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ENFORCEMENT PROCEEDINGS

TEMPORARY RESTRAINING ORDER, ASSET FREEZE AND OTHER RELIEF ENTERED AGAINST J.T. WALLENBROCK & ASSOCIATES, LARRY OSAKI, VAN ICHINOTSUBO AND CITADEL CAPITAL MANAGEMENT GROUP, INC.

On January 28, a federal court in Los Angeles entered an order temporarily enjoining J T Wallenbrock & Associates, Larry Toshio Osaki, Van Y Ichinotsubo and Citadel Capital Management Group, Inc , from engaging in fraud, unregistered sales of securities, and acting as unregistered brokers, in violation of federal securities laws (SEC v J T Wallenbrock & Associates, et al , Civil Action No 02-00808 ER, C D CA) The Order was entered with the consent of the Defendants who neither admitted nor denied the allegations in the Commission's complaint The Court also froze the assets of the Defendants and required them to produce an accounting of the uses to which investors' funds have been made The Commission's complaint also asks the Court for orders of preliminary and permanent injunctions and other relief against the Defendants

In its complaint, the Commission alleges that the Defendants knowingly or recklessly made misrepresentations or omitted to state material facts in the offer and sale of promissory notes issued by Wallenbrock. Since at least 1999, the Defendants have raised at least \$170 million through the offer and sale of three-month promissory notes promising a 20% return (for each three-month period), which were generally automatically rolled over upon maturity, to at least 1,000 investors throughout the United States. Many investors hold the notes in individual retirement accounts The complaint alleges that Defendants told investors that the proceeds of the notes would be used in Wallenbrock's "factoring" business in which Wallenbrock purchases receivables of Malaysian latex glove manufacturers for 70% to 80% of the balance due on the receivables. When the accounts receivable are collected, investors receive a 20% return on their investment. The complaint alleges that, in the offer and sale of the Wallenbrock notes, the Defendants made material misrepresentations to investors that include the claim that the Wallenbrock notes are secured by an undivided interest in the accounts receivable of Wallenbrock, the risks associated with the investments, and the assurance of profits.

The Court's Order temporarily enjoins all Defendants from engaging in fraud or the sale of unregistered securities in violation of 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; and temporarily enjoins Osaki, Ichinotsubo and Citadel from acting as unregistered brokers in violation of Sections 15(a) and 15(c) of the Securities Exchange

Act of 1934 and Rule 15c1-2 thereunder. The Court set a hearing on the Commission's motion for a preliminary injunction for April 1, 2002, at which time the parties will be allowed to present evidence supporting or opposing the motion. [SEC v J.T. Wallenbrock & Associates, et al., Civil Action No. 02-00808 ER, C D CA] (LR-17343)

FORMER DUKE & CO. BROKER SENTENCED TO 3-9 YEARS IN PRISON

On January 25, New York State Supreme Court Justice William Wetzel sentenced Jeffrey S. Honigman (Honigman) to a prison term of 3-9 years. Honigman, a former top producing broker at now-defunct brokerage Duke & Co (Duke), as well as a supervisor and part owner of Duke, was prosecuted by the New York County District Attorney's office. Honigman pleaded guilty to one count of conspiracy to commit enterprise corruption in September 1999.

Honigman was prosecuted for some of the same conduct that underlies a civil complaint filed by the Commission against Honigman, along with co-defendants Victor M. Wang, Gregg A. Thaler, and Charles T. Bennett. As part of his settlement with the Commission, Honigman agreed to an injunction and to pay disgorgement of \$302,286 (including pre-judgment interest), which represented Honigman's ill-gotten gains. But Honigman then paid only a portion of that judgment and claimed a financial inability to pay the remainder. The staff rejected Honigman's claim of financial hardship because Honigman had made substantial transfers of assets to his parents that could be used to pay the Commission's judgment in full. The staff of the Commission made a submission to Justice Wetzel detailing Honigman's failure to pay the judgment and his earlier transfer of assets.

In rejecting a request for leniency and sentencing Honigman to 3-9 years, Justice Wetzel took note that Honigman had transferred \$750,000 in assets to his parents after the Commission began its investigation and that those assets subsequently were transferred to an offshore account in the Channel Islands. In imposing sentence, although he took note of Honigman's cooperation in the criminal prosecution of Duke, Justice Wetzel nevertheless termed Honigman's transfer "suspicious" and stated that those assets would have been made available to defrauded investors if Honigman felt true remorse for his crimes.

The Commission acknowledges the outstanding work of the Office of the New York County District Attorney in the Duke criminal actions.

For further information about the Commission's action, see Litigation Release No. 16256 [People of the State of New York v. Jeffrey Honigman, No. 3325-99, Supreme Court, New York County] (LR-17344)

SELF-REGULATORY ORGANIZATIONS

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

A proposed rule change (SR-NYSE-2001-50) filed by the New York Stock Exchange extending the Pilot Program for NYSE Direct+ until December 22, 2002 has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the notice in the Federal Register is expected during the week of January 28. (Rel. 34-45331)

A proposed rule change filed by the Chicago Board Options Exchange (SR-CBOE2002-04) extending its participation in the Interim Intermarket Linkage Program has become immediately 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 January 28. (Rel. 34-45336)

A proposed rule change filed by the International Securities Exchange (SR-ISE-200202) extending its participation in the Interim Intermarket Linkage Program has become immediately 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 January 28. (Rel. 34-45337)

A proposed rule change (SR-NASD-2001-96), filed by the National Association of Securities Dealers through its subsidiary The Nasdaq Stock Market, Inc., to institute a quotation update charge and introduce a new mechanism for sharing market data revenue with NASD members has become effective under Section 19(b)(3)(A)(ii) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of January 28. (Rel. 34-45342)

A proposed rule change filed by the National Association of Securities Dealers to extend a pilot amendment to NASD Rule 4120 regarding Nasdaq's authority to initiate and continue trading halts (SR-NASD-2002-14) 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 January 28. (Rel. 34-45344)

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change (SR-OBOE-00-42) submitted under Rule 19b-4 of the Securities Exchange Act of 1934 by the Chicago Board Options Exchange and issued notice and granted accelerated approval of Amendment No. 2 to such proposal, which eliminates the obligation of Designated Primary Market-Makers to

accord priority to non-public customer orders. Publication of the proposal is expected in the Federal Register during the week of January 28. (Rel. 34-45341)

PROPOSED RULE CHANGE

The Philadelphia Stock Exchange filed with the Securities and Exchange Commission a proposed rule change under Rule 19b-4 (SR-Phlx-2001-120) to amend Phlx Rule 237, "The eVWAP Morning Session". Publication of the notice in the Federal Register is expected during the week of January 28 (Rel. 34-45341)

WITHDRAWAL

An order has been issued granting the application of the American Stock Exchange to withdraw certain underlying securities as option classes, effective immediately. (Rel. 34-45350)

DELISTING

An order has been issued granting the application of the American Stock Exchange to strike from listing and registration the Common Stock, \$ 001 par value, of Ubrandit com, effective at the opening of business on January 29 (Rel. 34-45346)