

SEC NEWS DIGEST

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ENFORCEMENT PROCEEDINGS

CIVIL ACTION FILED ARISING FROM SECURITIES FRAUD CONDUCTED THROUGH STERLING FOSTER & COMPANY, INC.

The Commission announced that it filed its fourth civil action today arising from the massive securities fraud that was conducted through Sterling Foster & Company, Inc. (Sterling Foster), a formerly registered broker-dealer. In today's complaint, which was filed in federal court in Manhattan, the Commission charged eighteen Sterling Foster registered representatives with using fraudulent "boiler-room" sales practices to induce investors to purchase micro-cap securities in six public offerings (Offerings) at prices artificially inflated by Sterling Foster and others in a market manipulation scheme that defrauded investors of at least \$75 million. Named in the complaint are:

David Abish, age 29, of New York, New York, who was a registered representative of Sterling Foster from June 27, 1994 to June 2, 1997. In or about the fall of 1995, Abish became an assistant branch manager.

Christopher Betts, age 31, who was a registered representative of Sterling Foster from June 27, 1994 to February 21, 1997. Betts became a branch manager and team leader in or about the fall of 1995.

Mark Charvat, age 26, of Patchogue, New York, who was a registered representative of Sterling Foster from June 27, 1994 to February 6, 1997, except between May 1995 and July 1995 when Charvat worked as a registered representative of VTR Capital, Inc., now known as Fairchild Financial Group, Inc. (VTR), a broker-dealer registered with the Commission. Charvat became an assistant branch manager at Sterling Foster in or about the fall of 1995.

Michael Cohn, age 29, of Lawrence, New York, who was a registered representative of Sterling Foster from June 1994 to February 1997. In or about the fall of 1995, Cohn became a branch manager and team leader.

James Corcoran, age 26, of Patchogue, New York, who was a registered representative of Sterling Foster from June 1994 to February 1997. In or about the fall of 1995, Corcoran became an assistant branch manager of Sterling Foster.

Charles DiStefano, age 31, of Middle Island, New York, who was a registered representative of Sterling Foster from June 1994 to January 1997. In or about the fall of 1995, he became an assistant branch manager.

Paul Feeny, age 27, of Stamford, Connecticut, who was a registered representative of Sterling Foster from October 1994 to February 1997.

Stephen Gourlay, age 28, who was a registered representative of Sterling Foster from June 1994 to February 1997. In or about the fall of 1995, he became an assistant branch manager.

Brian Kearney, age 30, of Farmingdale, New York, who was a registered representative of Sterling Foster from June 1994 until March 1997. He became a branch manager and team leader in or about the fall of 1995.

Michael MacCaul, age 29, of Hauppauge, New York, who was a registered representative of Sterling Foster from January 1995 to March 1997, except that MacCaul was a registered representative of VTR from May 1995 to July 1995.

Timothy Matthews, age 39, of Stonybrook, New York, who was a registered representative of Sterling Foster from June 1994 to April 1997. He became a branch manager and team leader in or about the fall of 1995.

Robert Pratt, age 30, of Coram, New York, who was a registered representative of Sterling Foster from June 1994 to February 1997. Pratt became an assistant branch manager and team leader in or about the fall of 1995. He became a branch manager in or about the fall of 1996.

Mario Rodriguez, age 37, of West Islip, New York, who was a registered representative of Sterling Foster from June 1994 to April 1997, except when Rodriguez worked as a registered representative of VTR from May 1995 to August 1995. He became a branch manager and team leader at Sterling Foster in or about the fall of 1995.

William Scuteri, age 29, of Charlottesville, Virginia, who was a registered representative of Sterling Foster from June 27, 1994 to March 11, 1997.

Scott Siegel, age 29, of Hunt Station, New York, who was a registered representative of Sterling Foster from June 1994 to March 1997, except when he worked as a registered representative at VTR from May 1995 to July 1995.

Donald Turney, age 29, of Pompano Beach, Florida, who was a registered representative of Sterling Foster from June 1994 to March 1995 and from August 1995 to March 1997.

Andrew Tursi, age 30, of St. James, New York, who was a registered representative of Sterling Foster from June 27, 1994 to March 10, 1997. Tursi became a branch manager or team leader in or about the fall of 1995.

David Weeks, age 29, of West Hills, New York, who was a registered representative of Sterling Foster from June 27, 1994 to March 7, 1997. Weeks became a branch manager and team leader in or about the fall of 1995.

In its complaint, the Commission seeks permanent injunctive relief, an accounting, disgorgement and prejudgment interest and civil penalties against each of the defendants.

The complaint alleges that between October 1994 and February, each of the Defendants, with the knowledge and encouragement of Sterling Foster management, including team leaders, committed numerous sales practice violations. Such violations include: (1) executing unauthorized trades in customer accounts; (2) failing to execute customer sell orders; (3) failing to execute stop-loss orders; (4) soliciting customers to purchase securities in the aftermarket prior to the completion of the IPOs for those securities; (5) making baseless price predictions; and/or (6) making other material misrepresentations to customers, including telling customers that stop-loss orders would be entered on their purchases and that the registered representatives had important confidential information about the issuers of the securities.

In its complaint, the Commission alleges that Defendants violated Section 17(a) of the Securities Act of 1933 (Securities Act), and Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act), and Rules 10b-5 and 10b-6. The litigation is pending.

In February 1997, the Commission filed a civil injunctive action charging Sterling Foster and four individuals, including Adam Lieberman, Sterling Foster's president, with obtaining \$75 million from investors by using boiler-room sales practices and other fraudulent conduct in connection with IPOs of Lasergate Systems, Inc., Advanced Voice Technologies, Inc., Com/Tech Communication Technologies, Inc., Embryo Development Corporation, Applewoods, Inc. and ML Direct, Inc. On November 9, 1998, Sterling Foster and Lieberman consented to the entry of final judgments that: (1) permanently enjoined Sterling Foster and Lieberman from further violations of the federal securities laws; (2) ordered Sterling Foster and Lieberman to disgorge \$75,000,000, waived down to \$11,486,064.21, including prejudgment interest, plus proceeds of the sale, at fair market prices, of additional assets turned over to the United States government. The Commission's action against the remaining defendants, Craig Kellerman, Frank Monroig, and Dennis Rueb, is pending, but has been stayed pending the conclusion of a related criminal investigation.

Also in November 1998, the Commission filed a complaint against Michael Krasnoff a/k/a Michael Krasnov (Krasnoff), Michael Lulkin (Lulkin), MD Funding, Inc. (M.D. Funding) and Special Equities, Inc.

(Special Equities, Inc.) alleging that Krasnoff and Lulkin and two companies that they controlled fraudulently obtained over \$8.6 million through their participation in the IPOs of Advanced Voice Technologies, Inc., Com/Tech Communications Technologies, Inc., Embryo Development Corporation, Applewoods, Inc. and ML Direct, Inc. These defendants allegedly knew or were reckless in not knowing that the prospectuses for these IPOs failed to disclose their arrangements to sell their stock to Sterling Foster immediately after the commencement of the IPOs at below-market prices. That litigation is pending.

In May 1999, the Commission filed a complaint against Hartley T. Bernstein (Bernstein) alleging that Bernstein, an attorney, with fraudulently obtaining over \$500,000 by selling securities shortly after the IPOs of five companies for which the defendant's law firm acted as counsel, Advanced Voice Technologies, Inc., Com/Tech Communications Technologies, Inc., Embryo Development Corp., and Applewoods, Inc., companies whose IPOs were being underwritten by Sterling Foster, and of Perry's Majestic, Inc., a company whose IPO was co-underwritten by VTR Capital, Inc. and Investors Associates, Inc. The unregistered securities of those issuers that Bernstein acquired were registered along with the securities that were to be sold in each of those IPOs. In all of the IPOs except Applewoods, Bernstein knew or was reckless in not knowing that he would sell those securities at below-market prices to one of the underwriters soon after the commencement of the IPO. In the Applewoods IPO, Bernstein and Sterling Foster agreed that Bernstein would sell his Applewoods securities to Sterling Foster, through another broker-dealer, immediately upon the opening of the first day of after-market trading. Bernstein's sales of securities to Sterling Foster and Investors Associates provided those firms with a source of cheap stock to sell aggressively to their customers. Simultaneously with the filing of the complaint, Bernstein consented, without admitting or denying the allegations of the complaint to the entry of a final judgment that: (1) permanently enjoins him from violating Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5; and (2) orders him to pay a civil penalty of \$40,000.

The Commission also instituted public administrative proceedings against Lieberman, Sterling Foster and Bernstein. On September 29, 1999, simultaneously with the institution of these proceedings, the Commission accepted offers of settlement from Lieberman and Sterling Foster, under which Lieberman consented to the issuance of an order barring him from association with any broker or dealer and Sterling Foster consented to the issuance of an order revoking its registration. On July 28, 1999, the Commission issued an Order instituting and settling administrative proceedings against Bernstein. Bernstein consented to the Order which bars Bernstein from participating in any offering of penny stock pursuant to Section 15(b)(6) of the Exchange Act and denies him the privilege of appearing or practicing before the Commission pursuant to Rule 102(e) of the Commission's Rules of Practice.

Separately, the United States Attorney for the Southern District of New York announced today the indictment of the Defendants, Monroig, Rueb and two others, on related criminal charges.

This enforcement action is part of the Commission's four-pronged approach to attacking micro-cap fraud: enforcement, inspections, investor education and regulation. For more information about the SEC's response to micro-cap fraud, visit the SEC's Micro-cap Fraud Information Center at <http://www.sec.gov/news/extra/microcap.htm>.

For more information see Litigation Release Nos. 15261 (February 18, 1997) , 15971 (November 9, 1998), and 16163 (May 27, 1999).

The Commission thanks the National Association of Securities Dealers, Inc. for its assistance in this matter. [SEC v. David Abish, Christopher Betts, Mark Charvat, Michael Chon, James Corcoran, Charles Distefano, Paul Feeny, Stephen Gourlay, Brian Kearney, Michael MacCaull, Timothy Matthews, Robert Pratt, Mario Rodriguez, William Scuteri, Scott Siegel, Donald Turney, Andrew Tursi and David Weeks, 00 Civ. 0978, BSJ, SDNY] (LR-16429)

INVESTMENT COMPANY ACT RELEASES

THE WACHOVIA FUNDS AND WACHOVIA BANK, N.A.

An order has been issued on an application filed by The Wachovia Funds and Wachovia Banks, N.A. under Section 6(c) of the Investment Company Act exempting applicants from Section 15(a) of the Act and Rule 18f-2 under the Act. The order permits applicants to enter into and materially amend investment subadvisory agreements without shareholder approval and grants relief from certain disclosure requirements. (Rel. IC-24280 - February 8)

THIRD AVENUE VARIABLE SERIES TRUST AND ESQF ADVISERS, INC.

An order has been issued pursuant to Section 6(c) of the Investment Company Act exempting Third Avenue Variable Series Trust (Trust) and ESQF Advisers, Inc. (ESQF) from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the Act, and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder, to permit shares of any current or future series of the Trust designed to fund insurance products and shares of any other investment company or series thereof now or in the future registered under the 1940 Act that is designed to fund insurance products and for which ESQF or any of its affiliates may in the future serve as investment adviser, administrator, manager, principal underwriter or sponsor to be sold to and held by: (1) variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies; and (2) qualified pension and retirement plans outside of the separate account context. (Rel. IC-24281 - February 8)

HOLDING COMPANY ACT RELEASES

SCANA CORPORATION

An order has been issued authorizing SCANA Corporation (SCANA), a South Carolina public utility holding company exempt from registration under Section 3(a)(1) of the Act, to: (a) acquire all of the outstanding common stock of Public Service Company of North Carolina, Incorporated (PSNC) and, indirectly, PSNC's subsidiaries; and (b) retain its nonutility businesses subsequent to the acquisition. The Commission has reserved jurisdiction over the retention by SCANA of its interests in Palmetto Lyme, LLC a South Carolina limited liability company engaged in the production and sale of lyme. Following its acquisition of PSNC, SCANA will register as a holding company under Section 5 of the Act. (Rel. 35-27133)

THE SOUTHERN COMPANY

An order has been issued authorizing a proposal by The Southern Company (Southern), a registered public utility holding company. Southern has been authorized to issue preferred securities (Preferred Securities) and notes (Notes) through September 30, 2003 (Authorization Period), in aggregate amounts not to exceed \$1.5 billion outstanding (Aggregate Limit). In addition, Southern has been authorized to issue stock purchase contracts, issued either separately or as part of units (collectively, Proposed Securities), through the Authorization Period in outstanding aggregate amounts that, when combined with outstanding aggregate amounts of Preferred Securities and Notes, would not exceed the Aggregate Limit. Southern also has been authorized to organize special purpose subsidiaries solely for the purpose of issuing the Proposed Securities, receiving the proceeds and transferring those proceeds either to Southern or to an entity designated by Southern. The Commission has reserved jurisdiction over the over the issuance by Southern of the Proposed Securities, where either (a) the consolidated Southern capitalization ratio is below thirty percent or (b) the credit rating on its outstanding long term debt falls below investment grade, pending completion of the record. (Rel. 35-27134)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGE

The Pacific Exchange filed a proposed rule change (SR-PCX-99-38) regarding statistical reports provided to market makers. Publication of the proposal is expected in the Federal Register during the week of February 14. (Rel. 34-42401)

APPROVAL OF PROPOSED RULE CHANGES

The Commission approved a proposed rule change submitted by the National Association of Securities Dealers (SR-NASD-99-45) relating to amendments to the Public Disclosure Program. (Rel. 34-42402)

The Commission approved a proposed rule change (SR-CHX-99-08) submitted by the Chicago Stock Exchange relating to access to an after-hours trading session. Publication of order is expected in the Federal Register during the week of February 14. (Rel. 34-42403)

WITHDRAWAL GRANTED

An order has been issued granting the application of Enzo Biochem, Inc. to withdraw its Common Stock, par value \$.01 per share, from listing and registration on the American Stock Exchange. (Rel. 34-42397)

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-1 CROSSWORLDS SOFTWARE INC, 577 AIRPORT BLVD SUITE 800, 415-685-9966,
BURLINGAME, CA 94010 (650) 685-9000 - \$50,000,000 COMMON STOCK (FILE
333-96055 - FEB 03) (BR 3)
- S-8 JWWEB INC, 5444 WESTHEIMER, SUITE 2080, HOUSTON, TX 77056 (713) 622-9287
- 1,000,000 \$500,000 COMMON STOCK (FILE 333-96057 - FEB 03) (BR 9)
- S-8 PACIFIC DEVELOPMENT CORP, 211 WEST WALL, MIDLAND, TX 79701
(915) 682-1761 - 227,717 (\$35,296 14) COMMON STOCK (FILE 333-96059 -
FEB 03) (BR 5)
- S-1 MERRILL LYNCH PIERCE FENNER & SMITH INC,
NORTH TOWER WORLD FINANCIAL CENTER,
NORTH TOWER WORLD FINANCIAL CENTER 5TH F, NEW YORK, NY 10281 (212) 449-6202
- 100,000 (\$10,000,000) RETAINS. (FILE 333-96061 - FEB 03) (BR 8)
- S-1 MERRILL LYNCH PIERCE FENNER & SMITH INC,
NORTH TOWER WORLD FINANCIAL CENTER,
NORTH TOWER WORLD FINANCIAL CENTER 5TH F, NEW YORK, NY 10281 (212) 449-6202
- 100,000 (\$10,000,000) RETAINS (FILE 333-96063 - FEB 03) (BR 8)
- S-3 QAD INC, 6450 VIA REAL, CARPINTERIA, CA 93013 (805) 684-6614 - 120,000
(\$1,080,000) COMMON STOCK (FILE 333-96065 - FEB 03) (BR 3)

S-1 MERRILL LYNCH PIERCE FENNER & SMITH INC,
NORTH TOWER WORLD FINANCIAL CENTER,
NORTH TOWER WORLD FINANCIAL CENTER 5TH F, NEW YORK, NY 10281 (212) 449-6202
- 100,000 (\$10,000,000) RETAINS (FILE 333-96069 - FEB 03) (BR 8)

S-8 NETCURRENTS INC/, 9720 WILSHIRE BLVD, STE 700, LOS ANGELES, CA 90212
(310) 860-0200 - 2,000,000 (\$7,000,000) COMMON STOCK (FILE 333-96073 -
FEB 03) (BR 5)

S-3 NAVIDEC INC, 14 IVERNESS DR, BLDG F SUITE 116, ENGLEWOOD, CO 80112 -
111,813 (\$1,467,545.63) COMMON STOCK (FILE 333-96075 - FEB. 03) (BR 3)

S-1 APPLIED SCIENCE FICTION INC, 8920 BUSINESS PARK DRIVE, SUITE 500,
AUSTIN, TX 78759 (512) 651-6200 - \$57,500,000 COMMON STOCK (FILE
333-96077 - FEB 03) (BR 36)

S-3 ACTIVISION INC /NY, 3100 OCEAN PARK BLVD, STE 1000, SANTA MONICA, CA
90405 (310) 255-2000 - 77,031 (\$1,237,311) COMMON STOCK. (FILE 333-96079 -
FEB 03) (BR. 3)

S-8 IXYS CORP /DE/, 3540 BASSETT STREET, SANTA CLARA, CA 95054
(408) 954-0500 - 3,500,000 (\$25,812,500) COMMON STOCK (FILE 333-96081 -
FEB 03) (BR 5)

S-8 LIGHTPATH TECHNOLOGIES INC, 6820 ACADEMY PKWY E N E, STE 103,
ALBUQUERQUE, NM 87109 (505) 342-1100 - 50,000 (\$1,347,000) COMMON STOCK
(FILE 333-96083 - FEB 03) (BR 5)

S-8 BIOPURE CORP, 11 HURLEY ST, CAMBRIDGE, MA 02141 (617) 234-6500 -
2,470,490 (\$39,945,132) COMMON STOCK (FILE 333-96085 - FEB 03) (BR 1)

S-8 USA TECHNOLOGIES INC, 200 PLANT AVENUE, WAYNE, PA 19087 (610) 989-0340
- 15,000 (\$60,000) COMMON STOCK (FILE 333-96087 - FEB 03) (BR 8)

S-8 USA TECHNOLOGIES INC, 200 PLANT AVENUE, WAYNE, PA 19087 (610) 989-0340
- 5,000 (\$20,000) COMMON STOCK (FILE 333-96089 - FEB 03) (BR 8)

S-6 USA TECHNOLOGIES INC, 200 PLANT AVENUE, WAYNE, PA 19087 (610) 989-0340
- 10,000 (\$40,000) COMMON STOCK (FILE 333-96091 - FEB 03) (BR 8)

S-8 USA TECHNOLOGIES INC, 200 PLANT AVENUE, WAYNE, PA 19087 (610) 989-0340
- 5,000 (\$20,000) COMMON STOCK (FILE 333-96093 - FEB 03) (BR 8)

S-8 USA TECHNOLOGIES INC, 200 PLANT AVENUE, WAYNE, PA 19087 (610) 989-0340
- 10,000 (\$40,000) COMMON STOCK. (FILE 333-96095 - FEB 03) (BR 8)

S-8 UNIFIRST CORP, 68 JONSPIN RD, WILMINGTON, MA 01887 ((97) 8) -658- -
150,000 (\$1,767,000) COMMON STOCK (FILE 333-96097 - FEB 03) (BR 8)

S-3 TMP WORLDWIDE INC, 1633 BROADWAY, NEW YORK, NY 10019 (212) 977-4200 -
983,486 (\$137,501,177 66) COMMON STOCK. (FILE 333-96101 - FEB 03)
(BR 2)

SB-2 PTN MEDIA INC, 313 N FIRST ST, SUITE 8B, ANN ARBOR, MI 48104 -
1,222,992 (\$7,246,889) COMMON STOCK (FILE 333-96103 - FEB 03) (BR 9)

S-8 3SI HOLDINGS INC, 6886 S YOSEMITE STREET, MAIN FLOOR, ENGLEWOOD, CO
80112 (303) 741-9123 - 5,000,000 (\$500,000) COMMON STOCK (FILE 333-96105
- FEB 03) (BR 3)

SB-2 VIAVID BROADCASTING INC, 3955 GRAVELEY ST , V5C 3T4, BURNABY BC, A1
00000 (604) 669-0047 - 1,037,000 (\$3,888,750) COMMON STOCK (FILE
333-96107 - FEB. 03) (BR. 9)

S-3 POPMAIL COM INC, 4801 WEST 81 STREET, SUITE 112, BLOOMINGTON, MN 55437
(612) 837-9917 - 8,983,975 (\$41,611,072) COMMON STOCK. (FILE 333-96109 -
FEB 03, (BR 9)

F-1 SATYAM INFOWAY LTD, MAANASAROVAR TOWERS,
271-A ANNA SALAI TEXNAMPET 600 015, CHENNAI INDIA, (914) 443-5322 -
862,500 (\$129,823,500) DEPOSITARY RECEIPTS FOR COMMON STOCK (FILE
333-96111 - FEB 03) (BR 3)

S-4 WRC MEDIA INC, 1 ROCKEFELLER PLZ, 32ND FL, NEW YORK, NY 10020
(212) 218-2705 - 152,000,000 (\$152,000,000) STRAIGHT BONDS 75,000,000
(\$75,000,000) PREFERRED STOCK. (FILE 333-96119 - FEB. 03) (NEW ISSUE)

S-11 CRUSADE MANAGEMENT LTD, LEVEL 4, 4-16 MONTGOMERY STREET,
KOGARAH, NSW 2217 AUSTRALIA, - 1,000,000 (\$1,000,000) FLOATING RATE NOTES.
(FILE 333-96121 - FEB 03) (BR. B)

S-3 MEDITRUST CORP, MEDITRUST CORP, 197 FIRST AVE STE 100, NEEDHAM, MA 02494
(781) 433-6000 - 10,907,971 (\$36,132,654) COMMON STOCK (FILE 333-96123 -
FEB 04) (BR. B)