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SEC NEWS DIGEST

Issue 2001-94

May 15, 2001

COMMISSION ANNOUNCEMENTS

COMMISSION TO TESTIFY

The Commission will testify on Thursday, May 17, before the House Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises concerning Regulation FD (Fair Disclosure). The hearing will begin at 10:00 a.m. in Room 2128 of the Rayburn House Office Building.

ROUNDTABLE ON PORTALS

On May 23, the Commission will host a roundtable to discuss issues related to relationships between Internet websites and financial service providers. Invitees include a cross section of individuals, including representatives from the financial industry, representatives of the Internet community, regulators, and academics.

The roundtable will take place at the Commission's William O. Douglas Room, Room 1C30, 450 Fifth Street, NW, Washington, DC, from 1 p.m. to 4:30 p.m. The public is invited to observe the roundtable discussions. Seating is available on a first-come, first-serve basis. The schedule, agenda, and list of panelists for the roundtable will be posted on the Commission's Internet website (<http://www.sec.gov>).

For further information contact: Brian Bussey or Christine Richardson, Office of the Chairman, at (202) 942-0100. (Rel. 34-44304; File No. 4-444)

ENFORCEMENT PROCEEDINGS

WRIT OF ATTACHMENT ORDERED AGAINST TERRY LURIE AND CHARLES DICKERSON FOUND IN CIVIL CONTEMPT

On May 4, the Hon. Ronald A. Guzman, United States District Judge for the Northern District of Illinois, authorized the issuance of a writ of attachment against Terry A. Lurie of Naples, Florida. Lurie, who is not a defendant in the Commission's enforcement

action, had been found by Judge Guzman on March 22, 2001, to be in civil contempt of court and had been ordered to pay \$13,449 to the court-appointed Receiver. As of May 4, 2001, Lurie had failed to pay, and the writ of attachment directs the United States Marshals Service to detain Lurie and transport him to Chicago to appear before Judge Guzman. Lurie is an attorney who assisted one of the defendants in the Commission's case, John M. Carlson, in violating the Court's asset freeze order. Previously, on November 7, 2000, Judge Guzman found that Carlson had acted in civil contempt and ordered him to pay \$20,352 to the Receiver.

On March 8, 2001, Judge Guzman also found Defendant Charles E. Dickerson in civil contempt for violating the asset freeze order entered against him. Dickerson has been ordered to pay \$25,720 to the court-appointed Receiver as a result of his contemptuous conduct. [SEC v. Charles R. Homa, Michael Gause, et al., Civil Action No. 99 CV 6895, N.D.Ill.] (LR-16994)

FIVE MORE SETTLED JUDGMENTS ENTERED IN XYLOGICS INSIDER TRADING CASE

The United States District Court for the Northern District of California recently entered settled judgments against five more defendants in the Commission's insider trading case arising from unlawful purchases of Xylogics, Inc. stock in September 1995. In particular, final judgments were entered against San H. Mai, his mother Bich Thi Hoang, and his uncle Linh Ngoc Vu, and against Timothy J. Helms and his father Raymond L. Helms, each of whom consented to the judgments without admitting or denying the Commission's allegations. The final judgments permanently enjoin each of the settling defendants from violating the antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and require the following monetary payments: San Mai will disgorge \$34,720.63 in trading profits plus \$12,927.50 in prejudgment interest, and pay a \$209,783.13 civil penalty, for a total of \$257,431.26; Bich Thi Hoang will disgorge \$7,375 in trading profits plus \$4,194.18 in prejudgment interest, and pay a \$7,375 civil penalty, for a total of \$18,944.18; Linh Ngoc Vu will disgorge \$24,625 in trading profits plus \$9,205.64 in prejudgment interest, and pay a \$24,625 civil penalty, for a total of \$58,455.64; Raymond L. Helms will disgorge \$36,000 in trading profits plus \$20,473.30 in prejudgment interest, and pay a \$36,000 civil penalty, for a total of \$92,473.30; and Timothy Helms, who did not trade but who, according to the Commission's complaint, tipped his father, will pay a \$36,000 civil penalty.

These five recent settlements were reached after the Court's January 30, 2001 decision denying all of the defendants' motions to dismiss the complaint, which the Commission originally filed in June 2000 and later amended in October 2000. The complaint alleges that, while working for Bay Networks, Inc and before the first public announcement of the deal on September 6, 1995, defendant Michael Hendrix learned that Bay Networks would acquire Xylogics. According to the complaint, Hendrix then traded heavily in Xylogics stock and tipped numerous friends and former colleagues, including Mai, who

also traded. The complaint further alleges that Mai, in turn, tipped his mother Bich Thi Hoang, his uncle Linh Ngoc Vu, and two others, each of whom also bought Xylogics stock. Separate and apart from this line of insider trading, the complaint alleges that defendant Timothy Helms, who also worked for Bay Networks at the time, learned about the Xylogics acquisition and then tipped his father, Raymond Helms, who bought Xylogics stock in advance of the public announcement (See LR-16591/June 15, 2000).

Two of the original twelve defendants settled simultaneously with the filing of the complaint. Five defendants—Michael Hendrix, Douglas Sawamura, Craig Larrew, Nick Park and John Oh—continue to contest the Commission's allegations. [SEC v. Michael R. Hendrix, et al., Civil Action No. C-00-20655, JW, N.D. Cal.] (LR-16999)

SEC SUES FORMER CEO, CFO AND OTHER TOP FORMER OFFICERS OF SUNBEAM CORPORATION IN MASSIVE FINANCIAL FRAUD

COMPLAINT ALSO CHARGES FORMER ARTHUR ANDERSEN ENGAGEMENT PARTNER WITH FRAUD

COMPANY AND ITS FORMER GENERAL COUNSEL SETTLE RELATED ADMINISTRATIVE PROCEEDINGS

The Commission today filed a civil injunctive action in U.S. District Court in Miami, Florida charging 5 former officers of Sunbeam Corporation and the former engagement partner on the Arthur Andersen LLP audits of Sunbeam's financial statements with fraud, resulting in billions of dollars of investor losses. The defendants are: Sunbeam's former CEO and chairman Albert J. Dunlap; former principal financial officer Russell A. Kersh; former controller Robert J. Gluck; former vice-presidents Donald R. Uzzi; and Lee B. Griffith; and Arthur Andersen LLP partner Phillip Harlow. In related matters, the Commission instituted settled administrative proceedings against Sunbeam and its former General Counsel, David Fannin.

The Commission's complaint in the injunctive action alleges that senior management of Sunbeam, led by Dunlap and Kersh, engaged in a fraudulent scheme to create the illusion of a successful restructuring of Sunbeam and thus facilitate a sale of the Company at an inflated price. According to the complaint, the defendants employed a laundry list of fraudulent techniques, including creating "cookie jar" revenues, recording revenue on contingent sales, accelerating sales from later periods into the present quarter, and using improper bill and hold transactions.

Richard H. Walker, the SEC's Director of Enforcement, stated: "Accurate and reliable financial reporting is the bedrock of our capital markets. This case is the latest in our ongoing fight against fraudulent earnings management practices that have caused investors billions of dollars in losses and threaten to undermine the integrity of our markets. As the case makes clear, we will attack such conduct aggressively in whatever guise it may appear (in this case, practices ranging from "cookie jar" reserves to channel

stuffing) and against whomever may be involved (here, senior company management and the outside auditor).”

According to the Commission’s complaint:

- Dunlap, a turnaround specialist, was hired by Sunbeam’s Board in July 1996 to restructure the financially ailing Company. Dunlap placed Kersh in charge of Sunbeam’s finance organization. Soon after their arrival, Dunlap and Kersh promised a rapid turnaround to enable Sunbeam to substantially improve its financial performance. Together with Sunbeam senior executives Gluck, Uzzi, and Griffith, they then employed improper accounting techniques and undisclosed non-recurring transactions to meet promised sales and earnings figures. These actions inflated the price of Sunbeam shares to a high of \$52 per share in March 1998. If the Company had been sold at an inflated share price, Dunlap and Kersh could have reaped tens of millions of dollars from the sale of their Sunbeam securities.
- The illegal conduct began at year-end 1996 with the creation by Kersh and Gluck of inappropriate accounting reserves, which increased Sunbeam’s reported loss for 1996. These “cookie-jar” reserves were then used to inflate income in 1997, thus contributing to the false picture of a rapid turnaround. In addition, to further boost income in 1997, and to create the impression that Sunbeam was experiencing significant revenue growth, Dunlap, Kersh, Gluck, Uzzi, and Griffith (Sunbeam officers) caused the Company to recognize revenue for sales that did not meet applicable accounting rules. As a result, for fiscal 1997, at least \$60 million of Sunbeam's reported (record-setting) \$189 million in earnings from continuing operations came from accounting fraud.
- Also in 1997, the Sunbeam officers failed to disclose that Sunbeam's 1997 revenue growth was, in part, achieved at the expense of future results. The Company had offered discounts and other inducements to customers to sell merchandise immediately that otherwise would have been sold in later periods, a practice also known as “channel stuffing.” The resulting revenue shift threatened to suppress Sunbeam’s future results of operations.
- Phillip E. Harlow, a partner at Arthur Andersen, Sunbeam's outside auditing firm, authorized unqualified audit opinions on Sunbeam's 1996 and 1997 financial statements although he was aware of many of the Company's accounting improprieties and disclosure failures.
- In early 1998, the Sunbeam officers took increasingly desperate measures to conceal the Company’s mounting financial problems, meanwhile attempting to finance the acquisition of three other companies, in part through a bond offering. The Sunbeam officers again engaged in, and recognized revenue for, sales that did not meet the applicable accounting rules; again caused Sunbeam to engage in

acceleration of sales revenue from later periods; deleted certain corporate records to conceal pending returns of merchandise; and misrepresented the Company's performance and future prospects in its filing on Form 10-Q for the first quarter of 1998, its offering materials in connection with the bond offering, its press releases, and its communications with analysts.

- In June 1998, negative statements in the press about the quality of the Company's earnings prompted Sunbeam's Board of Directors to begin an internal investigation. This resulted in the termination of Dunlap, Kersh and other members of Company management and, eventually, to an extensive restatement of Sunbeam's financial statements from the fourth quarter of 1996 through the first quarter of 1998. Sunbeam is presently in a reorganization proceeding under Chapter 11 of the U.S. Bankruptcy Code.

According to the Commission's complaint, through this conduct, Dunlap, Kersh, Gluck, Uzzi, and Griffith violated the antifraud, reporting and other provisions of the federal securities laws. The Commission seeks, as to all defendants, permanent injunctions against future violations and civil penalties and, in the case of Dunlap, Kersh, Gluck, and Uzzi, permanent bars from acting as an officer or director of any public company.

In a related matter, the Commission filed an administrative proceeding against Sunbeam Corporation, based in part on allegations that Sunbeam's filings with the Commission were materially false and misleading from the fourth quarter of 1996 through the first quarter of 1998. Without admitting or denying the allegations in the Order Instituting Proceedings, Sunbeam consented to the entry of a cease and desist order prohibiting future violations of the antifraud, reporting, books and records, and internal controls provisions of the securities laws.

In another related matter, the Commission filed a settled administrative action against David C. Fannin, former Executive Vice President, General Counsel and Secretary of Sunbeam, based on allegations that Fannin participated in the drafting of certain Sunbeam press releases in early 1998 that presented a misleading picture of the Company's results of operations. Without admitting or denying the Commission's allegations, Fannin consented to the entry of a cease and desist order prohibiting future violations of Section 17(a)(3) of the Securities Act.

Persons to Contact: Thomas C. Newkirk, (202) 942-4550 or Richard C. Sauer, (202) 942-4777. (Press Rel. 2001-49); [SEC v. Albert J. Dunlap, Russell A. Kersh, Robert J. Gluck, Donald R. Uzzi, Lee B. Griffith, and Phillip E. Harlow, 01-8437-CIV-DIMITROULEAS, S.D. Fla.] (LR-17001, AAE Rel. 1395); (In the Matter of Sunbeam Corporation - Rels. 33-7976, 34-44305, AAE Rel. 1393, File No. 3-10481); (In the Matter of David C. Fannin, Rel. 33-7977, AAE Rel. 1394, File No. 3-10482)

HOLDING COMPANY ACT RELEASES

NATIONAL GRID USA, ET AL.

A supplemental notice has been issued giving interested persons until June 5, 2001, to request a hearing on a proposal by National Grid USA (Grid), and certain of its subsidiaries (collectively, Applicants), including Massachusetts Electric Company, Nantucket Electric Company, Narragansett Electric Company and National Grid USA Service Company (Service Company), for Grid to issue direct loans to Service Company, through May 31, 2003. (Rel. 35-27397)

CONECTIV, ET AL.

A notice has been issued giving interested persons until June 5, 2001, to request a hearing on a proposal by Conectiv, a registered public-utility holding company, and its subsidiaries, to: (1) extend to September 30, 2003 the time Conectiv may effect certain financing transactions; (2) engage in various additional external and intrasystem financing transactions; and (3) engage in various transactions relating to the acquisition of utility property in an amount not to exceed \$1 billion in the aggregate. (Rel. 35-27397)

KANSAS CITY POWER & LIGHT COMPANY, ET AL.

A notice has been issued giving interested persons until June 5, 2001, to request a hearing on a proposal by Great Plains Energy Incorporated (GPE), a newly formed holding company, Kansas City Power & Light Company (KCPL), an electric public utility company and KCPL's nonutility subsidiaries: KLT Inc. (KLT), KCPL Receivable Corporation (KCPL Receivable), and Great Plains Power, Inc. (GP Power). KCPL proposes to adopt a new corporate structure in which KCPL will become a wholly owned subsidiary of a newly formed holding company GPE, which will register as a public utility holding company. KCPL will dividend to HoldCo two of KCPL's nonutility subsidiaries, KLT and GP Power. In addition, Applicants seek financing authority and approval of certain intrasystem transactions and other matters. (Rel. 35-27397)

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-4 PROMISTAR FINANCIAL CORP, 551 MAIN ST, BT FINANCIAL PLZ, JOHNSTOWN,
PA
15901 (814) 532-3801 - 2,450,470 (\$32,566,746.30) COMMON STOCK. (FILE
333-60400 - MAY. 08) (BR. 7)
- S-8 GANNETT CO INC /DE/, 1100 WILSON BLVD, ARLINGTON, VA 22234
(703) 284-6000 - 10,000 (\$648,500) COMMON STOCK. (FILE 333-60402 -
MAY. 08) (BR. 5)
- S-8 SEA SHELL GALLERIES INC, 2635 META DRIVE, SAN JOSE, CA 95130
(843) 686-5590 - 250,000 (\$55,000) COMMON STOCK. (FILE 333-60404 -
MAY. 08) (BR. 5)
- S-8 MOORE HANDLEY INC /DE/, 133 PEACHTREE STREET, SUITE 4710, ATLANTA,
GA
30303 (205) 663-8011 - 460,000 (\$460,000) COMMON STOCK. (FILE 333-
60406 -
MAY. 08) (BR. 6)
- S-8 MEDIMMUNE INC /DE, 35 W WATKINS MILL RD, GAITHERSBURG, MD 20878
(301) 417-0770 - 11,000,000 (\$406,010,000) COMMON STOCK. (FILE 333-
60408 -
MAY. 08) (BR. 1)
- S-8 CHAMPION ENTERPRISES INC, 2701 UNIVERSITY DR, STE 300, AUBURN HILLS,
MI
48326 (248) 340-9090 - 75,000 (\$657,000) CONVERTIBLE PREFERRED STOCK.
(FILE 333-60416 - MAY. 08) (BR. 6)
- S-3 WFN CREDIT CO LLC, 800 TECHCENTER DR, GAHANNA, OH 43230 (614) 729-
4000
- 1,000,000 (\$1,000,000) STRAIGHT BONDS. (FILE 333-60418 - MAY. 08)
(NEW ISSUE)
- S-3 GLOBAL TECHNOLOGIES LTD, 1811 CHESTNUT STREET, SUITE 120,
PHILADELPHIA,
PA 19103 (215) 972-8191 - 2,496,541 (\$892,513.40) COMMON STOCK. (FILE
333-60424 - MAY. 08) (BR. 7)
- S-3 GENERAL MOTORS CORP, 300 RENAISSANCE CTR, MAIL CODE: 482-C34-D71,
DETROIT, MI 48265 (313) 556-5000 - 1,989,087,808 (\$1,989,087,808)
STRAIGHT BONDS. (FILE 333-60426 - MAY. 08) (BR. 5)
- S-8 PEPSI BOTTLING GROUP INC, ONE PEPSI WAY, SOMERS, NY 10589 (914) 767-
6000
- 7,500,000 (\$303,825,000) COMMON STOCK. (FILE 333-60428 - MAY. 08)
(BR. 2)

S-8 ALLOS THERAPEUTICS, 7000 NORTH BROADWAY, SUITE 400, DENVER, CO 80221
(303) 426-6262 - 2,500,000 (\$15,475,000) COMMON STOCK. (FILE 333-60430
-
MAY. 08) (BR. 1)

S-3 LOWES COMPANIES INC, 1605 CURTIS BRIDGE RD, WILKESBORO, NC 28697
(336) 658-4000 - 1,005,000,000 (\$678,606,150) COMMON STOCK. (FILE
333-60434 - MAY. 08) (BR. 6)

S-3 SUMMIT PROPERTIES INC, 212 SOUTH TRYON ST, STE 500, CHARLOTTE, NC
28281
(704) 334-3000 - 2,328,383 (\$55,648,354) COMMON STOCK. (FILE 333-60436
-
MAY. 08) (BR. 8)

S-8 TECHNICAL COMMUNICATIONS CORP, 100 DOMINO DR, CONCORD, MA 01742
(978) 287-5100 - 100,000 (\$228,560.98) COMMON STOCK. (FILE 333-60438 -
MAY. 08) (BR. 7)

S-8 HADRON INC, 5904 RICHMOND HIGHWAY, SUITE 300, ALEXANDRIA, VA 22303
(703) 824-0400 - 150,000 (\$198,750) COMMON STOCK. (FILE 333-60440 -
MAY. 08) (BR. 3)

S-8 HADRON INC, 5904 RICHMOND HIGHWAY, SUITE 300, ALEXANDRIA, VA 22303
(703) 824-0400 - 600,000 (\$795,000) COMMON STOCK. (FILE 333-60442 -
MAY. 08) (BR. 3)

S-8 CARBON ENERGY CORP, 1700 BROADWAY SUITE 1150, DENVER, CO 80290 -
700,000 (\$6,755,000) COMMON STOCK. (FILE 333-60444 - MAY. 08) (BR. 4)

S-8 INGENUUS CORP, 830 E ARQUES AVE, SUNNYVALE, CA 94086 (408) 774-2199
-
7,000,000 (\$2,555,000) COMMON STOCK. (FILE 333-60446 - MAY. 08) (BR.
3)

S-4 K2 INC, 4900 S EASTERN AVE, SUITE 200, LOS ANGELES, CA 90040
(323) 724-2800 - 6,500,000 (\$54,275,000) COMMON STOCK. (FILE 333-60448
-
MAY. 08) (BR. 5)

S-1 BEACON EDUCATION MANAGEMENT INC, 112 TURNPIKE RD, STE 107,
WESTBOROUGH,
MA 01581 (508) 836-4461 - 33,000,000 (\$33,000,000) COMMON STOCK. (FILE
333-60450 - MAY. 08)

S-8 PAXSON COMMUNICATIONS CORP, 601 CLEARWATER PK RD, WEST PALM BEACH,
FL
33401 (561) 659-4122 - 2,603,292 (\$32,788,462.74) COMMON STOCK. (FILE
333-60452 - MAY. 08) (BR. 7)

S-4 JONES APPAREL GROUP INC, 250 RITTENHOUSE CIRCLE, KEYSTONE PK,
BRISTOL,
PA 19007 (215) 785-4000 - 4,409,814 (\$175,297,900) COMMON STOCK. (FILE
333-60456 - MAY. 08) (BR. 2)

S-8 UNITED RENTALS INC /DE, FOUR GREENWICH OFFICE PARK, GREENWICH, CT
06830 (203) 622-3131 - 2,000,000 (\$41,660,000) COMMON STOCK. (FILE 333-60458
-
MAY. 08) (BR. 6)

S-3 EXCO RESOURCES INC, 5735 PINELAND DR, STE 235, DALLAS, TX 75231
60462 - (214) 368-2084 - 6,929,097 (\$138,581,940) COMMON STOCK. (FILE 333-
MAY. 08) (BR. 4)

S-8 PATTERSON UTI ENERGY INC, 4510 LAMESA HWY, P O DRAWER 1416, SNYDER,
TX 79549 (915) 573-1104 - 1,225,300 (\$9,251,013) COMMON STOCK. (FILE
333-60466 - MAY. 08) (BR. 4)

SB-2 WENTWORTH I INC, 645 BEACHLAND BOULEVARD, VERO BEACH, FL 32963
08) (561) 231-7544 - 50,000 (\$50,000) COMMON STOCK. (FILE 333-60468 - MAY.
(NEW ISSUE)

S-8 PATTERSON UTI ENERGY INC, 4510 LAMESA HWY, P O DRAWER 1416, SNYDER,
TX 79549 (915) 573-1104 - 2,395,779 (\$16,298,657) COMMON STOCK. (FILE
333-60470 - MAY. 08) (BR. 4)

S-1 AT&T WIRELESS SERVICES INC, 7277 164TH AVENUE NE BUILDING 1,
REDMOND, WA 98052 (425) 580-6000 - 100,000,000 (\$100,000,000) COMMON STOCK. (FILE
333-60472 - MAY. 08) (BR. 7)

S-3 LEHMAN BROTHERS HOLDINGS INC, AMERICAN EXPRESS TWR,
25,000,000,000 3 WORLD FINANCIAL CNTR, NEW YORK, NY 10285 (212) 526-7000 -
(\$5,000,000,000) STRAIGHT BONDS. (FILE 333-60474 - MAY. 09) (BR. 7)