

# SEC NEWS DIGEST

Issue 2001-113

June 12, 2001

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## ENFORCEMENT PROCEEDINGS

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### LEGG MASON WOOD WALKER, INC., THOMAS DALY, JR., AND JOSEPH SULLIVAN SANCTIONED

The Commission announced that it issued an Order Making Findings, Imposing Remedial Sanctions, and Cease and Desist Order against Legg Mason Wood Walker, Inc. (Legg Mason), Thomas M. Daly, Jr. and Joseph A. Sullivan. The Order censures Legg Mason, and orders it to cease and desist from committing or causing any violations and any future violations of Municipal Securities Rulemaking Board (MSRB) Rules G-27(b), (c)(i), (c)(iv), (c)(v), (e) and Rules G-36(b)(i) and (ii), as well as Rule G-27(a) as it relates to Rule G-36. The Order censures Daly and Sullivan, and orders each to cease and desist from committing or causing any violations and any future violations of MSRB Rules G-36(b)(i) and (ii) and Rule G-27(a) as it relates to Rule G-36. The Order also requires Legg Mason to comply with certain undertakings and to pay a civil penalty in the amount of \$50,000, and requires Daly and Sullivan to each pay a civil penalty of \$10,000. Legg Mason, Daly and Sullivan consented to the entry of the Order, without admitting or denying the findings therein.

The Order finds that with respect to Legg Mason's participation in advance refundings and initial offerings of municipal securities from June 30, 1994 through June 30, 1998, Legg Mason willfully violated MSRB Rules G-36(b)(i) and (ii) in that it failed to file, or filed delinquent, documents required to be filed under those rules. The Order finds that from June 30, 1994 through April 18, 1997, Daly was a cause of Legg Mason's violations of MSRB Rules G-36(b)(i) and (ii), and that from April 18, 1997 through February 1999, Sullivan was a cause of Legg Mason's violations. In addition, the Order finds that with respect to Legg Mason's participation in advance refundings and initial offerings of municipal securities during the relevant period, Legg Mason, Daly and Sullivan willfully violated MSRB Rule G-27(a) in that they failed to supervise the conduct of Legg Mason's municipal securities business and the municipal securities activities of its associated persons to ensure compliance with MSRB Rules G-36(b)(i) and (ii).

Finally, the Order finds that with respect to Legg Mason's participation in all offerings and transactions of municipal securities during the relevant period, Legg Mason further

willfully violated MSRB Rules G-27(b), (c)(i), (c)(iv), (c)(v) and (e) in that it failed to designate principals responsible for supervision of its municipal securities business and the municipal securities activities of its associated persons as required by Rule G-27; failed to keep a written record of that supervisory designation and of the designated principal's responsibilities under Rule G-27; failed to adopt, maintain and enforce written supervisory procedures that (i) state how a designated principal shall monitor for compliance by the dealer with the applicable rules, (ii) provide for the periodic review by a designated principal of each office which engages in municipal securities activities, or (iii) provide for the maintenance and preservation, by a designated principal, of the books and records required to be maintained and preserved by MSRB Rules G-8 and G-9; failed to revise and update its written supervisory procedures as necessary to respond to changes in MSRB or other rules and as other circumstances require, or to review annually its supervisory system and written supervisory procedures to determine whether they are adequate and up-to-date; and failed to ensure that Legg Mason was in compliance with Rule G-27. (Rel. 33-7984; 34-44407; File No. 3-10068)

## **COMPLAINT FILED AGAINST WORLD HOMES, INC., MERLE FERGUSON AND SUSAN DONOHUE**

A complaint has been filed seeking permanent injunctions against World Homes, Inc. and Merle Ferguson alleging violations of the antifraud and securities registration provisions of the federal securities laws and against Susan Donohue for violations of the securities registration provisions. The complaint also seeks civil money penalties against Ferguson.

The complaint alleges that from approximately January 2000 through February 2001, World Homes, through the company's President and Chief Executive Officer, Merle Ferguson, distributed several false and misleading press releases misrepresenting, among other things: 1) that World Homes operated and maintained a production facility for its cement product; 2) that World Homes possessed financing of fifteen million dollars; and 3) that World Homes had generated over \$480 million in contracted business. It is alleged these false press releases resulted in an increase in the price of World Homes' common stock and an increase in the volume of shares traded. The complaint alleges this conduct violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

The complaint further alleges that from on or about July 16, 1999, through February 20, 2001, World Homes made nine filings on Form S-8, registering 4,892,977 shares with a stated maximum value of \$3,777,313. It is alleged these shares were issued to Ferguson, Donahue and entities controlled by them and were issued in large part not to compensate those employees, but to raise capital for World Homes. It is further alleged that these shares were sold into the market without registration and that most of the proceeds remitted to World Homes, which used the funds to finance operations. It is alleged this conduct violated Sections 5(a) and 5(c) of the Securities Act. [SEC v. World Homes, Inc., et al., Civil Action No. CV-S-01-658-PMP-LRL, USDC, D. Nev.] (LR-17032)

## **SEC OBTAINS A PERMANENT INJUNCTION AGAINST UNREGISTERED INVESTMENT ADVISER REED SLATKIN FOR DEFRAUDING CLIENTS**

The Commission announced that on June 7 it obtained a permanent injunction against Reed E. Slatkin, an unregistered investment adviser, located in Santa Barbara, California. Since 1985, Slatkin managed at least \$230 million for about 500 clients through purported securities trading accounts in Switzerland. The Commission alleged that in February 2001, Slatkin misappropriated \$10 million in client funds that he had received purportedly to invest in a money market fund and misused the client funds to pay \$6.975 million to other clients and to pay over \$24,000 in expenses. The Commission further alleged that Slatkin defrauded as many as 500 clients through a fraudulent securities scheme.

The judgment, which was entered with the consent of the defendant, enjoins Slatkin from future violations of the antifraud provisions of Sections 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Investment Advisers Act and the investment adviser registration provisions of Section 203(a) of the Investment Advisers Act, with the amount of disgorgement and civil penalties to be determined. For more information see LR-16998. [SEC v. Reed E. Slatkin, Civil Action No. 04283, C.D. Cal.] (LR-17033)

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## **HOLDING COMPANY ACT RELEASES**

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### **THE SOUTHERN COMPANY**

An order has been issued authorizing The Southern Company, a registered public-utility holding company, to grant from time to time through May 22, 2011, Incentive Stock Options, Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units and Cash Based Awards and to issue up to 30 million shares of its common stock, under the Southern Company Omnibus Incentive Compensation Plan. (Rel. 35-27416)

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## **SELF-REGULATORY ORGANIZATIONS**

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## APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change (SP NYSE-2001-05) and Amendment No. 1 thereto submitted by the New York Stock Exchange relating to the expansion of the maximum share size parameter for single orders entered into the SuperDot System. Publication of the proposal is expected in the Federal Register during the week of June 11. (Rel. 34-44399)

## WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until July 2, 2001, to comment on the application of CVB Financial Corporation to withdraw its Common Stock, no par value, from listing and registration on the American Stock Exchange. (Rel. 34-44409)

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## SECURITIES ACT REGISTRATIONS

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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-3 RELIANCE STEEL & ALUMINUM CO, 2550 EAST 25TH ST, LOS ANGELES, CA  
90058  
(213) 582-2272 - \$172,500,000 COMMON STOCK. (FILE 333-62276 - JUN. 05)  
(BR. 4)

S-8 AMERICAN ELECTRIC POWER COMPANY INC, 1 RIVERSIDE PLZ, COLUMBUS, OH  
43215  
(614) 223-1000 (FILE 333-62278 - JUN. 05) (BR. 2)

S-8 APROPOS TECHNOLOGY INC, ONE TOWER LANE 28TH FLOOR, OAKBROOK TERRACE,  
IL  
60181 - 2,400,000 (\$6,096,000) COMMON STOCK. (FILE 333-62280 - JUN.  
05)  
(BR. 3)

S-8 NESS ENERGY INTERNATIONAL INC /NV/, 4201 EAST INTERSTATE 20,  
WILLOW PARK, TX 76087 (254) 442-3968 - 400,000 (\$696,800) COMMON STOCK.  
(FILE 333-62282 - JUN. 05) (BR. 4)

S-8 TBA ENTERTAINMENT CORP, 402 HERITAGE PLANTATION WY, HICKORY VALLEY,  
TN  
38042 (901) 764-2300 - 400,000 (\$1,530,000) COMMON STOCK. (FILE 333-  
62284  
- JUN. 05) (BR. 5)

S-8 EKNOWLEDGE GROUP INC, 24843 DEL PRADO #318, SUITE 46, DANA POINT, CA  
92629 (949) 248-9561 - 3,138,000 (\$1,066,920, COMMON STOCK. (FILE  
333-62286 - JUN. 05) (BR. 9)

S-8 JNI CORP, 9775 TOWNE CENTRE DR, SAN DIEGO, CA 92121 (858) 535-3121 -  
1,500,000 (\$19,320,000) COMMON STOCK. (FILE 333-62288 - JUN. 05) (BR.  
36)

S-8 BUCKTV COM INC, 743 GOLD HILL PLACE, PMB 294 PO BOX 220, WOODLAND,  
CO  
80866 (800) 410-2225 - 3,500,000 (\$175,000) COMMON STOCK. (FILE 333-  
62292  
- JUN. 05) (BR. 9)

S-8 SONOMA VALLEY BANCORP, C/O SONOMA VALLEY BANCORP, 202 WEST NAPA  
STREET,  
SONOMA, CA 95476 - 392,203 (\$8,098,991.95) COMMON STOCK. (FILE 333-  
62294 -  
JUN. 05) (BR. 7)

S-3 KANEB PIPE LINE PARTNERS L P, 2435 NORTH CENTRAL EXPRESSWAY,  
RICHARDSON,  
TX 75080 (972) 699-4031 - 1,975,090 (\$73,295,590) UNIT INVESTMENT  
TRUST.  
(FILE 333-62296 - JUN. 05) (BR. 4)

S-8 SHARP HOLDING CORP, 5120 WOODWAY SUITE 9029, HOUSTON, TX 77056  
(713) 960-9100 - 900,000 (\$630,000) COMMON STOCK. (FILE 333-62300 -  
JUN. 05) (BR. 9)

S-8 BBJ ENVIRONMENTAL TECHNOLOGIES INC, 6802 CITICORP BLVD SUITE 500,  
TAMPA,  
FL 74137 (918) 481-3339 - 8,000,000 (\$480,000) COMMON STOCK. (FILE  
333-62302 - JUN. 05) (BR. 2)

S-8 TUCKER ANTHONY SUTRO, ONE BEACON STREET, 617-227-1050, BOSTON, MA  
02108  
(617) 725-2000 (FILE 333-62304 - JUN. 05) (BR. 7)

S-3 AVIDYN INC, 8625 KING GEORGE DR, STE 300, DALLAS, TX 75235  
(214) 630-6368 - 37,900 (\$189,500) COMMON STOCK. (FILE 333-62306 -  
JUN. 05) (BR. 1)

S-3 YOUNG BROADCASTING INC /DE/, 599 LEXINGTON AVENUE, NEW YORK, NY  
10022  
(212) 754-7070 - \$300,000,000 STRAIGHT BONDS. (FILE 333-62314 - JUN.  
05)  
(BR. 7)

S-8 HOME DEPOT INC, 2455 PACES FERRY ROAD, ATLANTA, GA 30339 (770) -43-  
3-82 - 328,821 (\$16,094,144) COMMON STOCK. (FILE 333-62316 - JUN. 05) (BR.  
6)

S-8 HOME DEPOT INC, 2455 PACES FERRY ROAD, ATLANTA, GA 30339 (770) -43-  
3-82 - 50,000 (\$2,447,250) COMMON STOCK. (FILE 333-62318 - JUN. 05) (BR. 5)

S-8 SUNGARD DATA SYSTEMS INC, 1285 DRUMMERS LN, STE 300, WAYNE, PA 19087  
(610) 341-8700 - 634,081 (\$11,749,520.93) COMMON STOCK. (FILE 333-  
62320 -  
JUN. 05) (BR. 3)

S-3 WASTE CONNECTIONS INC/DE, 620 COOLIDGE DRIVE, SUITE 350, FOLSOM, CA  
95630 (916) 608-8200 - 150,000,000 (\$150,000,000) COMMON STOCK. (FILE  
333-62322 - JUN. 05) (BR. 6)

S-8 2DOBIZ COM INCICES INC, 122-1020 MAINLAND ST, VANCOUVER BC, V6B 2T4,  
A1  
85710 (604) 687-3895 - 1,565,000 (\$1,752,800) COMMON STOCK. (FILE  
333-62324 - JUN. 05) (BR. 9)

F-1 AMERICAN EAGLE TANKERS INC LTD, 15 EXCHANGE PLACE, STE 110, JERSEY  
CITY,  
NJ 07302 - \$151,368,750 COMMON STOCK. (FILE 333-62326 - JUN. 05) (BR.  
5)

S-8 BGI INC, 13581 POND SPRINGS RD, SUITE 105, AUSTIN, TX 78279  
(512) 490-0065 - 185,000 (\$22,200) COMMON STOCK. (FILE 333-62328 -  
JUN. 05) (BR. 8)

S-3 BOTTOMLINE TECHNOLOGIES INC /DE/, 155 FLEET ST, PORTSMOUTH NH 03801  
(603) 436-0700 - 945,280 (\$6,295,564.80) COMMON STOCK. (FILE 333-62330  
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JUN. 05) (BR. 3)

S-3 NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP /DC/,  
2201 COOPERATIVE WY, C/O WOODLAND PARK, HERNDON, VA 20171 (703) 709-  
6700 -  
2,000,000,000 (\$2,000,000,000) STRAIGHT BONDS. (FILE 333-62334 - JUN.  
05)  
(BR. 7)

S-8 CROSSROADS SYSTEMS INC, 8300 NORTH MOPAC EXPRESSWAY, AUSTIN, TX  
78759  
(512) 349-0300 - 1,750,000 (\$10,202,500) COMMON STOCK. (FILE 333-62336  
-  
JUN. 05) (BR. 3)

S-3 ROCK TERN CO, 504 THRASHER ST, NORCROSS, GA 30071 (770) -2193 -  
300,000,000 (\$300,000,000) STRAIGHT BONDS. (FILE 333-6233 JUN. 05)  
(BR. 4)

S-8 DIGITAL COMMERCE INTERNATIONAL INC, 404-815 HORNBY ST,  
VANCOUVER BRITISH COLUMBIA, CANADA V7C 2Y1, UT 00000 (604) 899-0411 -  
1,200,000 (\$54,000) COMMON STOCK. (FILE 333-62342 - JUN. 04) (BR. 5)

S-8 TBX RESOURCES INC, 12300 FORD RD SUITE 265, DALLAS, TX 75244  
(972) 243-2610 - 305,000 (\$213,500) COMMON STOCK. (FILE 333-62344 -  
JUN. 05) (BR. 9)

S-8 ROCK TENN CO, 504 THRASHER ST, NORCROSS, GA 30071 (770) 448-2193 -  
3,200,000 (\$35,920,000) COMMON STOCK. (FILE 333-62346 - JUN. 06) (BR.  
4)

S-3 BOWATER INC, 55 EAST CAMPERDOWN WAY, P O BOX 1028, GREENVILLE, SC  
29601  
(864) 271-7733 - 5,821,696 (\$275,482,654.72) COMMON STOCK. (FILE  
333-62348 - JUN. 06) (BR. 4)