

# SEC NEWS DIGEST

Issue 2000-75

April 20, 2000

---

## ENFORCEMENT PROCEEDINGS

---

### **RICHARD HARRITON TO SETTLES SEC CHARGES PAYS \$1 MILLION PENALTY**

The Commission today announced that it settled previously instituted administrative and cease and desist proceedings against Richard Harriton, the former president of Bear, Stearns Securities Corporation. Harriton is ordered to cease and desist from committing or causing further violations, barred from association with any broker dealer, with a right to reapply in two years, and ordered to pay a civil penalty of \$1 million. The Commission found that Harriton caused violations of the antifraud provisions of the federal securities laws and aided and abetted violations of the net capital and contingency offering provisions of the federal securities laws during the time that Bear Stearns was the clearing broker for A.R. Baron & Co., Inc., a now-defunct broker-dealer. Harriton consented to the entry of the order and the relief without admitting or denying the findings.

In October 1996, the Commission revoked A.R. Baron's registration as a broker-dealer, finding that Baron had engaged in a massive fraud, including widespread sales practice violations, which occurred before and during Bear Stearns' clearing relationship with Baron. Baron and thirteen of its officers and registered representatives subsequently pleaded guilty to or were convicted of criminal charges brought by the Manhattan District Attorney's Office relating to the same conduct. Last year, the Commission brought a proceeding against Bear Stearns, charging the firm with causing and aiding and abetting violations by A.R. Baron. (Rels. 33-7853; 34-42707; File No. 3-9963)

### **RELIEF DEFENDANTS GOLF EMPORIUM CORPORATION AND V.M.C. HOLDINGS INC. ORDERED TO DISGORGE INVESTOR FUNDS**

The Commission announced today that on March 30 and 31, 2000 the United States District Court for the Southern District of New York entered final judgments by default against relief defendants Golf Emporium Corporation (Golf) and V.M.C. Holdings Inc (VMC), respectively. The Final Judgments require Golf and VMC to disgorge \$27,856 and \$19,349, respectively, which equal the funds and benefits each obtained as a result of defendant Marlon Tropeano's (Tropeano) alleged fraudulent conduct in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5.

Final Judgments arise from a complaint filed by the Commission on October 5, 1999, in which the Commission alleged that from October 1997 through April 1998, while associated with registered broker-dealer Briarwood Investment Counsel, Inc. (Briarwood), Tropeano, individually and on one occasion with the assistance of David Barroso, Jr. (Barroso), defrauded various Briarwood customers by, among other things, selling securities in their accounts without authorization and misappropriating over \$150,000 of the proceeds of those sales.

Golf and VMC each failed to answer, plead, or otherwise respond to the Commission's complaint. The litigation is pending as to defendants Tropeano and Barroso and as to relief defendant Isabel Munoz. [SEC v. Marlon D. Tropeano, and David Barroso, Jr., Defendants, and Golf Emporium Corporation, Isabel Munoz, and V.M.C Holdings Inc., Relief Defendants, 99 Civ. 10260, JSR, SDNY] (LR-16522)

### **CIVIL ACTION AGAINST COMMONWEALTH GROUP, LLC AND NED HART, ET AL.**

On January 14, 2000, the Commission moved for civil contempt against defendants Ned Rich Hart and The Commonwealth Group for violating certain terms of a temporary restraining order entered September 7, 1999, and a preliminary injunction entered October 14, 1999. These orders precluded the defendants from, among other things, offering or selling securities in violation of the antifraud provisions of the federal securities laws and from accepting payment for investment in securities offered by Commonwealth. In its motion, the Commission alleges that during the months of September and October 1999 Hart and Commonwealth received over \$279,000 in investments in its allegedly fraudulent program in violation of the Court's orders.

The Commission's original action alleged Hart and Commonwealth had been offering an offshore investment scheme to investors across the country wherein investors were sold an "immediate annuity" offered by a Nevis insurance company. The Commission alleged, however, that the insurance company was, in fact, a shell purchased and controlled by Hart and that a significant percentage of the invested funds were diverted to Hart's personal use. The Commission further alleged in its complaint that Hart and Commonwealth operated the Commonwealth investment program as a Ponzi scheme for two years prior to the filing of the Commission's action, taking in over \$5 million.

In a related matter, on March 1, 2000, the United States Attorney's Office for the District of Utah unsealed a criminal indictment against Hart, David Finzer and Chris Cooper on multiple counts of mail fraud, wire fraud, money laundering and aiding and abetting, all based on their activities relating to Commonwealth. The criminal case is set for trial in May, 2000. [SEC v. The Commonwealth Group, LLC and Ned Rich Hart, et al., Civil Action No. 2:99CV-0692K, USDC Utah] (LR-16523)

---

## **INVESTMENT COMPANY ACT RELEASES**

---

### **EQUITY INVESTOR FUND, ET AL.**

An order has been issued on an application filed by Equity Investor Fund, et al, under Section 12(d)(1)(J) of the Investment Company Act for an exemption from Section 12(d)(1)(F)(ii) of the Act and under Sections 6(c) and 17(b) of the Act for an exemption from Section 17(a) of the Act. The order permits certain unit investment trusts relying on Section 12(d)(1)(F) of the Act to offer units with a sales load in excess of the limit in Section 12(d)(1)(F)(ii) of the Act. In addition, the order permits a terminating series of a unit investment trust to sell certain investment company shares to a new series of the unit investment trust. (Rel. IC-24395 – April 18)

### **CIRSA BUSINESS CORPORATION, S.A.**

An order has been issued on an application filed by Cirsa Business Corporation, S.A (Cirsa) under Section 6(c) of the Investment Company Act exempting a special purpose vehicle (SPV) from all provisions of the Act. The order permits SPV to sell certain debt securities and use the proceeds to finance the business activities of Cirsa and its operating subsidiaries. (Rel. IC-24396; International Series Rel. 1220 – April 18)

### **BAKER, FENTRESS & COMPANY**

An order has been issued under Section 8(f) of the Investment Company Act declaring that Baker, Fentress & Company has ceased to be an investment company. (Rel. IC-24397 – April 18)

### **CANADA LIFE INSURANCE COMPANY OF AMERICA, ET AL.**

An order has been issued pursuant to Section 26(b) of the Investment Company Act to Canada Life Insurance Company of America, Canada Life Insurance Company of New York, Canada Life of America Variable Annuity Account 1 (Canada Life Account), and Canada Life of New York Variable Annuity Account 1 (Canada Life of New York Account) (collectively, Applicants), permitting the substitution of: (1) shares of the Money Market Portfolio of the Fidelity Variable Insurance Products Fund (Fidelity VIP) for shares of the Money Market Portfolio of the Canada Life of America Series Fund, Inc. (Series Fund); (2) shares of the Investment Grade Bond Portfolio of the Fidelity Variable Insurance Products Fund II (Fidelity VIP II) for shares of the Series Fund's Bond Portfolio; (3) shares of Fidelity VIP's Overseas Portfolio for shares of the Series Fund's International Equity Portfolio; (4) shares of the American MidCap Growth Portfolio of The Alger American Fund for shares of the Series Fund's Capital Portfolio; (5) shares of Fidelity VIP II's Asset Manager Portfolio for shares of the Series Fund's Managed Portfolio; and (6) shares of Fidelity VIP II's Contrafund Portfolio for shares of the Series Fund's Value Equity

Portfolio, currently held by the Canada Life Account and the Canada Life of New York Account. (Rel. IC-24398 – April 18)

### **THE KELMOORE STRATEGY™ VARIABLE TRUST, ET AL.**

A notice has been issued giving interested persons until May 15, 2000, to request a hearing on an application filed by The Kelmoore Strategy™ Variable Trust (Trust) and Kelmoore Investment Company, Inc. (Kelmoore) for an order pursuant to Section 6(c) of the Investment Company Act for exemptions from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder. Applicants seek exemptive relief to the extent necessary to permit shares of any current or future investment portfolios of the Trust and shares of any other investment company or portfolio that is designed to fund insurance products and for which Kelmoore or any of its affiliates may serve in the future as investment adviser, manager, principal underwriter, sponsor or administrator to be sold to and held by separate accounts funding variable annuity and variable life insurance contracts issued by both affiliated and unaffiliated life insurance companies and by qualified pension and retirement plans outside of the separate account context. (Rel. IC-24399 – April 19)

---

### **HOLDING COMPANY ACT RELEASES**

---

#### **ENTERGY ARKANSAS, INC.**

A notice has been issued giving interested persons until May 12, 2000, to request a hearing on a proposal by Entergy Arkansas, Inc., a subsidiary of Entergy Corporation, a registered holding company, to modify the terms under which it pays for a leasehold interest in nuclear fuel assemblies and component parts. (Rel. 35-27167)

#### **SYSTEM ENERGY RESOURCES, INC.**

A notice has been issued giving interested persons until May 12, 2000, to request a hearing on a proposal by System Energy Resources, Inc., a subsidiary of Entergy Corporation, a registered holding company, to modify the terms under which it pays for a leasehold interest in nuclear fuel assemblies and component parts. (Rel. 35-27167)

---

### **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>.

- S-1 DELTAGEN INC, 1003 HAMILTON AVENUE, MENLO PARK, CA 94025 (650) 752-0200 - \$100,000,000 COMMON STOCK. (FILE 333-34668 - APR. 13) (BR. 1)
- S-1 SIGNALSOFT CORP, 1495 CANYON BLVD, BOULDER, CO 80302 (303) 381-3000 - \$21,252 COMMON STOCK. (FILE 333-34670 - APR. 13) (BR. 3)
- S-3 LEGG MASON INC, 100 LIGHT ST, BALTIMORE, MD 21202 (410) 539-0000 - 5,210,000 (\$228,426,198) COMMON STOCK. (FILE 333-34674 - APR. 13) (BR. 7)
- S-1 MOAI TECHNOLOGIES INC, 25 LUSK STREET, 415-625-0601, SAN FRANCISCO, CA 94107 (650) 625-0601 - \$75,000,000 COMMON STOCK. (FILE 333-34676 - APR. 13) (BR. 3)
- S-8 DIGITAL IMPACT INC /DE/, 177 BOVER ROAD SUITE 200, SAN MATEO, CA 94402 (650) 356-3404 - 9,056,538 (\$93,342,256) COMMON STOCK. (FILE 333-34678 - APR. 13) (BR. 8)
- S-8 SHOP AT HOME INC /TN/, 53888 HICKORY HALLOW PARKWAY, PO BOX 305249, NASHVILLE, TN 37230 (615) 263-8000 - 3,000,000 (\$21,843,750) COMMON STOCK. (FILE 333-34680 - APR. 13) (BR. 2)
- S-8 STROUDS INC, 780 SOUTH NOGALES ST, CITY OF INDUSTRY, CA 91748 (626) 912-2866 - 2,000,000 (\$4,212,987.72) COMMON STOCK. (FILE 333-34684 - APR. 13) (BR. 2)
- SB-2 PR SPECIALISTS INC, 6041 POMEGRANATE LANE, WOODLAND HILLS, CA 91367 (818) 992-7999 - \$625,000 COMMON STOCK. (FILE 333-34686 - APR. 13) (NEW ISSUE)
- S-8 WALLACE COMPUTER SERVICES INC, 2275 CABOT DR, LISLE, IL 60532 (633) 588-5000 - 1,750,000 (\$19,906,250) COMMON STOCK. (FILE 333-34688 - APR. 13) (BR. 5)
- S-8 MONY GROUP INC, 1740 BROADWAY, NEW YORK, NY 10019 - 3,500,000 (\$110,687,500) COMMON STOCK. (FILE 333-34690 - APR. 13) (BR. 1)
- S-1 TALARIAN CORP, 333 DISTEL CIRCLE, LOS ALTOS, CA 94022 (650) 965-8050 - \$69,000,000 COMMON STOCK. (FILE 333-34694 - APR. 13) (BR. 3)
- S-3 TRACK DATA CORP, 56 PINE STREET, NEW YORK, NY 10005 (212) 422-4300 - 2,034,613 (\$13,957,445) COMMON STOCK. (FILE 333-34696 - APR. 13) (BR. 7)
- S-8 FLEXTRONICS INTERNATIONAL LTD, 11 UBI ROAD 1, #07 01 02 MEIBAN INDUSTRIAL BLDG, SINGAPORE 408723, UO (065) 449-5255 - 425,007 (\$9,361,688.94) COMMON STOCK. (FILE 333-34698 - APR. 13) (BR. 5)
- S-3 ZOLTEK COMPANIES INC, 3101 MCKELVEY RD, ST LOUIS, MO 63044 (314) 291-5110 - 2,499,993 (\$21,799,939) COMMON STOCK. (FILE 333-34700 - APR. 13) (BR. 5)

S-3 ALKERMES INC, 64 SIDNEY ST, CAMBRIDGE, MA 02139 (617) 494-0171 -  
352,504 (\$23,265,264) COMMON STOCK. (FILE 333-34702 - APR. 13) (BR. 1)

S-8 SURGICAL SAFETY PRODUCTS INC, 2018 OAK TERRACE, SARASOTA, FL 34231  
(941) 927-7874 - 4,512,431 (\$5,189,295) COMMON STOCK. (FILE 333-34704 -  
APR. 13) (BR. 9)

S-8 SURGICAL SAFETY PRODUCTS INC, 2018 OAK TERRACE, SARASOTA, FL 34231  
(941) 927-7874 - 1,429,000 (\$1,643,350) COMMON STOCK. (FILE 333-34706 -  
APR. 13) (BR. 9)

S-8 SURGICAL SAFETY PRODUCTS INC, 2018 OAK TERRACE, SARASOTA, FL 34231  
(941) 927-7874 - 657,500 (\$756,125) COMMON STOCK. (FILE 333-34708 -  
APR. 13) (BR. 9)

S-8 SURGICAL SAFETY PRODUCTS INC, 2018 OAK TERRACE, SARASOTA, FL 34231  
(941) 927-7874 - 10,000,000 (\$11,500,000) COMMON STOCK. (FILE 333-34714 -  
APR. 13) (BR. 9)

S-4 HVIDE MARINE INC, 2200 ELLER DR BLDG 27, PO BOX 13038, FORT LAUDERDALE,  
FL 33316 (305) 523-2200 - 95,000 (\$95,000,000) STRAIGHT BONDS. (FILE  
333-34716 - APR. 13) (BR. 5)

S-3 HARKEN ENERGY CORP, 16285 PARK TEN PLACE SUITE 600, HOUSTON, TX 77084  
(281) 717-1300 - 1,739,730 (\$1,576,630.30) COMMON STOCK. (FILE 333-34720  
-  
APR. 13) (BR. 4)

S-4 INTERNET CAPITAL GROUP INC, 800 SAFEGUARD BUILDING,  
435 DEVON PARK DRIVE, WAYNE, PA 19087 (610) 989-0111 - 23,000,000  
(\$1,214,860,000) COMMON STOCK. (FILE 333-34722 - APR. 13) (BR. 8)

S-8 NEXTEL PARTNERS INC, 4500 CARILLON POINT, KIRKLAND, WA 98033  
(425) 828-1713 - 19,545,354 (\$365,155,148.50) COMMON STOCK. (FILE  
333-34724 - APR. 13) (BR. 7)

S-8 3COM CORP, 5400 BAYFRONT PLZ, SANTA CLARA, CA 95052 (408) 764-5000 -  
145,135 (\$551,513) COMMON STOCK. (FILE 333-34726 - APR. 13) (BR. 3)

S-8 LYCOS INC, 400 2 TOTTEN POND ROAD, WALTHAM, MA 02451 (781) 370-2700 -  
40,129 (\$246,297) COMMON STOCK. (FILE 333-34728 - APR. 13) (BR. 3)

SB-2 LIQUOR COM INC, 4205 W IRVING PARK RD, CHICAGO, IL 60641 (773) 427-8620  
- 3,750,000 (\$70,732,500) COMMON STOCK. 300,000 (\$18,015)  
WARRANTS, OPTIONS OR RIGHTS. 572,222 (\$7,226,664) COMMON STOCK. (FILE  
333-34730 - APR. 13)

S-1 GREENWICH TECHNOLOGY PARTNERS INC, 43 GATEHOUSE RD, STAMFORD, CT 06902  
(203) 969-1500 - \$55,000,000 COMMON STOCK. (FILE 333-34734 - APR. 13)

S-8 INTERNET CAPITAL GROUP INC, 800 SAFEGUARD BUILDING,  
435 DEVON PARK DRIVE, WAYNE, PA 19087 (610) 989-0111 - 49,549,199  
(\$2,617,188,691) COMMON STOCK. (FILE 333-34736 - APR. 13) (BR. 8)

S-8 PENN AKRON CORP, 5882 SOUTH 900 EAST, SUITE 202, SALT LAKE CITY, UT  
84121 (817) 731-4439 - 50,000 (\$25,000) COMMON STOCK. (FILE 333-34738 -  
APR. 13) (BR. 4)

S-8 VIRATA CORP, 2933 BUNKER HILL LN, STE 201, SANTA CLARA, CA 95054  
(408) 566-1000 - 10,100,000 (\$682,309,846) COMMON STOCK. (FILE 333-34742

-  
APR. 13) (BR. 5)

S-1 DURO COMMUNICATIONS CORP, 1211 SEMORAN BLVD., SUITE 217, CASSELBERRY,  
FL  
32707 (407) 673-8500 - \$143,750,000 COMMON STOCK. (FILE 333-34744 -  
APR. 14) (NEW ISSUE)

S-8 GRANT PRIDECO INC, 1450 LAKE ROBBINS DRIVE, SUITE 600, THE WOODLANDS,  
TX  
77380 (281) 297-8500 - 14,030,000 (\$240,263,750) COMMON STOCK. (FILE  
333-34746 - APR. 14) (BR. 4)

S-8 AMERICAN EAGLE OUTFITTERS INC, 150 THORN HILL DR, PO BOX 788,  
WARRENDALE, PA 15095 (412) 776-4857 - 4,000,000 (\$120,500,000)  
COMMON STOCK. (FILE 333-34748 - APR. 14) (BR. 2)

S-4 RIGHTCHOICE MANAGED CARE INC /DE, 1831 CHESTNUT ST,  
BLUE CROSS BLUE SHIELD PLZ, ST LOUIS, MO 63103 (314) 923-4444 - 20,233,380  
(\$264,298,527) COMMON STOCK. (FILE 333-34750 - APR. 14) (NEW ISSUE)

SB-2 K&L ELECTRONICS PHOTO & SUPPLY CO, 2102 N. DONNER AVENUE, TUCSON, AZ  
85749 (520) 577-1516 - 1,000,000 (\$1,000) COMMON STOCK. (FILE 333-34754 -  
APR. 14) (NEW ISSUE)