

# sec news digest

Issue 88-235

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U.S. SECURITIES AND  
EXCHANGE COMMISSION

December 8, 1988

## ADMINISTRATIVE PROCEEDINGS

### INITIAL DECISION BARS DONALD SHELDON, SANCTIONS TWO ASSOCIATES

Administrative Law Judge Max O. Regensteiner issued an initial decision barring Donald T. Sheldon from association with a broker-dealer or municipal securities dealer and imposing lesser sanctions on two former associates. Sheldon was president of Donald Sheldon & Co., a registered municipal securities firm, and Donald Sheldon Government Securities, which were forced into liquidation in 1985. Bruce W. Reid, former manager of the firms' Houston office, was also barred, but may apply after two years to become associated with a broker-dealer or municipal securities dealer in a non-supervisory capacity, subject to adequate supervision. Gregory L. Pattison, who was a salesman in the Houston office, was suspended for 45 days.

According to the decision, Sheldon bore responsibility for financial irregularities resulting in the firms' demise, involving violations of antifraud and other provisions. In connection with sales of municipal and government securities, he violated antifraud provisions and in other instances failed to provide reasonable supervision. Reid and to a lesser extent Pattison engaged in unlawful sales practices.

The initial decision is subject to Commission review on petition of a party or on the Commission's own initiative.

### PROCEEDINGS INSTITUTED AGAINST TAIWO S. INMAN

The Commission instituted public administrative proceedings under Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 against Taiwo S. Inman, formerly a registered representative associated with two registered broker-dealers in their Washington, DC offices. Simultaneously, Inman submitted an Offer of Settlement which the Commission accepted.

Inman, without admitting or denying the findings, consented to an Order Making Findings and Imposing Remedial Sanctions, finding that he willfully violated the antifraud provisions of the securities laws when he was a registered representative but without knowledge of the firms, by making false and misleading statements of material fact which caused investors to purchase notes, investment contracts, and evidences of indebtedness of Financial Horizons Unlimited, Inc. (FHU), a defunct company he controlled, and The Washington Flyer, a privately owned magazine for commuters. In particular, Inman made misrepresentations and omissions of material fact to investors including the true nature of the investment, the return investors would receive, FHU's status as an on-going enterprise, and the use of investors' monies. The Order bars Inman from association with any broker, dealer, investment adviser, investment company, or municipal securities dealer.

[The District of Columbia Public Affairs Commission, Division of Securities, assisted the Commission in the investigation.] (Rel. IA-1146)

### NASD ACTION AGAINST R. B. MARICH, INC. AFFIRMED

The Commission affirmed sanctions imposed by the NASD on R. B. Marich, Inc., a Denver brokerage firm. The NASD censured the firm, fined it \$10,000, and suspended it from membership for one day.

The Commission found, as had the NASD, that the firm failed to comply with net capital, credit extension, and customer protection requirements. It also found that the firm permitted its president and executive vice president to serve as principals without being registered as such with the NASD. (Rel. 34-26307)

## APPEAL OF KIRK A. KNAPP DISMISSED AS MOOT

The Commission dismissed as moot an appeal from NASD action by Kirk A. Knapp, of Grand Rapids, Michigan. The NASD had denied the application of K. A. Knapp & Co., Inc., of Grand Rapids, to remain an NASD member with Knapp as an associated person, an application that was necessary because Knapp is subject to two statutory disqualifications, a Commission injunction, and an NASD bar. In dismissing the appeal, the Commission noted that the NASD had cancelled the membership of Knapp & Co. because of the firm's failure to pay certain fees. Thus the question of whether the firm should be permitted to employ Knapp had become moot. (Rel. 34-26328)

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## CORPORATE REORGANIZATION RELEASES

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### THE LTV CORPORATION

The Commission announced that on November 21 it filed a brief, in an appeal to the district court filed by representatives of a class of LTV employees alleging illegal employment discrimination, arguing that class proofs of claim are permissible in bankruptcy proceedings. The brief sets forth the Commission's position, which it has urged in several recent cases, that class claims are the most efficient and fair way to aggregate small claims (such as those of public investors) that otherwise would not be filed in a Chapter 11 proceeding. (In re The LTV Corporation, Beverly Ann Burton Iles, et al. v. The LTV Corporation, 88 Civ. 6456, SDNY). (CR-382)

FOR FURTHER INFORMATION CONTACT: Eric Haber at (212) 264-3043

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## CIVIL PROCEEDINGS

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### PERMANENT INJUNCTION WON AGAINST THOMAS R. BLONQUIST

The Denver Regional and Salt Lake City Branch Offices announced that on November 1 Judge J. Thomas Greene, U.S. District Court for the District of Utah, entered a Final Judgment of Permanent Injunction against Salt Lake City attorney Thomas R. Blonquist, enjoining him from violating the antifraud provisions of the securities laws. After a five-day trial in September 1988, Judge Greene found that a 1984 proxy statement prepared by Blonquist regarding a reorganization of Magma Energy and Petro Corporation, a publicly-held Utah corporation, contained untrue statements of material facts and omitted to state material facts. Judge Greene concluded that Blonquist, through preparation of the proxy statement and his role in the Magma reorganization, aided and abetted the primary violations of the antifraud provisions by Harry Edward Thomas who actually controlled Magma operations. Judge Greene found that Blonquist's conduct involved a high degree of scienter and/or recklessness since he knowingly included false information in the Magma proxy statement and actively concealed Thomas' role in Magma. The four other defendants in this action previously consented to the injunctions against them without admitting or denying the allegations in the Commission's Complaint. (SEC v. Harry Edward Thomas, et al., USDC Utah, Civil Action No. 86-C-0313G). (LR-11932)

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## INVESTMENT COMPANY ACT RELEASES

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### BANCO ESPANOL CENTRAL DE CREDITO, S.A.

A notice has been issued giving interested persons until December 30 to request a hearing on an application filed by Banco Espanol Central de Credito, S.A. for an order granting an exemption from all provisions of the Investment Company Act in connection with its proposed issuance of equity securities in the United States. (Rel. IC-16678 - Dec. 6)

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## HOLDING COMPANY ACT RELEASES

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### WESTERN MASSACHUSETTS ELECTRIC COMPANY

An order has been issued authorizing Western Massachusetts Electric Company, subsidiary of Northeast Utilities, to issue and sell up to \$65 million of its first mortgage bonds, in one or more series, prior to December 31, 1989. (Rel. 35-24766 - Dec. 1)

### NATIONAL FUEL GAS COMPANY

A notice has been issued giving interested persons until December 27 to request a hearing on a proposal by National Fuel Gas Company, a registered holding company, to issue and sell its common stock under its two stock option plans up to an aggregate amount of 1.6 million shares and to extend the terms of the Plans to December 7, 1998. National proposes to hold a meeting of its shareholders entitled to vote on such matters on February 16, 1989 in order to submit the amended Plans for their approval. National has been authorized to solicit proxies for this meeting of shareholders. (Rel. 35-24767 - Dec. 1)

### ALLEGHENY GENERATING COMPANY

An order has been issued authorizing Allegheny Generating Company, subsidiary of Allegheny Power System, to issue medium-term notes in an aggregate principal amount not to exceed \$150 million. (Rel. 35-24769 - Dec. 5)

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## SELF-REGULATORY ORGANIZATIONS

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### NOTICE OF PROPOSED RULE CHANGE

The New York Stock Exchange filed a proposed rule change under Rule 19b-4 (SR-NYSE-88-36) that would adopt NYSE Rule 130, which generally would require that each transaction effected on the NYSE be compared or otherwise closed out by the NYSE's close of business on the business day following the trade date. Publication of the proposal is expected to be made in the Federal Register during the week of December 5. (Rel. 34-26342)

### EFFECTIVENESS OF PROPOSED RULE CHANGE

The Stock Clearing Corporation of Philadelphia filed a proposed rule change which became effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. The rule change would establish a new SCCP fee schedule for processing market basket trades. Publication of the notice is expected to be made in the Federal Register during the week of December 5. (Rel. 34-26343)

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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.

S-18 VIDEOS 1ST NEW RELEASES INC, 11 N PEARL ST, ALBANY, NY 12201 (518) 436-8321 - 1,000,000 (\$3,000,000) COMMON STOCK. 1,000,000 (\$1,750,000) COMMON STOCK. 1,100,000 (\$2,200,000) COMMON STOCK. 100,000 (\$360,000) COMMON STOCK. 100,000 (\$175,000) COMMON STOCK. UNDERWRITER: WALL STREET EQUITIES INC. (FILE 33-25559-NY - NOV. 21) (BR. 12 - NEW ISSUE)

S-4 NORD PACIFIC LIMITED, BURNABY BLDG, 16 BURNABY ST BERMUDA HM CX, DO 00000 (809) 292-2363 - 220,002 (\$2,200) COMMON STOCK. 3,050,000 (\$24,400,000) COMMON STOCK. 3,270,002 (\$13,080,008) COMMON STOCK. (FILE 33-25683 - NOV. 29) (BR. 1 - NEW ISSUE)

- S-18 BARRIE RICHARD FRAGRANCES INC, 181 E 64TH ST. NEW YORK, NY 10021 (212) 988-3501 - 690,000 (\$3,450,000) COMMON STOCK. 690,000 (\$2,070,000) COMMON STOCK. 69,000 (\$69) WARRANTS, OPTIONS OR RIGHTS. 69,000 (\$414,000) COMMON STOCK. 69,000 (\$207,000) COMMON STOCK. UNDERWRITER: RUSSO SECURITIES INC. (FILE 33-25704-NY - NOV. 22) (BR. 10 - NEW ISSUE)
- N-2 FRANKLIN PRINCIPAL PRESERVATION TRUST, 777 MARINERS ISLAND BLVD, SAN MATEO, CA 94404 (415) 570-3000 - 10,000 (\$100,000,000) COMMON SHARES OF BENEFICIAL INTEREST. (FILE 33-25738 - NOV. 25) (BR. 16 - NEW ISSUE)
- S-18 BUD FINANCIAL GROUP INC, 1795 ALPINE, BOULDER, CO 80302 (303) 440-0529 - 12,000,000 (\$120,000) COMMON STOCK. 30,000,000 (\$600,000) COMMON STOCK. 30,000,000 (\$3,000,000) COMMON STOCK. (FILE 33-25779 - NOV. 28) (BR. 12 - NEW ISSUE)
- S-9 OPTROTECH LTD, INDUSTRIAL ZONE B, P O B 69, NES ZION 70450 ISRAEL, L3 - 227,330 (\$772,922) FOREIGN COMMON STOCK. (FILE 33-25782 - NOV. 29) (BR. 9)
- S-1 SYSTEMS DISPLAY INTERNATIONAL INC, 9875 SW SUNSHINE CT STE B1, BEAVERTON, OR 97005 (503) 646-9100 - 977,500 (\$1,280,525) COMMON STOCK. 425,000 (\$556,750) COMMON STOCK. (FILE 33-25783 - NOV. 29) (BR. 6 - NEW ISSUE)
- S-3 NATIONAL CONVENIENCE STORES INC /DE/, 100 WAUGH DR, HOUSTON, TX 77007 (713) 863-2200 - 18,750 (\$154,690) COMMON STOCK. (FILE 33-25784 - NOV. 29) (BR. 1)
- S-1 AQUANAUTICS CORP, 4560 HORTON ST RM Q-111, EMERYVILLE, CA 94608 (415) 652-8553 - 250,000 (\$235,000) COMMON STOCK. 62,409 (\$58,864) COMMON STOCK. (FILE 33-25788 - NOV. 29) (BR. 8)
- S-8 FAY LESLIE COMPANIES INC, 1400 BROADWAY, NEW YORK, NY 10018 (212) 221-4000 - 600,000 (\$5,325,000) COMMON STOCK. (FILE 33-25789 - NOV. 29) (BR. 1)
- S-3 ENRON CORP, 1400 SMITH ST, HOUSTON, TX 77002 (713) 853-6161 - 1,900,000 (\$68,162,500) COMMON STOCK. (FILE 33-25790 - NOV. 30) (BR. 7)
- S-8 UNITED BUILDING SERVICES CORPORATION OF DELAWARE, 2340 W SHANGRI LA RD 2ND FLR, PHOENIX, AZ 85029 (602) 371-1986 - 400,000 (\$2,624,000) COMMON STOCK. (FILE 33-25792 - NOV. 29) (BR. 9)
- S-3 FLEMING COMPANIES INC /OK/, 6301 WATERFORD BLVD, P O BOX 26647, OKLAHOMA CITY, OK 73126 (405) 840-7200 - 100,000 (\$100,000,000) PREFERRED STOCK. (FILE 33-25793 - NOV. 30) (BR. 3)
- S-8 SILICON SYSTEMS INC, 14351 MYFORD RD, TUSTIN, CA 92680 (714) 731-7110 - 150,000 (\$1,500,000) COMMON STOCK. (FILE 33-25794 - NOV. 30) (BR. 3)
- S-8 COMMERCIAL INTERTECH CORP, 1775 LOGAN AVE, YOUNGSTOWN, OH 44501 (216) 746-8011 - 200,000 (\$3,500,000) COMMON STOCK. (FILE 33-25795 - NOV. 30) (BR. 9)
- S-8 ELECTROMEDICS INC, 7337 S REVERE PKWY, ENGLEWOOD, CO 80112 (303) 790-8700 - 100,000 (\$156,000) COMMON STOCK. (FILE 33-25796 - NOV. 30) (BR. 8)
- S-3 CDI CORP, TEN PENN CTR PLZ, PHILADELPHIA, PA 19103 (215) 569-2200 - 150,000 (\$3,984,000) COMMON STOCK. (FILE 33-25801 - NOV. 30) (BR. 10)
- S-4 CLEAN HARBORS INC, 325 WOOD RD, BRAINTREE, MA 02184 (617) 849-1800 - 850,000 (\$14,025,000) COMMON STOCK. (FILE 33-25802 - NOV. 30) (BR. 8)
- S-18 CLASSIC CAR CONCEPTS & PROMOTIONS INC, 440 EAST 400 SOUTH STE 1, SALT LAKE CITY, UT 84111 (801) 355-5741 - 2,000,000 (\$100,000) COMMON STOCK. 2,000,000 (\$500,000) COMMON STOCK. 2,000,000 (\$1,000,000) COMMON STOCK. (FILE 33-25803 - NOV. 28) (BR. 2 - NEW ISSUE)
- N-2 FINLAND FUND INC, 1345 AVENUE OF THE AMERICAS, NEW YORK, NY 10105 (212) 969-1000 - 5,000,000 (\$60,000,000) COMMON STOCK. (FILE 33-25804 - NOV. 30) (BR. 16 - NEW ISSUE)
- S-1 MAST OPTICAL SYSTEMS INC, 4673 AIRCENTER CR, RENO, NV 89502 (702) 827-8110 - 38,123,900 (\$762,478) COMMON STOCK. 76,247,800 (\$2,287,434) COMMON STOCK. (FILE 33-25808 - NOV. 30) (BR. 11)