

SEC NEWS DIGEST

Issue 2001-41

March 1, 2001

COMMISSION ANNOUNCEMENTS

PUBLIC APPEARANCES OF SENIOR COMMISSION OFFICIALS – MARCH 2001

The following is a schedule for March 2001 of the public appearances of SEC officials, including the Chairman, Commissioners, and senior staff members. For additional information on events hosted by groups other than the Commission, please call the contact numbers listed. As events are subject to change, please confirm them with the SEC's Office of Public Affairs or the sponsoring organizations.

When: Thursday, March 1

Who: Acting Chairman Laura Unger

What: The World Bank

Workshop on Non-Bank Financial Institutions, Development and Regulation

Where: Washington, D.C.

Contact: Michael Pomerleano (202) 473-3868

When: Friday, March 2

Who: Acting Chairman Laura Unger, Commissioner Carey, Commissioner Hunt, Lynn Turner, Chief Accountant, Office of the Chief Accountant

What: SEC Speaks

Where: Washington, D.C.

Contact: Lyn Oliensis (212) 824-5700

When: Friday, March 2 – Saturday, March 3

Who: Richard Walker, Director, Division of Enforcement, Lori Richards, Director, Office of Compliance, Inspections and Examinations; Martha Haines, Chief, Office of Municipal Securities, Annette Nazareth, Director, Division of Market Regulation, Paul Roye, Director, Division of Investment Management

What: SEC Speaks

Where: Washington, D.C.

Contact: Lyn Oliensis (212) 824-5700

When: Saturday, March 3
Who: David Martin, Director, Division of Corporation Finance
What: SEC Speaks
Where: Washington, D.C.
Contact: Lyn Oliensis (212) 824-5700

When: Monday, March 5
Who: Commissioner Carey, Martha Haines, Chief, Office of Municipal Securities
What: National Association of State Treasurers Conference
Where: Washington, D.C.
Contact: Chris Allen (202) 624-8595

When: Monday, March 5 – Tuesday, March 6
Who: Martha Haines, Chief, Office of Municipal Securities
What: Inaugural High Yield Tax-Exempt Finance Conference
Where: New York City
Contact: Matthew Beh (212) 803-8471

When: Thursday, March 8
Who: Martha Haines, Chief, Office of Municipal Securities
What: American College of Bond Lawyers
Where: Palm Beach, FL
Contact: John Kraft (973) 377-4433

When: Thursday, March 8 - Friday, March 9
Who: David Becker, General Counsel, Office of the General Counsel
What: USC Institute for Corporate Counsel
Where: Los Angeles, CA
Contact: Sal Hernandez (213) 740-2582

When: Friday, March 9
Who: Acting Chairman Laura Unger
What: The Center for Corporate Law 2001 Symposium
Where: Cincinnati, Ohio
Contact: Jeff Melucci (513) 556-0085

When: Friday, March 9 – Saturday, March 10
Who: Richard Walker, Director, Division of Enforcement; David Becker, General Counsel, Office of the General Counsel
What: Institute for Law and Economic Policy Corporate Accountability
Where: Scottsdale, Arizona
Contact: Sandra Stein (215) 988-9548

When: Saturday, March 10
Who: Lynn Turner, Chief Accountant, Office of the Chief Accountant
What: Institute for Law and Economic Policy Corporate Accountability
Where: Scottsdale, Arizona
Contact: Sandra Stein (215) 988-9548

When: Sunday, March 18 – Wednesday, March 21
Who: David Becker, General Counsel, Office of the General Counsel; Lori Richards, Director, Office of Compliance and Examinations
What: Securities Industry Association Compliance & Legal Division Seminar 2001
Where: Orlando, Florida
Contact: David DeMuro (646) 836-2110

When: Sunday, March 18 – Thursday, March 22
Who: Paul Royce, Director, Division of Investment Management
What: 2001 Mutual Funds and Investment Management Conference
Where: Palm Desert, California
Contact: Tonya Bouley (202) 218-3577

When: Tuesday, March 20
Who: Annette Nazareth, Director, Division of Market Regulation
What: Securities Industry Association Compliance & Legal Division Seminar 2001
Where: Orlando, Florida
Contact: Marge Snyder (518) 785-0721

When: Tuesday, March 20 – Wednesday, March 21
Who: Richard Walker, Director, Division of Enforcement
What: Securities Industry Association Compliance & Legal Division Seminar 2001
Where: Orlando, Florida
Contact: Irene Saulsbery (518) 785-0721

When: Wednesday, March 21
Who: David Becker, General Counsel, Office of the General Counsel
What: Financial Executive International - AICPA
Where: Washington, D.C.
Contact: Grace Hinchman (202) 457-6203

When: Thursday, March 22 – Sunday, March 25
Who: David Martin, Director, Division of Corporation Finance
What: American Bar Association
Where: Philadelphia PA
Contact: Rachel Patyrak (312) 988-6187

When: Monday, March 26 - Tuesday, March 27
Who: Paul Roye, Director, Division of Investment Management
What: Investment Advisers Compliance Summit
Where: Washington, D C.
Contact: David Tittsworth (202) 293-4222

When: Friday, March 30
Who: Acting Chairman Laura Unger
What: The Philadelphia Bar Association
Where: Philadelphia, PA
Contact: C Rosenblat (215) 597-0734

ENFORCEMENT PROCEEDINGS

SEC CHARGES 23 COMPANIES AND INDIVIDUALS IN CASES INVOLVING BROAD SPECTRUM OF INTERNET SECURITIES FRAUD

Nationwide Crackdown Continues with Fifth Internet "Sweep"; Total Number of Internet Cases Filed Now Stands at Over 200

In its fifth nationwide Internet fraud sweep, the Securities and Exchange Commission today announced 11 enforcement actions against 23 companies and individuals that used the Internet to defraud investors. The sweep consists of cases involving both publicly-traded securities and privately-held companies. The alleged perpetrators used the Internet to "pump" the market capitalization of the stocks involved by more than \$300 million and raise \$2.5 million in proceeds from investors in the U.S. and abroad. The frauds were accomplished by a variety of online means, including "spam" emails, electronic newsletters, websites, hyperlinks, message boards and other Internet media.

SEC Director of Enforcement Richard H. Walker said, "Today's cases are a sobering reminder for investors that, on the Internet, there is no clearly defined border between reliable and unreliable information. Therefore, investors must exercise extreme caution when they receive investment pitches online." Mr. Walker added, "These actions involve a virtual checklist of common securities fraud techniques. Perpetrators lured investors with promises of fast and easy profits in thinly-traded, or even privately-held, development stage companies that operate in 'hot button' industries."

The common securities fraud techniques in the cases brought today involve:

- False Promises of Imminent IPO—including one private company that used "spam" email and a website to announce that its upcoming, SEC-approved IPO (at a price of \$20 to \$50 per share) was imminent and that it would realize at least \$1 billion through online eyewear sales. The SEC alleges that, in reality, the company never received SEC approval for an IPO, the company had no offices, no inventory, and no products or

services; moreover, the SEC alleges that the company's owner misappropriated investor funds for a variety of personal expenses, including securities purchases through personal brokerage accounts and expenses at restaurants, gambling casinos, and adult entertainment clubs (*SEC v. Chidwhite Enterprises, Inc. and Jerry L. Chidester*). In another "pre-IPO" case, principals of a private company used a large portion of the \$24 million in investor funds for unauthorized business and personal expenses, including automobile purchases, trips to Cabo San Lucas, Florida, Hawaii and California, and home mortgage payments (*SEC v. Smart-Mart, Inc., Timothy A. McMurray and Bradley D. Woy*);

- Baseless Financial Projections—including one company that issued a press release claiming it would "quickly reach a *significant* market share in the *\$400+ million*" study aids market. The company's share price nearly tripled an hour after the release, eventually increasing more than 1000% within two days. The SEC alleges that, in reality, the company's internal projections anticipated a year's time to reach, at most, a *mere 5%* market share of the *\$160 million* study aids market, and that, in support of their projections, the company had only \$30 in gross sales during the entire 14-month period prior to the issuance of the press release (*SEC v. PinkMonkey.com, Inc. and Patrick R. Greene*);

- False Track Records and Resumes—including a former roofer turned online expert stock analyst that claimed he had a proprietary computer trading system, over 14 years of investing experience and an 85% success rate. The SEC alleges that, in reality, the ex-roofer had limited personal securities trading experience, never received any securities training, never worked for a securities or investment firm, and used a software program available for purchase by the public which could be accessed over the Internet. Gaspard has acknowledged that his success rate claims were misleading or false and not supported by his track record (*In the Matter of WallStreet Prophet and Ricky Laine Gaspard*),

- Analyst Coverage "Bought and Paid For"—including one public company that provided hyperlinks on its website to the reports of a purportedly independent analyst who actually was paid 12,500 shares of the company's stock in undisclosed compensation for publishing the reports. These reports, in essence, merely reprinted the company's fraudulent, upbeat claims, including the company's assertion that it had profitable business relationships with 14 "blue chip" companies. The SEC alleges that, in reality, these alleged relationships were outright lies or gross exaggerations (*SEC v. Internet Solutions for Business, Inc. and Lawrence Shaw; In the Matter of Imcadvors, Inc. and Stuart Bockler*); and

- Inflated Performance Claims and Fake Testimonials—including a group of three websites that boasted a stock-picking track record of 60% to 240% returns, published glowing testimonials, and supposedly used a "team of experienced traders." The SEC alleges that, in reality, the returns were merely hypothetical, the so-called "team" of experts was, in fact, a single individual, and the testimonials on two of the sites were

copied almost verbatim from the third site (*SEC v. Sunset Investment Group, Inc., James Brown, Pinnacle Capital Advisors, and Austin Tanner*).

Today the SEC also released an online "Survivor Checklist" to warn investors about stock fraud on the web. The brochure is available at www.sec.gov/investor/pubs/fraud survivor.htm.

The SEC has now brought more than 200 Internet-related enforcement actions, nearly half of which have been brought in the last 14 months. These actions have involved a total of over 750 named individuals and entities. Previous sweeps targeted online frauds involving the touting of publicly-traded companies (October 1998 and February 1999), the sale of bogus investment opportunities (May 1999) and the perpetration of "pump-and-dump" stock schemes (September 2000).

For more information about Internet fraud, visit www.sec.gov/divisions/enforce/internet/enforce.htm. For more advice on saving, investing, and avoiding fraud online, visit www.sec.gov/investor/pubs.shtml. To report suspicious activity involving possible Internet fraud, visit the SEC's Enforcement Complaint Center at www.sec.gov/complaint.shtml.

Case Summaries & SEC Contact List:

- 1 SEC v Sunset Investment Group, Inc., James Brown, Pinnacle Capital Advisors and Austin Tanner, Civ. No. 01-M-0358, USDC, District of Colorado, (LR-16913) (SEC Contact: Katherine S. Addleman, 303-844-1070)

The SEC alleges that Sunset Investment Group, Inc., James Brown, Pinnacle Capital Advisors, and Austin Tanner made false and misleading performance claims and testimonials that appeared on three different websites – OptionInvestor.com, SplitTrader.com, and NetBulls.com – and in press releases. All three sites provide stock and market analysis and publish a stock advisory newsletter offering stock analysis, trading strategies, and trading recommendations. All are operated by Sunset Investment Group and its president and sole shareholder, Brown, a resident of Littleton, Colorado. Tanner, from Westchester, Illinois, and his company, Pinnacle Capital, were hired by Brown to create the homepages of the websites. According to the complaint, OptionInvestor.com claimed actual returns ranging from 60% to 240% for subscribers who followed its trading philosophy and trading recommendations. The SEC alleges that all of the performance claims were hypothetical, not actual, and that it was impossible for subscribers to achieve similar results. The SEC also alleges that SplitTrader.com and NetBulls.com posted on their homepages false and misleading testimonials that praised the performance of the sites. The SEC claims that the testimonials were copied almost verbatim from the OptionInvestor.com homepage and had nothing to do with the performance of either SplitTrader.com or NetBulls.com. Without admitting or denying the allegations in the complaint, Sunset Investment Group and Brown consented to the entry of an order that enjoins them from violating Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 under the Exchange Act, and

agreed together to pay a civil money penalty of \$70,000. The SEC also seeks permanent injunctive relief and civil money penalties against Pinnacle Capital and Tanner.

2. In the Matter of Log Point Technologies, Inc. and Samuel P. Shanks
(Rel. 34-44023; File No. 3-10423)
(SEC Contacts: Helane L. Morrison 415-705-2450 and Marc J. Fagel 415-705-2449)

The SEC alleges that Log Point Technologies, Inc. of Mountain View, California, and its president, Samuel P. Shanks, misled investors about financing arrangements and revenue projections in a series of press releases and in an SEC filing. Between March and September 2000, Log Point issued four press releases claiming that it had received a \$20 million financing commitment from a venture capital firm. According to the SEC, these press releases were misleading because they failed to disclose that the financing was contingent on Log Point first raising \$5 million to secure the financing. At the time, Log Point had approximately \$67 in cash and no other sources for raising the \$5 million. The first of these press releases – which was disseminated over news wires and discussed on Internet stock discussion boards – caused an 1800% increase in trading volume, driving Log Point's stock price up 50%, from \$2.00 to \$3.00 per share. Log Point repeated the misleading statements about the financing in a quarterly SEC report. Log Point also issued a press release in September 2000 in which it projected revenue of \$75 million to \$90 million over the next two years. The SEC found that the projection was false and misleading – at the time of the press release, Log Point was still in the development stage, had no product sales, and had no realistic ability to generate the projected revenue. The press release caused a 2300% hike in trading volume, driving Log Point's stock price up 29%. In its order, the SEC found that Log Point and Shanks violated Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5, and that Log Point violated, and Shanks aided and abetted and caused a violation of, Section 13(a) of the Exchange Act and Exchange Act Rules 13a-13 and 12b-20. The SEC ordered Log Point and Shanks to cease and desist from committing or causing violations of those provisions. The SEC accepted an offer of settlement in which Log Point and Shanks, without admitting or denying the SEC's findings, agreed to the entry of the SEC's order.

3. SEC v. Chidwhite Enterprises, Inc. and Jerry L. Chidester, Civil Action NoA01-CV-131, USDC, Western District of Texas (Austin Division) (LR-16918)
(SEC Contact: Spencer C. Barasch, 817-978-6425)

The SEC alleges that Chidwhite Enterprises, Inc. and its sole shareholder and chief executive officer, Jerry L. Chidester, age 26, of Austin, Texas, used "spam" e-mail and a web page to defraud over 6,000 investors throughout the United States and abroad. The company raised nearly \$96,000 in the fraudulent offering of so-called "free" stock credits to those who paid an "administrative fee" of \$10. Defendants claimed that investors could redeem their stock credits for common stock when Chidwhite Enterprises completed a purportedly imminent IPO. The SEC's complaint alleges that the defendants

made numerous misrepresentations and omissions of material facts in connection with the offering, including that the SEC had approved the offering, that Chidwhite Enterprises would conduct an IPO upon completion of the offering, and that Chidwhite Enterprises stock would be valued at \$20 to \$50 per share at the time of its IPO. In fact, the SEC never approved the offering and Chidwhite Enterprises never undertook any meaningful steps to conduct an IPO. Moreover, Chidwhite Enterprises never established offices, never acquired any inventory, and never offered any products or services. The SEC also claims that Chidester misappropriated all of the administrative fees generated in the promotional offering and converted the fees to his own use. The SEC seeks permanent injunctions against future violations of the registration and antifraud provisions of the federal securities laws, as well as disgorgement of ill-gotten gains and prejudgment interest, against Chidester and Chidwhite Enterprises.

- 3 SEC v. Smart-Mart, Inc., Timothy A. McMurray and Bradley D. Woy, Civil Action No. 3:01-CV-0397, BL, USDC, Northern District of Texas (Dallas Division) (SEC Contact: Spencer C Barasch, 817-978-6425)

The SEC alleges that Smart-Mart, Inc., an Internet company based in Dallas, Texas, its founder, Timothy A. McMurray, and its president, Bradley D. Woy, conducted a fraudulent securities offering in which they raised approximately \$2.4 million from approximately 720 investors located nationwide and in Canada through the sale of common stock. The SEC alleges that Smart-Mart, McMurray and Woy knowingly made false and misleading statements to investors regarding a purportedly imminent IPO, the business prospects of the company, the use of investor funds, the liquidity of the investment and projected returns on investment. Despite these representations, Smart-Mart never took any significant steps to conduct an IPO and the company had only minimal business operations. Moreover, Smart-Mart's financial and other business records reveal that McMurray and Woy used a large portion of investor funds for unauthorized business and personal expenses. In addition, McMurray failed to disclose critical information regarding his background, including his conviction on bank fraud charges for a check-kiting scheme in January 1993, for which he was sentenced to five years probation. The complaint charges the defendants with violating the securities registration and antifraud provisions of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, and Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5. The SEC seeks permanent injunctive relief against Smart-Mart, McMurray and Woy, as well as disgorgement with prejudgment interest, an accounting and civil money penalties.

5. SEC v. PinkMonkey.com, Inc. and Patrick R. Greene, Civil Action No. H-01-9711, NFA, U.S. District Court, Southern District of Texas (Houston Division) (LR-16919) (SEC Contact: Spencer C. Barasch, 817-978-6425)

The SEC alleges that PinkMonkey.com, Inc., an online publisher located in Houston, Texas, and Patrick R. Greene, its founder and controlling shareholder, issued a fraudulent press release that caused a 950% increase in the price of PinkMonkey's common stock. The release announced the "launch" of a new website service that could "quickly reach a significant market share in the \$400+ million" study aids market; however, according to

the SEC's complaint, the website was neither newly-launched nor likely to realize any significant market share. As of the date of the release, PinkMonkey had operated the website for 14 months and generated only \$30 in sales. Furthermore, PinkMonkey and Greene actually anticipated needing one year to capture up to 5% of a market totaling only \$160 million. Before the release, PinkMonkey's stock was thinly-traded, at a price of \$1.50 or less. Within an hour after the release, PinkMonkey shares traded for as much as \$4.375 per share, on heavy volume. The price peaked two days later at \$17 per share, a more than 1000% increase from just two days earlier, before closing at \$13.50 per share. At its zenith, PinkMonkey's market capitalization exceeded \$200 million, although the company had only four full time employees and nominal sales. After PinkMonkey and Greene issued a clarifying press release, the company's stock price fell to \$7.25 per share by the close of trading that day. PinkMonkey has never realized significant revenues, and its stock now trades for about \$0.20 per share. Without admitting or denying the SEC's allegations, the defendants consented to the entry of permanent anti-fraud injunctions, and Greene has agreed to pay a \$20,000 civil penalty.

6. In the Matter of WallStreet Prophet and Ricky Laine Gaspard
(Rel. 34-44024, File No. 3-10434)
(SEC Contact: Spencer C. Barasch, 817-978-6425)

The SEC alleges that Ricky Laine Gaspard, a former roofing contractor and sole owner and operator of WallStreet Prophet, a stock recommendation website, disseminated false and misleading statements on the website concerning WallStreet Prophet's stock selection system, Gaspard's investing experience, and his performance history in making successful stock recommendations. Gaspard claimed WallStreet Prophet's system had "an 85% success rate" and that testimonials claimed returns of up to 860%. Gaspard has since acknowledged that his success rate claims were misleading or false and not supported by his track record. Gaspard also portrayed himself as an experienced trader with over 14 years of investing expertise, when he actually has very limited personal securities trading experience and has never received any formal securities training or license, and has never worked for a securities or investment firm. Without admitting or denying the SEC's allegations, WallStreet Prophet and Gaspard have agreed to the entry of an order requiring them to cease and desist from any future violations of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5 and to provide a copy of the SEC's order to all current and prospective WallStreet Prophet subscribers for a period of one year from the date of the entry of the order.

7. SEC v Internet Solutions for Business, Inc. and Lawrence Shaw,
Civil Action No. CDS-01-0225, DH, USDC, SD Nevada, (Las Vegas Division)
In the Matter of Stuart Bockler and Imcadvors, Inc. (Rel. 33-7956, File No. 3-10433) (SEC Contact: Spencer C. Barasch, 817-978-6425)

The SEC alleges that Internet Solutions For Business, Inc. (ISFB), a publicly traded Internet company located in Coventry, England, and its founder and CEO, Lawrence Shaw, fraudulently promoted ISFB. ISFB held itself out as a sophisticated, high-tech Internet company with new, cutting-edge products and profitable business relationships.

with established “blue chip” companies. ISFB hyped these products and relationships on its website, in press releases and through reports it paid to have published, all of which were authorized by Shaw. The SEC alleges that ISFB’s supposed cutting-edge products never reached the point of commercial viability. For example, a “\$4.1 billion website audit service,” repeatedly hyped by the company, was nothing more than a concept which was never developed. Similarly, announcements of business relationships with “blue chip” companies were either outright lies or gross exaggerations. Further, ISFB’s stock price projections (300% increase over the mid-term) were without any reasonable basis and were made at a time during which the company was in a precarious financial position. Notwithstanding dire financial problems, ISFB’s stock price and trading volume substantially increased contemporaneously with the company’s fraudulent promotional activities. The SEC seeks permanent injunctions against future violations of the antifraud provisions of the federal securities laws, against ISFB and Shaw. The SEC also seeks a civil monetary penalty against Shaw. In a related matter, the SEC found that Imcadvisors, a New Jersey corporation, and its owner, Stuart Bockler, violated the anti-touting provisions of the Securities Act of 1933 in the promotion of ISFB stock. Without admitting or denying the SEC’s findings, Imcadvisors and Bockler consented to the entry of an order requiring them to cease and desist from committing or causing any violation and any future violation of Section 17(b) of the Securities Act.

8. SEC v. Kenneth W. Schilling, Civil Action No. 01-0382, PHX-ECH, USDC, District of Arizona (LR-16914)
In the Matter of iBIZ Technology Corp. (Rel. 34-44022, File No. 3-10431)
(SEC Contact: Katherine S. Addleman, 303-844-1070)

The SEC alleges that Kenneth W. Schilling disseminated false revenue and stock price projections on the Internet for iBIZ Technology Corp., a computer company headquartered in Phoenix, Arizona. The complaint alleges that Schilling, president of iBIZ, provided false financial projections to a purported analyst for use in research reports recommending the purchase of iBIZ stock, and that Schilling approved and placed 17 press releases on iBIZ’s website which contained direct hyperlinks to the analyst reports. The SEC further alleged that, in a press release, iBIZ characterized the analyst as “independent” even though iBIZ, through its investor relations firm, had agreed to pay the analyst 200,000 shares of iBIZ common stock for the report. The SEC alleged that the false financial projections, which appeared on the Internet, fueled a rise in both the price and the trading volume of iBIZ’s common stock. Without admitting or denying the SEC’s allegations against him, Schilling consented to the entry of an order enjoining him from violating Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5 and ordering him to pay a civil penalty of \$20,000. In a related action, the SEC issued an order requiring iBIZ to cease and desist from committing or causing any violation or any future violation of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5. iBIZ consented to the cease-and-desist order without admitting or denying any of the SEC’s findings.

9. SEC v. RumorSearch.com, Inc. and Jeremy Johnson, Civil Action No. 1:01CV0026K, USDC, District of Utah (LR-16920)
(SEC Contact: Kelly Bowers, 323-965-3924)

The SEC alleges that RumorSearch.com, a St. George, Utah company, that purportedly researches stock rumors for paying subscribers, and its principal, Jeremy Johnson, age 25, made false statements about, and touted the stock of, Far East Ventures, Inc. (FEVI). According to the complaint, Johnson profiled FEVI as RumorSearch's "Stock Pick of the Month," sent several emails to RumorSearch subscribers and others praising FEVI, and received a total of 95,000 FEVI shares in payment for the touting. In these touts, Johnson and RumorSearch misrepresented, or omitted to disclose, material information regarding FEVI, the reliability of reported information and Johnson's receipt of compensation for the touting. While touting FEVI through his false and misleading releases, Johnson sold 66,500 FEVI shares at a profit of \$315,848. The defendants consented, without admitting or denying the SEC's allegations, to the entry of final judgments permanently enjoining them from violating Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5, as well as Section 17(b), the anti-touting provision of the Securities Act of 1933, with the amounts of disgorgement and civil penalties to be determined. (Press Rel. 2001-24)

CEASE AND DESIST ORDER ENTERED AGAINST WILLIAM CHANNELL, JR.

On February 28, 2001, the Commission issued an Order pursuant to Section 21C of the Securities Exchange Act of 1934 (Exchange Act) against William H. Channell, Jr. (Channell), requiring Channell to cease and desist from committing or causing any violations or future violations of Sections 13(g) and 16(a) of the Exchange Act and Rules 13d-1, 13d-2, 16a-2 and 16a-3 thereunder. Channell has served as President, Chief Operating Officer, a Director and a beneficial owner of more than ten percent of the equity securities of Channell Commercial Corp. (Channell Commercial). Channell Commercial common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act, and is traded on the NASDAQ National Market System.

Channell, without admitting or denying the allegations in the Commission's Order, consented to the entry of the Order finding that: (1) he failed to timely file a Schedule 13G for more than three years and ten months, and failed to timely file three amendments to Schedule 13G, resulting in delinquencies of more than eleven months to two years and eleven months, and (2) failed to timely file a Form 3, failed to timely file thirteen Forms 4 (with delinquency periods ranging from one week to more than seven months), and three Forms 5, resulting in delinquencies of more than one month to one year and ten months. The total value of the transactions in Channell Commercial stock for which Channell filed late Forms 4 and 5 is approximately \$4.3 million. (Rel. 34-44015; File No. 10429)

FORMER STIFEL, NICOLAUS BROKER REGALD SMITH SENTENCED TO TWO YEARS IN PRISON

The Commission announced that, on February 12, 2001, the Honorable Joseph M. Hood of the U.S. District Court for the Eastern District of Kentucky sentenced former Stifel, Nicolaus & Company, Incorporated registered representative Regald B. Smith to 24 months in prison, followed by 5 years probation and ordered him to pay restitution of \$4,759,319.00. On October 10, 2000, Smith pled guilty to wire fraud pursuant to a plea

agreement. On September 7, 2000, Judge Hood entered an order of permanent injunction against Smith, pursuant to Smith's consent, without admitting or denying the Commission's charges, enjoining Smith from violating the antifraud provisions of the federal securities laws, freezing Smith's assets and ordering him to account for and disgorge his ill-gotten gains and pay civil penalties in amounts to be determined. The order was entered in response to the Commission's Complaint filed September 6th, charging Smith with perpetrating an 18-month scheme in which he stole, through the sale of fictitious securities, more than \$5 million from least 6 investors who were his brokerage clients. On August 28, 2000, Smith confessed to Stifel officials that he had conducted the scheme. [U.S. v. Regald B. Smith Case Number 7:00-cr-51, E.D. Ky., Hood J]; [SEC v. Regald B. Smith, Civil Action No. 7:00 cv 358, E.D. Ky., Hood J.] (LR-16911)

SEC SETTLES CIVIL ENFORCEMENT ACTION AGAINST AND BARS FORMER FIRSTMARK OFFICERS BASED UPON ALLEGED FINANCIAL FRAUD AND STOCK MANIPULATION SCHEME

The Commission announced today that Judge Gene Carter of the United States District Court for the District of Maine has entered, by consent, final judgments permanently enjoining violations of the antifraud and other provisions of the federal securities laws in the Commission's civil enforcement action against James F. Vigue and Ivy L. Gilbert, residents of Waterville, Maine and former officers of Firstmark Corporation. The Commission also entered an Order Instituting Proceedings, Making Findings and Imposing Remedial Sanctions, by consent, barring Vigue from association with any broker, dealer or investment adviser and barring Gilbert from association with any broker, dealer or investment adviser, with the right to reapply for association after three years. The Commission's order is based upon the entry of permanent injunctions in the civil action.

In its complaint, the Commission alleged that Vigue and Gilbert, Firstmark's former CEO and CFO, respectively, carried out a scheme to manipulate the price of Firstmark stock by inflating Firstmark's assets and income in financial statements filed with the Commission and by effecting manipulative transactions in client and customer accounts of Firstmark's broker-dealer and investment adviser subsidiaries. The complaint alleged that Vigue discouraged or prevented customers from selling their Firstmark stock, used nominee accounts to purchase Firstmark stock, effected trades where no real change in ownership took place ["wash sales"], and made purchases near the end of the trading day in order to increase Firstmark's stock price [known as "marking the close"]. The complaint alleged that Vigue and Gilbert inflated Firstmark's assets and income in financial statements filed with the Commission for the quarters ended December 1994 through March 1996 and for the fiscal year ended June 30, 1995. The complaint also alleged that Gilbert aided and abetted Vigue's manipulation scheme by misrepresenting account activity and falsifying client reports issued to conceal purchases of Firstmark stock.

Vigue and Gilbert consented, without admitting or denying the allegations of the Commission's complaint, to the entry of a final judgment that. permanently enjoins

Vigue from, directly or indirectly, violating Section 17(a) of the Securities Act; Sections 7(d), 10(b), 13(b)(5) and 15(c) of the Exchange Act and Rules 10b-3, 10b-5, 13b2-1 and 15c1-2 and Regulation T thereunder; and Sections 206(1) and (2) of the Advisers Act, permanently enjoins Gilbert from, directly or indirectly, violating Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5 and 13b2-1 thereunder; and Sections 206(1) and (2) of the Advisers Act; and bars Vigue from acting as an officer or director of any public company. The final judgment also requires Vigue to pay disgorgement plus prejudgment interest in the amount of \$75,000 and a civil penalty of \$50,000 and imposes a civil penalty of \$35,000 on Gilbert.

In a related matter, the Commission entered an administrative order, by consent, against Vigue and Gilbert, barring Vigue from association with any broker, dealer or investment adviser, and barring Gilbert from association with any broker, dealer or investment adviser, with the right to reapply for association after three years. The Commission's order is based upon the entry of permanent injunctions in the civil action. [SEC v. Vigue et al, Civil Action No 06115-B, USDC, D. Maine] (LR-16912, AAE Re: 1573), (Administrative Proceedings in the Matter of James F. Vigue and Ivy L. Gilbert - 34-44016, IA-1930; File No. 3-10430)

WELLINGTON BANK AND TRUST, LTD, JOHN E. BRINKER, JR., GARY BENTZ AND OTHERS PERMANENTLY ENJOINED IN \$7.1 MILLION PONZI SCHEME

A federal court in Indianapolis has issued an order permanently enjoining Wellington Bank and Trust, Ltd. (Wellington Bank), John E. Brinker, Jr. (Brinker), Gary J Bentz (Bentz) and entities they control or with which they are associated, from engaging in fraud, unregistered sales of securities, and acting as unregistered brokers, in violation of federal securities laws. Additionally, the order freezes the assets of the defendants and relief defendants and appoints an examiner to determine how funds of defrauded investors were spent and disbursed. The Court will determine at a later date the amount of ill-gotten gains, if any, defendants and relief defendants must disgorge and the amount of civil penalties, if any, to be paid by the defendants.

In its complaint, the U.S. Securities and Exchange Commission (SEC) alleges that the defendants operated a "Ponzi" scheme that raised approximately \$7.1 million from over 200 investors in at least eleven states. Many investors are Indiana residents and several are elderly. Specifically, the complaint alleges that from the Cincinnati, Ohio offices of Castlerock Consulting, LLC (Castlerock), Brinker and Bentz sold unregistered securities in an investment program offered by Wellington Bank, which is based in the nation of Grenada. According to the complaint, Brinker and Bentz represented to investors that the program would generate annual returns of 50% or more through trading in "prime bank" instruments. Numerous government agencies, including the SEC, the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System, however, have warned the public that trading programs in prime bank instruments do not exist and are fraudulent. The complaint further alleges that of the \$7.1 million they raised, Brinker and Bentz diverted at least \$5.4 million to themselves, businesses they control, and others with no relation to a legitimate investment purpose.

Besides Brinker, Bentz, Castlerock, and Wellington Bank, the defendants are several U.S., Grenadan, and Bahamian corporate entities that helped facilitate the scheme. The complaint also names as "relief defendants" three companies associated with Brinker and Bentz, Alpha Advantage II, Inc., Eleven Eighty-Five, LP and Steadfast Ministries, Inc., that received investor money.

The court's order was entered on February 27, 2001, by U.S. District Judge David F. Hamilton, in *S.E.C. v. John E. Brinker, Jr., et al.*, (Case No. IP01-0259 C-H/G). The defendants and relief defendants consented to the order without admitting or denying the allegations in the SEC's complaint.

The SEC acknowledges the assistance of the Indiana Securities Division, the Kentucky Division of Securities, and the Delaware Division of Securities in this matter. [SEC v. John E. Brinker, et al., Civil Action No. IP01-0259, C-H/G] (LR-16915)

SELF-REGULATORY ORGANIZATIONS

ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission granted accelerated approval to a proposed rule change filed by the Chicago Stock Exchange (SR-CHX-00-27) relating to participation in crossing transactions effected on the exchange floor. Publication of the proposal is expected in the Federal Register during the week of March 5. (Rel. 34-44000)

The Commission granted accelerated approval to a proposed rule change submitted by the New York Stock Exchange (SR-NYSE-01-03) to amend Supplementary Material to Rules 451 and 465 concerning householding. (Rel. 34-43993)

The Commission granted accelerated approval to a proposed rule change filed by the Chicago Board Options Exchange (SR-CBOE-01-03) increasing to one hundred contracts the maximum size of options orders eligible for automatic execution. Publication of the order is expected in the Federal Register during the week of March 5. (Rel. 34-44008)

APPROVAL OF PROPOSED RULE CHANGES

The Commission approved a proposed rule change submitted by the Chicago Board Options Exchange (SR-CBOE-00-60) to change its membership application posting process and to make some clarifying revisions to its membership rules. Publication of the proposal is expected in the Federal Register during the week of March 5. (Rel. 34-44005)

The Commission approved proposed rule changes and issued notice of filing and granted accelerated approval to Amendments No. 1 to each proposed rule change submitted by the New York Stock Exchange (SR-NYSE-99-47) and the National Association of

Securities Dealers (SR-NASD-00-03) relating to margin requirements for day trading. (Rel. 34-44009)

The Commission approved a proposed rule change filed by the Pacific Exchange (SR-PCX-00-37) increasing fines for violations of Exchange Rules under the Exchange's Minor Rule Plan. Publication of the notice in the Federal Register is expected during the week of March 5. (Rel. 34-44010)

PROPOSED RULE CHANGE

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-01-06) amending the NASD By-Laws. Publication of the proposal is expected in the Federal Register during the week of March 5. (Rel. 34-44004)

DELISTING GRANTED

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration the Series L American Depositary Shares (each representing one Series L Share) and Series B American Depositary Shares (each representing one Series B Share) of Grupo Mexicano de Desarrollo, S.A. de C.V., effective at the opening of business on February 28, 2001 (Rel. 34-44011)

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>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

S-8 ROYAL BANK OF CANADA \, P O BOX 1, ROYAL BANK PLAZA, TORONTO, A6
00000
(416) 974-5151 - 70,000,000 (\$70,000,000) STRAIGHT BONDS. (FILE 333-
13176
- FEB. 20) (BR. 7)

S-8 THOMSON MULTIMEDIA, 46 QUAI A LE GALLO, 92100, BOULOGNEFRANCE, I0
00000
- 2,500,000 (\$128,050,000) FOREIGN COMMON STOCK. (FILE 333-13178 -
FEB. 20) (BR. 2)

S-B ITALY REPUBLIC OF, ST OLAVES HOUSE, 9A IRONMONGER LANE,
LONDON 3C2V 8EY ENGLAND, X0 (000) 000-0000 - 2,435,836,899
(\$2,435,836,899) STRAIGHT BONDS. (FILE 333-13180 - FEB. 20) (BR. 99)

F-3 REED ELSEVIER CAPITAL INC, 1105 NORTH MARKET ST STE 924, WILMINGTON,
DE
19801 (302) 427-9299 - 2,950,000,000 (\$2,950,000,000) STRAIGHT BONDS.
(FILE 333-13188 - FEB. 21) (BR. 5)

S-8 BGI INC, 13581 POND SPRINGS RD, SUITE 105, AUSTIN, TX 78279
(512) 490-0065 - 1,000,000 (\$125,000) COMMON STOCK. (FILE 333-56032 -
FEB. 22) (BR. 8)

S-8 UNISYS CORP, UNISYS WAY, BLUE BELL, PA 19424 (215) 986-4011 -
8,000,000
(\$139,160,000) COMMON STOCK. (FILE 333-56036 - FEB. 22) (BR. 3)

S-8 UNISYS CORP, UNISYS WAY, BLUE BELL, PA 19424 (215) 986-4011 -
20,000,000 (\$347,900,000) COMMON STOCK. (FILE 333-56038 - FEB. 22)
(BR. 3)

S-8 ISTA PHARMACEUTICALS INC, 15279 ALTON PARKWAY 100, IRVINE, CA 92618
56042 (949) 788-6000 - 3,214,502 (\$13,409,066.49) COMMON STOCK. (FILE 333-
- FEB. 22) (BR. 1)

S-8 KIMBALL INTERNATIONAL INC, 1600 ROYAL ST, JASPER, IN 47549
- (812) 482-1600 - 3,000,000 (\$45,096,000) COMMON STOCK. (FILE 333-56048
- FEB. 22) (BR. 6)

S-8 FIRST TENNESSEE NATIONAL CORP, 165 MADISON AVE, MEMPHIS, TN 38103
56052 (901) 523-4638 - 5,000,000 (\$160,500,000) COMMON STOCK. (FILE 333-
- FEB. 22) (BR. 7)

S-8 BROADVIEW MEDIA INC, 4455 WEST 77TH STREET, MINNEAPOLIS, MN 55435
(612) 835-4455 - 125,000 (\$215,000) COMMON STOCK. (FILE 333-56054 -
FEB. 22) (BR. 5)

S-8 FIRST AID DIRECT INC, 10211 NW 53RD ST, SUNRISE, FL 33351 (954) 749-
9926 - 80,000 (\$160,000) COMMON STOCK. (FILE 333-56056 - FEB. 22) (BR. 9)

S-3 ASYST TECHNOLOGIES INC /CA/, 48761 KATO RD, FREMONT, CA 94538
- (510) 661-5000 - 1,436,783 (\$20,563,957) COMMON STOCK. (FILE 333-56068
- FEB. 23) (BR. 5)