

SEC NEWS DIGEST

Issue 2000-4

January 6, 2000

COMMISSION ANNOUNCEMENTS

FEE RATE ADVISORY NO. 11

On November 29, 1999, President Clinton signed H.R. 3194, Consolidated Appropriations Act, 2000. This act, effective 12:01 a.m. EST on November 29, decreased the fee rate on filings made pursuant to Section 6(b) of the Securities Act of 1933 to \$264 per \$1,000,000 or .000264 of the aggregate offering amount.

Any registrant of a filing received by the Commission on November 29, 1999 that paid at the old fee rate of \$278 per \$1,000,000 or .000278 of the aggregate offering amount is entitled to a refund. If you choose to apply for a refund, you may send a written request to:

US Securities and Exchange Commission
Office of Filings and Information Services
Fee Unit
6432 General Green Way
Mail Stop 0-7
Alexandria, VA 22312

If you have any questions about the fee rate, please contact the Office of Filings and Information Services, Fee Unit at (202) 942-8989. (Press Rel. 2000-3)

INDEPENDENT CONSULTANT FINDS WIDESPREAD INDEPENDENCE VIOLATIONS AT PRICEWATERHOUSECOOPERS

The staff of the Commission today made public the report by independent consultant Jess Fardella, who was appointed by the Commission in March 1999 to conduct a review of possible independence rule violations by the public accounting firm PricewaterhouseCoopers (PwC) arising from ownership of client-issued securities. The report finds significant violations of the firm's, the profession's, and the SEC's auditor independence rules.

On January 14, 1999, the Securities and Exchange Commission, in an investigation that remains ongoing, issued an Opinion and Order Pursuant to Rule 102(e) of the Commission's Rules of Practice In the Matter of PricewaterhouseCoopers LLP (Securities Exchange Act of

1934 Release No. 40945) (Order), which censured PwC for violating auditor independence rules and improper professional conduct. Pursuant to the settlement reached with the Commission, PwC agreed to, among other things, complete an internal review supervised by an independent person or firm appointed by the Commission and to report to the Commission staff any additional instances in which PwC partners or professionals owned securities of public audit clients of PwC in contravention of applicable rules and regulations concerning independence. Mr. Jess Fardella of Lankler Siffert & Wohl LLP was appointed by the SEC to supervise PwC's internal review.

The independent consultant's report discloses that a substantial number of PwC professionals, particularly partners, had violations of the independence rules, and that many had multiple violations. The review found excusable mistakes, but also attributed the violations to laxity and insensitivity to the importance of independence compliance. According to the independent consultant's report, PwC acknowledges that the review disclosed widespread independence non-compliance that reflected serious structural and cultural problems in the firm.

The independent consultant's report summarizes results of the internal review at PwC, which included two key parts: PwC professionals were requested in March 1999 to self-report independence violations; and the independent consultant randomly tested a sample of the responses for completeness and accuracy.

Almost half of the PwC partners -- 1,301 out of a total of 2,698 -- self-reported at least one independence violation. The 1,301 partners who reported a violation reported an average of five violations; 153 partners had more than ten violations each. Of 8,064 reported violations, 81.3% were reported by partners and 17.4% by managers; 45.2% of the violations were reported by partners who perform services related to audits of financial statements. Almost half of the reported violations involved direct investments by the PwC professional in securities, mutual funds, bank accounts, or insurance products associated with a client. Almost 32% of reported violations, or 2,565 instances, involved holdings of a client's stock or stock options.

Six out of eleven partners at the senior management level who oversee PwC's independence program self-reported violations. Each of the 12 regional partners who help administer PwC's independence program reported at least one violation; one reported 38 violations and another reported 34 violations. Thirty-one of the 43 partners who comprise PwC's Board of Partners and its U.S. Leadership Committee self-reported at least one violation. Four of these had more than 20 violations; one of these partners had 41 violations and another had 40 violations.

The random tests of the self-reporting process summarized above indicated that a far greater percentage of individuals had independence violations than were reported. Despite clear warnings

that the SEC was overseeing the self-reporting process, the random tests of those reports indicated that 77.5% of PwC partners failed to self-report at least one independence violation. The combined results of the self-reporting and random tests of those reports indicated that approximately 86.5% of PwC partners and 10.5% of all other PwC professionals had independence violations.

The independent consultant's report identifies key weaknesses in the systems PwC had used to prevent or detect independence violations:

- * reporting systems relied on the individuals themselves to sort through their own investments and interests for violations;
- * efforts to educate professionals about the independence rules and their responsibilities to the client to comply with the rules were insufficient;
- * resolution of reported violations were not adequately documented; and
- * reporting systems did not focus on the reporting of violations that were deemed to be resolved before annual confirmations were submitted.

PwC is implementing a new system that requires all partners and managers to report all investments and that regularly subjects the self-reporting to audit.

The independent consultant's report concludes:

. . . the numbers of violations alone, as PwC acknowledges, reflect serious structural and cultural problems that were rooted in both its legacy firms [Price Waterhouse and Coopers & Lybrand]. Although a large percentage of the reported and unreported violations is attributable solely to the Merger, an even larger portion is not; thus, the situation revealed by the internal investigation is not a one-time breakdown explained solely by the Merger. Nor can the magnitude of the reported and unreported violations be attributed simply to less familiar Independence Rules such as those pertaining to brokerage, bank and sweep accounts. At least half of the reported and unreported violations consisted of interests held by a reporting PwC professional himself or herself, and most of the violations arose from either mutual fund or stock holdings

. . . Independence compliance at PwC and its legacy firms was dependent largely on individual initiative. This system failed, as PwC has acknowledged

Particularly as accounting firms have grown larger, acquired more clients and provided more services, and as investment opportunities and financial arrangements have increased in number and complexity, well-designed and extensive controls -- as reflected in the SEC's order in this matter -- are needed both to facilitate Independence compliance and to discourage and detect non-compliance.

Securities and Exchange Commission Chief Accountant Lynn E. Turner said, "This report is a sobering reminder that accounting professionals need to renew their commitment to the fundamental principle of auditor independence."

The violations discussed in the independent consultant's report came to light as a result of a Commission-ordered review, after professional self-regulatory procedures failed to detect such violations. As a result, at the SEC's request, the Public Oversight Board will sponsor similar independent reviews at other firms and will oversee development of enhancements to quality control and other professional standards. (Press Rel. 2000-4)

ENFORCEMENT PROCEEDINGS

IN THE MATTER OF MODEL IMPERIAL, INC.

The Commission announced yesterday that it has ordered the revocation of the registration of the common stock of Model Imperial, Inc., a wholesale distributor of brand-name fragrances and cosmetics, whose common stock had been registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 (Exchange Act). Model Imperial has consented to the entry of the Commission's order.

On September 28, 1999, the Commission instituted an administrative proceeding pursuant to Section 12(j) of the Exchange Act to determine whether the registration of Model Imperial's common stock should be revoked. Model Imperial had failed to file periodic reports with the Commission since its quarterly report on Form 10-Q for the quarter ended September 30, 1995. In addition, according to allegations of the Commission's Division of Enforcement, Model Imperial included in its annual report on Form 10-K for the year ended December 31, 1994 and quarterly reports on Form 10-Q for the first three quarters of the years ended in December 31, 1994 and December 31, 1995, financial statements that failed to conform with Generally Accepted Accounting Principles in that they materially overstated the value of Model Imperial's revenues and gross profit. Since the time of this alleged conduct, Model Imperial was acquired by another company with no involvement in that conduct. (Rel. 34-42316; File No. 3-10043)

CIVIL ACTION AGAINST CAPITAL ACQUISITIONS, INC., ET AL.

On January 4, United States Magistrate Judge Samuel Alba found defendant Clealon Mann in contempt of court for selling stock in violation of a court order freezing his assets. Judge Alba fined Mann \$2,500 and ordered him to pay the Commission's attorney fees in connection with the motion for contempt. Judge Alba also ruled that the proceeds of the stock sales be retained in the registry of the court pending final determination of the Commission's complaint.

Mann violated the asset freeze by ordering sales of stock owned by Genie Total Products, Inc., a corporation that Mann controls and that is also a relief defendant in this case. Mann ordered the sales, which resulted in approximately \$100,000 in total proceeds, through the account of a Bahamas trust that he controls at a registered broker-dealer.

The Commission obtained the asset freeze as part of a preliminary injunction entered with Mann's consent on January 13, 1998. The Commission has charged that Mann, along with other defendants, directed two Ponzi schemes that raised over \$30 million from investors in violation of the federal securities laws. Among other things, the Commission seeks an order requiring Mann to disgorge ill-gotten gains that he received from the schemes and to pay civil penalties.

For further information on this case, see Litigation releases 16329 (October 5, 1999), 16083 (March 9, 1999), 15868 (September 2, 1998), 15670 (March 13, 1998), and 15601 (December 23, 1997). [SEC v. Capital Acquisitions, Inc., et al., Civil Action No. 2:97-0977S, D. Utah] (LR-16400)

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.

Registration statements may be obtained in person or by writing to the Commission's Public Reference Branch at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the following e-mail box address: <publicinfo@sec>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

F-6 LLOYDS TSB GROUP PLC /ADR/, 101 BARCLAY STREET, 22ND FLOOR, NEW YORK, NY 10286 - 100,000,000 (\$5,000,000) DEPOSITARY RECEIPTS FOR COMMON STOCK (FILE 333-11278 - DEC 23) (BR 99 - NEW ISSUE)

S-8 ASE TEST LTD, 10 WEST FIFTH ST, NANTZE EXPORT PROCESSING ZONE, KAOHSIUNG TAIWAN REP, FS - 2,000,000 (\$39,672,500) FOREIGN COMMON STOCK (FILE 333-11286 - DEC 27) (BR 1)

S-8 CHINA COM CORP, 20/F CITICORP CENTRE 18 WHITFIELD RD, HONG KONG, CAUSEWAY BAY HONG KONG, K3 00000 (852) 289-3820 - 6,000,000 (\$534,000,000) FOREIGN COMMON STOCK (FILE 333-11288 - DEC 28) (BR 3)

S-8 APPLIED DIGITAL SOLUTIONS INC, 400 ROYAL PALM WAY, SUITE 410, PALM BEACH, FL 33480 (561) 366-4800 - 5,000,000 (\$29,500,000) COMMON STOCK (FILE 333-11294 - DEC 02) (BR 7)

S-3 CELL THERAPEUTICS INC, 201 ELLIOTT AVE W, STE 400, SEATTLE, WA 98119 -
6,148,087 (\$19,981,282 75) COMMON STOCK (FILE 333-93835 - DEC. 30)
(BR. 1)

S-1 ZAP COM CORP, 100 MERIDIAN CENTRE, ROCHESTER, NY 14618 (716) 242-8600 -
50,000,000 (\$306,250,000) COMMON STOCK (FILE 333-93837 - DEC 30)
(BR 2)

SB-2 TORBAY HOLDINGS INC, MAISON SOUMAREZ, RT DE COBO, CASTEL, GUERNSEY UK,
GUERNSEY, UK, (44) 148-1 46 - 5,800,000 (\$580,000) COMMON STOCK. (FILE
333-93847 - DEC 30) (BR. 9)

S-4 ALCOA INC, 201 ISABELLA ST, ALCOA CORPORATE CTR, PITTSBURGH, PA 15212
(412) 553-2576 - 72,382,585 (\$4,792,450,952 85) COMMON STOCK (FILE
333-93849 - DEC 30) (BR. 6)

S-1 UNITED THERAPEUTICS CORP, 1110 SPRING ST, SILVER SPRING, MD 20910
(301) 608-9292 - 2,500,000 (\$90,625,000) COMMON STOCK. (FILE 333-93853 -
DEC 30) (BR 1)

S-3 PROSPERITY BANCSHARES INC, 3040 POST OAK BLVD SUITE 150, HOUSTON, TX
77056 (713) 993-0002 - 900,000 (\$14,625,000) COMMON STOCK (FILE
333-93857 - DEC 30) (BR. 7)

S-8 EDUTREK INT INC, 6600 PEACHTREE DUNWOODY ROAD, 500 EMBASSY ROW, ATLANTA,
GA 30328 (404) 812-8200 - 500,000 (\$500,000) COMMON STOCK (FILE
333-93861 - DEC 30) (BR. 8)

SB-2 AMERICAN EQUITIES INCOME FUND II INC, EAST 80 ROUTE 4 SUITE 202, PARMUS,
NJ 07652 (201) 368-5900 - 9,950,000 (\$9,950,000) STRAIGHT BONDS (FILE
333-93863 - DEC 30) (NEW ISSUE)

S-3 NELNET STUDENT LOAN CORP- 2, 1801 CALIFORNIA ST SUITE 3920, DENVER, CO
80202 (303) 292-0995 - 2,500,000,000 (\$2,500,000,000) STRAIGHT BONDS
(FILE 333-93865 - DEC. 30) (NEW ISSUE)

S-4 FNB CORP/NC, 101 SUNSET AVE, P O BOX 1328, ASHEBORO, NC 27203
(910) 626-8300 - 1,500,000 (\$15,093,750) COMMON STOCK. (FILE 333-93869 -
DEC. 30) (BR 7)

S-1 SPECTRASITE HOLDINGS INC, 8000 REGENCY PARKWAY, SUITE 570, CARY, NC
27511 (919) 468-0112 - \$345,000,000 COMMON STOCK (FILE 333-93873 -
DEC 30) (BR 7)

S-1 ORAPHARMA INC, 732 LOUIS DRIVE, STE 2000, WARMINSTER, PA 18974
(215) 956-2200 - \$56,350,000 COMMON STOCK (FILE 333-93881 - DEC 30)

S-8 COPART INC, 5500 E SECOND ST, BENICIA, CA 94510 (707) 748-5000 -
1,330,000 (\$42,896,750) COMMON STOCK (FILE 333-93887 - DEC 30) (BR 2)

S-8 CODDLE CREEK FINANCIAL CORP, PO BOX 117, 347 NORTH MAIN STREET,
MOORESVILLE, NC 28115 (704) 664-4888 - 67,447 (\$2,090,857) COMMON STOCK
(FILE 333-93891 - DEC 30) (BR 7)

S-8 SALTON INC, 550 BUSINESS CENTER DR, C/O KENSINGTON CENTER,
MOUNT PROSPECT, IL 60056 (708) 803-4600 - 600,000 (\$19,650,000)
COMMON STOCK (FILE 333-93893 - DEC 30) (BR 2)

S-8 NETWORK 1 SECURITY SOLUTIONS INC, 909 THIRD AVE 9TH FL, NEW YORK, NY
10022 (212) 293-3068 - 1,800,000 (\$12,768,750) COMMON STOCK. (FILE
333-93895 - DEC 30) (BR 9)

S-8 TRI NATIONAL DEVELOPMENT CORP, 480 CAMINO DEL RIO SOUTH SUITE 140,
SAN DIEGO, CA 92108 (619) 718-6370 - 2,000,000 (\$1,140,000) COMMON STOCK
(FILE 333-93899 - DEC 30) (BR 9)

S-3 LTV CORP, 200 PUBLIC SQUARE, P O BOX 655003, CLEVELAND, OH 44115
(216) 622-5000 - 1,600,000 (\$80,000,000) STRAIGHT BONDS (FILE 333-93901 -
DEC. 30) (BR 6)

S-4 LTV CORP, 200 PUBLIC SQUARE, P O BOX 655003, CLEVELAND, OH 44115
(216) 622-5000 - 275,000,000 (\$275,000,000) STRAIGHT BONDS (FILE
333-93903 - DEC 30) (BR. 6)

S-8 BANK ONE CORP, ONE FIRST NATIONAL PLAZA, CHICAGO, IL 60670
(312) 732-4000 (FILE 333-93905 - DEC 30) (BR. 7)

S-3 TOWN & COUNTRY TRUST, 100, 100 SOUTH CHARLES STREET, BALTIMORE, MD 21201
(410) 539-7600 (FILE 333-93907 - DEC. 30) (BR 8)

S-8 CUMBERLAND MOUNTAIN BANCSHARES INC, 1431 CUMBERLAND AVE, MIDDLESBORO, KY
40968 - 61,562 (\$783,096) COMMON STOCK (FILE 333-93909 - DEC 30)
(BR 9)

N-2 UTEK CORP, 202 SOUTH WHEELER STREET, PLANT CITY, FL 33566 (813) 654-6113
- 1,150,000 (\$6,900,000) COMMON STOCK 200,000 (\$720,010)
WARRANTS, OPTIONS OR RIGHTS (FILE 333-93913 - DEC 30)

S-3 ADVANTA BANK CORP, 11850 S ELECTION DR, DRAPER, UT 84020 (801) 523-0858
- 1,000,000 (\$1,000,000) EQUIPMENT TRUST CERTIFICATES (FILE 333-93915 -
DEC 30) (NEW ISSUE)

S-1 LIBERTY MEDIA CORP /DE/, 8101 EAST PRENTICE AVENUE SUITE 500, ENGLEWOOD,
CO 80111 (303) 721-5400 - 868,789,000 (\$868,789,000) STRAIGHT BONDS
(FILE 333-93917 - DEC 30) (BR 7)

SB-2 PAYSTAR COMMUNICATIONS CORP, 1110 W KETTLEMAN LN, STE 48, LODI, CA 95240
(209) 339-0484 - 5,515,000 (\$11,037,500) COMMON STOCK (FILE 333-93919 -
DEC 30)

S-8 VALLEY RIDGE FINANCIAL CORP, 6 NORTH MAIN ST, KENT CITY, MI 49330
(616) 678-5911 - 100,000 (\$2,323,000) COMMON STOCK (FILE 333-93921 -
DEC 30) (BR. 7)

S-3 SUMMIT PROPERTIES INC, 212 SOUTH TRYON ST, STE 500, CHARLOTTE, NC 28281
(704) 334-9905 - 2,214,803 (\$38,897,478) COMMON STOCK (FILE 333-93923 -
DEC 30) (BR. 8)

SB-2 CAPITAL MEDIA GROUP LTD, 2 RUE DU NOUVEAU BERCY, CHARENTON FRANCE 94220,
(801) 261-5540 - \$8,435,073 COMMON STOCK (FILE 333-93927 - DEC 30)
(BR 7)

S-3 CVF CORP, 916 CENTER ST, LEWISTON, NY 14092 (716) 626-3044 - 3,070,535
(\$8,156,108.59) COMMON STOCK (FILE 333-93931 - DEC 30) (BR 9)

S-8 CUMBERLAND BANCORP INC, C/O CUMBERLAND BANCORP INC,
4205 HILLSBORO ROAD - STE 212, NASHVILLE, TN 37215 (615) 377-9395 -
550,000 (\$6,875,000) COMMON STOCK (FILE 333-93933 - DEC 30) (BR 7)

S-3 NATIONAL CITY BANCORPORATION, 651 NICOLLET MALL, MINNEAPOLIS, MN 55402
(612) 904-8503 - 1,000,000 (\$16,688,000) COMMON STOCK (FILE 333-93941 -
DEC 30) (BR. 7)

S-8 OFFICEMAX INC /OH/, 3605 WARRENSVILLE CENTER RD, SHAKER HEIGHTS, OH
44122 (216) 921-6900 - 2,000,000 (\$2,000,000)
OTHER SECURITIES INCLUDING VOTING TRUST (FILE 333-93949 - DEC 30)
(BR 2)

S-8 CONSOLIDATED DATA INC, 6912 220TH, MOUNTLAKE TERRACE, WA 98043
(800) 266-3854 - 40,000 (\$33,332) COMMON STOCK (FILE 333-93963 - DEC 29)
(BR 7)

S-3 MERGE TECHNOLOGIES INC, 1126 S 70TH STREET, MILWAUKEE, WI 53214
(414) 977-4000 - 420,000 (\$840,000) COMMON STOCK (FILE 333-93965 -
DEC 30) (BR 9)

S-4 UNILAB CORP /DE/, 18448 OXNARD ST, TARZANA, CA 91356 (818) 966-7300 -
155,000,000 (\$150,765,400) STRAIGHT BONDS (FILE 333-93967 - DEC 30)
(BR 1)

S-4 AMERICAN REALTY INVESTORS INC, 10670 NORTH CENTRAL EXPRESSWAY,
SUITE 300, DALLAS, TX 75231 (214) 740-4700 - 12,692,340 (\$229,276,232.70)
COMMON STOCK 2,600,000 (\$26,000,000) PREFERRED STOCK (FILE 333-93969 -
DEC 30) (NEW ISSUE)

SB-2 EDIETS COM INC, 3467 W HILLSBORO BLVD , DEERFIELD BEACH, FL 33442
(954) 360-9022 - 8,560,313 (\$18,336,313 50) COMMON STOCK (FILE 333-93971
- DEC 30)