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SEC NEWS DIGEST

Issue 2001-118

June 19, 2001

COMMISSION ANNOUNCEMENTS

COMMISSIONER HUNT TO TESTIFY

Commissioner Isaac C. Hunt, Jr. will testify before the House Committee on Financial Services on June 20 concerning the Public Utility Holding Company Act of 1935 and the Current Energy Situation in California. The hearing will begin at 10:00 a.m. in room 2128 of the Rayburn House Office Building.

ENFORCEMENT PROCEEDINGS

ARTHUR ANDERSEN LLP AND THREE PARTNERS SETTLE CIVIL INJUNCTIVE ACTION

The Commission announced today that Arthur Andersen LLP and three of its current and former partners settled a civil injunctive action, charging violations of antifraud provisions of the federal securities laws, as well as related administrative proceedings brought pursuant to Rule 102(e) of the Commission's Rules of Practice (Rule 102(e)). In a related action, a fourth Andersen partner, a regional practice director, settled administrative proceedings brought pursuant to Rule 102(e) in which the Commission found that he engaged in improper professional conduct. These proceedings arise out of one or more of Andersen's audits of Waste Management, Inc.'s (Waste Management or the Company) financial statements during the period 1992 through 1996.

Andersen and the individual defendants and respondents, without admitting or denying the allegations or findings in the Commission's complaint and orders, consented to the following sanctions:

- Arthur Andersen LLP (Andersen or Firm), a national accounting firm, consented (1) to the entry of a permanent injunction enjoining it from violating Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder; (2) to pay a civil money penalty in the amount of \$7 million; and (3) in related administrative proceedings, to the

entry of an order pursuant to Rule 102(e) censuring it based upon the Commission's finding that it engaged in improper professional conduct and the issuance of the permanent injunction;

- Robert E. Allgyer (Allgyer), the partner responsible for the Waste Management engagement, consented (1) to the entry of a permanent injunction enjoining him from violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Section 17(a) of the Securities Act of 1933 (Securities Act); (2) to pay a civil money penalty in the amount \$50,000; and (3) in related administrative proceedings pursuant to Rule 102(e), to the entry of an order denying him the privilege of appearing or practicing before the Commission as an accountant, with the right to request his reinstatement after five (5) years;
- Edward G. Maier (Maier), currently a partner and then the risk management partner for Andersen's Chicago office and the concurring partner on the Waste Management engagement, consented (1) to the entry of a permanent injunction enjoining him from violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Section 17(a) of the Securities Act; (2) to pay a civil money penalty in the amount \$40,000; and (3) in related administrative proceedings pursuant to Rule 102(e), to the entry of an order denying him the privilege of appearing or practicing before the Commission as an accountant, with the right to request his reinstatement after three (3) years;
- Walter Cercavschi (Cercavschi), currently a partner and then a partner on the Waste Management engagement, consented (1) to the entry of a permanent injunction enjoining him from violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Section 17(a) of the Securities Act; (2) to pay a civil money penalty in the amount \$30,000; and (3) in related administrative proceedings pursuant to Rule 102(e), to the entry of an order denying him the privilege of appearing or practicing before the Commission as an accountant, with the right to request his reinstatement after three (3) years;
- Robert G. Kutsenda (Kutsenda), currently a partner and then the Central Region Audit Practice Director responsible for Andersen's Chicago, Kansas City, Indianapolis, and Omaha offices (Practice Director), consented in administrative proceedings pursuant to Rule 102(e), to the entry of an order, based on the Commission's finding that he engaged in improper professional conduct, denying him the privilege of appearing or practicing before the Commission as an accountant, with the right to request reinstatement after one (1) year.

The Commission alleged in its complaint, or found in its Orders, as follows:

Andersen

- Andersen knowingly or recklessly issued false and misleading unqualified audit reports on Waste Management's annual financial statements for the years 1993 through 1996. The audit reports stated that the Company's financial statements were presented fairly, in all material respects, in conformity with generally accepted accounting principles (GAAP) and that Andersen's audits were conducted in accordance with generally accepted auditing standards (GAAS). These representations were materially false and misleading.
- In February 1998, Waste Management announced that it was restating its financial statements for the five-year period 1992 through 1996 and the first three quarters of 1997 (Restatement). To date, the Restatement is the largest in the Commission's history. In the Restatement, the Company admitted that through 1996 it had materially overstated its reported pre-tax earnings by \$1.43 billion and that it had understated certain elements of its tax expense by \$178 million.
- Andersen audited the Restatement and issued an unqualified audit report on it. The Restatement addressed misstatements that resulted from accounting practices that improperly increased reported operating income primarily by understating operating expenses. In most instances, the Company had improperly deferred recognition of current operating expenses to future periods in order to inflate its current period income. The Company admitted that it had misstated expenses relating to, among other things, vehicle, equipment and container depreciation, capitalized interest, asset impairments, purchase accounting related to environmental remediation reserves and other liabilities.
- In one or more audits during the period 1993 through 1996, Andersen, through Allgyer, Maier, and Cercavschi, identified and documented numerous accounting issues giving rise to the misstatements and likely misstatements that the Restatement ultimately addressed, and brought certain of the issues to the attention of Andersen's Practice Director, the firm's Managing Partner and the Audit Division Head for the firm's Chicago office (Audit Division Head). The engagement team also consulted with and relied upon Andersen's waste industry expert in its Accounting Principles Group (a unit within Andersen available for consultation on significant accounting issues) concerning certain of the Company's improper accounting practices discussed herein.
- With respect to many of the non-GAAP accounting practices, Andersen failed to quantify and estimate all known and likely misstatements resulting from the accounting issues that the engagement team identified. During the years in question, Andersen quantified only certain of the misstatements. For example, in its 1993 audit, the engagement team quantified current and prior period misstatements of \$128 million, which, if recorded, would have reduced net

income before special items by 12%. The engagement team also identified, but did not quantify and estimate, accounting practices that gave rise to other known and likely misstatements. Allgyer and Maier consulted with the Practice Director and the Audit Division Head and informed them of the quantified misstatements and "continuing audit issues," and Allgyer consulted with the Firm's Managing Partner and informed him of the quantified misstatements and "continuing audit issues." The partners determined that the misstatements were not material and that Andersen could issue an unqualified audit report on the Company's 1993 financial statements.

- In connection with the 1993 audit, following the consultations noted above, and prior to the Company's announcement of its 1993 earnings, Allgyer presented a "plan" – known as the "Summary of Action Steps" (Action Steps) – to the Company's Chief Executive Officer (later signed and initialed by the Company's Chief Financial Officer and Chief Accounting Officer) to reduce, going forward, the cumulative amount of the quantified misstatements and to change, among other things, the accounting practices that gave rise to the quantified misstatements and to the other known and likely misstatements. According to an internal memorandum that Allgyer distributed, the Action Steps were the "minimum changes we have concluded are necessary for WMX to implement immediately" and concluded that the Company's compliance with the "must do" items [in the Action Steps] "brings the Company to a minimum acceptable level of accounting" The Action Steps also evidenced the fact that Andersen had identified the non-GAAP accounting practices that gave rise to numerous misstatements in the Company's 1993 through 1996 financial statements.
- In 1994, the Company continued to engage in the accounting practices that gave rise to the quantified misstatements and the other known and likely misstatements. As in 1993, the Practice Director, the Firm's Managing Partner and the Audit Division Head were consulted, and they again concurred in the issuance of an unqualified audit report on the Company's 1994 financial statements.
- In 1995, in many instances, the Company did not implement the Action Steps and continued to utilize accounting practices that did not conform with GAAP. Andersen monitored the Company's compliance or lack of compliance with the Action Steps. In its 1995 financial statements, the Company used a \$160 million gain that it realized on the exchange of its interest in an entity known as ServiceMaster to offset \$160 million in unrelated operating expenses and misstatements that, in most instances, had been identified as misstatements in 1994 and earlier. The Company offset the misstatements and expenses against the gain in Sundry Income, Net. The amount netted represented 10% of 1995 pre-tax income before special charges. The Company made no disclosure of the netting.
- After reaching a preliminary determination that the amounts being netted were not material to the financial statements taken as a whole, two of the partners on the

engagement consulted with the Practice Director for Andersen's Central Region about the netting and whether Andersen would be required to qualify or withhold its audit report if the Company netted the ServiceMaster gain and did not disclose the netting. The Practice Director understood that only prior period adjustments would be netted. He concluded that, although the netting did not conform with GAAP and the netted items would not be disclosed, Andersen did not need to qualify or withhold its audit report. He reasoned that the netting and non-disclosure of the misstatements and the unrelated gain did not prevent the issuance of the unqualified audit report because he concluded, for various reasons, that they were not material to the Company's 1995 financial statements taken as a whole. In fact, these items were material. Andersen's 1995 unqualified audit report was materially false and misleading.

- Several months after the completion of the 1995 audit and the Company's filing of its 1995 Form 10-K with the Commission, Andersen prepared a memorandum articulating its disagreement with the Company's use of netting and the lack of disclosure. The memorandum discussed the ServiceMaster transaction of 1995 and gains from other transactions in 1996 that were netted without disclosure. According to the memorandum, Andersen recognized that

[t]he Company has been sensitive to not use special charges [to eliminate balance sheet errors and misstatements that had accumulated in prior years] and instead has used 'other gains' to bury charges for balance sheet clean ups. [Emphasis in original]

.....

We disagree with management's netting of the gains and charges and the lack of disclosures. We have communicated strongly to WMX management that this is an area of SEC exposure. We will continue to monitor this trend, and assess in all cases the impact of non-disclosure in terms of materiality to the overall financial statement presentation and effect on current year earnings.

- Despite its concerns about the Company's use of netting, Andersen did not withdraw its 1995 audit report or take steps to prevent the Company from continuing to use netting in 1996 to eliminate current period expenses and prior period misstatements from its financial statements.
- During the 1996 audit, Andersen quantified misstatements in the Company's financial statements, which equaled 7.2% of pre-tax income from continuing operations before special charges. The Company also netted and misclassified gains and profits of approximately \$85.1 million on the sales of two subsidiaries, which Andersen also identified as improper, and which, if corrected in 1996, would have further reduced pre-tax income from continuing operations before special charges by 5.9%.

- As noted in its Order as to Andersen, this conduct took place against the following background:
 - Andersen has served as Waste Management's auditors since before Waste Management became a public company in 1971.
 - Andersen regarded Waste Management as a "crown jewel" client
 - Until 1997, every chief financial officer (CFO) and chief accounting officer (CAO) in Waste Management's history as a public company had previously worked as an auditor at Andersen.
 - During the 1990s, approximately 14 former Andersen employees worked for Waste Management, most often in key financial and accounting positions.
 - Andersen regarded Allgyer as one of its top "client service" partners. Andersen selected Allgyer to become the Waste Management engagement partner because, among other things, Allgyer had "extensive experience in Europe" and demonstrated a "devotion to client service" and had a "personal style that . . . fit well with the Waste Management officers." During this time (and continuing throughout his tenure as engagement partner for Waste Management), Allgyer held the title of "Partner in Charge of Client Service" for Andersen's Chicago office and served as "marketing director." In this position, Allgyer coordinated the marketing efforts of Andersen's entire Chicago office including, among other things, cross-selling non-attest services to audit clients.
 - Shortly after Allgyer's appointment as engagement partner, Waste Management capped Andersen's corporate audit fees at the prior year's level but allowed the Firm to earn additional fees for "special work."
 - As reported to the audit committee, between 1991 and 1997, Andersen billed Waste Management corporate headquarters approximately \$7.5 million in audit fees. Over this seven-year period, while Andersen's corporate audit fees remained capped, Andersen also billed Waste Management corporate headquarters \$11.8 million in other fees, much of which related to tax, attest work unrelated to financial statement audits or reviews, regulatory issues, and consulting services.
 - A related entity, Andersen Consulting, also billed Waste Management corporate headquarters approximately \$6 million in additional non-audit fees. Of the \$6 million in Andersen Consulting fees, \$3.7 million related to a Strategic Review that analyzed the overall business structure of the

Company and ultimately made recommendations on implementing a new operating model designed to "increase shareholder value." Allgyer was a member of the Steering Committee that oversaw the Strategic Review, and Andersen Consulting billed his time for these services to the Company. In setting Allgyer's compensation, Andersen took into account, among other things, the Firm's billings to the Company for audit and non-audit services.

- As the Commission stated in its Order as to Andersen,

[u]nless the auditor stands up to management as soon as it knows that management is unwilling to correct material misstatements, the auditor ultimately will find itself in an untenable position: it either must continue issuing unqualified audit reports on materially misstated financial statements and hope that its conduct will not be discovered or it must force a restatement or qualify its report and thereby subject itself to the liability that likely will result from the exposure of its role in the prior issuance of the materially misstated financial statements.

- The Commission in this case found that

Andersen failed to stand up to management to prevent the issuance of materially misstated financial statements. Instead, Andersen allowed the Company to establish - and then continue for many years - a series of improper accounting practices. As a result, Andersen found itself in 1998 in the position of auditing the Restatement and issuing an unqualified audit report in which it acknowledged that the prior financial statements on which it had issued unqualified audit reports were materially misstated.

- The Commission ultimately found in its Order as to Andersen that

the circumstances of this case, including the positions within the Firm of the partners who were consulted by the engagement team, the gravity and duration of the misconduct, and the nature and magnitude of the misstatements mandate that the Firm be held responsible for the acts of its partners in causing the Firm to issue false and misleading audit reports in the Firm's name.

- The Commission's complaint alleges and the Commission's Order found that Andersen knew or was reckless in not knowing that the unqualified audit reports that it issued for the years 1993 through 1996 were false and misleading because the audits were not conducted in accordance with GAAS and the financial statements did not conform to GAAP. The complaint further alleges that Andersen violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The Commission's Order as to Andersen finds that Andersen

engaged in improper professional conduct within the meaning of Rule 102(e)(1)(ii) of the Commission's Rules of Practice.

Allgyer

- Allgyer is the only Defendant charged in connection with Andersen's audit of Waste Management's 1992 financial statements. The complaint alleges that Allgyer knew or was reckless in not knowing that the Andersen's audit report on the Company's 1992 financial statements was materially false and misleading because in addition to quantified misstatements totaling \$93.5 million that, if corrected, would have reduced pre-tax income before accounting changes by 7.4%, he knew or was reckless in not knowing of additional known and likely misstatements that had not been quantified and estimated that related to, among other things, land carrying values in excess of net realizable value, improper charges of operating expenses to the environmental remediation reserves (liabilities) and purchase accounting related to remediation reserves (liabilities). Allgyer further knew that the Company had netted, without disclosure, \$111 million of current period expenses and prior period misstatements against a portion of a one-time gain from an unrelated initial public offering of securities, which had the effect of understating Waste Management's 1992 operating expenses and overstating the Company's income from operations.
- The Commission's complaint further alleges that Allgyer engaged in similar conduct in connection with the 1993 through 1996 audits. Allgyer thus knew or was reckless in not knowing that Andersen's unqualified audit report for each of the years 1993 through 1996 was materially false and misleading.
- The complaint further alleges that Allgyer knew that during the years 1992 through 1996 every unqualified audit report would be incorporated into one or more registration statements filed with the Commission. As a result of his conduct, Allgyer violated Section 10(b) of the Exchange Act, Rule 10b-5 thereunder and Section 17(a) of the Securities Act.

Maier

- The Commission's complaint alleges that, for each of the years 1993 through 1996, Maier knew of the quantified misstatements and of accounting practices that gave rise to additional known and likely misstatements that were not quantified and estimated and approved the issuance of an unqualified audit report. He knew or was reckless in not knowing that Andersen's unqualified audit report for each of the years 1993 through 1996 was materially false and misleading. He further knew that, during this period, every unqualified audit report would be incorporated into one or more registration statements filed with the Commission. As a result of his conduct, Maier violated Section 10(b) of the Exchange Act, Rule 10b-5 thereunder, and Section 17(a) of the Securities Act.

Cercavschi

- The Commission's complaint alleges that, for each of the years 1994 through 1996, Cercavschi knew of the quantified misstatements and of accounting practices that gave rise to additional known and likely misstatements that were not quantified and estimated and approved the issuance of an unqualified audit report. He knew or was reckless in not knowing that Andersen's unqualified audit report for each of the years 1994 through 1996 was materially false and misleading. He further knew that, during this period, every unqualified audit report would be incorporated into one or more registration statements filed with the Commission. As a result of his conduct, Cercavschi violated Section 10(b) of the Exchange Act, Rule 10b-5 thereunder, and Section 17(a) of the Securities Act.

Kutsenda

- The Commission's Order as to Kutsenda finds that, during the 1995 audit, when Kutsenda was informed of the non-GAAP netting of the \$160 million one-time gain against unrelated prior-period misstatements and that the amount represented 10% of the Company's 1995 pre-tax income, he knew or should have known that the Company's use of netting warranted heightened scrutiny. The Commission found that although not part of the engagement team, when he was consulted by two of the engagement partners, Kutsenda was required under GAAS to exercise due professional care so that an unqualified audit report was not issued on financial statements that were materially misstated. The Order further finds that Kutsenda wrongly concluded that Andersen was not required to withhold or qualify its audit report and that in reaching this result, he engaged in highly unreasonable conduct that resulted in a violation of applicable professional standards. Based on these findings, the Commission found that Kutsenda engaged in improper professional conduct within the meaning of Rule 102(e)(1)(ii).

The Commission's investigation is continuing as to others. [SEC v. Arthur Andersen LLP, Robert E. Allgyer, Walter Cercavschi, and Edward G. Maier, Civil Action No. 1:01CV01348 (J.R.) (D.D.C. June 19, 2001) (LR-17039; AAE Rel. 1410); In the Matter of Arthur Andersen LLP, Rel. 34-44444; AAE Rel. 1405; File No. 3-10513; In the Matter of Robert E. Allgyer, Rels. 33-7986; 34-44445; AAE Rel. 1406; File No. 3-10515; In the Matter of Edward G. Maier, CPA, Rels. 33-7987; 34-44446; AAE Rel. 1407; File No. 3-10514; In the Matter of Walter Cercavschi, CPA, Rels. 33-7988; 34-44447; AAE Rel. 1408; File No. 3-10516; In the Matter of Robert G. Kutsenda, CPA, Rel. 34-44448; AAE Rel. 1409; File No. 3-10517)

TRANS-GLOBAL HOLDINGS AND JACQUES VERHAAK CONSENT TO CEASE AND DESIST FROM ISSUING FALSE PRESS RELEASES

On June 18, the Commission issued a settled cease and desist order finding that Trans-Global Holdings Inc., a Nevada corporation located in Des Plaines, Illinois, and its director Jacques Verhaak violated the antifraud provisions by issuing five false and misleading press releases during June 1999. Trans-Global and Verhaak consented to entry of the order without admitting or denying the Commission's findings.

The Commission found that Trans-Global and Verhaak hired Anthony DiMarco, also known as Bruce Gorcyca, and his company, The Globus Group, in May 1999 to promote Trans-Global. On June 1, 1999, Trans-Global issued the first press release prepared by DiMarco stating that Trans-Global's board of directors had voted to pursue a \$4 million acquisition of television advertising time. This press release was false and misleading because Verhaak and Trans-Global's other director had not voted to pursue the acquisition, and had not obtained basic information about who was selling the television advertising time or upon which television stations the time was available prior to issuing the press release. On June 7, 1999, Trans-Global issued a second press release prepared by DiMarco stating that it had received a \$5 million financing offer from an east coast investment banking firm. This press release was also false and misleading because the financing offer was from DiMarco's company, The Globus Group, which was not an investment banking firm and did not have the assets available to make such a loan. Trans-Global and Verhaak were reckless in issuing the two DiMarco press releases because they took no action to confirm the accuracy of these press releases before issuing them to the public. Trans-Global and Verhaak also issued three additional press releases containing false and misleading statements about the company's acquisition of real estate properties in Florida to develop as time-share properties. The press releases falsely stated that Trans-Global had acquired two properties when in fact the contract on one property was null and void because Trans-Global was unable to obtain a guaranteed price for stock it was exchanging for the property, and Trans-Global failed to obtain a written agreement to acquire the second property. The respondents also overstated the acquisition price negotiated for the properties.

Based on its findings, the Commission ordered Trans-Global and Verhaak to cease and desist from committing or causing any violation, and any future violation, of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5. (Rel. 34-44439; File No. 3-10511)

CHINA FOOD AND BEVERAGE COMPANY AND JAMES TILTON CONSENT TO CEASE AND DESIST FROM ISSUING FALSE PRESS RELEASES

On June 18, the Commission issued a settled cease and desist order finding that China Food and Beverage Company, a Nevada corporation located in New York, New York, and its president James Tilton violated the antifraud provisions by issuing two false and

misleading press releases during May 1999. China Food and Tilton consented to entry of the order without admitting or denying the Commission's findings.

The Commission found that China Food and Tilton hired Anthony DiMarco, also known as Bruce Gorcyca, and his company, The Globus Group, in February 1999 to promote China Food. On May 10, 1999, China Food and Tilton issued a press release prepared by DiMarco stating that China Food's board of directors had voted to pursue a \$4 million acquisition of television advertising time. This press release was false and misleading because China Food and Tilton did not obtain basic information about who was selling the television advertising time or upon which television stations the time was available prior to issuing the press release. On May 17, 1999, China Food and Tilton issued another press release prepared by DiMarco stating that China Food had received a \$60 million financing offer from an east coast investment banking firm. This press release was also false and misleading because the financing offer was from DiMarco's company, The Globus Group, which was not an investment banking firm and did not have the assets available to make such a loan. China Food and Tilton were reckless in issuing the two DiMarco press releases because they took no action to confirm the accuracy of these press releases before issuing them to the public.

Based on its findings, the Commission ordered China Food and Tilton to cease and desist from committing or causing any violation, and any future violation, of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5. (Rel. 34-44440; File No. 3-10512)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGE

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-2001-34) amending the Nasdaq Restated Certificate of Incorporation to afford holders of 4.0% Convertible Subordinated Notes due 2006 the right to vote with Nasdaq stockholders. Publication of the notice in the Federal Register is expected during the week of June 18. (Rel. 34-44423)

AMENDMENT TO PROPOSED RULE CHANGE

The New York Stock Exchange filed Amendment No. 2 to a proposed rule change (SR-NYSE-99-25) relating to Rule 134, governing error accounts; Rule 411, governing erroneous reports; and proposed Rule 407A, concerning Floor member account disclosure. Publication of the amendment to the proposed rule change is expected in the Federal Register during the week of June 18. (Rel. 34-44427)

APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change filed by the National Securities Clearing Corporation (SR-NSCC-2001-04) allowing NSCC to modify and consolidate its clearing fund rules. Publication of the proposal is expected in the Federal Register during the week of June 18. (Rel. 34-44431)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

A proposed rule change filed by the Pacific Exchange to change its schedule of Fees and Charges for Exchange Services by adding a fee for an Application for Approved Status Despite Grounds for Statutory Disqualification (SR-PCX-2001-22) has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of June 18. (Rel. 34-44432)

A proposed rule change (SR-CBOE-2001-30) filed by the Chicago Board Options Exchange that applies the terms of the CBOE's OEX/SPX/DJX Joint Account Circular to trading in options on the Mini-NDX Index, the Nasdaq 100 Index, and the Nasdaq-100 Tracking Stock has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the notice is expected in the Federal Register during the week of June 18. (Rel. 34-44433)

A proposed rule change (SR-CBOE-2001-34) filed by the Chicago Board Options Exchange that modifies the selection guidelines for the Goldman, Sachs Technology Composite Index (GSTI) and the weighting criteria for the GSTI Sub-Indexes has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the notice is expected in the Federal Register during the week of June 18. (Rel. 34-44435)

SECURITIES ACT REGISTRATIONS

The following registration statements have been filed with the SEC under the Securities Act of 1933. The reported information appears as follows: Form, Name, Address and Phone Number (if available) of the issuer of the security; Title and the number and/or face amount of the securities being offered; Name of the managing underwriter or depositor (if applicable); File number and date filed; Assigned Branch; and a designation if the statement is a New Issue.

Registration statements may be obtained in person or by writing to the Commission's Public Reference Branch at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the following e-mail box address: <publicinfo@sec.gov>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

S-8 WILLIS GROUP HOLDINGS LTD, TEN TRINITY SQUARE, LONGON ENGLAND,
(011) 440-2074 - 1,000,000 (\$13,500,000) COMMON STOCK. (FILE 333-62780
- JUN. 12) (BR. 1)

S-4 STEINWAY MUSICAL INSTRUMENTS INC, 800 S ST STE 425, WALTHAM, MA
02453
(219) 522-1675 - 150,000,000 (\$150,000,000) STRAIGHT BONL (FILE
333-62790 - JUN. 12) (BR. 5)

S-8 TCF FINANCIAL CORP, 801 MARQUETTE AVE, MAIL CODE 100-01-A,
MINNEAPOLIS,
MN 55402 (612) 661-6500 - 2,500,000 (\$104,862,500) COMMON STOCK. (FILE
333-62792 - JUN. 12) (BR. 7)

S-8 SOUTHERN STATES POWER CO INC, 3400 INLAND EMPIRE BLVD SUITE 101,
ONTARIO, CA 91764 (318) 221-5703 - 930,000 (\$206,500) COMMON STOCK.
(FILE
333-62794 - JUN. 12) (BR. 9)

S-8 TASTY FRIES INC, 650 SENTRY PKWY STE ONE, BLUE BELL, PA 19422
(610) 941-2109 - 500,000 (\$125,000) COMMON STOCK. (FILE 333-62796 -
JUN. 12) (BR. 4)

S-8 ZENITH NATIONAL INSURANCE CORP, 21255 CALIFA ST, WOODLAND HILLS, CA
91367 (818) 713-1000 - 250,000 (\$6,712,500) COMMON STOCK. 'FILE 333-
62798
- JUN. 12) (BR. 1)

S-8 WORLDGATE COMMUNICATIONS INC, 3190 TREMONT AVENUE, SUITE 300,
TREVOSE,
PA 19053 (215) 354-5437 - 932,328 (\$3,303,861) COMMON STOCK. (FILE
333-62810 - JUN. 12) (BR. 37)

S-8 SUN HYDRAULICS CORP, 1500 WEST UNIVERSITY PKWY, SARASOTA, FL 34243
(941) 362-1200 - 275,000 (\$2,131,250) COMMON STOCK. (FILE 333-62816 -
JUN. 12) (BR. 6)

S-8 SIRIUS SATELLITE RADIO INC, 1221 AVENUE OF THE AMERICAS, 36TH FLOOR,
NEW YORK, NY 10020 (212) 899-5000 - 100,000 (\$1,366,000) COMMON STOCK.
(FILE 333-62818 - JUN. 12) (BR. 7)

S-8 BAXTER INTERNATIONAL INC, ONE BAXTER PKWY, DEERFIELD, IL 60015
(847) 948-2000 - 28,820,000 (\$1,391,342,300) COMMON STOCK. (FILE
333-62820 - JUN. 12) (BR. 5)

SB-2 AQUATIC CELLULOSE INTERNATIONAL CORP, 3704 32ND STREET SUITE 301,
VERNON B C VIT5N6, A1 (800) 565-6544 - 56,920,096 (\$2,732,165)
COMMON STOCK. 250,000 (\$87,500) WARRANTS, OPTIONS OR RIGHTS. (FILE
333-62824 - JUN. 12) (BR. 6)

S-8 MICROGRAF X INC, 8144 WALNUT HILL LANE SUITE 1050, DALLAS, TX 75013
(214) 495-4349 - 1,700,000 (\$1,836,000) COMMON STOCK. (FILE 333-62826

JUN. 12) (BR. 3)

- S-8 TEXAS REGIONAL BANCSHARES INC, 3700 N TENTH STE 301, PO BOX 5910,
MCALLEN, TX 78501 (956) 631-5400 - 275,000 (\$9,303,250) COMMON STOCK.
(FILE 333-62834 - JUN. 12) (BR. 7)
- S-3 BELL MICROPRODUCTS INC, 1941 RINGWOOD AVE, SAN JOSE, CA 95131
(408) 451-9400 - 60,000 (\$702,000) COMMON STOCK. (FILE 333-62842 -
JUN. 12) (BR. 5)
- S-8 ELECSYS CORP, 11300 WEST 89TH ST, OVERLAND PARK, KS 66214 (913) 492-
0861 - 475,000 (\$593,750) COMMON STOCK. (FILE 333-62844 - JUN. 12) (BR. 5)
- S-8 SHAW GROUP INC, 8545 UNITED PLAZA BOULEVARD, 2ND FLOOR, BATON ROUGE,
LA 70809 (225) 932-2500 - 50,000 (\$2,439,000) COMMON STOCK. FILE 333-
62852 -
JUN. 12) (BR. 6)
- S-3 CNET NETWORKS INC, 150 CHESTNUT ST, SAN FRANCISCO, CA 94111
(415) 364-8000 - 650,000 (\$7,059,000) COMMON STOCK. (FILE 333-62854 -
JUN. 12) (BR. 5)
- S-8 SHAW GROUP INC, 8545 UNITED PLAZA BOULEVARD, 2ND FLOOR, BATON ROUGE,
LA 70809 (225) 932-2500 - 3,070,000 (\$121,050,100) COMMON STOCK. (FILE
333-62856 - JUN. 12) (BR. 6)
- S-8 INTERLOTT TECHNOLOGIES INC, 10830 MILLINGTON CT, CINCINNATI, OH
45242 (513) 729-7000 - 600,000 (\$2,775,000) COMMON STOCK. (FILE 333-62858 -
JUN. 12) (BR. 6)
- S-8 SYNTROLEUM CORP, 1350 SOUTH BOULDER, SUITE 1100, TULSA, OK 74119
(918) 592-7900 - 2,420,200 (\$25,145,878) COMMON STOCK. (FILE 333-62862
-
JUN. 13) (BR. 4)