

SEC NEWS DIGEST

Issue 2000-40

March 2, 2000

COMMISSION ANNOUNCEMENTS

SEC CHAIRMAN ARTHUR LEVITT TO CONDUCT INVESTORS TOWN MEETING IN ST. LOUIS

FREE PROGRAM WILL OFFER AREA RESIDENTS PRACTICAL TIPS FOR SAVING AND INVESTING

The U.S. Securities and Exchange Commission invites St. Louis area residents to attend an Investors Town Meeting at the Westport Playhouse on Thursday, March 23, 2000. The free program will give everyday investors an opportunity to hear from government and industry experts about how to invest wisely and achieve financial security.

SEC Chairman Arthur Levitt will offer practical investing tips and answer audience questions during a general session that will begin at 7:00 p.m. Levitt will be joined by Missouri Secretary of State Rebecca McDowell Cook, who oversees securities regulation statewide.

"We have more investors and ways to invest than ever before, creating new opportunities for American families. But investing in the stock market will always entail risk," Levitt said. "The more you know about investments and how they're sold, the more likely you will achieve financial security."

The Investors Town Meeting will take place at the Westport Playhouse, 600 West Port Plaza, from 7:00 to 8:15 p.m. A series of one-hour educational seminars on stocks, bonds, mutual funds, and other investing topics will be offered at 4:30 and 5:30 p.m.

Admission is free, but reservations are recommended because seating is limited. To reserve a seat, call 1-877-399-4064, or send an e-mail to rsvp@sec.gov. Anyone who needs auxiliary aids to attend the town meeting, such as a sign language interpreter, should request them at the time of reservation.

The town meeting will be the 36th of a national series launched by the SEC in 1994 to promote public understanding of the securities markets and awareness of the risks and rewards of investing. (Press Rel. 2000-21)

RULES AND RELATED MATTERS

PROPOSED PRIVACY RULES

The Commission has issued a release requesting public comment on a set of new rules (Regulation S-P) regarding the privacy of personal financial information. The rules would implement provisions of the Gramm-Leach-Bliley Act that require the Commission and other federal financial regulatory agencies to issue rules to protect the privacy interests of consumers of financial products and services. The rules would require brokers, dealers, investment companies, and registered investment advisers to (i) disclose to individuals their policies concerning the protection of personal information, and how individuals can block (or "opt out" of) the transmission of personal information to unaffiliated persons, and (ii) establish procedures to protect the security, confidentiality, and integrity of customer records and information. The proposed rules are substantially similar to rules proposed by the other federal financial regulatory agencies last month. The comment period for the proposed rules ends March 31.

For information on the proposed rules, please contact [redacted] with respect to brokers and dealers, George Lavdas, Office of Chief Counsel, Division of Market Regulation, at (202) 942-0073, with respect to investment companies and registered investment advisers, Penelope W. Saltzman, Office of Regulatory Policy, Division of Investment Management, at (202) 942-0690. (Rels. 34-42484, IC-24326, IA-1856, File No. S7-6-00)

ENFORCEMENT PROCEEDINGS

SEC SUES WASHINGTON, DC-AREA LAW STUDENTS FOR INTERNET PRICE MANIPULATION SCHEME; SCHEME ARCHITECT'S MOTHER – A COLORADO SPRINGS, CO CITY COUNCILWOMAN – ALSO CHARGED

The Commission today brought and settled securities charges against three current and one former Washington, DC-area law students and a Colorado Springs, CO city councilwoman for their involvement in an Internet price manipulation scheme, which generated more than \$345,000 in illegal profits. The architect of the fraud, Douglas Colt, was charged in federal court with committing securities fraud. Administrative proceedings were brought against the four other individuals for conduct that contributed to Colt's violations.

The SEC alleges that Douglas Colt created "Fast-trades.com," a stock recommendation web site, which he used to manipulate the price of four stocks during February and March 1999. The SEC alleges that Colt created a scheme in which he recommended stocks on the Fast-trades web site to drive up their short-term prices, sometimes by as much as 700 percent. By trading in advance of his stock recommendations, Colt generated more than \$345,000 in

total profits for himself, his mother Joanne Colt, three of his law school classmates, and two of his friends. At times, some of them garnered profits exceeding 500 percent within an hour of the recommendation

The SEC alleges that Douglas Colt targeted low-priced, thinly-traded stocks knowing that his trades and subscriber activity would artificially increase the price of the stocks selected. Douglas Colt and the other scheme participants allegedly purchased their selected stocks and entered sell limit orders before recommending the stocks to Fast-trades subscribers, whose numbers grew to more than 9,000 by the end of the scheme. The SEC contends that within a few hours of the recommendations to Fast-Trades subscribers, the Fast-Trades participants had "dumped" their shares at a profit. The stock prices subsequently plummeted in a matter of hours.

The SEC contends that subscriber purchases were essential to the scheme. The SEC alleges that to attract new subscribers, Douglas Colt and three of his law school classmates -- Kenneth Terrell, Jason Wyckoff and Adam Altman -- promoted the website by collectively posting hundreds of false messages to various Internet message boards, including boards on the Yahoo! and Raging Bull web sites. The SEC contends that these messages disguised the authors' connection with the Fast-trades site and misrepresented the investment success they achieved from following Fast-Trades' recommendations. In addition, the SEC alleges that Douglas Colt posted a false "track record" on the Fast-Trades website touting the performance of several stocks he falsely claimed were Fast-Trades selections.

Richard H. Walker, Director of the SEC's Division of Enforcement, said, "The Internet has replaced the boiler room as the stock manipulator's tool of choice. Its low cost and ease of use has attracted a new breed of persons seeking to profit at the expense of innocent investors. People who commit fraud on the Internet will quickly learn that the Enforcement Division will aggressively attack attempts to undermine the integrity of our markets. Ridding the Internet of securities fraud is a top priority of the SEC."

According to the SEC's allegations, in late April, 1999, Douglas Colt boldly posted on an Internet message board unrelated to Fast-trades an eleven-point "blueprint" for how to commit a price manipulation scheme. His "posting" noted that someone who wanted to manipulate the price of a security could, among other things, "screen for thinly traded stocks in the \$1 to \$2 price range, look for one with a low volume, pull together information from optimistic press releases, throw in some bull**** about the company being an internet wonder, buy a bunch of this garbage stock, tell your idiot subscribers how great the stock is, dump the shares you bought, laugh all the way to the bank."

The SEC alleges that Joanne Colt, in her first attempt to partake in her son's scheme, lost \$24,000 by purchasing shares of one of Fast-trades' recommended stocks *after* she received the Fast-trades e-mail. Ms. Colt placed a market order in the fast-rising market, thereby incurring substantial losses. After this transaction, Joanne Colt began receiving the Fast-trades selection from her son before the recommendation was made public and entered sell limit orders, thereby permitting her to participate in the scheme and to make a profit. (The difference between market orders and limit orders is discussed in the SEC's "Tips for

Online Investing What You Need to Know About Trading In Fast-Moving Markets,” which is available on the SEC web site at <http://www.sec.gov/consumer/onlitips.htm>.)

The SEC sued Douglas Colt in the U S District Court for the District of Columbia, seeking a permanent injunction, as well as disgorgement of all ill-gotten gains, including prejudgment interest, and civil money penalties. Simultaneous with the filing of the complaint, Douglas Colt consented, without admitting or denying the allegations of the complaint, to the entry of the injunction, and, based on his demonstrated financial inability to pay, the SEC waived payment of disgorgement and prejudgment interest and did not seek the imposition of a civil penalty

The SEC also entered an administrative order related to the conduct described in the complaint against four others involved in the scheme Without admitting or denying the SEC’s findings, Kenneth Terrell, Jason Wyckoff, Adam Altman and Joanne Colt consented to an Order directing them to cease and desist from committing or causing violations of the anti-fraud provisions of the Securities Exchange Act of 1934, and ordered Terrell, Wyckoff and Joanne Colt to pay disgorgement of all ill-gotten gains, including prejudgment interest Based on Terrell, Wyckoff and Joanne Colt’s demonstrated financial inability to pay, the SEC waived payment of disgorgement and prejudgment interest

Investors are encouraged to read “Avoiding Online Investment Scams Tips for Investors,” located on the SEC web site at <http://www.sec.gov/consumer/offertip.htm> (In the Matter of Kenneth Terrell, Jason Wyckoff, Adam Altman and Joanne Colt – Rel 34-42483, File No 3-10154, [SEC v Douglas W Colt, 1:00 CV00423, EGS] (LR-16461)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGES

The International Securities Exchange filed a proposed rule change (SR-ISE-00-01) relating to market maker allocations Publication of the proposal is expected in the Federal Register during the week of March 6 (Rel 34-42472)

The International Securities Exchange filed a proposed rule change (SR-ISE-00-02) relating to the ISE fee schedule Publication of the proposal is expected in the Federal Register during the week of March 6 (Rel 34-42473)

The International Securities Exchange filed a proposed rule change (SR-ISE-00-03) relating to block and facilitation trades Publication of the proposal is expected in the Federal Register during the week of March 6 (Rel 34-42474)

The International Securities Exchange filed a proposed rule change (SR-ISE-00-04) relating to exposure of orders Publication of the proposal is expected in the Federal Register during the week of March 6 (Rel 34-42475)

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>.

- F-1 INFINEON TECHNOLOGIES AG, 60 WALL ST, NEW YORK, NY 10260 - 15,000,000 (\$517,650,000) FOREIGN COMMON STOCK. (FILE 333-11508 - FEB. 22) (BR. 5 - NEW ISSUE)
- F-3 ID BIOMEDICAL CORP, 1177 W HASTINGS ST #707, VANCOUVER BC CANADA, A1 - 250,000 (\$860,000) FOREIGN COMMON STOCK. (FILE 333-11518 - FEB. 22) (BR. 1)
- F-10 ANGIOTECH PHARMACEUTICALS INC, 6660 NW MARINE DRIVE, VANCOUVER BC CANADA V6T 1Z4, A1 00000 - 2,012,500 (\$96,720,750) FOREIGN COMMON STOCK. (FILE 333-11524 - FEB. 22) (BR. 1)
- S-8 ALADDIN KNOWLEDGE SYSTEMS LTD, 15 BEIT IVED ST, TEL AVIV 61110 ISRAE, L5 (972) 537-5795 - 500,000 (\$11,330,000) FOREIGN COMMON STOCK. (FILE 333-11530 - FEB. 17) (BR. 3)
- S-3 APC INTERNATIONAL CORP, 4900 CHESSWOOD DR, DOWNSVIEW, ONTARIO CANADA M3J 2, A6 (416) 630-0200 - 6,702,500 (\$7,749,765.62) FOREIGN COMMON STOCK. (FILE 333-11532 - FEB. 22) (BR. 5)
- F-1 METALINK LTD, 24 HABARZEL STREET, TEL AVIV ISRAEL, (011) 972-3645 - 3,450,000 (\$125,278,125) FOREIGN COMMON STOCK. (FILE 333-11536 - FEB. 23) (BR. 5)
- S-3 SILICON STORAGE TECHNOLOGY INC, 1171 SONORA CT, SUNNYVALE, CA 94086 (408) 735-9110 - 4,025,000 (\$220,997,656) COMMON STOCK. (FILE 333-30996 - FEB. 24) (BR. 5)
- S-8 STRATTEC SECURITY CORP, 3333 WEST GOOD HOPE ROAD, MILWAUKEE, WI 53209 (414) 247-3333 - 411,082 (\$13,590,371) COMMON STOCK. (FILE 333-31002 - FEB. 24) (BR. 5)

S-8 CAMINUS CORP, 747 THIRD AVE, NEW YORK, NY 10017 (212) 888-3600 -
817,624 (\$18,856,862) COMMON STOCK. (FILE 333-31004 - FEB. 24) (BR. 8)

S-8 CAMINUS CORP, 747 THIRD AVE, NEW YORK, NY 10017 (212) 888-3600 -
502,312 (\$11,584,822) COMMON STOCK. (FILE 333-31006 - FEB. 24) (BR. 8)

S-8 E SPIRE COMMUNICATIONS INC, 133 NATIONAL BUSINESS PKWY, STE 200,
ANNAPOLIS JUNCTION, MD 20701 (301) 361-4200 - 500,000 (\$6,170,000)
COMMON STOCK. (FILE 333-31008 - FEB. 24) (BR. 7)

S-8 WALT DISNEY CO/, 500 SOUTH BUENA VISTA ST, BURBANK, CA 91521
(618) 560-1000 - 150,000 (\$5,376,562.50) COMMON STOCK. (FILE 333-31012 -
FEB. 24) (BR. 5)

S-8 COMMUNITY CAPITAL CORP /SC/, 109 MONTAGUE AVE, P O BOX 218, GREENWOOD,
SC 29648 (864) 941-8200 - 600,000 (\$4,275,000) COMMON STOCK. (FILE
333-31016 - FEB. 24) (BR. 7)

S-8 URBANA CA INC, 1600 E DESERT INN RD, SUITE 102, LAS VEGAS, NV 89109
(702) 732-2253 - 483,000 (\$483) COMMON STOCK. (FILE 333-31018 - FEB. 24)
(BR. 9)

S-8 DOTRONIX INC, 160 FIRST ST S E, NEW BRIGHTON, MN 55112 (612) 633-1742 -
350,000 (\$188,125) COMMON STOCK. (FILE 333-31020 - FEB. 24) (BR. 3)

S-8 CASELLA WASTE SYSTEMS INC, 25 GREENS HILL LANE P O BOX 866, RUTLAND, VT
05701 (802) 775-0325 - 80,516 (\$1,423,127) COMMON STOCK. (FILE 333-31022
FEB. 24) (BR. 6)

S-3 RYLAND GROUP INC, 11000 BROKEN LAND PARKWAY, 10221 WINCOPIN CIRCLE,
COLUMBIA, MD 21044 (410) 715-7000 (FILE 333-31034 - FEB. 24) (BR. 6)

S-8 ALAMOSA PCS HOLDINGS INC, 4403 BROWNFIELD HIGHWAY, LUBBOCK, TX 79407
(806) 722-1100 - 6,466,500 (\$155,196,000) COMMON STOCK. (FILE 333-31036 -
FEB. 24) (BR. 37)

S-8 SYNC RESEARCH INC, 7 STUDEBAKER, IRVINE, CA 92718 (714) 588-2070 -
124,615 (\$280,383.75) COMMON STOCK. (FILE 333-31038 - FEB. 24) (BR. 3)

S-8 APPLIED VOICE RECOGNITION INC /DE/, 1717 ST JAMES PLACE SUITE 242,
HOUSTON, TX 77056 (713) 621-3131 - 1,054,852 (\$547,258) COMMON STOCK.
(FILE 333-31040 - FEB. 24) (BR. 9)

S-3 ADVANCE PARADIGM INC, 545 E JOHN CARPENTER FREEWAY, STE 1570, IRVING, TX
75062 (214) 830-6199 - 231,884 (\$6,094,491) COMMON STOCK. (FILE 333-31046
- FEB. 24) (BR. 1)

S-8 OLD KENT FINANCIAL CORP /MI/, ONE VANDENBERG CTR, 111 LYON ST NW,
GRAND RAPIDS, MI 49503 (616) 771-5000 - 240,228 (\$6,591,255.75)
COMMON STOCK. (FILE 333-31050 - FEB. 24) (BR. 7)

S-3 US FOODSERVICE/MD/, 9755 PATUXENT WOODS DR, COLUMBIA, MD 21046
(410) 312-7100 - 744,529 (\$8,703,544.01) COMMON STOCK. (FILE 333-31052 -
FEB. 24) (BR. 4)

S-8 ENTRUST TECHNOLOGIES INC, 4975 PRESTON PARK BLVD, STE 400, PLANO, TX 75093 (972) 994-8000 - 2,500,000 (\$187,025,000) COMMON STOCK. (FILE 333-31054 - FEB. 24) (BR. 3)

S-8 DIVERSA CORP, 10665 SORRENTO VALLEY ROAD, SAN DIEGO, CA 92121 - 5,819,589 (\$255,144,056.44) COMMON STOCK. (FILE 333-31056 - FEB. 24) (BR. 1)

S-3 AUTOMATIC DATA PROCESSING INC, ONE ADP BOULEVARD, ROSELAND, NJ 07068 (201) 994-5000 - 178,228 (\$7,947,186.52) COMMON STOCK. (FILE 333-31058 - FEB. 24) (BR. 3)

S-8 PHARMAKINETICS LABORATORIES INC, 302 W FAYETTE ST, BALTIMORE, MD 21201 (410) 385-4500 - 150,000 (\$154,687.50) COMMON STOCK. (FILE 333-31062 - FEB. 25) (BR. 1)

S-8 JFAX COM INC, 6922 HOLLYWOOD BLVD, SUITE 900, LOS ANGELES, CA 90028 - 5,215,000 (\$26,156,354) COMMON STOCK. (FILE 333-31064 - FEB. 24) (BR. 7)

SB-2 AMERICAS SENIOR FINANCIAL SERVICES INC, 15544 N W 77TH CT, MIAMI LAKES, FL 33016 (305) 828-2599 - 424,000 (\$530,000) COMMON STOCK. (FILE 333-31066 - FEB. 25) (BR. 9)

SB-2 CYBERROAD COM CORP, C/O KAZOOTEK COM TECHNOLOGIES, #620 1380 BOWARD STREET, VANCOUVER, B.C., CANADA V6K 2H3, A1 (604) 639-3424 - 4,713,745 (\$15,319,671) COMMON STOCK. (FILE 333-31068 - FEB. 25) (NEW ISSUE)

S-8 PRIVATE MEDIA GROUP INC, 3230 FLAMINGO ROAD, SUITE 156, LAS VEGAS, NV 89121 (801) 272-9370 - 1,200,000 (\$34,650,000) COMMON STOCK. (FILE 333-31076 - FEB. 25) (BR. 9)

S-8 MATERIAL TECHNOLOGIES INC /CA/, 11835 CLYMPIC BLVD, SUITE 705 EAST TOWER, LOS ANGELES, CA 90064 (310) 208-5589 - 1,000,000 (\$2,187,500) COMMON STOCK. (FILE 333-31078 - FEB. 25) (BR. 5)