

SEC NEWS DIGEST

Issue 2001-8

January 11, 2001

COMMISSION ANNOUNCEMENTS

SEC CHAIRMAN LEVITT URGES INVESTOR ADVOCATES AND INSTITUTIONAL INVESTORS TO WEIGH IN AS NASDAQ CONSIDERS NEW SHAREHOLDER DILUTION RULES

Chairman Arthur Levitt today urged prominent institutional and individual investors and investor advocates to voice their opinions to the Nasdaq Stock Market as it considers new rules regarding shareholder approval of stock option grants

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I seek your support in an effort to protect what I believe should be two unassailable rights of shareholders. Fundamental fairness requires that shareholders have the ability to approve stock option plans that include option grants for officers and directors. In addition, shareholder approval of any plan that materially dilutes their ownership interest is a matter of basic corporate fairness.

As you may know, current rules of the New York Stock Exchange and Nasdaq Stock Market allow companies to implement many plans granting stock or stock options to officers and directors without shareholder approval. The rules do not require a shareholder vote on these plans as long as at least one-half of the stock or option grants go to employees other than officers and directors. I strongly believe that shareholder approval should be required for plans that permit officers and directors to receive stock or stock options. Shareholders have the right to judge whether officers and directors are acting fairly in setting their own equity-based compensation.

Shareholders should also have the right to approve stock option plans even if those plans do not include grants of options to officers and directors in certain circumstances. These shareholders must have a voice when their investment in a company is being materially diluted by such plans.

I recognize that creativity in employee compensation has been a powerful fuel for innovation in our economy in recent years. Without the ability to award options, we would, no doubt, have seen less dynamism from many cash-strapped, high-tech companies. I do not necessarily expect a "one size that fits all" solution for determining when grants of options to employees other than officers and directors should require a shareholder vote. Companies should continue to have the flexibility necessary to move quickly in tight labor markets when implementing employee stock option plans. However, there should be some standard that strikes the proper balance between that need and the right of existing shareholders to protect themselves against unwarranted dilution of their ownership interests.

I have recently asked that the NYSE and the Nasdaq Stock Market require shareholder approval for plans that allow stock or stock options to be granted to officers and directors and to develop a standard that requires shareholder approval of any stock option plan that materially dilutes existing shareholder interests. The NYSE has developed a proposal that addresses these issues. They would like to implement their rule changes in conjunction with similar modifications by Nasdaq. In response to my call for change, Nasdaq recently issued a Bulletin soliciting comments on alternatives to the NYSE's proposal, as well as the impact that the NYSE proposal would have on Nasdaq issuers. Nasdaq's deadline for comments on these issues is February 5, 2001.

It is absolutely essential that the Nasdaq Stock Market benefit from investors' perspectives as it considers this issue. At stake is the rightful balance between shareholder and management interests, and, in the end, public confidence. I urge you not to miss the opportunity to comment on this matter of fundamental fairness and sound corporate governance.

Sincerely,
Arthur Levitt
(Press Rel. 2001-10)

ENFORCEMENT PROCEEDINGS

COMMISSION SANCTIONS SEABOARD INVESTMENT ADVISERS, INC. AND EUGENE HANSEN

The Commission found that it was in the public interest to revoke the registration of Seaboard Investment Advisers, Inc (Seaboard) and to bar Eugene W Hansen from association with any investment adviser. The Commission found that Seaboard and Hansen were permanently enjoined from violating Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act and Advisers Act Rule 206(4)-1(a)(5) and from violating an earlier Commission cease and desist order. The injunction arose from Respondents' material misrepresentations in written correspondence to their clients which falsely suggested that Seaboard accounts had outperformed certain market indices. (Rel IC-43832; File No 3-9725)

INVESTMENT COMPANY ACT RELEASES

NICHOLAS-APPLEGATE FUND, INC., ET AL.

A notice has been issued giving interested persons until January 31, 2001, to request a hearing on an application filed by Nicholas-Applegate Fund, Inc. (Company), et al., for an order exempting applicants from Section 15(f)(1)(A) of the Investment Company Act in connection with the proposed change in control of Nicholas-Applegate Capital Management (NACM). Without the requested exemption, the Company, which is subadvised by NACM, would have to reconstitute its board of directors to meet the 75 percent non-interested director requirement of Section 15(f)(1)(A) of the Act in order for NACM to rely upon the safe harbor provisions of Section 15(f). (Rel. IC-24821 - January 9)

NORWEST SELECT FUNDS

An order has been issued pursuant to Section 8(f) of the Investment Company Act declaring that Norwest Select Funds has ceased to be an investment company. (Rel IC-24822 - January 9)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGES

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-00-79) relating to EWN II fees for NASD members. Publication of the notice in the Federal Register is expected during the week of January 15. (Rel 34-43814)

A proposed rule change and Amendment No 1 have been filed by the Pacific Exchange (SR-PCX-99-48) relating to miscellaneous house-keeping amendments to options trading rules. Publication of the proposal is expected in the Federal Register during the week of January 15 (Rel 34-43823)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

A proposed rule change (SR-PCX-00-42) filed by the Pacific Exchange relating to the adoption and implementation of a supervisory system and written supervisory procedures 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 15 (Rel 34-43816)

A proposed rule change (SR-PCX-00-43) filed by the Pacific Exchange relating to the adoption and implementation of a supervisory system and written supervisory procedures for Pacific Exchange Equities, Inc 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 15 (Rel 34-43817)

WITHDRAWALS SOUGHT

A notice has been issued giving interested persons until January 31, 2001, to comment on the application of Bitwise Designs, Inc to withdraw its Common Stock, \$ 001 par value, from listing and registration on the Pacific Exchange (Rel 34-43825)

A notice has been issued giving interested persons until January 31, 2001, to comment on the application of Signal Technology Corporation to withdraw its Common Stock, \$ 01 par value, from listing and registration on the American Stock Exchange (Rel 34-43826)

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 SMARTONE TELECOMMUNICATIONS HOLDINGS LTD /ADR/, ONE WALL ST, NEW YORK, NY 10286 (212) 495-1784 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. FILE 333-12992 - DEC. 18 BR. 99 - NEW ISSUE)

F-6 MTR CORP LTD /ADR/, 60 WALL ST, NEW YORK, NY 10260 (212) 648-3250 - 50,000,000 (\$2,500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. FILE 333-12994 - DEC. 19) (BR. 99 - NEW ISSUE)

F-6 VOYAGERIT COM PLC /ADR/. ONE WALL ST, NEW YORK, NY 10286 (212) 495-1727 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. FILE 333-13016 - DEC. 27) (BR. 99 - NEW ISSUE)

F-6 VOYAGER FINANCIAL NEWS COM PLC /ADR/, ONE WALL ST, NEW YORK, NY 10286 (212) 495-1727 - 10,000,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-13018 - DEC. 27) (BR. 99 - NEW ISSUE)

F-7 RTO ENTERPRISES INC /CAN/, 10239-178 ST, PROVINCE OF ONTARIO, EDMONTON ALBERTA CANADA, A0 - 400,000 (\$79,475.46) FOREIGN COMMON STOCK. (FILE 333-13032 - DEC. 28) (BR. 6)

S-8 PLASTIC SURGERY CO, 104 W ANAPAMU ST, STE G, SANTA BARBARA, CA 93101 (805) 963-0400 - 2,120,000 (\$3,837,200) COMMON STOCK. FILE 333-53212 - JAN. 05) (BR. 8)