

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13G

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities by passive investors and certain institutions

Filing Date: **1994-01-26**
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SUBJECT COMPANY

SERVICE MERCHANDISE CO INC

CIK: **89107** | IRS No.: **620816060** | State of Incorporation: **TN** | Fiscal Year End: **1231**
Type: **SC 13G** | Act: **34** | File No.: **005-11047** | Film No.: **94502693**
SIC: **5399** Misc general merchandise stores

Mailing Address
*PO BOX 24600
NASHVILLE TN 37202*

Business Address
*7100 SERVICE
MERCHANDISE DR
7100 SERVICE
MERCHANDISE DR
BRENTWOOD TN 37027
6156606000*

FILED BY

FORSTMANN LEFF ASSOCIATES INC

CIK: **917297** | State of Incorporation: **NY** | Fiscal Year End: **0930**
Type: **SC 13G**

Mailing Address
*55 EAST 52ND ST
NEW YORK NY 10055*

Business Address
*55 EAST 52ND ST
NEW YORK NY 10055
212-644-9888*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. _____7_____) *

SERVICE MERCHANDISE CO., INC.
(Name of Issuer)

COMMON STOCK, \$0.50 PAR VALUE
(Title of Class of Securities)

817587108
(CUSIP Number)

Check the following box if a fee is being paid with this statement.

(A fee is not required only if the filing person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7).

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1 NAME OF REPORTING PERSON
S.S. or I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Forstmann-Leff Associates Inc.
13-3131718

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

New York

5 SOLE VOTING POWER
NUMBER OF
SHARES 3,179,748 shares
BENEFICIALLY

OWNED BY 6 SHARED VOTING POWER
EACH
REPORTING 831,409 shares

PERSON 7 SOLE DISPOSITIVE POWER
WITH
4,310,963 shares

8 SHARED DISPOSITIVE POWER
1,717,200 shares

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING
PERSON

6,080,725 shares (includes 52,562 shares as to which the
reporting person has voting but no dispositive power)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES*

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

6.1%

12 TYPE OF REPORTING PERSON*

IA, CO

1 NAME OF REPORTING PERSON

S.S. or I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

FLA Asset Management, Inc.

13-29256626

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5 SOLE VOTING POWER

NUMBER OF
SHARES
BENEFICIALLY

None

OWNED BY
EACH

6 SHARED VOTING POWER

REPORTING
PERSON

291,822 shares

WITH

7 SOLE DISPOSITIVE POWER

None

8 SHARED DISPOSITIVE POWER

1,177,613 shares

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,177,613 shares

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

1.2%

12 TYPE OF REPORTING PERSON*

IA, CO

1 NAME OF REPORTING PERSON

S.S. or I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Stamford Advisers Corp.

13-3421430

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

New York

5 SOLE VOTING POWER

NUMBER OF
SHARES

None

BENEFICIALLY

OWNED BY
EACH

6 SHARED VOTING POWER

REPORTING
PERSON

539,587 shares

7 SOLE DISPOSITIVE POWER

WITH

None

8 SHARED DISPOSITIVE POWER

539,587 shares

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING

PERSON

539,587 shares

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

.5%

12 TYPE OF REPORTING PERSON*

IA, CO

Item 1(a) NAME OF ISSUER:

Service Merchandise Co., Inc.

Item 1(b) ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:

7100 Service Merchandise Drive
Brentwood, TN 37027

Item 2(a) NAME OF PERSON FILING:

See Item 1 of the cover pages attached hereto

Item 2(b) Address of Principal Business Office, or
IF NONE, RESIDENCE:

55 East 52nd Street
New York, New York 10055

Item 2(c) CITIZENSHIP:

See Item 4 of the cover pages attached hereto

Item 2(d) TITLE OF CLASS OF SECURITIES:

Common Stock, par value \$.50

Item 2(e) CUSIP NUMBER:

817587108

Item 3 Forstmann-Leff Associates Inc., a New York

corporation, is a registered investment adviser under Section 203 of the Investment Advisers Act of 1940 (the "Act"). FLA Asset Management, Inc. is a registered investment adviser under the Act and a subsidiary of Forstmann-Leff Associates Inc. Stamford Advisers Corp. is a registered investment adviser under the Act and a subsidiary of Forstmann-Leff Associates Inc.

Item 4

OWNERSHIP:

- (a) Amount beneficially owned:
See Item 9 of the cover pages attached hereto
- (b) Percent of Class:
See Item 11 of the cover pages attached hereto
- (c) See Items 5 through 8 of the cover pages attached hereto

Item 5

OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS:

Not Applicable

Item 6

OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON:

Not Applicable

Item 7

IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY:

Not Applicable

Item 8

IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP:

Not Applicable

Item 9

NOTICE OF DISSOLUTION OF GROUP:

Not Applicable

Item 10

CERTIFICATION:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of

and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purposes or effect.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

January 12, 1994

FORSTMANN-LEFF ASSOCIATES INC.

By: /s/ Peter A. Lusk

Peter A. Lusk
Chief Operating Officer

FLA ASSET MANAGEMENT, INC.

By: /s/ Peter A. Lusk

Peter A. Lusk
Executive Vice President
and Chief Operating Officer

STAMFORD ADVISERS CORP.

By: /s/ Peter A. Lusk

Peter A. Lusk
Vice President/Secretary

Exhibit A

AGREEMENT

The undersigned, Forstmann-Leff Associates Inc., FLA Asset Management, Inc. and Stamford Advisers Corp., agree that the statement to which this exhibit is appended is filed on behalf of each of them.

January 12, 1994

INC.

FORSTMANN-LEFF ASSOCIATES

By: /s/ Peter A. Lusk

Peter A. Lusk
Chief Operating Officer

FLA ASSET MANAGEMENT, INC.

By: /s/ Peter A. Lusk

Peter A. Lusk
Executive Vice President
and Chief Operating Officer

STAMFORD ADVISERS CORP.

By: /s/ Peter A. Lusk

Peter A. Lusk
Vice President/Secretary

Fulbright & Jaworski
L.L.P.
A Registered Limited Liability Partnership
666 Fifth Avenue
New York, New York 10103

telephone: 212/318-3000
facsimile: 212/752-5958
writer's direct dial number:
212/318-3382

January 26, 1994

Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, NW
Washington, D.C. 20549

Re: Reports on Schedule 13G

Ladies and Gentlemen:

Attached are conformed copies of two reports on Schedule 13G which are being filed on behalf of Forstmann-Leff Associates Inc. and FLA Asset Management, Inc. to report these entities' beneficial ownership of Common Stock of the following companies as of December 31, 1993:

Company	Document Filed
Service Merchandise Co., Inc.	Amendment No. 7
Atwood Oceanics, Inc.	Amendment No. 4

These reports are also being transmitted to the Securities and Exchange Commission pursuant to EDGAR. Copies of these reports are being sent to the companies and, in the case of Service Merchandise Co., Inc., are being filed with the New York Stock Exchange, Inc.

Please acknowledge receipt of the enclosed by stamping the accompanying duplicate copy of this letter and returning it to the undersigned in the enclosed self-addressed stamped envelope.

Very truly yours,

Mara H. Rogers
MHR/gr

Enclosures

cc: Mr. Daniel Yu