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SEC Files Complaint Alleging False Reports From Spectra Services

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BOSTON -- The Securities and Exchange Commission said it filed a complaint in federal court here against the former president of Spectra Pharmaceutical Services Inc. and a major shareholder, alleging the defendants used false research reports in 1988 to promote the purchase of Spectra shares.

Spectra, an ophthalmic drug concern formerly based in Hanover, Mass., filed for Chapter 7 of the U.S. Bankruptcy Code in July 1990.

The complaint alleges that Robert E. Baker, a Spectra consultant, and Byron L. Sanders, a broker, wrote false and misleading research reports about Spectra, which Victor L. Kashner, president of a Florida brokerage firm, utilized to sell Spectra shares to the public.

James A. Hannan, Spectra's former president, allegedly reviewed and approved the material and used Spectra funds to pay for one report. Jonnie R. Williams, a former Spectra shareholder with an 8% to 9% stake in the company, allegedly contracted and paid for the second report, the complaint said.

According to the complaint, the misleading reports falsely suggested that a new Spectra drug under development, Lacramore, could make skin look younger.

While the stock was being promoted in the reports, Mr. Williams allegedly sold 355,000 Spectra shares, or about a 5% stake, without disclosing the sale to the SEC, the complaint said.

The suit is still pending against Messrs. Sanders and Kashner. Michael J. Missal, their attorney, said they deny all allegations against them. "They don't believe they've engaged in any wrongdoing. They look forward to the opportunity to resolve this matter in a satisfactory manner," he said.

Paul L. Perito, an attorney for Mr. Williams, said his client has "chosen to invest time and financial resources in other activities more productive than a protracted and costly civil lawsuit." Attorneys for the other defendants couldn't be reached for comment.

