

# SEC NEWS DIGEST

Issue 2001-6

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## COMMISSION ANNOUNCEMENTS

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### MARTHA HAINES NAMED CHIEF OF OFFICE OF MUNICIPAL SECURITIES

Annette Nazareth, Director of the Commission's Division of Market Regulation, today announced that Martha Mahan Haines will serve as Chief of the Office of Municipal Securities in the Division of Market Regulation. She succeeds Paul Maco, who was Director of the Office of Municipal Securities before its inclusion as an independent office in the Division of Market Regulation. Ms. Haines joined the Commission in August, 1999 as an Attorney-Fellow in the Office of Municipal Securities following a distinguished, 21-year career as a municipal bond lawyer in Chicago. She has a broad range of experience in many areas of municipal finance and federal securities law. Following her graduation from The University of Michigan Law School, she began her career as an associate at Chapman & Cutler in Chicago. Later she became a partner in the firms of Altheimer & Gray and Barnes & Thornburg, also in Chicago.

Ms. Nazareth said, "I am delighted that Martha has agreed to head the Division's Office of Municipal Securities. Martha's extensive experience as a bond lawyer, her outstanding reputation in the industry and her understanding of the municipal market and the securities laws make her a valuable asset to the Commission. I am confident that under her guidance, the Office will continue to make important contributions to the Commission's mission." (Press Rel. 2001-7)

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## ENFORCEMENT PROCEEDINGS

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### SEC CHARGES MUNICIPAL UNDERWRITER WITH FRAUD; EMERGENCY ORDER ISSUED

On December 27, 2000, the Commission filed an action in federal district court in San Francisco against Pacific Genesis Group, Inc., a municipal securities underwriting firm based in Alameda, California, and its Chairman and managing director, David Fitzgerald, for fraud in connection with a series of bond offerings to finance a residential

development in southern California. As part of the action, U.S. District Court Judge Vaughn Walker issued an order against Pacific Genesis and Fitzgerald that requires them to put the proceeds of another planned offering for the project in escrow, pending a further hearing on the Commission's action.

In its court filings, the Commission alleged that Pacific Genesis and Fitzgerald have underwritten over \$70 million in tax-exempt municipal bonds to finance the Rancho Lucerne Master Planned Community, about 50 miles northeast of the City of San Bernardino, California. However, according to the Commission's filings, four years after the first offering, not a single road has been paved, no homes have been built and not a single residential lot has been sold to a homebuilder. The Commission alleges that Pacific Genesis and Fitzgerald intentionally or recklessly misrepresented or omitted material facts in the offering documents concerning the value of the land used as security for the bonds, the status of the project and the likelihood that the bonds would be repaid from the revenues of the project. By this conduct, the Commission alleges, Pacific Genesis and Fitzgerald violated Section 17(a) and the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. In addition, the Commission alleges that Pacific Genesis violated Section 15B(c)(1) of the Exchange Act and Municipal Securities Rulemaking Board Rule G-17.

In particular, the Commission alleges that Pacific Genesis and Fitzgerald knew or recklessly disregarded the fact that an appraisal they used as the basis for the financings was materially false and misleading. Beginning in the late 1980s, the developer of the project acquired land in the area for an average of \$1,564 an acre, the Commission alleges. However, in financing the land, Pacific Genesis and Fitzgerald relied on a materially false appraisal that drastically over estimated the value of the land involved in the development. Based on this false appraisal, the Commission alleges, Pacific Genesis and Fitzgerald fraudulently misled investors about the value of the land that secures the bonds, using land that is worth less than \$5 million to underwrite some \$70 million in debt financing.

As part of the action, the Commission sought a temporary restraining order against Pacific Genesis and Fitzgerald in connection with a planned \$13.5 million offering for the project that was scheduled to close before December 31, 2000. Judge Walker granted the order, directing that if Pacific Genesis proceeds with the offering, it must maintain all of the offering proceeds in an escrow account pending a hearing on the Commission's order for a preliminary injunction, scheduled for January 5, 2001. [SEC v. David Fitzgerald and Pacific Genesis Group, Inc., United States District Court for the Northern District of California, Civil Action No. C-00-4802, CRB] (LR-16854)

## **DEFENDANT PLEADS GUILTY IN EMULEX INTERNET HOAX**

The Commission and the United States Attorney for the Central District of California announced that on December 29, 2000, Mark Simeon Jakob pleaded guilty to two counts of securities fraud and one count of wire fraud for creating and distributing over the Internet a fake press release concerning Emulex Corp., a high-tech company based in

Southern California. The phony release, which was issued on August 25, 2000, falsely stated that the company's chief executive had resigned, that its earnings were to be restated and that it was under investigation by the Commission. The fraudulent release caused the company's stock to plummet nearly \$61 a share in just 16 minutes, resulting in \$2.2 billion in lost market capitalization and \$110 million in losses to investors. As a result of his scheme, Jakob profited by more than \$240,000. The guilty plea, entered in federal district court in Los Angeles, subjects Jakob to a maximum prison term of 25 years, a maximum fine equal to two times the \$110 million in investor losses and an order of restitution up to \$110 million payable to the victims of his scheme. In the Commission's civil action filed last August, a federal judge entered a temporary restraining order, a preliminary injunction and an asset freeze against Jakob, freezing approximately \$400,000 of his assets. That action, seeking a permanent injunction, disgorgement and civil penalties, is still pending. [U.S. v. Mark Simeon Jakob, CR 00-1002-DT, C D Cal ] (LR-16857)

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## **HOLDING COMPANY ACT RELEASES**

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### **SCANA CORPORATION, ET AL.**

A supplemental notice has been issued giving interested persons until January 30 to request a hearing on a proposal filed by SCANA Corporation (SCANA), a registered holding company, SCANA's gas utility subsidiary company, Public Service Company of North Carolina, Inc. (PSNC), and SCANA's other utility and nonutility subsidiary companies (collectively, Applicants) Through February 11, 2003, (Authorization Period) Applicants now propose to increase: (i) the amount of common stock, no par value (other than for employee benefit plans or stock purchase and dividend reinvestment plans), and long-term debt issued by SCANA in an aggregate principal amount not to exceed \$2.45 billion, and (ii) the amount of commercial paper and short-term debt that PSNC is authorized to issue an aggregate amount not to exceed \$200 million. In addition, PSNC proposes to issue \$150 million in long-term debt through the Authorization Period (Rel. 35-27335)

### **ALLIANT ENERGY CORP.**

A notice has been issued giving interested persons until January 30 to request a hearing on a proposal by Alliant Energy Corp. (Alliant Energy), a registered holding company, and its wholly owned nonutility subsidiary, Alliant Energy Resources, Inc. to increase from \$600 million to \$1 billion the amount of guarantees Alliant Energy may issue at any one time and to invest an additional \$220 million in energy assets, including gas and oil exploration and production properties in Canada as well as the United States. Applicants also request a release of jurisdiction previously reserved over the transfer of proceeds of financing by any financing subsidiary to Alliant Energy. (Rel. 35-27335)

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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-8 TOTAL FINA ELF SA, 24 COURS MICHELET, LA DEFENSE 92800, PUTEAUX FRANCE,  
IO 00000 (212) 969-3300 - 87,692 (\$11,801,957.66) FOREIGN COMMON STOCK.  
(FILE 333-13024 - DEC. 27) (BR. 4)
- F-6 BANCO COMERCIAL PORTUGUES SA/ADR, 60 WALL ST,  
C/O MORGAN GUARANTY TRUST CO OF NEW YORK, NEW YORK, NY 10260 (212) 648-3200  
- 20,000,000 (\$1,000,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-13026 - DEC. 27) (BR. 99)
- F-3 JAZZTEL PLC, JAZZ TELECOM S A AVENIDA DE EUROPA 14, 28108 ALCOBENDAS,  
MADRID SPAIN, U3 00000 - 1,350,000 (\$14,229,000) FOREIGN COMMON STOCK.  
(FILE 333-13034 - DEC. 29) (BR. 7)
- S-3 IGEN INTERNATIONAL INC /DE, 16020 INDUSTRIAL DR, GAITHERSBURG, MD 20877  
(301) 984-8000 - 3,000,000 (\$33,840,000) COMMON STOCK. (FILE 333-53086 -  
JAN. 02) (BR. 4)
- S-1 CALIFORNIA PIZZA KITCHEN INC, 6053 W CENUTRY BLVD, 11TH FL, LOS ANGELES,  
CA 90045 (310) 342-5000 - 3,910,000 (\$109,480,000) COMMON STOCK. (FILE 333-53088 - JAN. 02) (BR. 5)
- S-8 TOPCLICK INTERNATIONAL INC/DE, 7676 HAZARD CENTER DR,  
OFFICE 10 5TH FLOOR, SAN DIEGO, CA 92108 (604) 737-1127 - 125,000 (\$8,750)  
COMMON STOCK. (FILE 333-53090 - JAN. 02) (BR. 9)
- SB-2 AMERICAN SOIL TECHNOLOGIES INC, 215 N MARENGO AVE, SUITE 110, PASADENA,  
CA 91101 (602) 352-1165 - 728,565 (\$1,588,272) COMMON STOCK. (FILE 333-53092 - JAN. 02) (BR. 9)

S-3 PUGET ENERGY INC /WA, 411 108TH AVENUE N E 3RD FLOOR, BELLEVUE, WA  
98004  
(425) 462-3751 - 5,000,000 (\$138,600,000) COMMON STOCK. (FILE 333-  
53098 -  
JAN. 02) (BR. 2)

S-8 WASATCH PHARMACEUTICAL INC, 714 E 7200 S, MIDVALE, UT 84047  
(801) 566-9688 - 5,700,000 (\$2,052,000) COMMON STOCK. (FILE 333-53100  
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JAN. 02) (BR. 2)

S-8 LEGG MASON INC, 100 LIGHT ST, BALTIMORE, MD 21202 (410) 539-0000 -  
100,000 (\$5,293,750) COMMON STOCK. (FILE 333-53102 - JAN. 02) (BR. 7)

S-8 LEGG MASON INC, 100 LIGHT ST, BALTIMORE, MD 21202 (410) 539-0000 -  
100,000 (\$5,293,750) COMMON STOCK. (FILE 333-53104 - JAN. 02) (BR. 7)

S-8 ARTISAN COMPONENTS INC, 1195 BORDEAUX DRIVE, SUNNYVALE, CA 94089  
(408) 734-5600 - 1,000,000 (\$5,875,000) COMMON STOCK. (FILE 333-53106  
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JAN. 02) (BR. 5)

S-3 NEOTHERAPEUTICS INC, 157 TECHNOLOGY DR, STE J-821, IRVINE, CA 92618  
(949) 788-6700 - 50,000,000 (\$50,000,000) COMMON STOCK. (FILE 333-  
53108 -  
JAN. 02) (BR. 1)

S-3 NETSCOUT SYSTEMS INC, 4 TECHNOLOGY PARK DR, WESTFORD, MA 01886  
(978) 614-4000 - 2,095,439 (\$20,692,460.13) COMMON STOCK. (FILE 333-  
53110  
- JAN. 02) (BR. 3)

S-1 CAP ROCK ENERGY CORP, 500 WEST WALL STREET SUITE 400, MIDLAND, TX  
79701  
(214) 237-3223 - 4,725,000 (\$47,250,000) COMMON STOCK. (FILE 333-53112  
-  
JAN. 02) (NEW ISSUE)

S-8 POPULAR INC, 209 MUNOZ RIVERA AVE, POPULAR CENTER BUILDING, HATO  
REY, PR  
00918 (787) 765-9800 - 800,000 (\$20,176,000) COMMON STOCK. (FILE  
333-53114 - JAN. 02) (BR. 7)

S-8 KEY PRODUCTION CO INC, 707 17TH ST, STE 2050 ONE NORWEST CTR,  
DENVER, CO  
80202 (303) 837-0779 - 214,000 (\$7,062,000) COMMON STOCK. (FILE 333-  
53116  
- JAN. 03) (BR. 4)