON STOCK. (FILE 33-92460 - MAY. 15) (BR. 10)
- S-8 TRIGEN ENERGY CORP, ONE WATER ST, WHITE PLAINS, NY 10601 (914) 948-9150 - 102,570 (\$1,923,187.50) COMMON STOCK. (FILE 33-92468 - MAY. 16) (BR. 8)

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RECENT 8K FILINGS

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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			
SMITH BARNEY SHEARSON HOLDINGS INC /DE/	DE					X					05/16/95	
SOUTHERN NATIONAL CORP /NC/	NC									X	05/22/95	AMEND
ST GEORGE METALS INC	NV					X					05/15/95	
STANDARD BRANDS PAINT CO	DE	X		X	X	X					05/16/95	
STEWART & STEVENSON SERVICES INC	TX					X					05/12/95	
STORAGE EQUITIES INC	CA					X	X				05/22/95	
SUMMIT PROPERTIES INC	MD		X						X		05/17/95	
SUNSTATES CORP /DE/	DE								X		05/18/95	AMEND
SYNTHETIC BLOOD INTERNATIONAL INC	NJ				X			X			04/19/95	AMEND
T CELL SCIENCES INC	DE					X	X				05/18/95	
TEXAS REGIONAL BANCSHARES INC	TX		X						X		05/03/95	
UNIGENE LABORATORIES INC	DE					X	X				05/22/95	
US WEST INC	CO					X	X				05/23/95	
VALUE MERCHANTS INC	WI					X	X				05/11/95	
VINLAND PROPERTY TRUST	CA					X	X	X			05/17/95	
WILDEY INC	DE					X		X			12/31/94	
XYTRONYX INC	DE						X	X			05/12/95	