

C.2

SEC NEWS DIGEST

Issue 2001-189

October 1, 2001

COMMISSION ANNOUNCEMENTS

PUBLIC APPEARANCES OF SENIOR COMMISSION OFFICIALS – OCTOBER 2001

The following is a schedule for October 2001 of the public appearances of SEC officials, including the Chairman, Commissioners, and senior staff members. For additional information on events hosted by groups other than the Commission, please call the contact numbers listed. As events are subject to change, please confirm them with the SEC's Office of Public Affairs or the sponsoring organizations.

When: Thursday and Friday, October 11-12, 2001
Who: Paul Roye, Director, Division of Investment Management
What: LI-ABA Investment Management Regulation
Where: Westin Fairfax, Washington, DC
Contact: Thomas Hennessey (215) 243-1638

When: Friday, October 12, 2001
Who: David Becker, Director, Office of General Counsel
What: Regulation FD
Where: The Hyatt Regency Greenwich Hotel, Greenwich, Connecticut
Contact: The American Corporate Counsel (203) 461-9004

When: Friday, October 12, 2001
Who: David Martin, Director, Division of Corporation Finance
What: Westchester/Southern Connecticut Chapter of the American Corporate Counsel Association
Where: Hyatt Regency Greenwich Hotel, Stamford CT
Contact: Richard McGrath (203) 351-4485(Public)

When: Thursday, October 18, 2001
Who: Paul Roye, Director, Division of Investment Management;
Annette Nazareth, Director, Division of Market Regulation

What: Glasser LegalWorks/Chicago-Kent
Financial Services Convergence
Where: New York Marriott Eastside, New York
Contact: Steve Seemer (973) 890-0008 x106

When: Monday, October 22, 2001
Who: Paul Roye, Director, Division of Investment Management
What: MFA MAR/Hedge Conference
Panelist
Where: Bermuda
Contact: John G. Gaine (202) 367-1140

When: Monday, October 22, 2001
Who: Chairman Harvey Pitt
What: AICPA Governing Council Meeting
Where: Loew's Miami Beach Hotel, Miami, FL
Contact: Geoffrey Pickard (212) 596-6299 or
Linda Dunbar (212) 596-6236

When: Thursday and Friday, October 25-26, 2001
Who: Paul Roye, Director, Division of Investment Management
What: ALI-ABA Life Insurance Products Conference
Where: Loew's L'Enfant Plaza Hotel, Washington DC
Contact: Stephen E. Roth (202) 383-0100

When: Friday, October 26, 2001
Who: David Martin, Director, Division of Corporation Finance
What: Institute of Continuing Legal Education
Where: Swissotel Atlanta, Atlanta, Georgia
Contact: Larry Jones, Executive Director (706) 369-5664

When: Friday, October 26, 2001
Who: Commissioner Isaac C. Hunt
What: Federation of Schools of Accountancy
Where: Crystal Gateway Marriott Hotel, New York
Contact: Cecilia Lo Chin (212) 596-6165

SEC PROVIDES NEW RELIEF REGARDING ISSUER REPURCHASES

On September 28, 2001, in order to facilitate the continued orderly operation of the markets, the Commission announced that it used its general exemptive authority under Section 36 of the Securities Exchange Act of 1934 to temporarily modify certain conditions of Rule 10b-18 for issuers that repurchase their own common stock. Friday's exemptive relief, which is described below, is not an extension of the emergency orders issued on September 14 and 21. The relief provided in those orders expired on September 28, 2001. Friday's relief extends from October 1 through October 12. It is

the Commission's current expectation that further relief following October 12, 2001 will not be necessary.

The Exemptive Order temporarily eases certain conditions of Rule 10b-18 for issuers repurchasing their own common stock. First, issuers whose common stock trades at sufficiently high levels (meeting an average daily trading volume and public float test) may effect purchases up to ten minutes before the scheduled close of trading on the primary market for such security. An issuer's purchase may not constitute the opening transaction. Second, the volume condition for issuer repurchases has been eased to allow purchases of 100 percent of trading volume.

The Exemptive Order also provides that public companies that repurchase their shares during the period ending October 12, 2001 will not have adverse accounting consequences under the pooling of interests provisions. After the expiration of the Exemptive Order, acquisitions by companies of their own equity securities once again will be governed by the existing accounting literature and related Commission rules and staff interpretations related to pooling-of-interests accounting in the same manner as they were before the Commission issued its Emergency Order on September 14, 2001. (Rel. 34-44874; Press Rel. 2001-106)

SEC ANNOUNCES ASSISTANCE TO THE AIRLINE AND INSURANCE INDUSTRIES IN REACHING THE CAPITAL MARKETS

The President and Congress have made clear their desire to foster the continued vitality of the nation's airline and insurance industries. In support of these efforts and to help companies in these industries reach U.S. capital markets expeditiously, we have taken the following administrative steps for airline and insurance companies covered by Congressional legislation in the wake of the September 11 terrorist attacks.

We have established separate telephone and e-mail hotlines for the airline and insurance industries, their underwriters and other advisors. These hotlines will allow companies in these industries to obtain immediate responses to financing and disclosure questions. The following are the new telephone number and e-mail address:

- Telephone calls should be directed to (202) 942-2816.
- E-mail should be directed to cfhotline@sec.gov.

We wish to help companies in these industries use our short-form registration on Form S-3 to raise capital quickly. We have directed the Division of Corporation Finance to take the following short-term actions to enhance the usefulness of Form S-3 for companies in these industries:

- For companies with existing shelf registrations pursuant to Rule 415(a)(1)(x), the staff will permit the extended use of our brief "notice" registration of additional securities under Rule 462(b). Under this extension, the staff will permit use of those procedures –

including notice by fax and immediate effectiveness - to register additional securities in an amount up to 20% of the dollar amount of securities originally registered on that shelf registration statement (rather than the amount remaining on that registration statement).

- We have directed the Division to permit use of Form S-3 for primary offerings by companies even if they have been late with a required Exchange Act report during the last year, as long as the companies meet all other reporting requirements for Form S-3 registration of primary offerings.
- A requirement to use Form S-3 is that the company's public float be at least \$75 million. A number of companies that met this test on September 10, 2001 may no longer. We believe that issuers in the airline and insurance industries that were eligible to use Form S-3 on September 10 should be eligible to use it for the remainder of the year. Accordingly, those issuers may calculate their public float for purposes of Form S-3 on any date between July 1, 2001 and December 31, 2001.

We have directed the Division of Corporation Finance to process Securities Act filings by reporting companies in the airline and insurance industries within not more than five business days of their receipt.

The Commission has instructed the Division of Corporation Finance to continue these administrative steps through the end of 2001.

Any company in these industries or shareholder that was or will be unable to meet a deadline (including those applicable to shareholder proposals) as a result of the events of September 11, 2001 should contact the Division of Corporation Finance at the hotline phone number or e-mail address. If the deadline was or will be met within the ten business days of the original due date, the Division will consider the deadline to have been met, in assessing the "timeliness" of the required action.

An internal task force will monitor federal programs regarding airline and insurance companies and will prepare appropriate disclosure guidance for companies affected by these federal programs, after discussion with outside professionals and experts.

The Commission solicits public views on any other relief it can give, consistent with investor interests, and asks that comments be received on the hotline e-mail addresses or through the U.S. mail at Office of Chief Counsel, Division of Corporation Finance, U.S. Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549. (Press Rel. 2001-107)

ENFORCEMENT PROCEEDINGS

ADMINISTRATIVE PROCEEDINGS INSTITUTED AGAINST AND SIMULTANEOUSLY SETTLED WITH FORMER CFO

On September 27, 2001, the Commission instituted a settled administrative proceeding against Paul S. Jurewicz, a resident of Liberty, Illinois, who was chief financial officer of Sabratek Corporation while certain of its employees engaged in a scheme to overstate the Company's reported revenue. Without admitting or denying the findings, Jurewicz consented to cease and desist from committing or causing any violation and any future violation of federal securities laws, and to pay disgorgement and prejudgment interest totaling \$17,907. In determining to accept the Offer of Settlement, the Commission considered remedial acts promptly undertaken by Jurewicz and the cooperation afforded the Commission staff.

The settled order contains the following findings. From the first quarter of 1998 through the first quarter of 1999, certain employees of Sabratek engaged in a scheme to overstate the Company's reported revenue by improperly including revenue from purported sales of infusion pumps and billings from consulting services that were largely not performed. Over these five quarters, Sabratek overstated net sales by 62% and operating income by 229%. As Sabratek's chief financial officer from July 1998 to April 1999, Jurewicz contributed to the misrepresentations by causing to be prepared and reviewing financial statements, and by signing the Form 10-Q for the third quarter of 1998, Form 10-K for 1998, and the management representation letters to the auditor for these periods. Jurewicz was reckless in not knowing that Sabratek's financial results were materially overstated. Further, Jurewicz did not devise or maintain a system of internal accounting controls to ensure that Sabratek's revenue from sales and billings was accurately recorded. (Rel. 34-44860; AAE Rel. 1459; File No. 3-10591)

ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS INSTITUTED, FINDINGS MADE AND SANCTIONS IMPOSED AGAINST RAUSCHER PIERCE REFSNES, INC., NOW KNOWN AS DAIN RAUSCHER INCORPORATED

On September 27, 2001, the Commission issued an Order Instituting Public Administrative and Cease And Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 (Securities Act) and Sections 15(b), 19(h) and 21C of the Securities Exchange Act of 1934 (Exchange Act), Making Findings and Imposing Remedial Sanctions (Order) against Rauscher Pierce Refsnes, Inc., now known as Dain Rauscher Incorporated (Rauscher). The Commission simultaneously accepted an Offer of Settlement in which Rauscher, without admitting or denying the Commission's findings, consented to the entry of the Order which requires that it cease and desist from committing or causing any violation and any future violation of Sections 17(a)(2) and (3) of the Securities Act, Section 15B(c)(1) of the Exchange Act, and MSRB Rule G-17. In addition, the Order requires that Rauscher pay a civil money penalty in the amount of \$200,000 to the United States Treasury and that it maintain its policies and procedures relating to municipal securities underwriting that Rauscher revised prior to the date of this Order.

The Order alleges that Rauscher, through its investment bankers, violated the above provisions in connection with the offer and sale to the public of municipal bonds issued by the City of Miami, Florida. In particular, Rauscher underwrote the municipal bond offering in December 1995 for \$72 million in non-ad valorem revenue bonds to pay for certain of the City of Miami's annual pension and employee compensated absences obligations. (In the Matter of Rauscher Pierce Refsnes, Inc., now known as Dain Rauscher Incorporated - Rels. 33-8013, 33-8014, 34-44864, File No. 3-10592; In the Matter of Royal Bank of Canada - Rels. 33-8015, 34-44865, File No. 3-10592)

ADMINISTRATIVE PROCEEDING INSTITUTED AGAINST MERRIMAC ADVISORS COMPANY AND FREDRIC FRENCH

On September 27, 2001, the Commission instituted public administrative and cease and desist proceedings pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 (Advisers Act) and Section 9(b) of the Investment Company Act of 1940 against Fredric J. French (French) and Merrimac Advisors Company (Merrimac) of Albuquerque, New Mexico. Merrimac is a registered investment adviser founded in late 1996, and French is the principal of Merrimac. In an Order Instituting Proceedings (Order), the Division of Enforcement alleges that French and Merrimac misrepresented Merrimac's performance history to clients and potential clients of Merrimac.

The Division alleges that, from 1997 through 1998, French and Merrimac provided clients and potential clients false information claiming that Merrimac had a five-year performance history of generating annual returns over 20%, and also overstating the number of Merrimac's clients and amount of client funds under management. As a result, the Order alleges that Merrimac willfully violated Sections 204, 206(1), 206(2) and 206(4) of the Advisers Act and Rules 204-2(a)(16) and 206(4)-1(a)(5) thereunder, that French willfully violated Sections 206(1) and 206(2) of the Advisers Act and that he caused and willfully aided and abetted Merrimac's violations.

A hearing will be held before an administrative law judge to determine whether the allegations in the Order are true and, if so, whether cease-and-desist orders, civil penalties or any other sanctions are appropriate against Merrimac and French. (Rels. IA-1977; IC-25195; File No. 3-10594)

COMMISSION INSTITUTES SETTLED ADMINISTRATIVE PROCEEDING AGAINST PERFORMANCE ANALYTICS, INC. AND ROBERT MOSESON

On September 27, 2001, the Commission entered an Order Instituting Public Administrative and Cease and Desist Proceedings Pursuant to Sections 203(e), (f) and (k) of the Investment Advisers Act of 1940 (Advisers Act), Making Findings and Imposing Remedial Sanctions and Cease-and-Desist Order (Order) against Performance Analytics, Inc. (Performance) and one of its principals, Robert P. Moseson (Moseson). Performance and Moseson, while neither admitting nor denying the Order's findings, consented to the entry of the Order and the imposition of sanctions against them.

The Order finds that Performance presented inaccurate information about the performance history of Merrimac Advisors Company (Merrimac) and Fredric J. French (French) to Performance clients. According to the Order, from 1997 through early 1998 Performance presented Merrimac as a potential money manager to Performance clients, who include pension funds and profit sharing plans. The Order finds that French, the principal of Merrimac, had previously worked for Lakeview Securities Corp. (Lakeview), a registered broker-dealer affiliated with Performance, from 1993 until he founded Merrimac in 1996. According to the Order, during the time that French worked for Lakeview he had reported to Moseson in connection with Lakeview's management of the portfolio of Investors Research Fund, Inc., a mutual fund for which Lakeview acted as investment adviser. The Order finds that after French formed Merrimac, he made presentations to Performance clients seeking to obtain money management clients for Merrimac. As part of these presentations, Performance provided its clients with reports that included inaccurate information overstating Merrimac's number of clients and years in operation, amount of client funds under management and the annual rates of return that Merrimac had obtained for its clients. The Order finds that Moseson should have known that the Merrimac track record provided to Performance clients was inaccurate. Accordingly, the Order finds that Performance and Moseson willfully violated Section 206(2) of the Advisers Act.

The Order requires Performance and Moseson to cease and desist from committing or causing any current or future violations of Section 206(2) of the Advisers Act, censures Performance and Moseson, suspends Moseson from association with any investment adviser for three months and orders Moseson to pay a civil penalty in the amount of \$25,000. (Rel. IA-1978; File No. 3-10595)

CEASE AND DESIST PROCEEDINGS INSTITUTED AND SIMULTANEOUSLY SETTLED AGAINST ENRICO CORTESANO IN CONNECTION WITH INTERNET PRIME BANK SCHEME

The Commission announced that it has instituted and simultaneously settled cease and desist proceedings pursuant to Section 8A of the Securities Act of 1933 (Securities Act) against Enrico Cortesano, a resident of Hollywood, Florida, in connection with a prime bank scheme Cortesano offered over the Internet. The Commission found that Cortesano violated the securities registration and anti-fraud provisions of the federal securities laws and ordered him to cease and desist from future violations of these provisions.

Specifically, the Commission found that from September 2000 through late March 2001, Cortesano offered for sale on his Internet website securities in the form of participation interests in bank debenture trading programs that purportedly lasted for a period of one year and one week. Cortesano, who had not filed a registration statement with the Commission, made materially false and misleading statements and omissions, including, among other things, that the securities existed; that investors could earn returns ranging from approximately 60% to 200% per month, depending on the amount invested; that the returns were guaranteed to be paid on a daily, weekly, or monthly basis; and that there were no risks associated with investing in the trading programs. Cortesano took no

reasonable steps to verify whether the securities being offered existed or whether the representations made on his website were true. Additionally, he used and published materials without establishing or investigating their accuracy or veracity.

Without admitting or denying the Commission's findings, Cortesano consented to the entry of an order requiring him to cease and desist from committing or causing a future violation of Sections 5(c), 17(a)(1), and 17(a)(3) of the Securities Act. (Rel. 33-8017; File No. 3-10597)

ORDER INSTITUTING PUBLIC PROCEEDINGS, MAKING FINDINGS, AND IMPOSING A CEASE AND DESIST ORDER AGAINST DAVID BELLET

The Commission announced that on September 28, 2001, it instituted and settled proceedings against David F. Bellet, of New York, New York. Bellet consented, without admitting or denying the Commission's findings, to an order making findings and imposing a cease-and-desist order preventing Bellet from causing violations of certain books and records provisions of the Investment Advisers Act of 1940 (Advisers Act) (specifically, Section 204 of the Advisers Act and Rule 204-2(a)(12) thereunder).

The Commission found that Bellet, while a part owner and advisory representative of Crown Capital Management, Ltd., Crown-Glynn Advisors Ltd. and Crown Advisors Ltd., was a cause of violations by Crown Capital Management, Ltd. and Crown-Glynn Advisors Ltd. (collectively, Crown Capital) of Section 204 of the Advisers Act and Rule 204-2(a)(12) thereunder. Crown Capital's internal operating procedures required all employees and affiliated persons to submit to Crown Capital's compliance officer, on a quarterly basis, personal trading reports identifying every transaction in securities in which the individual had, or as a result of the transaction acquired, direct or indirect beneficial ownership and had investment discretion. Although Bellet knew of these internal operating procedures, he failed to comply with them with respect to certain transactions during the seven quarterly periods beginning in January 1997.

From January 1997 through September 1998, personal brokerage accounts over which Bellet had investment discretion engaged in several hundred transactions in securities in which Bellet had, or as a result of the transactions acquired, direct or indirect beneficial ownership. Bellet failed to disclose these transactions to Crown Capital's compliance officer as required by Crown Capital's internal operating procedures. Instead of reporting his actual personal trades, Bellet submitted personal trading reports that contained fictitious transactions to Crown Capital's compliance officer over the course of the seven quarterly periods.

Bellet's misconduct, as described above, with respect to his reporting of personal trades to Crown Capital did not adversely affect the economic interests of Crown Capital, the partnerships or trust managed by Crown Capital, or their respective clients or accounts. In January 1999, following the completion of a routine field examination of Crown Capital by the Commission's Northeast Regional Office, Bellet voluntarily disclosed to the Commission staff the fact that his prior personal trading reports during the seven

quarterly periods beginning in January 1997 were fictitious. Bellet then voluntarily submitted to the staff corrected personal trading reports, as well as brokerage account statements, detailing his actual personal security transactions. (Rel. IA-1979; File No. 3-10598)

COMMISSION SANCTIONS LEGG MASON FUND ADVISER, INC. AND WESTERN ASSET MANAGEMENT CO.

On September 28, 2001, the Commission instituted a public administrative proceeding against Legg Mason Fund Adviser, Inc. (LM Fund Adviser) and Western Asset Management Co. (WAM) pursuant to Section 203(e) of the Investment Advisers Act of 1940 for failing to reasonably supervise the portfolio manager for the Legg Mason High Yield Portfolio and the U.S. High Yield Investments, N.V., a Legg Mason offshore fund (collectively, Funds). The portfolio manager, with the assistance of a broker-dealer, inflated the value of troubled securities, which caused one of the funds materially to overstate its net asset value.

The order finds that the Funds' manager, LM Fund Adviser, and the sub-adviser, WAM, failed to reasonably supervise the portfolio manager. LM Fund Adviser failed to have adequate policies and procedures to respond adequately to indications that the portfolio manager was overstating the value of one of the fund's securities. WAM failed to have adequate policies and procedures designed to prevent securities violations by the portfolio manager.

Simultaneous with the institution of the proceeding, LM Fund Adviser and WAM submitted Offers of Settlement in which, while neither admitting nor denying the Commission's findings, they consented to the entry of an order in which they were each censured; they each agreed to pay a penalty of \$50,000; and they were each ordered to comply with undertakings to maintain the enhanced supervisory policies and procedures previously implemented. (Rel. IA-1980; File No. 3-10600)

ADMINISTRATIVE PROCEEDING INSTITUTED AGAINST RAJIV VOHRA OF FORT LAUDERDALE, FLORIDA

On September 28, 2001, the Commission issued an Order Instituting Public Proceedings Pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 (Order) against Rajiv Vohra, of Fort Lauderdale, Florida. The Order alleges that Vohra participated in an offering of penny stock. The Order further alleges that on April 5, 2001, a final judgment of permanent injunction was entered, by consent, against Vohra, permanently enjoining him from violations of the antifraud provisions of the federal securities laws (SEC v. Rajiv Vohra, Sean Healey, Lantern Investments, Ltd., Lipton Holdings, Ltd., and Beaufort Holdings, Ltd., Civil Action No. 1:00-CV-7286, S.D. Fla.).

The Commission's complaint in the district court action alleged that Vohra and others used "wash sales" to create the appearance of active trading in a penny stock. Vohra and others then arranged to have a false and misleading research report published on a stock-

picker web site, on their own web site, and through unsolicited mass e-mails. The research report falsely claimed that the issuer of the stock had significantly expanded, that the author of the report was an independent analyst, and that the purported analyst had issued a buy recommendation. Vohra and others attempted to conceal their scheme by conducting much of their activity through Canadian brokerage accounts and Bahamian companies. The defendants profited approximately \$500,000 from their scheme.

A hearing will be scheduled before an administrative law judge to determine whether the allegations against Vohra are true and, if so, what sanctions, if any, are appropriate and in the public interest. (Rel. 34-44869; File No. 3-10596)

SEC SETTLES CIVIL ENFORCEMENT ACTION AGAINST FORMER PREXOMET OFFICER IN CONNECTION WITH FRAUDULENT OFFERING SCHEME

The Commission announced today that Judge Mary M. Lisi of the United States District Court for the District of Rhode Island has entered, by consent, a final judgment permanently enjoining violations of the antifraud provisions of the federal securities laws in the Commission's civil enforcement action against George T. Helm, Jr., a resident of North Smithfield, Rhode Island and the former secretary and treasurer of Prexomet Corporation. On September 28, 2001, the Commission also entered an Order Instituting Proceedings, Making Findings and Imposing Remedial Sanctions, by consent, barring Helm from: (1) participating in any offering of penny stock and (2) association with any broker or dealer, with the right to reapply for association after three years. The Commission's order is based upon the entry of the permanent injunction in the civil action.

In its complaint, the Commission alleged that Helm participated in a scheme to defraud 14 investors out of approximately \$240,000 by inducing them to invest in Prexomet, a now defunct Smithfield, Rhode Island-based corporation. According to the complaint, Helm told prospective investors that Prexomet owned a valuable Arizona mine and offered them an opportunity to purchase Prexomet stock at \$1 per share. Helm stated that Prexomet would soon go public through an initial public offering (IPO) and that investors would earn a 500% return on their investments within several months. These statements were false because Prexomet did not own a mine. Moreover, the Commission alleged that neither Helm nor any of Prexomet's other officers had any intention of taking Prexomet public because neither Prexomet nor any of the officers ever filed any document with the Commission or expended any funds to this end. Once some of the investors began raising questions about their investments, Helm and Prexomet's other officers began making false "lulling statements" as early as April 1997 and continuing through at least March 2000, about how Prexomet was about to receive an infusion of capital and how the investors would receive their promised 500% returns. In reality, the investors never received back any portion of either their original investments or of their promised returns.

Helm consented, without admitting or denying the allegations of the Commission's complaint, to the entry of a final judgment that permanently enjoins him from future violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the

Securities Exchange Act of 1934 and Rule 10b-5 thereunder and orders him to pay a civil penalty of \$20,000.

In a related matter, the Commission entered an administrative order, by consent, against Helm, who was a registered representative of Royal Alliance Associates, Inc., a New York-based broker-dealer during the period at issue. The administrative order bars Helm from: (1) participating in any offering of penny stock and (2) association with any broker or dealer, with the right to reapply for association after three years. The Commission's order is based upon the entry of the permanent injunction in the civil action (SEC v. Kraemer, et al., Civil Action No. 01-358 ML, D. Rhode Island); LR-17080). (Rel. 34-44873; File No. 3-10599)

COMMISSION SANCTIONS TRUDIE WHITEHEAD

On September 28, 2001, the Commission instituted a public administrative and cease and desist proceeding against a portfolio manager, Trudie D. Whitehead (Whitehead), pursuant to Section 8A of the Securities Act of 1933 (Securities Act), Section 21C of the Securities Exchange Act of 1934 (Exchange Act), Sections 203(f) and (k) of the Investment Advisers Act of 1940 (Advisers Act) and Sections 9(b) and (f) of the Investment Company Act of 1940 (Investment Company Act).

The order finds that from 1996 to 1998, Whitehead caused the Legg Mason High Yield Portfolio (High Yield Fund) and the U.S. High Yield Investments, N.V., a Legg Mason offshore fund, (collectively, Funds) to purchase securities underwritten by a former broker-dealer and one of its principals. After the securities began performing poorly and the issuers suffered severe financial problems, Whitehead and the broker-dealer principal defrauded the Funds by concealing the problems and inflating the value of the troubled securities, which caused the High Yield Fund to materially overstate its net asset value.

Simultaneous with the institution of the proceeding, Whitehead submitted an Offer of Settlement in which, while neither admitting nor denying the Commission's findings, she consented to the entry of an order barring her from association with any investment adviser or investment company. Whitehead is ordered to cease and desist from committing or causing any violation and any future violation of the antifraud provisions of the Securities Act, the Exchange Act and the rules thereunder, the Advisers Act, and the books and records provisions of the Investment Company Act. Whitehead is also ordered to cease and desist from causing any violation and any future violation of the net asset value provision of the Investment Company Act. Further, Whitehead is ordered to pay a \$25,000 penalty. (Rels. 33-8018; 34-44875; IA-1981; IC-25198; File No. 3-10601)

COMMISSION SANCTIONS KYLE KIRKLAND

On September 28, 2001, the Commission instituted a public administrative and cease and desist proceeding against a principal of a former broker-dealer, Kyle R. Kirkland (Kirkland), pursuant to Section 8A of the Securities Act of 1933 (Securities Act), Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934 (Exchange Act), Section 203(k) of the Investment Advisers Act of 1940 (Advisers Act) and Sections 9(b) and (f) of the Investment Company Act of 1940 (Investment Company Act).

The Order finds that from 1996 to 1998, Kirkland and his former broker-dealer underwrote and sold securities to the Legg Mason High Yield Portfolio and the U.S. High Yield Investments, N.V., a Legg Mason offshore fund, (collectively, Funds). After the securities began performing poorly and the issuers suffered severe financial problems, Kirkland and the Funds' portfolio manager defrauded the Funds by concealing the problems and inflating the value of the troubled securities, which caused the High Yield Fund to materially overstate its net asset value.

Simultaneous with the institution of the proceeding, Kirkland submitted an Offer of Settlement in which, while neither admitting nor denying the Commission's findings, he consented to the entry of an Order barring him from association with any broker, dealer, or investment company, with the right to reapply for association after three (3) years. Kirkland is ordered to cease and desist from committing or causing any violation and any future violation of the antifraud provisions of the Securities Act, the Exchange Act and the rules thereunder, the Advisers Act and the books and records provisions of the Investment Company Act. Kirkland is also ordered to cease and desist from causing any violation and any future violation of the net asset value provisions of the Investment Company Act. Further, Kirkland is ordered to pay a \$30,000 penalty. (Rels. 33-8019; 34-44876; IA-1982; IC-25199; File No. 3-10602)

IN THE MATTER OF EDWARD BRACKEN AND DOUGLAS DIGGINS

On September 28, 2001, the Commission issued an Order Instituting Administrative Proceedings Pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 (Order) against Edward Bracken (Bracken) and Douglas Diggins (Diggins). The two were formerly employed as registered representatives at a Solana Beach, California branch office of Cohig & Associates, Inc., a broker-dealer firm based in Denver, Colorado.

The Division of Enforcement alleges in the Order that on January 26, 2000, Bracken was convicted of one count of an information charging him with conspiracy to commit securities fraud and wire fraud (U.S. v. Edward Bracken, No. CR-S-97-022-LDG, D. Nev.). In a plea agreement, Bracken admitted that, while associated with Cohig's office in Solana Beach, California, he conspired with others, including Michael Swan (Swan), then the president of Teletek, Inc., to receive undisclosed payments in return for selling Teletek stock to investors. In his plea agreement, Bracken further admitted that he failed to disclose this extraordinary compensation to investors.

The Division of Enforcement further alleges that on March 8, 2000, Diggins was convicted of one count of an information charging him with conspiracy to commit securities fraud and wire fraud (U.S. v. Douglas Diggins, No. CR-S-96-271-PMP, D. Nev.). In a plea agreement, Diggins admitted that, while associated with Cohig's office in Solana Beach, he conspired with others, including Swan, to receive undisclosed payments in return for selling Teletek stock to investors. Diggins further admitted that he failed to disclose this extraordinary compensation to investors.

A hearing will be held at a time and place to be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Bracken and Diggins an opportunity to dispute these allegations, and what, if any, sanctions are appropriate in the public interest and for the protection of investors against Bracken and Diggins. (Rel. 34-44877; File No. 3-10603)

IN THE MATTER OF THOMAS CAREY AND FRANK MARSELLA

On September 28, 2001, the Commission issued an Order Instituting Administrative Proceedings Pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 (Order) against Thomas A. Carey (Carey) and Frank Marsella (Marsella). The two were formerly employed as registered representatives at a Solana Beach, California branch office of Cohig & Associates, Inc., a broker-dealer firm based in Denver, Colorado.

The Division of Enforcement alleges in the Order that on April 4, 2000, Carey was convicted of one count of an indictment charging him with conspiracy to commit securities fraud and wire fraud (U.S. v. Thomas Carey, No. 99CR-1514-JM, S.D. Cal.). In a plea agreement, Carey admitted that, while associated with Cohig, he received extraordinary compensation, above and beyond his normal commission, in return for retailing the stock of Eagle Holdings, Inc. (Eagle) to his customers. Carey further admitted that he failed to disclose this extraordinary compensation to investors, and that trade confirmations sent to Cohig customers who purchased Eagle stock were misleading in that the confirmations did not disclose the total compensation Carey would receive for recommending Eagle stock to the customers.

The Division of Enforcement further alleges that on April 4, 2000, Marsella pled guilty to one count of an indictment charging him with conspiracy to commit securities fraud and wire fraud (U.S. v. Frank Marsella, No. 99CR-1514-JM, S.D. Cal.). In a plea agreement, Marsella admitted that, while associated with Cohig, he received extraordinary compensation, above and beyond his normal commission, in return for retailing the stock of Eagle to his customers, that he failed to disclose this extraordinary compensation to investors and that trade confirmations sent to his customers were false and misleading because they omitted to disclose his total compensation.

A hearing will be held at a time and place to be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Carey and Marsella an opportunity to dispute these allegations, and what, if any, sanctions are

appropriate in the public interest and for the protection of investors against Carey and Marsella. (Rel. 34-44878; File No. 3-10604)

COMMISSION APPROVES SETTLEMENT IN THE ADMINISTRATIVE PROCEEDING IN THE MATTER OF KEVIN QUINN

On September 28, 2001, the Commission settled an administrative proceeding In the Matter of Kevin G. Quinn. The Commission's order vacated the Order of the Administrative Law Judge dated May 16, 2001 and provided notice that pursuant to Rule 360(e) of the Commission's Rules of Practice, the Administrative Law Judge's initial decision (*Kevin G. Quinn, Initial Decision Release No. 1896 (July 27, 2001)*) has become the final decision of the Commission. The decision dismissing the proceedings against Kevin G. Quinn was declared effective. (Rels. 33-8020; 34-44879; File No. 3-10098)

COMMISSION SANCTIONS DUFF & PHELPS INVESTMENT MANAGEMENT CO. AND WAYNE STEVENS, AND INSTITUTES ADMINISTRATIVE PROCEEDINGS AGAINST CHRIS WOESSNER

On September 28, 2001, the Commission instituted settled administrative proceedings against Duff & Phelps Investment Management Co. and its former president, Wayne C. Stevens, and instituted a contested administrative proceeding against Chris Woessner, a former vice president of sales for Duff. The proceedings concern the parties' roles in a scheme to direct approximately \$715,000 of Duff's client commissions for the benefit of a broker-dealer and a pension consultant in exchange for the referral of a client to Duff.

In the settled proceedings, the respondents consented to Orders of the Commission, without admitting or denying the Commission's findings, requiring that they cease and desist from violating certain federal securities laws, censuring Duff and ordering it pay a \$100,000 penalty and approximately \$715,000 in disgorgement to its affected clients, and ordering Stevens to pay a penalty of \$20,000. In the contested proceeding, the Division of Enforcement seeks remedial sanctions against Woessner.

In the Commission's Orders in both the settled and contested proceedings, the Division of Enforcement alleges that from 1994 through 1997, Duff, a registered investment adviser, directed approximately \$613,000 of advisory client commissions for the benefit of East West Institutional Services, Inc., then a registered broker-dealer, and \$102,000 for the benefit of an unrelated pension consultant, in exchange for the referral of a client, a pension fund for the International Brotherhood of Teamsters Union Local 710. East West was able to influence the Local 710 because it had an arrangement with two trustees of the Local 710, who received illegal kickbacks of commissions from East West. The pension consultant was hired by the Local 710 to provide advice concerning the selection of new investment advisers.

In violation of federal securities laws, Duff did not disclose to its clients its direction of brokerage in exchange for a client referral, and it falsely stated in its Commission filings that it did not direct commissions in exchange for client referrals. Woessner, acting on

behalf of Duff, entered the agreements to direct brokerage for the benefit of East West and the pension consultant in exchange for Duff's management of \$120 million of the Local 710 pension fund, and helped to conceal these arrangements from Duff's clients. Stevens, as Duff's president, chief executive officer, and chief investment officer, approved the direction of brokerage to East West and was reckless in not knowing about Woessner's arrangement to direct brokerage to East West in exchange for a client referral.

The settled Orders require that Duff and Stevens cease and desist from future violations of the antifraud provisions of the Investment Advisers Act of 1940 [Sections 206(1) and 206(2)], and that Duff cease and desist from future violations of certain reporting provisions of the Advisers Act [Sections 207 and 204, and Rule 204(b)(1) thereunder] and of Section 17(e)(1) of the Investment Company Act of 1940. Duff must also provide to clients an amended Form ADV, Part II, distribute a copy of the Order against it to all its current clients and all its prospective clients for one year, and retain an independent consultant to review its supervisory, compliance and other policies and procedures. Stevens must cause any investment adviser with which he is affiliated to distribute a copy of the Order against him to all its current clients and to all prospective clients for one year.

In the contested Order, the Division of Enforcement alleges that Woessner aided and abetted and caused Duff's violations of Sections 206(1) and 206(2) of the Advisers Act. East West and its registered representative, Christopher P. Roach, are respondents in a pending administrative proceeding concerning similar conduct [In re Rothmeier et al., Advisers Act Rel. No. 1823 (September 9, 1999)]. (In the Matter of Wayne C. Stevens, Rel. IA-1983, File No. 3-10605; In the Matter of Duff & Phelps Investment Management Co., Inc., Rel. IA-1984, IC-25200, File No. 3-10606; In the Matter of Chris Woessner, Rel. IA-1985, File No. 3-10607)

ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS INSTITUTED AGAINST BENEFIT CONCEPTS GROUP, INC. AND JAMES CANNON

On September 28, 2001, the Commission instituted public administrative and cease and desist proceedings against Benefit Concepts Group, Inc. (Benefit Concepts), an investment adviser, and its president and owner, James D. Cannon (Cannon). Benefit Concepts, located in Arlington, Virginia, was registered with the Commission from March 1998 until July 31, 2001.

In the Order Instituting Public Proceedings (Order), the Division of Enforcement (Division) alleges that from approximately May 1999 through at least January 2001, Benefit Concepts, through Cannon, engaged in a fraudulent course of conduct to attract clients by preparing and distributing false and misleading advertisements in which Benefit Concepts claimed performance for years in which it had no investment advisory clients. In addition, Cannon and Benefit Concepts failed to disclose that no basis existed for a substantial portion of its claimed performance record or the fact that its performance record was not derived using "proprietary" software or any market-timing model as the

advertisements claimed. In addition, from approximately mid-1998 through at least September 2000, Benefit Concepts failed to maintain records necessary to substantiate its advertised performance claims.

The Division alleges that, in spring 1999, approximately one year after Cannon registered Benefit Concepts as an investment adviser and first began to provide investment advice to clients, Cannon began to aggressively advertise Benefit Concepts. Benefit Concepts, through Cannon, advertised false and misleading performance results in publications, brochures, a website and through press releases. The performance figures contained in all of the advertisements that claimed returns for Benefit Concepts' clients as far back as 1995 had no basis in fact. Moreover, Benefit Concepts falsely claimed that it had a long history of managing investment advisory client accounts, when it actually had no investment advisory clients until spring 1998.

The Division further alleges that, based on false information provided by Cannon, the publication *Nelson's World's Best Money Managers* ranked Benefit Concepts second out of 897 money managers in the category of U.S. Equity money managers, based on the company's reported five-year annualized rate of return for the five years ending March 31, 2000.

The Division alleges that Benefit Concepts, aided and abetted by Cannon, willfully violated Sections 204, 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940, and Rules 204-2(a)(16) and 206(4)-1(a)(5) thereunder.

A hearing will be scheduled before an administrative judge to determine whether the allegations contained in the Order are true, to provide Benefit Concepts and Cannon an opportunity to dispute these allegations, and to determine what sanctions, if any, are appropriate and in the public interest. (Rel. 34-44880; IA-1986; File No. 3-10608)

SEC SETTLES FRAUD CLAIMS AGAINST OWNER OF STOCK-PICKING WEBSITE

The Commission announced that it has charged the operator of Financial Picks, an Internet-based stock-picking service, with fraudulently inflating his past performance results and claiming to be part of an experienced team of professionals with a long track record of successful investment advice. In fact, Daniel J. Murphy, 26, of Mission Viejo, California, operated the website alone and substantially overstated the results of past investment recommendations.

On September 28, 2001, the Commission instituted administrative cease and desist proceedings against Daniel J. Murphy d/b/a Financial Picks. In its order the Commission found that Murphy lured subscribers with fraudulent claims of past success and distortions about Murphy's qualifications, collecting approximately \$65,000 in fees from about 200 subscribers during the period the misrepresentations were included on the website. The Financial Picks website featured prominent graphics claiming to show that Murphy's past recommendations had resulted in trading gains of 185% to 1800% per year. The Commission found that, had investors followed the recommendations, actual

returns would have been significantly lower. Murphy further claimed that "I've been trading since the mid 80's when computers were mostly word processors," yet Murphy was ten years old in the mid-1980's, and he did not open his first brokerage account until 1997. Murphy also claimed on the website that "I must rely on the expertise of my co-workers before any decision is made"; in fact, Murphy operates Financial Picks alone and has no co-workers. Finally, the website stated that Murphy made every trade recommended by Financial Picks; however, according to the Commission, Murphy seldom traded the securities he recommended to Financial Picks subscribers.

The Commission accepted an offer of settlement in which Murphy, without admitting or denying the Commission's findings, agreed to cease and desist from committing or causing violations of the antifraud provisions of the federal securities laws, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. (Rel. 34-44881; File No. 3-10609)

SEC IMPOSES CEASE AND DESIST ORDER, CIVIL PENALTY AND OTHER RELIEF AGAINST PRESIDENT OF MINNESOTA INVESTMENT COMPANY

On September 28, 2001, the Commission entered an Order Instituting Public Administrative and Cease and Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934 and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings and Imposing Remedial Sanctions (Order) against Lawrence P. Grady (Grady), president of Minn Shares, Inc. (Minn Shares), a registered, closed-end investment company based in Minneapolis, Minnesota. Without admitting or denying its findings, except as to the Commission's jurisdiction, Grady consented to the entry of the Order, which requires him to pay a civil penalty of \$10,000, plus post-judgment interest, and to cease-and-desist from (i) committing or causing any violation and any future violation of Sections 10(b) and 14(a) of the Securities Exchange Act of 1934 (Exchange Act) and Rules 10b-5, 14a-6(b) and 14a-9 thereunder, and Sections 17(j), 20(a) and 34(b) of the Investment Company Act and Rules 17j-1(c)(1) (redesignated as Rule 17j-1(d)(1)) and 20a-1 thereunder, and (ii) causing any violation and any future violation of Sections 17(a)(1), 17(g), 17(j) and 30(d) (redesignated as Section 30(e)) of the Investment Company Act and Rules 17g-1, 17j-1(b)(1) (redesignated as Rule 17j-1(c)(1)) and 30d-1 thereunder. The Order also prohibits Grady from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter, with the right to reapply to the Commission to serve or act in any such capacity after three years from the date of the Order.

In the Order, the Commission found that Grady failed to ensure his and Minn Shares' compliance with the Investment Company Act in that (i) from Minn Shares' inception in August 1993 until on or about November 5, 1998, Minn Shares operated without a written code of ethics to prevent its access persons from engaging in fraudulent conduct in connection with the purchase or sale of any security held or to be acquired by it, as required by Section 17(j) of the Investment Company Act and former Rule 17j-1(b)(1)

(redesignated as Rule 17j-1(c)(1)) thereunder; (ii) Grady failed to report his personal securities transactions to Minn Shares from August 1993 until in or about January 1999, and failed to report his wife's securities transactions to Minn Shares at anytime, as required by Section 17(j) of the Investment Company Act and former Rule 17j-1(c)(1) thereunder (redesignated as Rule 17j-1(d)(1)); (iii) in or about November 1998, Grady failed to file with the Commission Minn Shares' proxy statement, as required by Section 20(a) of the Investment Company Act and Rule 20a-1 thereunder; (iv) from August 1993 to the present, Grady caused Minn Shares to operate without a fidelity bond, as required under Section 17(g) of the Investment Company Act and Rule 17g-1 thereunder; (v) from August 1993 until in or about February 1999, Grady caused Minn Shares to fail to transmit to its shareholders required reports or other information containing financial information on at least a semi-annual basis, as required by former Section 30(d) (redesignated as Section 30(e)) of the Investment Company Act and Rule 30d-1 thereunder; and (vi) on or about September 21, 1995, Grady caused a Minn Shares' director, an affiliated person as defined in Section 2(a)(3)(D) of the Investment Company Act, to engage in a prohibited transaction with Minn Shares, in violation of Section 17(a)(1) of the Investment Company Act. The Commission also found that, although Minn Shares had never been in compliance with the Investment Company Act, Grady falsely stated that Minn Shares intended to remain in compliance with the Investment Company Act to Minn Shares' shareholders and other members of the public in two proxy statements, in violation of Sections 10(b) and 14(a) of the Exchange Act and Rules 10b-5 and 14a-9 thereunder and Sections 20(a) and 34(b) of the Investment Company Act and Rule 20a-1 thereunder. (Rel. 34-44882; IC-25201; File No. 3-10610)

COMMISSION INSTITUTES CEASE AND DESIST AND ADMINISTRATIVE PROCEEDINGS AGAINST ROBERT LOHMANN, A REGISTERED SECURITIES PROFESSIONAL

On September 28, 2001, the Commission issued an order instituting public cease and desist and administrative proceedings against Robert B. Lohmann pursuant to Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934 (Exchange Act), and Section 203(f) of the Investment Advisers Act of 1940 (Advisers Act).

In the order, the Division of Enforcement alleges that Lohmann engaged in insider trading violations prior to the November 24, 1997 public announcement that Mapco Incorporated would be acquired by The Williams Companies in a deal worth approximately \$3.46 billion. At the time of the alleged conduct, Lohmann was a registered securities professional and employed as a supervisor of equity trading at Royal Alliance Associates, Inc., a registered broker-dealer and investment adviser. The Division alleges that Lohmann illegally tipped other persons, including a co-worker who traded Mapco stock based on Lohmann's tip. The Division alleges that Lohmann thereby violated the antifraud prohibitions contained within Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

The Division further alleges that Lohmann learned material, nonpublic information concerning the Mapco acquisition from a childhood friend, John Doherty, who himself

obtained the inside information from a Mapco employee. In a series of conversations beginning the morning of November 20, 1997, Doherty told Lohmann about the merger, including when the merger might occur and the \$46 per share buy out price of the Mapco stock. In one such conversation, Doherty explicitly told Lohmann that the information came from "one of the head guys at Mapco." After that point, Lohmann tipped others about the merger, including a co-worker who purchased Mapco stock and made a profit.

A hearing will be scheduled before an administrative law judge to determine whether the allegations in the order are true, to provide Lohmann an opportunity to dispute these allegations, and to determine what, if any, remedial actions or sanctions are appropriate, including the issuance of a cease and desist order and the imposition of a civil penalty pursuant to Section 21B of the Exchange Act and Section 203(i) of the Advisers Act. (Rel. 34-44883; IA-1987; File No. 3-10611)

COMMISSION SUES TRANS ENERGY, INC., LOREN BAGLEY, AND WILLIAM WOODBURN FOR FRAUD

On September 28, 2001, the Commission filed a lawsuit in federal district court charging Trans Energy, Inc. (Trans Energy), its president, Loren E. Bagley (Bagley), and its vice president and principal financial officer, William F. Woodburn (Woodburn), with making false and misleading statements to the investing public through press releases, website postings, and Commission filings. Trans Energy is a public company whose stock is quoted on the OTC Bulletin Board under the symbol TSRG. The complaint alleges that Trans Energy, Bagley, and Woodburn violated the antifraud and reporting provisions of the federal securities laws.

According to the complaint, from October 2000 through December 2000, Trans Energy issued public statements that grossly overstated the value of its assets in Wyoming's Powder River Basin, inaccurately minimized its auditors' going concern opinion, and falsely described its Chapter 7 involuntary bankruptcy proceeding. The complaint further charges that Trans Energy's Commission filings from 1998 through 2000 withheld material information about one lawsuit pending against the company, and failed to disclose the existence of another. The two lawsuits allegedly misrepresented and omitted in Trans Energy's Commission filings resulted in entry of over \$1 million in consent judgments against the company. According to the complaint, Bagley and Woodburn were responsible for the false and misleading statements. The Commission is seeking in an injunction against Trans Energy, Bagley, and Woodburn prohibiting future violations of the anti-fraud and reporting provisions of the federal securities laws, and penalties against Bagley and Woodburn. [SEC v. Trans Energy, Inc., Loren E. Bagley, and William F. Woodburn, Civil Action No. 1:01CV02060, USDC, D.D.C.] (LR-17159)

FORMER GENEVA SECURITIES, INC. OFFICERS SUED FOR SECURITIES FRAUD

On September 28, 2001, the Commission filed an action in the United States District Court for the Northern District of Illinois against Richard M. Eisenmenger and LeRoy K. Messenger, the President and Chief Financial Officer, respectively, of Geneva Securities,

Inc., a defunct broker-dealer formerly based in Schaumburg, Illinois. The Commission's complaint alleges that Eisenmenger and Messenger sold over \$11 million of preferred stock and notes of companies they owned while making material misstatements about the use of the funds raised, the debts the companies would become obligated to pay, and the collateral protecting the investments. Further, the complaint alleges that Eisenmenger sold investments that were unsuitable for some of his customers, many of whom were elderly and retired, used customer funds to purchase securities without their permission, and diverted assets of certain customers to the accounts of Geneva-affiliated companies. Eisenmenger and Messenger, without admitting or denying the allegations in the complaint, have consented to the entry of Orders enjoining them from further violations of the anti-fraud provisions of the federal securities laws. [SEC v. Richard M. Eisenmenger and Leroy K. Messenger, U.S. District Court for the Northern District of Illinois, Civil Action No. 01 C 7506, N.D. Ill.] (LR-17162)

SUMMARY JUDGMENT ENTERED AGAINST RICHARD BLECH

An Order for Summary Judgment and a permanent injunction have been entered against Richard Jonathan Blech, the founder and chief executive officer of Credit Bancorp, Ltd., enjoining him from future violations of the antifraud provisions of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

The court found that Credit Bancorp, which was based in Geneva, Switzerland, and Blech obtained investments of at least \$180 million in marketable securities by promising individuals a risk-free return of 4% to 14% a year, without relinquishing ownership of their securities. The returns were to be generated by placing the securities in trust accounts established at major financial institutions in the name of Credit Bancorp. Major European banks were then to provide credit lines based on the value of the securities in the trust accounts, and the credit lines were to be used to invest in a trading program which would generate the promised returns. However, rather than being deposited in trust accounts, the securities were placed in brokerage accounts maintained by Credit Bancorp and then margined or sold outright, with the proceeds being wired to bank accounts in the United States and Switzerland. These proceeds were then used to fund the operations of Credit Bancorp and Blech's lavish personal lifestyle. Among other purchases, Blech bought a manor house in Monnetier-Mornex, France, automobiles, and a yacht which was moored on the Cote d'Azur in France. Blech is currently being held in prison in France awaiting extradition to the United States where criminal charges have been filed.

The Commission acknowledges the assistance of the United States Attorney's Office for the Southern District of New York, the Federal Bureau of Investigation, the Ministry of the Interior of the Republic of France, the Police Department of the Principality of Monaco, and the Office of the Magistrate of the Canton of Geneva of the Republic of Switzerland. [SEC v. Credit Bancorp, Ltd., et al., Docket No. 99, Civ 11395 (RWS) USDC, SDNY] (LR-17163)

CIVIL INJUNCTIVE ACTION FILED AGAINST GILBERT WYNNE, RICHARD DEAR, KINGDOM GROWTH FUND, LTD., KINGDOM FINANCIAL SERVICES, ORTHODOX CHURCH OF JESUS CHRIST, INC. AND STEPHEN BEIK

On September 28, 2001, the Commission filed a complaint in federal district court in Philadelphia, Pennsylvania, charging that Gilbert Merrell Wynne and Richard V. Dear engaged in a fraudulent scheme through the public offer and sale of securities issued by three entities controlled by Wynne, namely Kingdom Growth Fund, Ltd., Kingdom Financial Services and Orthodox Church of Jesus Christ, Inc. The complaint charges that from at least November 1998 through November 1999, Wynne, Dear, and their salespersons, fraudulently sold at least \$2.2 million of the securities to more than 200 investors in Pennsylvania and other states. They did so by representing that the investments were risk free and would generate guaranteed returns of 15-20 percent per month by investing in so-called "prime bank" instruments. In actuality those instruments did not exist and there was no reasonable basis for guaranteeing the exorbitant returns. Instead of investing the proceeds as promised, Wynne used them to pay personal and business expenses, returns owed to existing investors and commissions to Dear and other salespeople.

In its complaint, the Commission also charges Stephen W. Beik, an attorney practicing in Maitland, Florida, with aiding and abetting the fraudulent scheme. Among other things, Beik drafted offering documents, acted as escrow agent for investor funds, and transferred those funds to offshore accounts after learning of the Commission's investigation.

The complaint alleges that Wynne, Dear, Kingdom Growth Fund, Ltd., Kingdom Financial Services and Orthodox Church of Jesus Christ, Inc. violated Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The complaint also alleges that Beik aided and abetted the antifraud violations of the Exchange Act. In addition, the complaint alleges that Wynne and Dear violated the broker-dealer registration provisions of the Exchange Act. The complaint seeks permanent injunctions, disgorgement, prejudgment interest and civil penalties against each defendant. [SEC v. Gilbert Merrell Wynne, et al., Civil Action No. 01-4936, USDC, EDPa.] (LR-17164)

FORMER OAKGRIGSBY, INC. CONTROLLER ENJOINED, ORDERED TO PAY DISGORGEMENT IN CONNECTION WITH FINANCIAL FRAUD SCHEME

The Commission announced that on September 27, 2001, the Hon. Ronald A. Guzmán of the United States District Court for the Northern District of Illinois entered an Order enjoining Defendant Matthew Welch from future violations of the antifraud, issuer reporting, books and records and internal accounting controls provisions of the federal securities laws and ordering him to pay disgorgement and prejudgment interest of \$21,526, provided, however, that payment of all but \$10,000 is waived, and penalties not assessed, based on his demonstrated inability to pay additional amounts. Welch consented to the entry of the Order without admitting or denying the allegations of the

Commission's complaint. At the time of the conduct alleged in the complaint, OakGrigsby was a subsidiary of Oak Industries, Inc., a publicly-traded issuer headquartered in Waltham, Massachusetts. The complaint alleged that between July 1995 and January 3, 1997, Defendants Welch and Horne effected the scheme by directing a series of fraudulent entries in OakGrigsby's books which improperly capitalized certain expenses, thereby increasing the division's reported profits. As part of the scheme, Welch, the former Controller of OakGrigsby, fraudulently concealed expenses such as salaries, shipping and travel. The Complaint alleged that several of these fraudulent entries were made with the knowledge and approval of Defendant Horne, the divisional CEO of OakGrigsby.

As a result of Welch and Horne's actions, Oak's income and earnings per share for the quarter ended December 31, 1995 and the quarters ended March 31, June 30 and September 30, 1996 were materially overstated and accounts payable were materially understated. During the period of the fraud, Oak's income and earnings per share were overstated in amounts ranging from 2% to 15% and accounts payable for year-end 1995 and the three quarters of 1996 were understated in amounts ranging from 5% to 13%. Because the fraud was centered at OakGrigsby, the division's operating profits were overstated by a much greater amount, ranging from 108% to 371%. For further information, see Litigation Release No. 16734. [SEC v. Matthew R. Welch and James C. Horne, Civ. No. 00C-5935, USDC, N.D. Ill.] (LR-17165; AAE Rel. 1461)

INVESTMENT COMPANY ACT RELEASES

ORDERS OF DEREGISTRATION UNDER THE INVESTMENT COMPANY ACT

Orders have been issued under Section 8(f) of the Investment Company Act declaring that each of the following has ceased to be an investment company:

- Minn Shares Inc. [File No. 811-7744]
(Rel. IC -25176 - September 27, 2001)
- Mutual Selection Fund, Inc. [File No. 811-2300]
(Rel. IC -25177 - September 27, 2001)
- Credit Suisse Warburg Pincus Small Company Value II Fund, Inc. [File No. 811-7375]
(Rel. IC -25178 - September 27, 2001)
- Zero Gravity Funds [File No. 811-9787]
(Rel. IC -25179 - September 27, 2001)
- Dreyfus Global Bond Fund, Inc. [File No. 811-7085]
(Rel. IC -25180 - September 27, 2001)
- Allegiance Investment Trust-American Value Fund [File No. 811-9185]
(Rel. IC -25181 - September 27, 2001)
- TD Waterhouse Family of Funds [File No. 811-9543]
(Rel. IC -25182 - September 27, 2001)

Virtus Funds [File No. 811-6158]
 (Rel. IC -25183 - September 27, 2001)

SG Cowen Standby Tax-Exempt Reserve Fund, Inc. [File No.811-4344]
 (Rel. IC -25184 - September 27, 2001)

MuniHoldings California Insured Fund V, In. [File No. 811-9313]
 (Rel. IC -25185 - September 27, 2001)

MuniHoldings Florida Insured Fund V [File No. 811-9331]
 (Rel. IC -25186 - September 27, 2001)

MuniHoldings New Jersey Insured Fund IV, Inc. [File No.811-9315]
 (Rel. IC -25187 - September 27, 2001)

MuniHoldings New York Insured Fund IV, Inc. [File No. 811-9317]
 (Rel. IC -25188 - September 27, 2001)

Credit Suisse Institutional Strategic Global Fixed Income Fund, Inc. [File No. 811-8931]
 (Rel. IC -25189 - September 27, 2001)

GTBD Fund, L.L.C. (Deauville Europe Fund, L.L.C.)
 [File No. 811-10225]
 (Rel. IC -25190 - September 27, 2001)

Multistate Tax Exempt Unit Trust [File No. 811-2774]
 (Rel. IC -25191 - September 27, 2001)

NSB Asset Fund, Inc. [File No. 811-10031]
 (Rel. IC -25192 - September 27, 2001)

Morgan Stanley Dean Witter World Wide Income Trust [File No. 811-5744]
 (Rel. IC -25193 - September 27, 2001)

NOTICES OF DEREGISTRATIONS UNDER THE INVESTMENT COMPANY ACT

For the month of September, 2001, a notice has been issued giving interested persons until October 23, 2001, to request a hearing on any of the following applications for an order under Section 8(f) of the Investment Company Act declaring that the applicant has ceased to be an investment company:

IAI Investment Funds II, Inc. [File No. 811-7690]
 IAI Investment Funds IV, Inc. [File No. 811-3004]
 IAI Investment Funds VIII, Inc. [File No. 811-3767]
 IAI Investment Funds I, Inc. [File No. 811-2747]
 IAI Investment Funds III, Inc. [File No. 811-4904]
 IAI Investment Funds VI, Inc. [File No. 811-5990]
 IAI Investment Funds VII, Inc. [File No. 811-2147]
 Legg Mason Total Return Trust, Inc. [File No. 811-4308]
 Investment Series Trust [File No. 811-5093]
 The Starburst Funds II [File No. 811-6119]
 Scudder Weisel Capital Entrepreneurs Fund [File No. 811-10169]
 Scudder Weisel Capital Funds [File No. 811-10251]
 Blanchard Funds [File No. 811-4579]

Putnam Investment Grade Municipal Trust III [File No. 811-7099]
California Municipal Cash Trust [File No. 811-5760]
The Harvest Funds [File No. 811-9211]
Automated Cash Management Trust [File No. 811-3351]
New York Municipal Cash Trust [File No. 811-3432]
Beacon Global Advisors Trust [File No. 811-7879]
Targeted Duration Trust [File No. 811-6085]
(Rel. IC-25197 – September 28)

SELF-REGULATORY ORGANIZATIONS

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change filed by the National Association of Securities Dealers to extend a pilot program clarifying Nasdaq's authority to initiate and continue trading halts (SR-NASD-2001-60) has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of October 1. (Rel. 34-44870)

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.gov>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

F-6 FISHER & PAYKEL INDUSTRIES LTD /ADR/, JUSTIN P CALLAHAN,
22982 ALCADRE DR STE 101, LAGUNA HILLS, CA 92653 (949) 470-3900 -
20,000,000 (\$1,000,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE
333-13924 - SEP. 20) (BR. 99 - NEW ISSUE)

RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events:

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Bankruptcy or Receivership.
- Item 4. Changes in Registrant's Certifying Accountant.
- Item 5. Other Materially Important Events.
- Item 6. Resignations of Registrant's Directors.
- Item 7. Financial Statements and Exhibits.
- Item 8. Change in Fiscal Year.
- Item 9. Regulation FD Disclosure.

The following companies have filed 8-K reports for the date indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. 8-K reports 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.gov>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

NAME OF ISSUER	STATE CODE	8K ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
ACCUMED INTERNATIONAL INC	DE	X							X		09/17/01	
AIRTRAN AIRWAYS INC	DE				X						09/27/01	
AIRTRAN HOLDINGS INC	NV				X						09/27/01	
ALLBERRY INC	DE							X			09/25/01	
ALLTRISTA CORP	IN				X	X					09/25/01	
AMERICAN HEALTHWAYS INC	DE									X	09/28/01	
AMERIGON INC	CA				X						09/20/01	AMEND
AMSOUTH AUTO TRUST 2000-1	NY				X	X					09/17/01	
APACHE MOTOR CORP	NV	X	X					X			09/12/01	
ASIA SUPERNET CORP	CO				X			X			06/21/01	AMEND
AVALONBAY COMMUNITIES INC	MD					X	X				09/26/01	
BA MASTER CREDIT CARD TRUST /									X		09/17/01	
BALDWIN & LYONS INC	IN					X					09/11/01	
BANYAN CORP /OR/	OR		X			X	X				09/24/01	
BARNETT AUTO TRUST 1997-A	DE					X	X				09/17/01	
BARTON BEERS LTD	MD							X			09/25/01	
BARTON BRANDS LTD /DE/	DE							X			09/25/01	
BARTON BRANDS OF CALIFORNIA INC	CT							X			09/25/01	
BARTON BRANDS OF GEORGIA INC	GA							X			09/25/01	
BARTON CANADA LTD	DE							X			09/25/01	
BARTON DISTILLERS IMPORT CORP	NY							X			09/25/01	
BARTON FINANCIAL CORP	DE							X			09/25/01	
BARTON INC	DE							X			09/25/01	
BATAVIA WINE CELLARS INC	NY							X			09/25/01	
BEAR STEARNS COMPANIES INC	DE					X	X				09/26/01	
BETA OIL & GAS INC	NV					X					09/30/01	
BION ENVIRONMENTAL TECHNOLOGIES INC	CO					X	X				09/06/01	
BLUE ZONE INC	NV					X					09/28/01	
BOSTON BEER CO INC	MA					X					09/28/01	
C BRIDGE INTERNET SOLUTIONS INC	DE	X									09/19/01	
CALPINE CORP	DE					X	X				09/19/01	
CANANDAIGUA B V	DE							X			09/25/01	
CANANDAIGUA EUROPE LTD	NY							X			09/25/01	

NAME OF ISSUER	STATE	8K ITEM NO.									DATE	COMMENT
	CODE	1	2	3	4	5	6	7	8	9		
CANANDAIGUA LTD	NY								X		09/25/01	
CANANDAIGUA WINE CO INC /NY/	NY								X		09/25/01	
CECS CORP	DE			X							09/28/01	
CHEVRON CORP	DE				X						09/26/01	
CHEVRON CORP	DE				X						09/26/01	
CHEVY CHASE BANK FSB	MD								X		09/09/01	
CHICAGO BRIDGE & IRON CO N V			X						X		02/07/01	AMEND
CHICAGO BRIDGE & IRON CO N V					X				X		07/01/01	
CHORDIANT SOFTWARE INC	DE				X						09/17/01	
CISCO SYSTEMS INC	CA				X			X			09/26/01	
CIT EC EF 2001-A	DE		X						X		09/14/01	
CLOUD PEAK CORP	DE								X		09/25/01	
COMMODORE APPLIED TECHNOLOGIES INC	DE				X			X			09/28/01	
COMMUNITY INVESTMENT PARTNERS LP	MO				X						09/26/01	
CONSTELLATION BRANDS INC	DE								X		09/25/01	
COUNTY BANK CORP	MI				X						09/28/01	
COVANTA ENERGY CORP	DE				X			X			09/28/01	
COVEST BANCSHARES INC	DE				X			X			09/28/01	
CROWN CRAFTS INC	GA								X		07/23/01	AMEND
CT COMMUNICATIONS INC /NC	NC				X			X			09/14/01	
CWMBS INC	DE				X			X			09/28/01	
DEMEGEN INC	CO		X						X		07/16/01	AMEND
DOBSON COMMUNICATIONS CORP	OK				X			X	X		09/14/01	
DOVER CORP	DE								X	X	09/28/01	
DPL INC	OH				X			X			09/25/01	
EAST COAST POWER LLC	DE			X				X			09/25/01	
EATON CORP	OH								X		09/28/01	
ECHOSTAR COMMUNICATIONS CORP	NV				X						09/28/01	
ENGAGE INC	DE				v						09/25/01	
ENTROPIN INC	CO				X						09/08/01	
ESTEE LAUDER COMPANIES INC	DE				X						09/28/01	
EXTEN INDUSTRIES INC	DE		X					X			09/13/01	
FAB INDUSTRIES INC	DE				X			X			09/25/01	
FIRST UNION REAL ESTATE EQUITY & MO RTGAGE INVESTMENTS	OH				X			X			09/28/01	
FORD CREDIT FLOORPLAN LLC	DE				X			X			08/31/01	
FORD CREDIT FLOORPLAN MASTER OWNER TRUST A SERIES 2001-2	DE				X			X			08/31/01	
FRANCISCAN VINEYARDS INC	DE								X		09/25/01	
GENERAL MOTORS ACCEPTANCE CORP	DE				X						09/26/01	
GENESIS MICROCHIP INC					X			X			09/27/01	
GENUITY INC	DE		X					X			09/21/01	
GLOBAL MARINE INC	DE				X			X			09/28/01	
GOURMETMARKET COM INC/CA	DE			X							09/13/01	AMEND
GPU INC /PA/	PA				X			X			09/26/01	
GREENPOINT CREDIT MAN HOUSING CONT TR PAS THR CERT SER 01 1	CA				X			X			08/31/01	
GREENPOINT CREDIT MANUFACTURED HOUS ING CONT TRU SER 2001-2					X			X			09/26/01	
HEALTHCARE REALTY TRUST INC	MD							X	X		09/28/01	
HERITAGE COMMERCE CORP	CA				X						09/28/01	

NAME OF ISSUER	STATE	8K ITEM NO.									DATE	COMMENT
	CODE	1	2	3	4	5	6	7	8	9		
HOPFED BANCORP INC	DE				X	X					09/19/01	
HRSI FUNDING INC II	DE					X					09/17/01	
HUMBOLDT BANCORP	CA			X		X					09/04/01	AMEND
IBIS TECHNOLOGY CORP	MA				X	X					09/27/01	
IBS INTERACTIVE INC	DE				X						09/28/01	
INSILCO HOLDING CO	DE				X	X					09/24/01	
INSILCO TECHNOLOGIES INC	DE				X	X					09/24/01	
INTER CONTINENTAL SERVICES CORP	MO				X	X					03/07/01	
IONIC FUEL TECHNOLOGY INC	DE				X	X					09/25/01	
JERSEY CENTRAL POWER & LIGHT CO	NJ				X	X					09/26/01	
KIRLIN HOLDING CORP	DE					X					08/29/01	AMEND
KLEVER MARKETING INC	DE								X		09/28/01	
KLEVER MARKETING INC	DE								X		09/28/01	
M J LEWIS CORP	DE						X				09/25/01	
MAJOR AUTOMOTIVE COMPANIES INC	NV				X	X					09/24/01	
MDU RESOURCES GROUP INC	DE				X	X					09/28/01	
MELTRONIX INC	CA					X					09/27/01	
MERRILL LYNCH & CO INC	DE				X	X					09/28/01	
METROPOLITAN EDISON CO	PA				X	X					09/26/01	
MISSION RESOURCES CORP	DE				X	X					09/28/01	
MONARCH IMPORT CO	IL					X					09/25/01	
MT VEEDER CORP	DE					X					09/25/01	
NATIONSBANK OF DELAWARE NA	DE				X	X					09/17/01	
NATIONSCREDIT GRANTOR TRUST 1996-1	DE				X	X					09/11/01	
NATIONSCREDIT GRANTOR TRUST 1997-1	DE				X	X					09/11/01	
NEOPHARM INC	DE				X	X					09/28/01	
NETMAXIMIZER COM INC	FL				X	X					09/28/01	
NEW VISUAL CORP	UT				X	X					09/28/01	
NOVASTAR MORTGAGE FUNDING CORP	DE				X	X					08/21/01	
NOVASTAR MORTGAGE FUNDING CORP	DE					X					09/25/01	
OCEAN ENERGY INC /TX/	TX				X	X					09/28/01	
OMNICARE INC	DE				X	X					09/28/01	
OREGON TRAIL FINANCIAL CORP	OR				X	X					09/28/01	
OREGON TRAIL FINANCIAL CORP	OR				X	X					09/28/01	
ORIENTAL FINANCIAL GROUP INC	PR				X						09/25/01	
ORION POWER HOLDINGS INC					X	X					09/26/01	
PENNSYLVANIA ELECTRIC CO	PA				X	X					09/26/01	
PEOPLES BANK CREDIT CARD MASTER TRU ST	CT					X					08/31/01	
PERFORMANCE FOOD GROUP CO	TN		X			X					09/10/01	AMEND
PHILLIPS PETROLEUM CO	DE		X			X					09/14/01	
PHON NET COM INC			X			X					09/27/01	
POLYPHENOLICS INC	NY					X					09/25/01	
PRIDE INTERNATIONAL INC	DE		X		X	X					09/13/01	
PROVIDIAN MASTER TRUST						X					09/17/01	
PROVIDIAN NATIONAL BANK /NEW/						X					09/17/01	
R-TEC HOLDING INC	IA					X					07/17/01	AMEND
RAINING DATA CORP	DE				X	X					09/27/01	
RALCORP HOLDINGS INC /MO	MO				X	X					09/27/01	
RANCON REALTY FUND V	CA		X			X					08/31/01	
RAVENSWOOD WINERY INC	CA					X					09/25/01	

NAME OF ISSUER	STATE	8K ITEM NO.									DATE	COMMENT
	CODE	1	2	3	4	5	6	7	8	9		
RAVISENT TECHNOLOGIES INC	DE				X	X					09/27/01	
REII INC	DE		X								09/30/01	
RELIANT ENERGY INC	TX				X	X	X				09/27/01	
RELIANT RESOURCES INC	DE				X	X	X				09/27/01	
ROBERTS TRADING CORP	NY						X				09/25/01	
ROYAL PRECISION INC	DE						X	X			10/01/01	
SAGE INC/CA	DE				X	X					09/27/01	
SAKS INC	TN				X	X					09/21/01	
SENTRY BUILDERS CORP	DE	X					X				06/30/01	AMEND
SONO TEK CORP	NY	X									02/28/01	AMEND
SOUTHWEST GAS CORP	CA				X						09/24/01	
STANDARD AUTOMOTIVE CORP	DE				X	X					09/28/01	
STEVENS POINT BEVERAGE CO	WI						X				09/25/01	
STRUCTURED ASSET SEC CORP MORT PASS THR CERTS SER 2001 3A	DE				X	X					09/25/01	
STRUCTURED ASSET SECURITIES CORP	DE				X	X					09/26/01	
STRUCTURED ASSET SECURITIES CORP	DE				X						09/26/01	
SYNAPTIC PHARMACEUTICAL CORP	DE				X						09/26/01	
TELEMONDE INC	DE					X					09/26/01	
TIDEL TECHNOLOGIES INC	DE				X	X					09/24/01	
TITAN CORP	DE	X					X				08/04/01	AMEND
TOWER AUTOMOTIVE INC	DE							X			09/28/01	
TOYOTA AUTO FINANCE RECEIVABLES LLC	DE				X	X					09/17/01	
TOYOTA AUTO LEASE TRUST 1998 C	CA				X	X					09/25/01	
TOYOTA AUTO LEASE TRUST 1998-B	CA				X	X					09/25/01	
TRANSOCEAN SEDCO FOREX INC	E9							X			09/28/01	
TREMONT ADVISERS INC	DE				X	X					09/27/01	
TYSON FOODS INC	DE				X	X					09/25/01	
U S AGGREGATES INC	DE				X	X					09/28/01	
ULTRATECH STEPPER INC	DE						X	X			09/28/01	
UNITED ONLINE INC	DE	X					X				09/25/01	
UNITED SURGICAL PARTNERS INTERNATIO NAL INC	DE						X	X			09/28/01	
UNIVERSAL CORP /VA/	VA				X	X					09/28/01	
VARI L CO INC	CO				X			X			09/27/01	
VERTEX PHARMACEUTICALS INC / MA	MA	X				X					07/18/01	AMEND
VSOURCE INC	DE				X	X					09/26/01	
WEST ESSEX BANCORP INC					X	X					09/28/01	
XCEL ENERGY INC	MN				X	X					09/28/01	
3 DIMENSIONAL PHARMACEUTICALS INC	DE		X			X					09/24/01	