

SECURITIES AND EXCHANGE COMMISSION
PACIFIC REGIONAL OFFICE

LITIGATION RELEASE NO. / JUNE 23, 1999

SEC v. John R. Manion, Rocco J. Anselmo, James L. Rammelt, Ivan Kron, Donald S. Italia and William E. Sklar, Action No. CIV 99-1103 PHX (ROS)(D. Ariz.)

The Securities and Exchange Commission ("Commission") filed a civil action on June 22, 1999, in the United States District Court for the District of Arizona against six defendants for insider trading in the stock of Bio-Dental Technologies Corp. ("Bio-Dental") prior to the June 3, 1996 announcement that Zila, Inc. ("Zila") would acquire Bio-Dental. Named as defendants are John R. Manion ("Manion"), Rocco J. Anselmo ("Anselmo"), James L. Rammelt ("Rammelt"), Ivan Kron ("Kron"), Donald S. Italia ("Italia") and William E. Sklar ("Sklar"). At the same time, the Commission settled its action against five of the six defendants, Anselmo, Rammelt, Kron, Italia and Sklar. As part of the settlement, these parties agreed to pay a total of \$250,286 in disgorgement, interest and civil penalties.

The Complaint alleges that Anselmo, a Zila executive who resides in Scottsdale, Arizona, purchased 10,000 Bio-Dental shares, obtaining profits of \$23,363, using inside information he had obtained by working on the Bio-Dental acquisition. Anselmo also tipped the news of Zila's intended acquisition of Bio-Dental to three of his friends: Rammelt, a resident of Racine, Wisconsin; Kron, a resident of Pompano Beach, Florida; and Italia, a resident of San Mateo, California. Anselmo's tippees purchased a total of 31,200 Bio-Dental shares, obtaining total profits of \$67,294.

Sklar, a resident of Tucson, Arizona, provided public relations services to Zila and suggested to Zila that it consider acquiring Bio-Dental. Approximately one month before Zila announced its acquisition of Bio-Dental, Sklar purchased 9,000 Bio-Dental shares, obtaining profits of \$20,045.

Manion, the only defendant not settling the Commission's action, resides in Apopka, Florida. Manion is the owner of Continental Capital & Equity Corp., a financial public relations consulting company. The Complaint alleges that in connection with Manion's providing a fairness opinion to Zila regarding the acquisition, he obtained the terms of the proposed acquisition and Bio-Dental financial information. Days after providing a favorable opinion to Zila on the Bio-Dental acquisition, Manion purchased 13,000 Bio-Dental shares, obtaining profits of \$28,024.

The Complaint alleges that by engaging in insider trading in the securities of Bio-Dental, the defendants violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Against each defendant, the Complaint seeks permanent

injunctive relief, disgorgement of the defendants' profits and the imposition of civil penalties.

Simultaneous with the filing of the Complaint, Anselmo, Rammelt, Kron, Italia and Sklar, without admitting or denying the allegations contained in the Complaint, consented to the entry of judgments against them. The judgment permanently enjoins them from future antifraud violations and orders them to disgorge trading profits together with prejudgment interest thereon and pay a civil penalty equal to their profits.

The Commission acknowledges the assistance provided by NASD Regulation, Inc., in connection with this matter.

PERSON TO CONTACT:

Kelly Bowers
Pacific Regional Office/Los Angeles
(323) 965-3924

NEWS RELEASE

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION
PACIFIC REGIONAL OFFICE
LOS ANGELES, CALIFORNIA

UNITED STATES ATTORNEY'S OFFICE
FOR THE CENTRAL DISTRICT OF
CALIFORNIA
LOS ANGELES, CALIFORNIA

FOR IMMEDIATE RELEASE

99-

SEC CHARGES 14 INDIVIDUALS WITH INSIDER TRADING

U.S. Attorney Also Indicts Former Director of Koo Koo Roo, Inc.

Los Angeles, CA, June 23, 1999 -- The Securities and Exchange Commission and the United States Attorney for the Central District of California announced today the filing of five civil actions against 14 defendants, including one attorney, and one criminal action, for illegal insider trading. The defendants traded in the securities of four California companies, Trimedyne, Inc., Koo Koo Roo, Inc., Oak Technologies, Inc. and Bio-Dental Technologies Corp., and realized profits in excess of \$500,000.

Valerie Caproni, the Regional Director for the Commission's Pacific Regional Office, stated, "These actions underscore the Commission's continued commitment to prosecuting parties who unlawfully trade on inside information. We intend to continue to work closely with the criminal authorities in cases such as these where professionals and members of corporate boards of directors abuse their positions to obtain an unfair advantage in the market. Those who would engage in such conduct are put on notice that they will be subject to both civil sanctions and criminal prosecution when circumstances warrant."

Alejandro Mayorkas, the United States Attorney for the Central District of California, stated, "We are placing increased emphasis on the prosecution of insider trading cases in order to ensure that the public is able to conduct business in a securities market that is fair and equally accessible to all. Our increased efforts come at an opportune time, when the Commission's office here is led by newly appointed Regional Director Valerie Caproni, an individual with tremendous criminal prosecution experience who shares our vision and our goal to put an end to abuses in the securities market."

In the first action, the Commission has charged Raymond Kolts, a Glendale, California attorney, for insider trading in the securities of Trimedyne, Inc., an Irvine, California company that manufactures medical devices. According to the Commission's complaint, Kolts, while representing Trimedyne in a civil lawsuit,

learned that the FDA had given approval to Trimedyne to market its medical laser for treatment of enlarged prostate. Kolts also learned at that time that Trimedyne planned to announce publicly the FDA clearance the following week. Before Trimedyne publicly announced this approval, Kolts purchased 2,500 Trimedyne shares, realizing \$30,000 in insider trading profits. Kolts is charged with securities fraud and the Commission is seeking an injunction against future violations, disgorgement of the insider trading profits, and civil penalties of up to three times the trading profit. Securities and Exchange Commission v. Raymond G. Kolts, No. CV 99-06353 ER (RZx) (C.D. Cal.).

In a related action, the Commission sued three other defendants for insider trading in Trimedyne stock. The Commission alleges that Michelle Nguyen, Trimedyne's controller, used inside information to purchase 4,100 Trimedyne shares before the public announcement of the FDA approval, realizing insider trading profits of \$42,000. The Commission further alleges that Nguyen tipped her sister, Lisa Nguyen, and brother, Hao Vu, who used the inside information to purchase 8,966 Trimedyne shares, realizing \$41,000 in insider trading profits. The Commission has charged the defendants with securities fraud and is seeking an injunction against future violations, disgorgement of the insider trading profits, and civil penalties of up to three times their trading profit. Securities and Exchange Commission v. Michelle Nguyen, Lisa Nguyen, and Hao Vu, No. SACV 99-830 AHS (ANx) (C.D. Cal.).

The next actions focus on insider trading by a director of Koo Koo Roo, Inc., a restaurant chain based in Southern California. According to the indictment and the Commission's complaint, in March 1998, Donald Wohl, then a Koo Koo Roo director, learned that the company planned to appoint Lee Iacocca as acting chairman of the board. Wohl used that nonpublic information to purchase 50,000 Koo Koo Roo shares for the accounts of three family members and two business associates, ultimately realizing \$65,000 in insider trading profits. Wohl faces up to 10 years of imprisonment and a fine of \$1,000,000 if convicted on the criminal charges. Wohl settled the Commission's action by agreeing to be enjoined from engaging in future fraud violations and from providing investment advice in violation of a previous Commission order barring him from the securities industry. He will be ordered to pay a total of \$133,000 in disgorgement of trading profits, prejudgment interest, and civil penalties in connection with that settlement. Securities and Exchange Commission v. Donald B. Wohl, No. CV 99-06354 DDP (SHx) (C.D. Cal.); United States of America v. Donald B. Wohl, No. _____ (C.D. Cal.).

In the fourth action, the Commission sued the chairman of the board and two of his family members for insider trading in the securities of Oak Technologies, Inc., a Northern California company that is a leading manufacturer of CD-ROM controllers for personal computers. The Commission alleges that in early 1996, David Tsang, then Oak's chairman of the board and president, tipped his brother Robert Tsang and sister-in-law Maggie Zahn with inside information that Oak would have higher than expected earnings for the quarter ended December 31, 1995. Robert Tsang and Maggie Zahn

then used this inside information to trade in Oak options, realizing \$306,000 in profits. The Commission has charged the defendants with securities fraud and is seeking an injunction against future violations, disgorgement of the insider trading profits, and civil penalties of up to three times their trading profit. Securities and Exchange Commission v. David D. Tsang, Maggie I. Hsin Yu Zahn and Robert D. Tsang, No. 99-06351 RSWL (VAPx) (C.D. Cal.).

Finally, the Commission has sued six defendants for unlawfully trading in the stock of Bio-Dental Technologies Corp. before the public announcement that it would be acquired by Zila, Inc. Bio-Dental was a Northern California corporation that manufactured professional dental supplies. The Commission alleges that Rocco Anselmo, a Zila executive, used his advance knowledge of the acquisition in purchasing 10,000 Bio-Dental shares, realizing \$23,000 in profits. Anselmo also tipped three friends to the pending merger, James Rammelt, Ivan Kron, and Donald Italia, who purchased a total of 31,200 Bio-Dental shares, realizing \$67,000 in insider trading profits. The Commission also sued two Zila consultants, William Sklar and John Manion, who obtained advance knowledge of the acquisition through their work for Zila. According to the complaint, Sklar and Manion used their inside information to purchase Bio-Dental stock in advance of the public announcement. Sklar purchased 9,000 Bio-Dental shares and realized profits of \$20,000. Manion purchased 13,000 shares and realized \$28,000 in profits. Anselmo, Rammelt, Kron, Italia, and Sklar have settled with the Commission by agreeing to be enjoined from engaging in future securities fraud and to pay a total of \$250,000 in disgorgement of trading profits, prejudgment interest, and civil penalties. The Commission is seeking against Manion an injunction against future violations, disgorgement of the insider trading profits, and civil penalties of up to three times his trading profit. Securities and Exchange Commission v. John R. Manion, Rocco J. Anselmo, James Rammelt, Ivan Kron, Donald S. Italia, and William E. Sklar, No. CIV 99-1103 PHX (ROS) (D. Ariz.).

The Commission acknowledges the assistance provided by NASDR Inc. and the American Stock Exchange.

For further information, please contact Sandra J. Harris, Associate Regional Director, Enforcement, SEC at (323) 965-3962 and Assistant United States Attorney Paul Watford at (213) 894-2417.