

sec news digest

Issue 86-211

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U.S. SECURITIES AND
EXCHANGE COMMISSION

October 31, 1986

ADMINISTRATIVE PROCEEDINGS

PROCEEDINGS INSTITUTED AGAINST MARLIN F. SCHMIDT

The Commission instituted public administrative proceedings against Marlin F. Schmidt, an investment adviser registered with the Commission from November 1974 until November 1985. Simultaneously, the Commission accepted Schmidt's offer of settlement in which he consented, without admitting or denying, to findings by the Commission. Schmidt also consented to a 90-day suspension from association with any broker, dealer, investment adviser, investment company or municipal securities dealer, and a concurrent bar from association with any investment adviser in a proprietary or supervisory capacity with the right to reapply after one year. The Commission found that Schmidt wilfully violated the registration provisions of the Securities Act and Exchange Act and the antifraud provisions of the Securities Act and Advisers Act. Schmidt made material misstatements and omissions in connection with the recommendation, offer, and sale of securities issued by Caprimex, Inc., located in Holland, concerning, among other things: the risks and expected return on a Caprimex securities investment; the potential conflict of interest between Schmidt's obligations as an investment adviser and his role as a Caprimex securities salesman; the commissions earned on the sale of Caprimex securities; and Schmidt's recommendation of Caprimex securities to his investment advisory clients without having a reasonable basis for making such recommendations. (Rel. 34-23667)

CIVIL PROCEEDINGS

PERMANENT INJUNCTIONS ENTERED AGAINST A. FRANK SIDOTI, OTHERS

The New York Regional Office announced that Judge Thomas P. Griesa, Southern District of New York, entered final judgments of permanent injunction against A. Frank Sidoti, on October 9, and against Murray Rothfleisch and Irving Orenstein, on October 2. Sidoti and Rothfleisch were enjoined from future violations of the registration and antifraud provisions of the securities laws, and Orenstein was enjoined from future violations of the antifraud provisions. These defendants consented to the respective permanent injunctions without admitting or denying the allegations in the Commission's April 13, 1983 complaint.

The complaint alleges that in early 1980 Sidoti, a New York resident who had been barred from association with any broker-dealer, along with Quinn, was an undisclosed underwriter for a public offering of securities by Sundance Gold Mining and Exploration, Inc. made in unlawful reliance on the Regulation A exemption from registration. Rothfleisch, now a Florida resident, participated in this non-exempt offering as Sundance's president. The complaint also alleges that Sidoti and Rothfleisch used false and misleading offering circulars for the Sundance offering and manipulated the Sundance aftermarket; and that Orenstein, a New York resident, utilized a matched trade to open the Sundance market.

The action is pending against Amfco, Scop, Redmer and Wolff. (SEC v. Thomas Quinn, et al., SDNY, 83 Civil 2794, TPG). (LR-11275)

CIVIL ACTION FILED AGAINST RANBIR SAHNI

The Los Angeles Regional Office filed a complaint on October 15 in the U.S. District Court for the Central District of California against Ranbir Sahni, seeking an order of permanent injunction against aiding and abetting violations of the broker registration provisions. Sahni consented to this order without admitting or denying the allegations in the complaint.

The complaint alleges that Sahni was the chief executive officer and owner of American Diversified Investment Corporation (ADIC) and that, from August 1983 through at least December 1983, ADIC induced the purchase and sale of securities in violation of Section 15(a) of the Securities Exchange Act of 1934. ADIC offered and sold limited partnership interests in at least seven real estate limited partnerships and raised at least \$50 million from investors located in California and other states. The complaint further alleges that Sahni directed ADIC's operations during all relevant times. Finally, the complaint alleges that ADIC was included in a conservatorship placed over its parent, American Diversified Savings Bank, by the Federal Home Loan Bank Board in February 1986. (SEC v. Ranbir Sahni, USDC CDCA, Civil Action No. 86-6664). (LR-11277)

INVESTMENT COMPANY ACT RELEASES

THE LIGHT STREET INCOME FUND, INC.

A notice has been issued giving interested persons until November 17 to request a hearing on an application filed by The Light Street Income Fund, Inc. for an order declaring that it has ceased to be an investment company. (Rel. IC-15377 - Oct. 27)

INDIANAPOLIS LIFE INSURANCE COMPANY

An order has been issued exempting Indianapolis Life Insurance Company, Indianapolis Life Variable Account A and Indianapolis Life Financial Planning Corporation from the provisions of Sections 2(a)(32), 22(c), 26(a)(2), 27(c)(1), 27(c)(2) and 27(d) of the Investment Company Act and Rules 6e-3(T)(b)(12), 6e-3(T)(b)(13), 6e-3(T)(c)(2), and 22c-1. The exemption will to permit the deduction of a contingent deferred administrative charge and to permit a Waiver of Monthly Deductions Rider in connection with the issuance of flexible premium variable life insurance contracts. (Rel. IC-15378 - Oct. 27)

NORTH SIDE CAPITAL CORPORATION

A notice has been issued giving interested persons until November 20 to request a hearing on an application by North Side Capital Corporation for an order exempting it from all provisions of the Investment Company Act to permit it to issue collateralized mortgage obligations. (Rel. IC-15379 - Oct. 28)

HOLDING COMPANY ACT RELEASES

THE COLUMBIA GAS SYSTEM, INC.; ALLEGHENY POWER SYSTEM, INC.; ARKANSAS POWER AND LIGHT COMPANY

Notices have been issued giving interested persons until November 17 to request a hearing on a proposal by the following companies under the same release: The Columbia Gas System, Inc. - a registered holding company, to acquire for cash through a tender offer, \$50 million principal amount of its 15-3/8% debentures, Series due June 1997, of which \$100 million in aggregate principal amount are outstanding; and Allegheny Power System, Inc. - a registered holding company, to issue up to three million shares of its common stock, \$2.50 par value, under its Dividend Reinvestment and Stock Purchase Plan and its Employee Stock Ownership and Savings Plan.

A supplemental notice has also been issued under the same release giving interested persons until November 17 to request a hearing on a proposal by Arkansas Power and Light Company, subsidiary of Middle South Utilities, Inc., to provide for increased funding for its nuclear fuel leasing arrangements. (Rel. 35-24221 - Oct. 23)

MASSACHUSETTS ELECTRIC COMPANY

A supplemental order has been issued authorizing Massachusetts Electric Company, subsidiary of New England Electric System, to acquire and retire any or all of its \$13,867,000 of outstanding first mortgage bonds, Series O. (Rel. 35-24222 - Oct. 27)

CORRECTION RE JERSEY CENTRAL POWER AND LIGHT COMPANY, NEW ENGLAND POWER COMPANY, NORTHEAST UTILITIES, MIDDLE SOUTH UTILITIES

In the October 24th and 27th Issues of the News Digest under "Holding Company Act Releases," the release number for the above-named companies was incorrect. The correct number is 35-24214, not 34-24214.

SELF-REGULATORY ORGANIZATIONS

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A rule change filed by The National Securities Clearing Corporation became immediately effective on October 1. The proposed rule change (SR-NSCC-86-12) eliminates discounts respecting NSCC's Automated Customer Transfer Service fees. (Rel. 34-23750)

NOTICE OF PROPOSED RULE CHANGES

Proposed rule changes have been filed under Rule 19b-4 by: The Midwest Stock Exchange (SR-MSE-86-7) to allow specialists to execute automatically agency limit orders entered through the Midwest Automated Execution System. (Rel. 34-23751); and The National Association of Securities Dealers, Inc. (SR-NASD-86-28) that would amend its by-laws to preclude members of the Board of Governors who are absent from Board meetings from voting by proxy on issues before the Board. (Rel. 34-23752)

Publication of the proposal is expected to be made in the Federal Register during the week of October 27.

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.

- S-6 MUNICIPAL INVT TR FD FOUR HUNDRED ELEVENTH MONTHLY PYMT SERI,
ONE LIBERTY PLZ 21ST FL, C/O MERRILL LYNCH PIERCE FENNER & SMITH, NEW YORK, NY 10080 -
INDEFINITE SHARES. DEPOSITOR: DEAN WITTER REYNOLDS INC,
MERRILL LYNCH PIERCE FENNER & SMITH INC, PRUDENTIAL BACHE SECURITIES INC,
SHEARSON LEHMAN BROTHERS INC. (FILE 33-9613 - OCT. 22) (BR. 17 - NEW ISSUE)
- S-6 CORPORATE INCOME FUND HIGH YIELD SERIES 8, ONE LIBERTY PLZ 21ST FL,
C/O MERRILL LYNCH PIERCE FENNER & SMITH, NEW YORK, NY 10080 - INDEFINITE SHARES.
(FILE 33-9614 - OCT. 22) (BR. 22 - NEW ISSUE)
- S-18 TECHNICAL NEXUS INC, 1900 E FLAMINGO STE 252, LAS VEGAS, NV 89119 (702) 369-9919 -
10,000,000 (\$250,000) COMMON STOCK. 10,000,000 (\$750,000) COMMON STOCK. 10,000,000
(\$1,250,000) COMMON STOCK. (FILE 33-9647-D - OCT. 20) (BR. 6 - NEW ISSUE)
- S-18 STAR VENTURES INC, 4155 E JEWELL AVE STE 300, DENVER, CO 80222 (303) 671-9120 -
10,000,000 (\$1,000,000) COMMON STOCK. 10,000,000 (\$1,500,000) COMMON STOCK.
10,000,000 (\$2,000,000) COMMON STOCK. (FILE 33-9652-D - OCT. 21) (BR. 12 - NEW ISSUE)
- S-8 USPCI INC, 2000 CLASSEN CTR BLDG, STE 400 SOUTH, OKLAHOMA CITY, OK 73106
(405) 528-8371 - 82,500 (\$2,558,469.50) COMMON STOCK. (FILE 33-9680 - OCT. 23)
(BR. 8)
- S-8 USPCI INC, 2000 CLASSEN CTR BLDG, STE 400 SOUTH, OKLAHOMA CITY, OK 73106
(405) 528-8371 - 135,000 (\$4,700,712.50) COMMON STOCK. (FILE 33-9681 - OCT. 23)
(BR. 8)
- S-8 MITEL CORP, 350 LEGGETT DR, KANATA ONTARIO CANADA K2K 1X3, A6 (613) 592-2122 -
1,500,000 (\$8,104,908) COMMON STOCK. (FILE 33-9682 - OCT. 23) (BR. 7)
- S-1 METROPLEX COMMUNICATION LTD PARTNERSHIP, 1818 OHIO SAVINGS PLZ, CLEVELAND, OH 44114
(216) 566-8080 - 40,000,000 (\$40,000,000) STRAIGHT BONDS. UNDERWRITER:
KIDDER PEABODY & CO INC, MCDONALD & CO SECURITIES INC. (FILE 33-9685 - OCT. 23)
(BR. 7 - NEW ISSUE)
- S-4 GRENADA SUNBURST SYSTEM CORP, 108 S MAIN ST, GRENADA, MS 38901 (601) 226-3141 -
269,640 (\$3,644,760) COMMON STOCK. (FILE 33-9691 - OCT. 23) (BR. 2)
- S-4 GRENADA SUNBURST SYSTEM CORP, 108 S MAIN ST, GRENADA, MS 38901 (601) 226-3141 -
51,443 (\$936,083) COMMON STOCK. (FILE 33-9692 - OCT. 23) (BR. 2)
- S-4 GRENADA SUNBURST SYSTEM CORP, 108 S MAIN ST, GRENADA, MS 38901 (601) 226-3141 -
381,900 (\$3,819,000) COMMON STOCK. (FILE 33-9693 - OCT. 23) (BR. 2)

- S-4 GRENADA SUNBURST SYSTEM CORP, 108 S MAIN ST, GRENADA, MS 38901 (601) 226-3141 - 38,788 (\$187,282) COMMON STOCK. (FILE 33-9694 - OCT. 23) (BR. 2)
- S-6 HUTTON INV TR INTERNATIONAL CURRENCY BOND TRUST SERIES 3 - 2,500,000 (\$2,500,000) UNIT INVESTMENT TRUST. (FILE 33-9696 - OCT. 23) (BR. 18 - NEW ISSUE)
- S-6 TAX EXEMPT SECURITIES TRUST SERIES 257, 1345 AVENUE OF THE AMERICAS, C/O SMITH BARNEY HARRIS UPHAM & CO INC, NEW YORK, NY 10105 - 2,400 (\$2,500,000) UNIT INVESTMENT TRUST. DEPOSITOR: DREXEL BURNHAM LAMBERT INC, KIDDER PEABODY & CO INC, ROTHSCHILD L F UNTERBERG TOMBIN INC, SMITH BARNEY HARRIS UPHAM & CO INC. (FILE 33-9697 - OCT. 23) (BR. 18 - NEW ISSUE)
- S-6 TAX EXEMPT SECURITIES TRUST SERIES 256, 1345 AVENUE OF THE AMERICAS, C/O SMITH BARNEY HARRIS UPHAM & CO INC, NEW YORK, NY 10105 - 2,400 (\$2,500,000) UNIT INVESTMENT TRUST. DEPOSITOR: DREXEL BURNHAM LAMBERT INC, KIDDER PEABODY & CO INC, ROTHSCHILD L F UNTERBERG TOMBIN INC, SMITH BARNEY HARRIS UPHAM & CO INC. (FILE 33-9698 - OCT. 23) (BR. 18 - NEW ISSUE)
- S-1 ELECTRO FUNDS CORP, 3080 A AIRWAY AVE, COSTA MESA, CA 92626 (714) 549-9111 - 2,500,000 (\$2,500,000) COMMON STOCK. 2,500,000 WARRANTS, OPTIONS OR RIGHTS. 2,500,000 (\$3,750,000) COMMON STOCK. (FILE 33-9699 - OCT. 23) (BR. 10)
- S-1 ZZZZ BEST CO INC, 7040 DARBY AVE, RESEDA, CA 91335 (818) 344-9555 - 1,150,000 (\$14,950,000) COMMON STOCK. 1,150,000 (\$6,233,000) COMMON STOCK. 100,000 (\$100) WARRANTS, OPTIONS OR RIGHTS. 100,000 (\$1,560,000) COMMON STOCK. 100,000 (\$562,000) COMMON STOCK. UNDERWRITER: ROONEY PACE INC. (FILE 33-9700 - OCT. 23) (BR. 5 - NEW ISSUE)
- S-3 CORESTATES CAPITAL CORP, BROAD & CHESTNUT STS, PHILADELPHIA, PA 19101 (215) 629-3957 - 275,000,000 (\$275,000,000) STRAIGHT BONDS. (FILE 33-9701 - OCT. 23) (BR. 1)
- N-1A SIMMS GLOBAL FUND LTD, 7 E 76TH ST, NEW YORK, NY 10021 (212) 861-2830 - INDEFINITE SHARES. (FILE 33-9703 - OCT. 21) (BR. 16)
- S-11 RESOURCES ACCRUED MORTGAGE INVESTORS LP SERIES 87, 666 THIRD AVE, NEW YORK, NY 10017 (212) 551-6000 - 500,000 (\$125,000,000) LIMITED PARTNERSHIP CERTIFICATE. UNDERWRITER: INTEGRATED RESOURCES MARKETING INC. (FILE 33-9705 - OCT. 23) (BR. 11 - NEW ISSUE)
- S-3 MILLIPORE CORP, 80 ASHBY RD, BEDFORD, MA 01730 (617) 275-9200 - 147,268 (\$4,178,730) COMMON STOCK. (FILE 33-9706 - OCT. 23) (BR. 8)
- S-4 INFORMATION RESOURCES INC, 150 N CLINTON ST, CHICAGO, IL 60606 (312) 726-1221 - 550,000 (\$9,900,000) COMMON STOCK. (FILE 33-9707 - OCT. 23) (BR. 5)
- S-8 GIANT GROUP LTD, SOUTH CAROLINA HWY 453, PO BOX 218, HARLEYVILLE, SC 29448 (803) 496-7880 - 300,000 (\$6,862,500) COMMON STOCK. 600,000 (\$13,725,000) COMMON STOCK. (FILE 33-9708 - OCT. 23) (BR. 9)
- S-4 CORROON & BLACK CORP, WALL ST PLZ, NEW YORK, NY 10005 (212) 363-4100 - 97,200 (\$3,535,650) COMMON STOCK. (FILE 33-9709 - OCT. 23) (BR. 10)
- S-3 COLT INDUSTRIES INC, 430 PARK AVE, NEW YORK, NY 10022 (212) 940-0400 - 8,690,753 (\$130,361,295) COMMON STOCK. (FILE 33-9712 - OCT. 24) (BR. 4)
- S-4 TENERA LP, 2150 SHATTUCK AVE, BERKELEY, CA 94704 (415) 845-5200 - 8,725,802 (\$25,086,680) LIMITED PARTNERSHIP CERTIFICATE. (FILE 33-9713 - OCT. 24) (BR. 5 - NEW ISSUE)
- S-2 VIRAGEN INC, 2343 W 76TH ST, HIALEAH, FL 33016 (305) 557-6000 - 3,850 (\$3,885,000) PREFERRED STOCK. 385,000 (\$3,850,000) COMMON STOCK. 385,000 (\$1,925,000) COMMON STOCK. 350 WARRANTS, OPTIONS OR RIGHTS. 300,000 (\$810,000) COMMON STOCK. UNDERWRITER: MEYERSON M H & CO INC. (FILE 33-9714 - OCT. 24) (BR. 4)
- S-3 NORTHERN TRUST CORP, 50 S LA SALLE ST, CHICAGO, IL 60675 (312) 630-6000 - 1,050,000 (\$52,500,000) PREFERRED STOCK. UNDERWRITER: GOLDMAN SACHS & CO, ISHAM LINCOLN & BEARLE, LAZARD FRERES & CO. (FILE 33-9715 - OCT. 24) (BR. 1)
- S-3 UNITED STATES LEASING CORP/CA/, 733 FRONT ST, SAN FRANCISCO, CA 94111 (415) 627-9000 - 371,450,000 (\$371,450,000) STRAIGHT BONDS. (FILE 33-9716 - OCT. 24) (BR. 12)
- S-1 FINGERMATRIX INC, 30 VIRGINIA RD, NORTH WHITE PLAINS, NY 10603 (914) 428-5441 - 1,296,754 (\$10,211,937) COMMON STOCK. 787,264 (\$3,605,287) COMMON STOCK. (FILE 33-9717 - OCT. 24) (BR. 8)