

SEC NEWS DIGEST

Issue 97-123

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COMMISSION ANNOUNCEMENTS

INDEPENDENCE STANDARDS BOARD SCHEDULES INITIAL MEETING

The Independent Standards Board (ISB), a new private-sector body created to establish independence standards for the auditors of public companies, will hold its organizational meeting at 1:00 P.M. on Monday, June 30, 1997 in New York. The first meeting of the ISB is open to the public (except for the portion of the meeting relating to certain administrative matters) and will be held at 1211 Avenue of the Americas (between 47th and 48th Sts.) on the sixth floor in the Board Room of the American Institute of Certified Public Accountants (AICPA). Notice of the June 30, 1997 meeting follows the joint announcement by the Securities and Exchange Commission (SEC) and the AICPA of the formation of the ISB. (Rel. 97-52)

RULES AND RELATED MATTERS

GRANT OF EXEMPTIVE RELIEF FROM CERTAIN PROVISIONS OF THE TENDER OFFER REGULATIONS

The Commission granted an exemptive order from certain provisions of the Securities Exchange Act of 1934 (Exchange Act) to PacificCorp with regard to a tender offer for the Ordinary Shares and American Depositary Shares of The Energy Group PLC. The order granted relief from certain withdrawal rights provisions of Section 14(d)(5) of the Exchange Act and Rules 14d-7 and 14d-10, thereunder, and confirmed that the offer could employ certain practices consistent with U.K. law and practice. For further information contact Laurie Green at (202) 942-2920. (Rel. 34-38776; IS-1088)

ENFORCEMENT PROCEEDINGS

COMMISSION DENIES INTERLOCUTORY APPEAL IN VINCENT POLISENO MATTER

The Commission has denied an emergency interlocutory appeal of its Division of Enforcement in the Vincent Polisen administrative

proceeding. The Division staff sought review of an administrative law judge's May 15, 1997 order striking ten of the fifteen witnesses the Division proposed calling in this case. Subsequent to the issuance of this order, the law judge indefinitely stayed the proceedings. The law judge stated that, as a result of the stay, the issue raised by Polisen's motion had been mooted. The Commission stated that it denied the Division's appeal because it agreed with the law judge that Polisen's motion had been mooted. (Rel. 34-38770)

ADMINISTRATIVE PROCEEDINGS INSTITUTED AND SETTLED AGAINST NATIONAL PARTNERSHIP INVESTMENTS CORPORATION; NATIONAL PARTNERSHIP EQUITIES, INC.; NATIONAL CORPORATE TAX CREDIT FUND; CENTURY HILLCRESTE APARTMENT INVESTORS, L.P.; ALAN CASDEN; CHARLES BOXENBAUM, AND BRUCE NELSON

The Commission today announced that it initiated and settled administrative proceedings against National Partnership Investments Corporation (NAPICO), a real estate syndication firm located in Los Angeles, California, three members of NAPICO's senior management, and three affiliated entities for their roles in two separate series of securities law violations. The Commission ordered these persons and entities charged to cease and desist from committing or causing securities law violations and ordered National Partnership Equities, Inc. (NPEI), a brokerage firm affiliated with NAPICO, to undergo a review of certain of its policies and procedures and pay a \$100,000 penalty.

The first series of securities law violations involved a "part or none" private placement offering of interests in National Corporate Tax Credit Fund (Corporate Fund). The offering was to take place in phases, with the first phase closing after the sale of five units, priced at \$1 million each. The terms of the offering allowed NAPICO to break escrow and receive the initial proceeds after the closing of this first phase. The Commission found that, in June 1992, NAPICO accomplished the closing of the first phase through the use of a non-bona fide investor. NAPICO and the Corporate Fund thereby violated Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-9, provisions that prohibit misrepresentations in connection with "all or none" or "part or none" offerings. The Corporate Fund offering continued in 1992 and 1993, and the offering documents distributed to potential investors contained no disclosure related to this transaction, in violation of Sections 17(a)(2) and (3) of the Securities Act of 1933 (Securities Act), which prohibit material misrepresentations or omissions in connection with the offer and sale of securities. The Commission found that Alan I. Casden, Vice Chairman of NAPICO's Board of Directors and NAPICO's beneficial owner; Charles H. Boxenbaum, Chairman of NAPICO's Board of Directors and NAPICO's CEO; and Bruce E. Nelson, NAPICO's President, caused these violations.

NPEI, the broker-dealer subsidiary of NAPICO, instructed the escrow bank to disburse the offering proceeds of the first phase of the Corporate Fund offering, even though a non-bona fide investor was included as one of the five units required. The Commission found

that NPEI's conduct violated Section 15(c)(2) of the Exchange Act and Rule 15c2-4 thereunder, provisions of the federal securities laws that prohibit such conduct in connection with "all or none" or "part or none" offerings. In settling with the Commission, the Commission ordered NPEI to cease and desist from violating those broker-dealer offering provisions of the federal securities laws, and NPEI agreed to pay a \$100,000 civil monetary penalty and to undertake a review of its compliance and supervisory practices and implement recommended changes to prevent and detect possible future violations of the federal securities laws.

The second series of violations involved a NAPICO-controlled public partnership called Century HillCreste Apartment Investors (HillCreste). HillCreste was required to file annual and quarterly reports with the Commission. The Commission found that HillCreste failed to disclose in its reports filed with the Commission from 1991 through 1993 that HillCreste's cash was used to pay the expenses of other properties that were managed by an affiliated property management company, including properties syndicated by entities affiliated with Casden or NAPICO. These disclosure failures by HillCreste violated Sections 17(a)(2) and (3) of the Securities Act, Sections 13(a) and Rules 13a-1, 13a-13 and 12(b)(20) thereunder, which prohibit material misrepresentations or omissions in periodic reports filed with the Commission. The failure of HillCreste to maintain adequate internal controls to prevent these transactions from being improperly recorded violated Sections 13(b)(2)(A) and (B) of the Exchange Act, books and records provisions of the federal securities laws. The Commission found Casden to have caused HillCreste's violations of these provisions.

NAPICO, the Corporate Fund, NPEI, HillCreste, Casden, Boxenbaum and Nelson all consented to the above relief without admitting or denying the findings in the Commission's order. (Rel. 33-7425; 34-38773; AAE Rel. 929)

ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS INSTITUTED AGAINST AND SIMULTANEOUSLY SETTLED WITH FIRST MONTAUK SECURITIES CORP.

On June 25, the Commission instituted and settled public administrative and cease and desist proceedings against First Montauk Securities Corp., a registered broker-dealer. The Order Instituting Administrative And Cease And Desist Proceedings Pursuant To Sections 15(b), 19(h) and 21C of the Securities Exchange Act of 1934 (Exchange Act), Making Findings And Imposing Remedial Sanctions And A Cease And Desist Order (Order) alleges that certain traders operating out of First Montauk's now-defunct Houston office engaged in a scheme to "park" complex mortgage-backed derivative securities with other dealers in order to move the securities off First Montauk's books. According to the Order, these individual utilized this scheme to manipulate the price of the derivative securities, thereby charging excessive markups to First Montauk's customers of over \$1.85 million. The Order alleges that as a result of this parking scheme, First Montauk failed to maintain accurate books and records and incurred numerous net-capital deficiencies. The Order also alleges that a registered representative in the Houston office

made numerous misrepresentations in connection with the sale of complex mortgage-backed derivative securities to Escambia County.

Based upon the foregoing conduct, the Order alleges that First Montauk's compliance procedures were inadequate to detect the parking scheme in the Houston Office and that First Montauk failed reasonably to supervise within the meaning of Exchange Act Section 15(b). In addition, the Order alleges that First Montauk violated Sections 15(c) and 17(a) of the Exchange Act and Rules 15c3-1, 17a-3, 17a-5 and 17a-11.

The Commission accepted First Montauk's Offer of Settlement, in which First Montauk consented to (i) a cease and desist order, (ii) a censure; (iii) undertakings including retaining an independent consultant to address problems related to the firm's affiliate program; (iv) disgorgement of ill-gotten gains of \$175,458; (v) payment of prejudgment interest of \$51,584; and (vi) payment of a civil penalty of \$50,000. (Rel. 34-38775)

IN THE MATTER OF SPECTRUM INFORMATION TECHNOLOGIES, INC.

The Commission today announced the institution and settlement of public administrative proceedings against Spectrum Information Technologies, Inc. Spectrum, currently headquartered in Purchase, New York, has been engaged in various aspects of the computer industry since its inception in 1984. According to the Commission's Order, during 1992, Spectrum raised cash for the company's operations by distributing unregistered shares of its common stock to the public. The following year, Spectrum fraudulently inflated its income, and misled investors into believing that Spectrum had become a profitable company when, in fact, it had sustained substantial losses during the period.

The Commission found that Spectrum violated the registration, antifraud, reporting and record-keeping provisions of the federal securities laws. Without admitting or denying the Commission's findings, Spectrum consented to the issuance of the Order, which requires it to cease and desist from committing any violations and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, and Sections 10(b), 13(a) and 13(b)(2)(A) of the Securities Exchange Act of 1934 and Rules 10b-5, 13a-13 and 12b-20 thereunder. The Commission's investigation in this matter is continuing. (Rel. Nos. 33-7426; 34-38774; AAE Rel. 930)

PRELIMINARY INJUNCTION AND ASSET FREEZE ORDERED AGAINST J. SCOTT ESKIND

On June 23, the Honorable Charles A. Moyer, Jr., United States District Judge for the Northern District of Georgia, entered an order of preliminary injunction and other relief as to defendant J. Scott Eskind (Eskind), of Atlanta, Georgia. The order enjoins and restrains Eskind from violating the antifraud provisions of the securities laws. The Court also ordered a freeze of assets held or controlled by Eskind. The Court further ordered Eskind to prepare a sworn accounting of all monies received from the scheme and of the

disposition and use of said funds. The accounting is to be submitted to the Court within 20 days of the date of the Court's order.

Eskind consented to the relief without admitting or denying the allegations set forth in a complaint, filed by the Commission on June 20, 1997. In its complaint, the Commission alleged that, between November 1994 and May 1996, Eskind was secretary and treasurer of Tower Asset Management (Tower), the general partner and investment adviser of Asset Management Fund, L.P. (Asset Management), a limited partnership formed for the purpose of investing in securities. In or before April 1996, Eskind misappropriated or converted approximately \$246,000 of Asset Management's assets, and concealed his actions by falsifying the partnership's books. When the thefts were discovered, Eskind was terminated by Tower.

After his dismissal from Tower, Eskind solicited investments from the public using Asset Management's offering documents. Eskind did not disclose to the investors that he had been terminated by Tower nor did he disclose that Asset Management had been dissolved. [SEC v. J. Scott Eskind, Civil Action No. 1:97-CV-1790-CAM, N.D. Ga.] (LR-15395)

RICHARD MCADOO CONSENTS TO PERMANENT INJUNCTION UNDER THE FOREIGN CORRUPT PRACTICES ACT

On June 26, the Commission filed a consent settlement of a pending civil action against Richard L. McAdoo, a former senior officer of Triton Indonesia, Inc. (Triton Indonesia), a subsidiary of Triton Energy Corporation (Triton Energy). McAdoo consented, without admitting or denying the allegations contained in the Commission's Complaint, to the entry of a Final Judgment that permanently enjoins him from violating the antibribery provision and the internal control and books and records provision of the Foreign Corrupt Practices Act (FCPA), Sections 30A(a) and 13(b)(5) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 13b2-1 thereunder. The Final Judgment also orders McAdoo to pay a \$35,000 penalty pursuant to Sections 32 and 21(d)(3)(A) of the Exchange Act.

The Commission's Complaint, filed on February 27, 1997, in the United States District Court for the District of Columbia, alleged that during the years 1989 and 1990, McAdoo and Philip W. Keever, another former officer of Triton Indonesia, authorized numerous improper payments to Roland Siouffi, Triton Indonesia's business agent acting as an intermediary between Triton Indonesia and Indonesian government agencies, knowing or recklessly disregarding the high probability that Siouffi either had or would pass such payments along to Indonesian government employees for the purpose of influencing their decisions affecting the business of Triton Indonesia. The complaint alleges that these payments were made in violation of the FCPA. According to the complaint, McAdoo and Keever, together with other Triton Indonesia employees, also concealed these payments by falsely documenting and recording the transactions as routine business expenditures. Keever and Triton

Energy, who were also charged in the Complaint, previously settled with the Commission. See Litigation Release No. 15266 (February 27, 1997). [SEC V. Triton Energy Corporation, et al., Civil Action No. 1:97CV00401, RMU, D.D.C.] (LR-15396; AAE Rel. 931)

CORRECTION

In an article concerning SEC v. Mark E. Gatch and Henry Benjamin Schmidt, Case No. C-1-97-599, SSB, SD Ohio, WD (LR-15394), included in the Digest for June 25, it was reported in error that simultaneously, and without admitting or denying the Commission's allegations, Mark E. Gatch consented to the entry of a Final Judgment of Permanent Injunction and an administrative order barring him from the securities industry. In fact, litigation is still pending and no administrative order has been entered.

HOLDING COMPANY ACT RELEASES

SOUTHWESTERN ELECTRIC POWER COMPANY, ET AL.

An order has been issued authorizing Southwestern Electric Power Company (SWEPCO), Public Service Company of Oklahoma (PSO), and Central Power and Light Company (CPL), all wholly owned subsidiaries of Central and South West Corporation, a registered holding company, to enter into a Rail Car Maintenance Facility Agreement under which CPL will participate with SWEPCO and PSO in the costs and use of a railroad car repair and maintenance facility. (Rel. 35-26734)

SELF-REGULATORY ORGANIZATIONS

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change (SR-PHLX-97-26) filed by the Philadelphia Stock Exchange to amend Rule 1009 to reflect that options on the European Currency Unit are available only as customized options has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of June 30. (Rel. 34-38764)

CLARIFICATION CONCERNING APPROVAL OF PROPOSED RULE CHANGE

Yesterday, the Digest included an article under the heading "APPROVAL OF PROPOSED RULE CHANGE" (SR-NASD-97-31) which stated only that the NASD had filed the proposed rule change. It should have read as follows:

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change (SR-NASD-97-

31) filed by the National Association of Securities Dealers relating to the NASD's rule governing market maker registration. The amendment permits managers and co-managers of an underwriting syndicate participating in a secondary offering of a security listed and traded on Nasdaq to register as a market maker in such issue on a same-day basis on the day of the secondary offering. Publication of the proposal is expected in the Federal Register during the week of June 30. (Rel. 34-38757)

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.

Registration statements may be obtained in person or by writing to the Commission's Public Reference Branch at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the following e-mail box address: <public info @ sec>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

- S-1 COMTEL TECHNOLOGIES INC, SEVEN PONDFIELD RD, STE 201, BRONXVILLE, NY
10708 (914) 395-1200 - 5,114,800 (\$38,361,000) COMMON STOCK (FILE
333-7066 - JUN. 13) (BR 3 - NEW ISSUE)
- S-3 BRIGHTPOINT INC, 6402 CORPORATE DR, INDIANAPOLIS, IN 46278
(317) 297-6100 - 4,600,000 (\$135,125,000) COMMON STOCK (FILE 333-29533 -
JUN. 19) (BR. 6)
- S-8 LEVEL BEST GOLF INC /FL/, 14561 58TH ST N, CLEARWATER, FL 34620
(813) 535-7770 - 523,500 (\$1,047,000) COMMON STOCK (FILE 333-29535 -
JUN 18) (BR 5)
- S-8 CALLON PETROLEUM CO, 200 N CANAL ST, NATCHEZ, MS 39120 (601) 442-1601 -
900,000 (\$13,781,250) COMMON STOCK (FILE 333-29537 - JUN 19) (BR. 4)
- S-3 MENS WEARHOUSE INC, 5803 GLENMONT DR, HOUSTON, TX 77081 (713) 295-7200
- 2,990,000 (\$100,912,500) COMMON STOCK (FILE 333-29539 - JUN 19)
(BR. 2)
- S-4 DURCO INTERNATIONAL INC, 3100 RESEARCH BLVD, DAYTON, OH 45420
(513) 476-6100 - 18,154,798 (\$512,948,599) COMMON STOCK (FILE 333-29541 -
JUN 19) (BR 5)
- S-8 SYBRON CHEMICALS INC, BIRMINGHAM RD, PO BOX 66, BIRMINGHAM, NJ 08011
(609) 893-1100 - 420,000 (\$7,770,000) COMMON STOCK. (FILE 333-29543 -
JUN. 19) (BR. 4)
- S-1 INNOVA CORPORATION, 3325 S 116TH ST, GATEWAY N BLDGE 2, SEATTLE, WA
98168 (206) 439-9121 - \$30,000,000 COMMON STOCK (FILE 333-29547 -
JUN 19) (BR. 5)
- S-8 CELL GENESYS INC, 322 LAKESIDE DR, FOSTER CITY, CA 94404 (415) 358-9600
- 9,625 (\$156,213 75) COMMON STOCK (FILE 333-29549 - JUN. 19) (BR. 1)

The Office of the United States Attorney for the Southern District of New York further announced that the following two individuals have pleaded guilty to felonies committed in connection with the Commission's investigation of the facts surrounding BFG:

Anthony Pavoni, the president and owner of Scriptex Enterprises, Inc. ("Scriptex"), an office equipment dealership and certain of its affiliates, pleaded guilty to perjury, obstruction of justice, and conspiracy to commit perjury and to obstruct justice.

Thomas Pomposelli, the chief financial officer of Scriptex, pleaded guilty to perjury, obstruction of justice, and conspiracy to commit perjury and to obstruct justice.

For more information see Litigation Release Nos. 14875, 14991, 15324; Accounting and Auditing Enforcement Release Nos. 772, 805, and 902.

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

LITIGATION RELEASE NO. 15399 /June 26, 1997

SEC v. EMANUEL PINEZ, Civil Action No. 97-10353-PBS (U.S.D.C., D. MA.)

The Securities and Exchange Commission announced today it has requested permission to file a Second Amended Complaint against Emanuel Pinez ("Pinez"), the former chairman and chief executive officer of Centennial Technologies, Inc. ("Centennial"), alleging that Pinez engaged in additional unlawful insider trading through an account in the name of Felix Inc. ("Felix"), an offshore company administered in Jersey, Channel Islands, U.K. Felix was also named a relief defendant. According to the Complaint, Felix holds at least \$808,878 in proceeds for the benefit of Pinez from its sale of Centennial stock on February 6 and 7, 1997.

The Complaint alleges that Pinez is the beneficiary of a trust that owns Felix. The Complaint alleges that on February 5, 1997, Pinez instructed Felix to sell 40,000 shares of Centennial stock. This instruction occurred just days ahead of Centennial's announcement on February 11, 1997, that the company had dismissed Pinez and would launch an inquiry into the accuracy of the company's most recently announced earnings and prior financial statements. According to the Complaint, Pinez knew at the time of these trades that Centennial's financial condition was substantially worse than had been previously reported by the company as a result of financial improprieties engaged in by Pinez. At approximately the same time that Felix sold Centennial stock, Pinez purchased and sold 5,400 option contracts on Centennial stock through another account at Lehman Brothers Inc. ("Lehman"). Pinez's options trades were the subject of the Commission's initial Complaint. A First Amended Complaint, which added Lehman as relief defendant, alleged that Pinez received \$447,500 profit from the sale of call options, and gained more than \$4.6 million from his purchase of put options, on February 7, 1997.

Felix transacted the stock sale through a brokerage account at Lehman's Boston office. The Complaint alleges that on February 25, 1997, Felix's administrator directed Lehman to wire all but \$1,000 of the approximately \$966,880 in the Felix account to Hill Samuel Bank Limited ("Hill Samuel") in Jersey, Channel Islands. The Complaint alleges that on February 25, 1997, Lehman wired \$965,880.72 from the Felix account to Chase Manhattan Bank for the benefit of Hill Samuel. The Complaint alleges that these funds were wired out of the Felix account notwithstanding an Order from the U.S. District Court on February 14, 1997 prohibiting the release of funds controlled directly or indirectly by Pinez. The Complaint alleges that since February 25, 1997, Felix has reinvested the \$965,880.72 from the Felix account in a fixed weekly deposit account at Hill Samuel. The

Complaint also seeks the return of these funds from the Channel Islands to the United States for the benefit of defrauded investors.

For further information, please see Litigation Release Nos. 15258 and 15295.