

SEC NEWS DIGEST

Issue 2001-139

July 19, 2001

COMMISSION ANNOUNCEMENTS

CHANGE IN THE MEETING: CANCELLATION

The closed meeting scheduled for Thursday, July 19, 2001, at 9:00 a.m. was cancelled.

ENFORCEMENT PROCEEDINGS

SEC v. STADTT MEDIA, L.L.C., ANTHONY BENAVIDES, ROBERT MARTINEZ, JEFFERSON SANTOS, AND LANA ST. MARTIN

The Commission announced today the settlement of all claims against the defendants in this action filed in the United States District Court for the Northern District of Texas on July 12, 2000. The defendants are:

- Stadt Media, L.L.C., a Texas limited liability company formed in December 1999 purportedly to market magazines on an Internet website called C-Magazines.com.
- Anthony B. Benavides, age 26 and a resident of Addison, Texas. Benavides was half owner, chief executive officer, and a manager of Stadt Media.
- Robert M. Martinez, age 31 and a resident of Plano, Texas. Martinez was executive vice-president and vice president of marketing of Stadt Media.
- Jefferson F. Santos, age 25, and a resident of Plano, Texas. Stadt Media employed Santos to solicit prospective investors for the company.
- Lana M. St. Martin, age 27 and a resident of Addison, Texas. St. Martin was half owner, secretary, treasurer, and a manager of Stadt Media. The SEC included her in the lawsuit as a defendant solely for the purposes of equitable relief based upon her alleged receipt of ill-gotten proceeds. In light of its determination that St. Martin no

longer possesses any funds or assets derived from the activities alleged in the complaint, the Commission moved the Court to dismiss all claims against St. Martin.

The SEC's complaint alleged that, from February to July 2000, Stadt Media sold units of membership interest (Units) to investors purportedly for the development of an Internet website called C-Magazines.com. The company claimed in its offering materials that C-Magazines.com would enable users to read digitally-reproduced, mainstream magazines online and to translate those magazines into 25 languages. The company promised that the website would be operational in the near future. Stadt Media raised over \$900,000 from approximately 50 investors.

According to the SEC's complaint, Stadt Media, Benavides, Martinez, and Santos made materially false representations to investors in connection with the sale of the Units. According to the complaint, the defendants claimed (1) that Stadt Media owned patents or patents-pending on Internet-related inventions, (2) that a major investment banking firm was committed to underwriting a \$100 million initial public offering ("IPO") for the company, which would result in a 16,000% return on an investment in the company's pre-IPO offering, and (3) that Stadt Media would use the proceeds from the pre-IPO offering for working capital and for the development of *C-Magazines.com*. The SEC's complaint alleged that, in fact, Stadt Media owned no patents or patents-pending, that it had never made arrangements with an investment banker to conduct an IPO, and that Benavides and Martinez converted investor funds to their own use.

Without admitting or denying the allegations in the complaint, Stadt Media, Benavides, Martinez, and Santos consented to final judgments that impose permanent injunctions and other equitable relief against them. The final judgments permanently enjoin them from committing future violations the antifraud provisions of the federal securities laws found in Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder. The final judgments further require Benavides, Martinez, and Santos to disgorge gains and interest totaling \$774,814 and to pay civil penalties but waive payment of such monies based on their demonstrated inability to pay.

See prior litigation release at <http://www.sec.gov/litigation/litreleases/lr16626.htm>.

For tips on how to avoid Internet "pump-and-dump" stock manipulation schemes, visit <http://www.sec.gov/investor/online/pump.htm>. For more information about Internet fraud, visit <http://www.sec.gov/divisions/enforce/internetenforce.htm>. To report suspicious activity involving possible Internet fraud, visit <http://www.sec.gov/complaint.shtml>. [SEC v. Stadt Media, L.L.C., et al., Civil Action No. 3-00CV1489-P, N.D. Texas, Dallas Division] (LR-17070)

COMMISSION SUES UNREGISTERED INVESTMENT ADVISER FOR FRAUD

On July 17, the Commission filed a complaint alleging securities fraud and misappropriation of client funds against a David Clark Stewart (Stewart), a Santa

Monica, California-based unregistered investment adviser doing business as Stonehedge Capital LLC. Stewart, 38, managed over \$3 million for approximately 25 clients. Among other things, the Commission alleged that Stewart misappropriated approximately \$356,000 of his client's funds, using some of the funds to purchase two homes and other real estate in Southern California, and to buy and lease expensive cars including a Porsche and a BMW.

Simultaneously with the filing of the complaint, Stewart, without admitting or denying the allegations in the Commission's complaint, consented to an entry of an order of permanent injunction enjoining him from future violations of the antifraud provisions of the federal securities laws. Stewart has since repaid approximately \$154,000 of the \$356,000 allegedly misappropriated. Stewart's settlement with the Commission also requires him to disgorge the balance, approximately \$202,000, but with payment being waived based upon Stewart's demonstrated inability to pay. Similarly, civil penalties were not assessed against Stewart based on his inability to pay. [SEC v. David Clark Stewart, Civil Action No. 01-06136 R (Ex), C.D. Cal.] (LR-17071)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGE

The International Securities Exchange filed a proposed rule change (SR-ISE-00-11) to eliminate the requirement that ISE members be organized under the laws of one of the states of the U.S. or other laws as the ISE's Board of Directors shall approve, and to establish requirements for foreign-based ISE members. (Rel. 34-44567)

DELISTINGS GRANTED

An order has been issued granting the application of the Boston Stock Exchange to strike from listing and registration the Common Stock, \$.01 par value, of International Isotopes, Inc., effective at the opening of business on July 18, 2001. (Rel. 34-44561)

An order has been issued granting the application of the Boston Stock Exchange to strike from listing and registration the Common Stock, \$.01 par value, and Warrants of Muse Technologies, Inc., effective at the opening of business on July 18, 2001. (Rel. 34-44562)

An order has been issued granting the application of the Pacific Stock Exchange to strike from listing and registration the Common Stock, \$.01 par value, of LTC Healthcare, Inc., effective at the opening of business on July 19, 2001. (Rel. 34-44574)

An order has been issued granting the application of the Pacific Stock Exchange to strike from listing and registration Units of Beneficial Interest, of Mesa Offshore Trust, effective at the opening of business on July 19, 2001. (Rel. 34-44575)

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 FRANCE TELECOM /, 6 PLACE D ALLERAY, 75505, PARIS CEDEX 15, IO -
1,963,526 (\$15,295,867.54) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE
333-13662 - JUN. 29) (BR. 7)
- S-8 SMITH & NEPHEW PLC, 2 TEMPLE PL, LONDON ENGLAND WC2R 3BP, X0 -
15,000,000 (\$77,025,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE
333-13694 - JUL. 09) (BR. 5)
- F-3 NEXUS TELOCATION SYSTEMS LTD, 6B TFUZOT ISRAEL ST, GIVATAYIM 53583
ISRA,
L3 (301) 468-9563 - 3,144,456 (\$8,490,031.20) FOREIGN COMMON STOCK.
(FILE
333-13696 - JUL. 09) (BR. 7)
- S-8 ROYAL BANK OF SCOTLAND GROUP PLC, 42 ST ANDREW SQ, EDINBURGH EH2 2YE
UN,
X0 (442) 077-1481 - 1,407,450 (\$31,836,519) FOREIGN COMMON STOCK.
(FILE
333-13700 - JUL. 09) (BR. 7)
- S-8 ISPAT INTERNATIONAL NV, ROTTERDAM BLDG AERT VAN NESSTRAAT 45,
3012 CA ROTTERDAM, THE NETHERLANDS, P8 - 5,000,000 (\$15,700,000)
FOREIGN COMMON STOCK. (FILE 333-13704 - JUL. 09) (BR. 6)
- F-6 LOGITECH INTERNATIONAL SA /ADR/, 48 WALL ST, C/O BANK OF NEW YORK,
NEW YORK, NY 10286 (212) 815-1727 - 100,000,000 (\$5,000,000)
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-13706 - JUL. 10) (BR.
99)

S-8 TTI TEAM TELECOM INTERNATIONAL LTD, 7 HAMILFALIM ST, KIRYAT ARYEH,
 PETACH TIKVA 49513 ISRAEL, L3 (212) 547-5400 - 760,800 (\$13,140,217)
 FOREIGN COMMON STOCK. (FILE 333-13708 - JUL. 11) (BR. 3)

S-B LANDWIRTSCHAFTLICHE RENTENBANK, GERMAN AMERICAN CHAMBER OF COMMERCE
 IN,
 40 WEST 57TH ST 31ST FLOOR, NEW YORK, NY 10019 - \$95,000,000
 STRAIGHT BONDS. (FILE 333-13710 - JUL. 11) (BR. 7 - NEW ISSUE)

S-1 KINTANA INC, 1314 CHESAPEAKE TERRACE, SUNNYVALE, CA 94089 (408) 543-
 4400
 - 70,000,000 (\$70,000,000) COMMON STOCK. (FILE 333-64940 - JUL. 12)
 (BR. 3)

S-8 CERIDIAN CORP /DE/, 3311 E OLD SHAKOPEE RD, MINNEAPOLIS, MN 55425
 (952) 853-8100 - 725,495 (\$13,211,264) COMMON STOCK. (FILE 333-64944 -
 JUL. 12) (BR. 8)

SB-2 DYNAMIC MEDIA INC, 2000 HAMILTON STREET, SUITE 596, PHILADELPHIA, PA
 19130 (215) 981-1011 - 2,200,000 (\$4,400,000) COMMON STOCK. (FILE
 333-64948 - JUL. 12) (BR. 9 - NEW ISSUE)

S-1 RITE AID CORP, 30 HUNTER LANE, CAMP HILL OWN, PA 17011 (717) 761-
 2633 -
 123,059,669 (\$985,021,528.83) COMMON STOCK. (FILE 333-64950 - JUL. 12)
 (BR. 1)

S-8 AZTAR CORP, 2390 E CAMELBACK RD STE 400, PHOENIX, AZ 85016
 (602) 381-4100 - 250,000 (\$2,945,000) COMMON STOCK. (FILE 333-64952 -
 JUL. 12) (BR. 5)

S-8 ENTERTAINMENT TECHNOLOGIES & PROGRAMS INC, 16055 SPACE CENTER BLVD,
 SUITE 230, HOUSTON, TX 77062 (281) 486-6115 - 3,895,538 (\$272,688)
 COMMON STOCK. (FILE 333-64954 - JUL. 12) (BR. 4)

S-3 JP MORGAN CHASE COMMERCIAL MORTGAGE SECURITIES CORP,
 C/O STATE STREET BANK & TRUST CO, TWO INTERNATIONAL PLACE 5TH FLOOR,
 BOSTON, MA 02110 (212) 648-3063 - 40,000,000 (\$40,000,000)
 PASS-THROUGH MORTGAGE-BACKED CERTIFICATE. (FILE 333-64956 - JUL. 12)
 (BR. 8)

S-8 INTERNATIONAL CAVITATION TECHNOLOGIES INC, 12407 SOUTH MEMORIAL
 DRIVE,
 BIXBY, OK 74008 (918) 369-5950 - 5,000,000 (\$1,550,000) COMMON STOCK.
 (FILE 333-64958 - JUL. 12) (BR. 4)

S-8 DONNELLY CORP, 49 WEST THIRD STREET, HOLLAND, MI 49423 (616) 786-
 7000 -
 125,000 (\$1,567,500) COMMON STOCK. (FILE 333-64960 - JUL. 12) (BR. 6)

S-8 PRIMELINK SYSTEMS INC, 10135 HEREFORD RD, FOLSOM, LA 70437
 (504) 796-5806 - 300,000 (\$600,000) COMMON STOCK. (FILE 333-64962 -
 JUL. 12) (BR. 4)

S-8 OASIS RESORTS INTERNATIONAL INC /NV,
 3753 HOWARD HUGHES PARKWAY SUITE 200, SUITE 151, LAS VEGAS, NV 89109
 (702) 892-3742 - 2,500,000 (\$2,000,000) COMMON STOCK. (FILE 333-64964
 -
 JUL. 12) (BR. 9)

S-3 SONUS PHARMACEUTICALS INC, 22026 20TH AVE SE, STE 102, BOTHELL, WA
 98021
 (206) 487-9500 - 1,745,000 (\$6,875,300) COMMON STOCK. (FILE 333-64966
 -
 JUL. 12) (BR. 1)

S-3 MIM CORP, 100 CLEARBROOK RD, ELMSFORD, NY 10523 (914) 735-3555 -
 2,697,947 (\$16,484,456.17) COMMON STOCK. (FILE 333-64972 - JUL. 12)
 (BR. 1)

S-8 I MANY INC, 537 CONGRESS STREET, 5TH FLOOR, PORTLAND, ME 04101
 (207) 774-3244 - 5,000,000 (\$37,950,000) COMMON STOCK. (FILE 333-64974
 -
 JUL. 12) (BR. 5)

S-1 I MANY INC, 537 CONGRESS STREET, 5TH FLOOR, PORTLAND, ME 04101
 (207) 774-3244 - 196,228 (\$1,489,370.50) COMMON STOCK. (FILE 333-64976
 -
 JUL. 12) (BR. 5)

S-8 COLONIAL BANCGROUP INC, ONE COMMERCE ST STE 800, P O BOX 1108,
 MONTGOMERY, AL 36104 (334) 240-5000 - 10,000,000 (\$141,400,000)
 COMMON STOCK. (FILE 333-64978 - JUL. 12) (BR. 7)

S-4 QWEST CAPITAL FUNDING INC, 1801 CALIFORNIA STREET, DENVER, CO 80202
 (303) 992-1400 - 3,250,000,000 (\$3,250,000,000) STRAIGHT BONDS. (FILE
 333-64980 - JUL. 12) (BR. 7)

S-3 CHAMPION ENTERPRISES INC, 2701 CAMBRIDGE COURT, STE 300, AUBURN
 HILLS,
 MI 48326 (248) 340-9090 - 2,425,373 (\$25,999,998) COMMON STOCK. (FILE
 333-64982 - JUL. 12) (BR. 6)

S-8 MATTEL INC /DE/, 333 CONTINENTAL BLVD, EL SEGUNDO, CA 90245
 (310) 252-2000 - 3,500,000 (\$63,437,500) COMMON STOCK. (FILE 333-64984
 -
 JUL. 12) (BR. 5)

S-8 J2 GLOBAL COMMUNICATIONS INC, 6922 HOLLYWOOD BLVD, SUITE 900,
 LOS ANGELES, CA 90028 (323) 860-9200 - 500,000 (\$1,987,500) COMMON
 STOCK.
 (FILE 333-64986 - JUL. 12) (BR. 7)

S-8 3COM CORP, 5400 BAYFRONT PLZ, SANTA CLARA, CA 95052 (408) 764-5000 -
 56,155,298 (\$259,437,477) COMMON STOCK. (FILE 333-64988 - JUL. 12)
 (BR. 3)

S-8 QUADRACOMM INC, 8019 N HIMES ST, STE 310, TAMPA, FL 33614 (813) 496-
 9191

- 10,000,000 (\$2,100,000) COMMON STOCK. (FILE 333-64990 - JUL. 12)
(BR. 8)

- S-8 CENTURYTEL INC, P O BOX 4065, 100 CENTURY PARK DR, MONROE, LA 71203
(318) 388-9000 - 400,000 (\$12,270,000) COMMON STOCK. (FILE 333-64992 -
JUL. 12) (BR. 7)

- N-2 HYPERION TOTAL RETURN FUND INC, ONE LIBERTY PLAZA,
165 BROADWAY, 36TH FLOOR, NEW YORK, NY 10006 (212) -54-9-84 - 7,000,000
(\$65,520,000) COMMON STOCK. (FILE 333-64994 - JUL. 12) (BR. 17)

- S-3 ANHEUSER BUSCH COMPANIES INC, ONE BUSCH PL,
C/O OFFICE OF THE VP & SEC'Y, ST LOUIS, MO 63118 (314) 577-2000 -
\$1,000,000,000 STRAIGHT BONDS. (FILE 333-64996 - JUL. 12) (BR. 2)

- S-3 ALASKA AIR GROUP INC, 19300 PACIFIC HWY SOUTH, SEATTLE, WA 98188
(206) 433-3200 - 750,000,000 (\$750,000,000) COMMON STOCK. (FILE 333-
64998
- JUL. 12) (BR. 5)

- S-4 MANITOWOC CO INC, 500 S 16TH ST, STE B, MANITOWOC, WI 54221
(920) 684-4410 - 175,000,000 (\$175,000,000) STRAIGHT BONDS. (FILE
333-65000 - JUL. 12) (BR. 5)

- S-3 STOCKWALK COM GROUP INC, 5500 WAYZATA BLVD, STE 800, MINNEAPOLIS, MN
55416 (763) 542-6000 - \$2,697,240 COMMON STOCK. (FILE 333-65002 - JUL.
12)
(BR. 7)

- S-8 CENTURYTEL INC, P O BOX 4065, 100 CENTURY PARK DR, MONROE, LA 71203
(318) 388-9000 - 100,000 (\$3,067,500) COMMON STOCK. (FILE 333-65004 -
JUL. 12) (BR. 7)

- S-8 VIRTGAME COM CORP, 12625 HIGH BLUFF DR STE 205A, SAN DIEGO, CA 92130
(619) 259-5015 - 3,500,000 (\$1,225,000) COMMON STOCK. (FILE 333-65006
-
JUL. 12) (BR. 9)

- S-3 MEDWAVE INC, 4382 ROUND LAKE RD WEST, STE 6, ARDEN HILLS, MN 55112
(612) 639-1227 - 2,765,793 (\$12,031,200) COMMON STOCK. (FILE 333-65010
-
JUL. 12) (BR. 5)

- S-1 EARTHWATCH INC, 1900 PIKE ROAD, LONGMONT, CO 80501 (303) 682-3800 -
19,500,000 (\$17,160,000) STRAIGHT BONDS. (FILE 333-65014 - JUL. 12)
(BR. 7)

- S-8 PER SE TECHNOLOGIES INC, 2840 MT WILKINSON PARKWAY, SUITE 300,
ATLANTA,
GA 30339 (770) 444-5300 - 983,597 (\$7,849,104.06) COMMON STOCK. (FILE
333-65016 - JUL. 12) (BR. 3)

- S-1 ZIASUN TECHNOLOGIES INC, 665 SAN RODOLFO DR, SUITE 120, SOLANA
BEACH, CA

92075 (858) 350-4060 - 365,000 (\$598,000) COMMON STOCK. (FILE 333-65018 - JUL. 12) (BR. 8)

S-8 XM SATELLITE RADIO HOLDINGS INC, 1500 ECKINGTON PL NE, WASHINGTON, DC
20002 (202) 380-4000 - 3,300,000 (\$47,635,500) COMMON STOCK. (FILE 333-65020 - JUL. 13) (BR. 7)

S-8 XM SATELLITE RADIO HOLDINGS INC, 1500 ECKINGTON PL NE, WASHINGTON, DC
20002 (202) 380-4000 - 500,000 (\$7,217,500) COMMON STOCK. (FILE 333-65022 - JUL. 13) (BR. 7)

S-4 VIACOM INC, 1515 BROADWAY, 51ST FL, NEW YORK, NY 10036 (212) 258-~~6000~~
1,400,000,000 (\$1,400,000,000) STRAIGHT BONDS. (FILE 333-65024 - JUL. 13) (BR. 7)

F-1 BUNGE LTD, 50 MAIN STREET, WHITE PLAINS, NY 10606 (914) 684-2800 -
20,240,000 (\$364,320,000) FOREIGN COMMON STOCK. (FILE 333-65026 - JUL. 13) (NEW ISSUE)

PA

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

LITIGATION RELEASE NO. 17070 \ July 18, 2001

SECURITIES AND EXCHANGE COMMISSION V. STADTT MEDIA, L.L.C., ANTHONY B. BENAVIDES, ROBERT M. MARTINEZ, JEFFERSON F. SANTOS, AND LANA M. ST. MARTIN (DEFENDANT SOLELY FOR PURPOSES OF EQUITABLE RELIEF)

Civil Action No. 3-00CV1489-P (N.D. Texas, Dallas Division)

The Securities and Exchange Commission announced today the settlement of all claims against the defendants in this action filed in the United States District Court for the Northern District of Texas on July 12, 2000. The defendants are:

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Without admitting or denying the allegations in the complaint, Stadt Media, Benavides, Martinez, and Santos consented to final judgments that impose permanent injunctions and other equitable relief against them. The final judgments permanently enjoin them from committing future violations the antifraud provisions of the federal securities laws found in Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder. The final judgments further require Benavides, Martinez, and Santos to disgorge gains and interest totaling \$774,814. Civil penalties were not imposed and payment of **disgorgement was waived based on their demonstrated inability to pay.**

See prior litigation release at <http://www.sec.gov/litigation/litreleases/lr16626.htm>.

For tips on how to avoid Internet "pump-and-dump" stock manipulation schemes, visit <http://www.sec.gov/investor/online/pump.htm>. For more information about Internet fraud, visit <http://www.sec.gov/divisions/enforce/internetenforce.htm>. To report suspicious activity involving possible Internet fraud, visit <http://www.sec.gov/complaint.shtml>.

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 17071 \ July 18, 2001

SECURITIES AND EXCHANGE COMMISSION v. DAVID CLARK STEWART, Civil
Action No. 01-06136 R (Ex) (C.D. Cal.)

The Securities and Exchange Commission announced that on July 17, 2001, it filed a complaint alleging securities fraud and misappropriation of client funds against David Clark Stewart, a Santa Monica, California-based unregistered investment adviser, doing business as Stonehedge Capital LLC. Stewart, 38, managed over \$3 million for approximately 25 clients. **Among other things, the Commission alleges that Stewart misappropriated approximately \$356,000 of his client's funds, using some of the funds to purchase two homes and other real estate in Southern California, and to buy and lease expenses cars including a Porsche and a BMW.**

Specifically, the Commission's complaint alleges that from approximately October 1996 through June 1999, Stewart fraudulently misrepresented that he would invest his clients' funds in the stock market and that they could expect substantial returns on their investment. Instead, Stewart invested only a portion of his clients' funds in the market and misappropriated approximately \$356,000 for his own personal benefit. In order to conceal his scheme, according to the Commission's complaint, Stewart sent phony account statements and trade confirmations to at least two clients. Specifically, the complaint alleges that Stewart sent two clients fictitious statements reflecting accounts that did not exist and sent another client confirmations for trades that had never taken place.

Stewart has since repaid approximately \$154,000 of the \$356,000 allegedly misappropriated. Stewart's settlement with the Commission also requires him to disgorge the balance, approximately \$202,000, but with payment being waived based upon Stewart's demonstrated inability to pay. Similarly, civil penalties were not assessed against Stewart based on his inability to pay. In addition, Stewart, without admitting or denying the allegations in the Commission's complaint, consented to an entry of an order of permanent injunction enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940.

In a related administrative matter, Stewart, without admitting or denying the Commission's allegations, consented to the entry of an order barring him from association with any investment adviser.