

# SEC NEWS DIGEST

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## ENFORCEMENT PROCEEDINGS

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### CEASE-AND-DESIST AND DISGORGEMENT ORDER AGAINST DAVID BATU

The Commission announced that it issued an Order Instituting Proceedings, Making Findings, and Issuing a Cease-and Desist Order (Order) against David G. Batu (Batu). The Order requires Batu to cease and desist from committing or causing any violations and any future violations of the antifraud provisions of the federal securities laws and orders Batu to pay disgorgement of \$103,925, plus interest, with all but \$10,000 waived, based upon Batu's demonstrated inability to pay. Batu consented to the entry of the Order without admitting or denying any of the findings except as to the jurisdiction, which he admitted.

The Order finds that from May 1996 through July 1991, Batu, as a registered representative with Prudential Securities, Inc. (Prudential), engaged in fraudulent sales practices that resulted in combined realized losses to five customers exceeding \$230,000. Each of these customers had minimal securities investment experience, and their objectives were to make conservative investments yielding income and long-term growth. The Order finds that Batu engaged in a pattern of fraudulent sales practices including recommending and executing unsuitable transactions, making false and misleading statements to investors, and churning customers' accounts. The Order further finds that Batu also executed unauthorized transactions in a customer account. (Rel. Nos. 33-7335; 34-37722)

### JEFFREY DUNN

The Commission, by consent, entered an Order Instituting Public Administrative Proceedings, Making Findings and Imposing Remedial Sanctions (Order) against Jeffrey L. Dunn (Dunn), formerly a registered representative at PRUCO Securities Corporation (Pruco), for misappropriating money and for a criminal conviction based upon those misappropriations. From May 1993 through April 1995, Dunn, who was also an insurance agent, convinced four of his insurance clients to purchase securities available through PRUCO. In fact, Dunn misappropriated the money. Dunn made material misrepresentations and/or omissions that rendered other statements made materially false or misleading, in connection with his offer, purchase and sale of these non-existent securities. In particular,

Dunn claimed that he would use the money to purchase securities, the principal invested would be guaranteed by PRUCO and periodic cash payments made by Dunn to the investors came from interest from the securities. Dunn pled guilty to one count of mail fraud [18 U.S.C. §1341 (U.S. v. Jeffrey L. Dunn, 95 CR 0703, N.D. Ill., 1996)]. The Commission orders that Dunn cease and desist from committing or causing violations of the federal securities laws; and is barred from the industry. The Commission thanks the office of the U.S. Attorney for the Northern District of Illinois for its assistance in this matter. (Rel. Nos. 33-7336; 34-37723)

#### ADMINISTRATIVE PROCEEDING AGAINST BROAD CAPITAL ASSOCIATES, INC. AND MURRAY AARON HUBERFELD

The Commission today announced the institution and simultaneous settlement of a public administrative proceeding pursuant to Section 8A of the Securities Act of 1933 (Securities Act) against Broad Capital Associates, Inc. (Broad Capital), a private New York corporation, and Murray Aaron Huberfeld, Broad Capital's President. Without admitting or denying the Commission's findings, Broad Capital and Huberfeld consented to the issuance of an order finding that they violated Section 5 of the Securities Act in connection with the distribution of unregistered securities. Broad Capital and Huberfeld also agreed to disgorge \$426,790.05, representing profits made as a result of transactions in Wye stock and prejudgment interest thereon.

The Commission's Order finds, among other things, that Broad Capital and Huberfeld purchased and immediately resold 2.5 million shares of the common stock of Wye Resources, Inc., a Canadian corporation whose stock was not properly issued under Canadian law nor registered with the Commission. The Commission's order finds that Broad Capital and Huberfeld acted as statutory underwriters in connection with the distribution of Wye stock and that their conduct facilitated a scheme by Wye to distribute its stock to U.S. residents.

In a separate action filed today in the United States District Court for the District of Columbia, the Commission has alleged that Wye Resources, Inc. and its former President, Rehan Malik, violated the registration and antifraud provisions of the federal securities laws (see SEC v. Wye Resources, Inc. and Rehan Malik, Civil Action No. 96CV02223, D.D.C.]; (LR-15073). (Rel. 33-7338)

#### COMPLAINT FILED AGAINST THOMAS FOX

The Commission announced the filing of a complaint on September 24 in U.S. District Court for the Eastern District of Virginia against Thomas J. Fox (Fox). The complaint alleges that Fox violated Section 17(a) of the Securities Act of 1933, Sections 10(b) and 15(a)(1) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The complaint seeks permanent injunctive relief against Fox and disgorgement together with prejudgment interest.

The complaint alleges that from at least April 1991 through July 1993, while associated with Washington D.C. office of Moors & Cabot, Inc. Fox, a registered representative, engaged in a fraudulent scheme wherein he misappropriated over \$1.3 million from his customers' accounts through a series of unauthorized wire transfers. Fox used most of the money to pay his business expenses, including the creditors and investors of various companies in which he maintained a financial interest. Fox had sold securities in these companies while employed at another brokerage firm. However, in selling the securities, he acted as an unregistered broker-dealer in that he sold the securities without the authorization of, and outside of the control and supervision of that firm. [SEC v. Thomas J. Fox, E.D. Va., Civil Action No. 96-1364-A] (LR-15067)

#### COMPLAINT FILED AGAINST SELHEIMER AND CO. PERRY SELHEIMER

The Commission announced the filing of a complaint on September 24 in U.S. District Court for the Eastern District of Pennsylvania against Selheimer & Co. (S&C) and Perry A. Selheimer (Selheimer) seeking a permanent injunction and disgorgement together with prejudgment interest. The complaint alleges that S&C and Selheimer violated Section 17(a) of the Securities Act of 1933 (Securities Act) and Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder. The complaint also alleges that S&C violated Sections 15(c)(1), 15(c)(3) and 17(a) of the Exchange Act and Rules 10b-5, 15c1-2, 15c3-1, 17a-3 and 17a-4 thereunder.

The complaint alleges that Selheimer, through S&C, engaged in a scheme through which he misappropriated approximately \$1.6 million from ten S&C customers. Selheimer induced the customers to deliver their securities to S&C, where he claimed they would be held in safekeeping. Once the securities were delivered to S&C, Selheimer liquidated them and used the majority of the proceeds to pay business expenses. In order to conceal the fraudulent scheme, Selheimer sent customers fabricated documents and made verbal misrepresentations and omissions to them. [SEC v. Selheimer & Co., et al., Civil Action No. 96-CV-6449, E.D. Pa.] (LR-15070)

#### COMMISSION FILES A COMPLAINT AGAINST MICHAEL CROW

On September 24, the Commission filed a complaint against Michael W. Crow (Crow) for violations of the antifraud provisions of the Securities Act of 1933 and the antifraud, reporting, recordkeeping, internal control and lying to auditor provisions of the Securities Exchange Act of 1934. The Commission alleges in its complaint that Crow, the former president and chief executive officer of Wilshire Technologies, Inc. (Wilshire), caused Wilshire to fraudulently overstate in Forms 10-QSB filed with the Commission and/or in press releases its financial results for fiscal 1993. The Commission also alleges that Crow engaged in insider trading when he sold 75,000 shares of Wilshire's stock in November and December 1993, avoiding losses of nearly \$1.2 million. At the time he sold the stock, Crow knew of the material, nonpublic information concerning Wilshire's overstatement of its fiscal 1993 second and third quarter financial

results. The Commission is seeking injunctive relief, an officer and director bar and disgorgement. SEC v. Michael W. Crow, Civil Action No. 96-1661 SCM, S.D. Cal.] (LR-15071)

SEC v. CERTAIN PURCHASERS OF THE CALL OPTIONS OF DURACELL INTERNATIONAL, INC.

On September 26, the District Court for the Southern District of New York held a hearing and entered a Preliminary Injunction in the SEC v. Certain Purchasers of the Call Options of Duracell International, Inc. litigation. Defendants failed to appear at the hearing or to contest the Commission's action. The Injunction, among other things, continues to freeze defendant's over \$1 million in proceeds from the sale of Duracell call options in accounts in the name of Nominees (Bahamas) Ltd. and Banca della Svizzera Italiana at Prudential Securities Inc. and the Pershing Division of Donaldson, Lufkin & Jennrette Securities Corp., respectively, and ordered the defendants, the unidentified beneficial owners of those accounts, to identify themselves.

On September 16, the Commission filed a civil complaint alleging that the defendants engaged in illegal insider trading prior to the public announcement on September 12, 1996 of a merger agreement between Duracell and The Gillette Co., and seeking injunctive relief, disgorgement, and civil penalties. On the same day, the court entered an order temporarily freezing the assets in the defendants' accounts attributable to the trading in Duracell call options, requiring the defendants to identify themselves, allowing expedited discovery, and granting other relief. [SEC v. Certain Purchasers of the Call Options of Duracell International, Civil Action No. 96 Civ. 7017, SAS, SDNY] (LR-15072)

CIVIL ACTION FILED AGAINST WYE RESOURCES, INC. AND REHAN MALIK

The Commission announced the filing today of a complaint in the United States District Court for the District of Columbia against Wye Resources, Inc. (Wye), a Canadian Corporation, and Rehan Malik, its former President. The complaint alleges that Wye and Malik each violated Section 5 of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, in connection with a fraudulent promotional campaign targeted toward U.S. investors that resulted in the sale to U.S. residents of over 2.5 million shares of Wye stock. These shares were not properly issued under Canadian law nor registered with the Commission. SEC v. Wye Resources, Inc. and Rehan Malik, Civil Action No. 96CV02223 (D.D.C. September 26, 1996); Lit. Rel. No. 15073).

The Commission also today filed an order instituting a public administrative proceeding against Broad Capital Associates, Inc. and Murray Aaron Huberfeld in connection with their involvement in the distribution of the unregistered securities of Wye. Without admitting or denying the Commission's findings, both Broad Capital and Huberfeld consented to the issuance of order finding that they violated Section 5 of the Securities Act. In addition, they agreed

to the entry of an order requiring them to disgorge a total of \$426,790.05, representing profits made as a result of transactions in Wye stock and prejudgment interest thereon. See In the Matter of Broad Capital Associates, Inc. and Murray Aaron Huberfeld, Securities Act Release No. 7338; Admin. Proc. File No. 3-9101. [SEC v. Wye Resources, Inc. and Rehan Malik, Civil Action No. 96CV02223, D.D.C.] (LR-15073)

CIVIL ACTION FILED AGAINST INTERNET BROADCAST GROUP, INTERNET WIRELESS COMMUNICATIONS, INC., CALIFORNIA FINANCIAL SERVICES, INC., ONE TOUCH MARKETING, INC., COMMONWEALTH COMMUNICATIONS GROUP, CAPITAL RESOURCES GROUP INC., JOHN TRIMPIN, RICHARD PARNELL, JOHN LARSON AND MICHAEL GREEN

The Commission today announced the filing of a complaint in U.S. District Court for the District of Columbia against Internet Broadcast Group (IBG), Internet Wireless Communications, Inc. (IWC), California Financial Services, Inc., One Touch Marketing, Inc., Commonwealth Communications Group, Capital Resources Group Inc., John C. Trimpin, Richard B. Parnell, John Larson and Michael Green. The complaint, which seeks injunctive and other relief, alleges that the defendants violated the antifraud and/or registration provisions of the federal securities laws in connection with the offer and sale to the public during 1994 of securities designated as partnership units in IBG. Additionally, the complaint names as relief defendants Interactive Communications Network, Ltd., Able Private Cable and Satellite Corporation, Greg E. Parker, Michael Kittay, James Osborn and William Trower.

Without admitting or denying the allegations in the complaint, IBG, IWC and Trimpin consented to the entry of a final judgment enjoining each of them from further violations of the charged provisions of the federal securities laws. The final judgment also requires IBG to disgorge \$175,688, and requires IWC and Trimpin to disgorge, jointly and severally, \$125,000. [SEC v. Internet Broadcast Group, et al., D.D.C., Civil Action No. 96 CV 02226, SSH] (LR-15074)

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## INVESTMENT COMPANY ACT RELEASES

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### SCHWAB ANNUITY PORTFOLIOS

An order has been issued pursuant to Section 6(c) of the Investment Company Act exempting Schwab Annuity Portfolios (Trust) from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the Act and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder. The order provides exemptions to the extent necessary to permit shares of the Trust and shares of any other investment company that is designed to fund variable insurance products, and for which Charles Schwab Investment Management, Inc., or an affiliate may serve as investment adviser, manager, principal underwriter or sponsor, to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies; and qualified pension and retirement plans outside of the separate

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**SELF-REGULATORY ORGANIZATIONS**

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**DELISTING GRANTED**

An order has been issued granting the application of the Pacific Stock Exchange to strike from listing and registration Morrison Knudsen Corporation, Common Stock, \$1.67 Par Value. (Rel. 34-37725)

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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-3 PC DOCS GROUP INTERNATIONAL INC, 85 SCARSDALE RD,  
TORONTO ONTARIO CANADA M3B 2R2, A6 (416) 445-4823 - 119,850  
(\$1,465,765.50) FOREIGN COMMON STOCK. (FILE 333-5572 - SEP. 17) (BR. 3)
- F-6 CHINA RESOURCES ENTERPRISE LTD (ADR), 48 WALL ST, C/O BANK OF NEW YORK,  
NEW YORK, NY 10286 - 10,000,000 (\$500,000)  
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-5574 - SEP. 16) (BR. 99  
- NEW ISSUE)
- F-6 COMERCIAL MEXICAN HOLDING /ADR, 111 WALL ST, CITIBANK N A, NEW YORK, NY  
10043 (212) 657-7531 - 10,000,000 (\$500,000)  
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-5578 - SEP. 17) (BR. 99)
- S-8 ID BIOMEDICAL CORP, 1177 W HASTINGS ST #707, VANCOUVER BC CANADA, A1 -  
2,074,945 (\$14,026,575.38) COMMON STOCK. (FILE 333-5588 - SEP. 18)  
(BR. 1)
- SB-2 INNOPET BRANDS CORP, 1 EAST BLVD SUITE 1100, FT LAUDERDALE, FL 33301  
(305) 356-0036 - 6,175,000 (\$31,875,000) COMMON STOCK. 1,225,000  
(\$250,022.50) WARRANTS, OPTIONS OR RIGHTS. 450,000 (\$2,430,000)  
COMMON STOCK. (FILE 333-12275 - SEP. 19)
- S-8 INFONAUTICS INC, 900 W VALLEY RD, STE 1000, WAYNE, PA 19087  
(610) 971-8840 - 1,697,737 (\$11,537,512) COMMON STOCK. (FILE 333-12279 -  
SEP. 18) (BR. 3)
- S-4 DEPOSIT GUARANTY CORP, 210 E CAPITOL ST, P O BOX 730, JACKSON, MS 39201  
(601) 354-8564 - 210,989 (\$4,106,918) COMMON STOCK. (FILE 333-12281 -  
SEP. 19) (BR. 7)
- S-8 WEST CO INC, 101 GORDON DR, P O BOX 645, LIONVILLE, PA 19341  
(610) 594-2900 - 800,000 (\$20,850,000) COMMON STOCK. (FILE 333-12287 -  
SEP. 19) (BR. 6)

- S-8 WEST CO INC, 101 GORDON DR, P O BOX 645, LIONVILLE, PA 19341  
(610) 594-2900 - 100,000 (\$2,606,250) COMMON STOCK. (FILE 333-12289 -  
SEP. 19) (BR. 6)
- S-8 TRANS LEASING INTERNATIONAL INC, 3000 DUNDEE RD, NORTHBROOK, IL 60062  
(708) 272-1000 - 30,000 (\$105,937.50) COMMON STOCK. (FILE 333-12291 -  
SEP. 19) (BR. 7)
- SB-1 PEOPLES BANCORP INC /GA/, 516 BANKHEAD HWY, CARROLLTON, GA 30117  
(770) 838-9608 - 8,000,000 (\$8,000,000) COMMON STOCK. (FILE 333-12293 -  
SEP. 19) (NEW ISSUE)
- S-8 ACC CORP, 400 WEST AVENUE, ROCHESTER, NY 14611 (716) 987-3000 - 150,000  
(\$7,893,750) COMMON STOCK. (FILE 333-12295 - SEP. 19) (BR. 3)
- S-8 NATIONAL HEALTH ENHANCEMENT SYSTEMS INC, 3200 N CENTRAL AVE, PHOENIX, AZ  
85012 (602) 230-7575 - 300,000 (\$2,250,000) COMMON STOCK. (FILE 333-12297  
- SEP. 19) (BR. 3)
- S-1 COLEMAN NATURAL PRODUCTS INC, 5140 RACE CT, DENVER, CO 80216  
(303) 297-9393 - 1,955,000 (\$21,505,000) COMMON STOCK. (FILE 333-12299 -  
SEP. 19) (NEW ISSUE)
- S-1 ENSTAR INC, 6475 CITY WEST PARKWAY, EDEN PRAIRIE, MN 55344  
(612) 996-1571 - 10,000,000 (\$10,000,000) STRAIGHT BONDS. (FILE 333-12301  
- SEP. 19) (BR. 3)
- S-8 STERLING CHEMICALS HOLDINGS INC, 1200 SMITH ST, SUITE 1900, HOUSTON, TX  
77002 (713) 650-3700 - 250,000 (\$3,000,000) COMMON STOCK. (FILE 333-12303  
- SEP. 19) (BR. 4)
- SB-2 SVB FINANCIAL SERVICES INC, 103 WEST END AVE, SOMERVILLE, NJ 08876  
(908) 704-1188 - 2,600,000 (\$2,600,000) COMMON STOCK (FILE 333-12305 -  
SEP. 19) (BR. 7)
- S-8 EQUITRAC CORPORATION, 836 POYCE DE LEON BLVD, CORAL GABLES, FL 33134  
(305) 442-2060 - 200,000 (\$1,512,500) COMMON STOCK (FILE 333-12307 -  
SEP. 19) (BR. 3)
- S-1 MEDIRISK INC, TWO PIEDMONT CENTER STE 400, 3565 PIEDMONT RD, ATLANTA, GA  
30328 - 3,450,000 (\$44,850,000) COMMON STOCK. (FILE 333-12311 - SEP. 19)
- S-8 BROOKTROUT TECHNOLOGY INC, 410 FIRST AVE, NEEDHAM, MA 02194  
(617) 449-4100 - 975,000 (\$29,737,500) COMMON STOCK. (FILE 333-12313 -  
SEP. 19) (BR. 3)
- S-8 SYNC RESEARCH INC, 7 STUDEBAKER, IRVINE, CA 92718 (714) 588-2070 -  
797,260 (\$5,476,312.99) COMMON STOCK. (FILE 333-12315 - SEP. 19) (BR. 3)
- S-8 PANAMSAT CORP, ONE PICKWICK PLAZA, GREENWICH, CT 06830 (203) 622-6664 -  
5,000,000 (\$135,625,000) COMMON STOCK. (FILE 333-12317 - SEP. 19) (BR. 3)
- S-4 SERVICE EXPERTS INC, 1134 MURFREESBORO RD, NASHVILLE, TN 37217  
(615) 367-0003 - 350,000,000 COMMON STOCK. (FILE 333-12319 - SEP. 19)  
(BR. 2)
- S-3 MOTHERS WORK INC, 456 N 5TH ST, PHILADELPHIA, PA 19123 (215) 873-2200 -  
200,000 (\$3,000,000) COMMON STOCK. (FILE 333-12321 - SEP. 19) (BR. 2)
- S-4 CONSECO INC ET AL, 11825 N PENNSYLVANIA ST, CARMEL, IN 46032  
(317) 573-6100 - \$97,842,146 COMMON STOCK. (FILE 333-12323 - SEP. 19)  
(BR. 1)
- S-8 VERTEX PHARMACEUTICALS INC / MA, 40 ALLSTON ST, CAMBRIDGE, MA 02139  
(617) 576-3111 - 150,000 (\$4,996,500) COMMON STOCK. (FILE 333-12325 -  
SEP. 19) (BR. 1)
- S-8 EQUITY CORP INTERNATIONAL, 415 S FIRST ST, STE 210, LUFKIN, TX 75901  
(409) 634-1033 - 400,000 (\$12,725,000) COMMON STOCK. (FILE 333-12327 -  
SEP. 19) (BR. 8)

- S-6 EQUITY SECURITIES TRUST SERIES 10, C/O REICH & TANG DISTRIBUTORS LP,  
600 FIFTH AVE, NEW YORK, NY 10020 (212) 830-5200 - INDEFINITE SHARES.  
(FILE 333-12329 - SEP. 19) (BR. 16 - NEW ISSUE)
- S-8 PARACELSUS HEALTHCARE CORP, 515 W GREENS RD, STE 800, HOUSTON, TX 77067  
(713) 873-6623 - 1,347,204 (\$11,114,433) COMMON STOCK. (FILE 333-12331 -  
SEP. 19) (BR. 1)
- S-6 NATIONWIDE VL SEPARATE ACCOUNT B,  
NATIONWIDE LIFE & ANNUITY INSURANCE CO, PO BOX 182008, COLUMBUS, OH 43218  
(800) 860-3946 - INDEFINITE SHARES. (FILE 333-12333 - SEP. 19)
- S-8 GAP INC, ONE HARRISON, SAN FRANCISCO, CA 94105 (415) 952-4400 -  
20,000,000 (\$636,250,000) COMMON STOCK. (FILE 333-12337 - SEP. 19)  
(BR. 2)
- S-8 XILINX INC, 2100 LOGIC DR, SAN JOSE, CA 95124 (408) 559-7778 -  
3,760,000 (\$121,683,000) COMMON STOCK. (FILE 333-12339 - SEP. 19) (BR. 6)
- S-8 NATIONAL BEVERAGE CORP, ONE NORTH UNIVERSITY DRIVE,  
BUILDING A 4TH FLOOR, FORT LAUDERDALE, FL 33324 (305) 581-0922 - 225,000  
(\$4,162,500) COMMON STOCK. (FILE 333-12341 - SEP. 19) (BR. 2)
- S-8 VWR SCIENTIFIC PRODUCTS CORP, 1310 GOSHEN PARKWAY, WEST CHESTER, PA 19380  
(910) 431-1700 - 2,000,000 (\$28,700,125) COMMON STOCK. (FILE 333-12343 -  
SEP. 19) (BR. 2)
- S-3 GOLDEN EAGLE GROUP INC, 120 STANDIFER DRIVE, HUMBLE, TX 77338  
(713) 446-2656 - 1,758,000 (\$6,970,500) COMMON STOCK. (FILE 333-12345 -  
SEP. 20) (BR. 5)