

SEC NEWS DIGEST

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ENFORCEMENT PROCEEDINGS

SEC FILES ACTION AGAINST SAN FRANCISCO HEDGE FUND MANAGER FOR DEFRAUDING CLIENTS

The Commission and the U.S. Attorney's Office for the Northern District of California announced the filing of separate civil and criminal actions against Michael T. Higgins, a hedge fund manager based in San Francisco, California. The actions allege that from December 1998 through March 2000, Higgins raised over \$7.6 million by lying about the performance record of Ballybunion Capital Partners, L.P. (Fund, a hedge fund he ran. Higgins told investors that the Fund had impressive gains when in fact it had suffered severe losses. By March 2000, the Fund's assets had dwindled to approximately \$750,000, barely one-tenth the amount Higgins continued to tell investors they had. Higgins also distributed false information to a website that posted the information on the Internet.

Named as defendants in the SEC's action are: Higgins; his wholly owned investment advisory firm, Ballybunion Capital Associates, LLC (Ballybunion Capital); and the Fund. Higgins is the sole defendant in the criminal action. Higgins, 36, resides in San Anselmo, California, while Ballybunion Capital and the Fund are located in San Francisco, California.

According to today's filings, Higgins first solicited investors by grossly overstating the Fund's 1998 performance record. For example, Higgins told investors that the Fund had gross returns of nearly 54% and net returns of nearly 40% for 1998. In fact, the Fund had a net loss that year and by late 1998 had less than \$11,000 under management. Based on these and other misrepresentations, in early 1999 Higgins raised approximately \$6 million (out of an eventual total of \$7.6 million raised) from investors.

By May 1999, the Fund had suffered trading losses of approximately \$2.4 million, or 40% of the \$6 million Higgins had raised to that point, according to the complaints. To conceal the losses and solicit additional investors, Higgins continued to distribute performance summaries that falsified the Fund's performance, and he forged "reports" of the Funds' clearing broker and auditors.

The complaints further allege that Higgins gave false performance figures for the Fund to a third-party company that included them on its website, which posts information and performance results for various hedge funds on the Internet.

In its civil complaint filed in the United States District Court for the Northern District of California, the SEC charges the defendants with securities fraud based on their false representations and omissions regarding the Fund's performance. The SEC's complaint seeks to freeze the assets of the Fund and Ballybunion Capital, the investment advisory firm Higgins controlled, appoint a receiver for the Fund; and compel Ballybunion Capital and Higgins to disgorge any illegal profits plus prejudgment interest and pay civil monetary penalties. The complaint also seeks injunctions against each of the defendants prohibiting them 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 (2) of the Investment Advisers Act of 1940.

The criminal complaint charges Higgins with one count of securities fraud and one count of wire fraud, each relating to the false representations that he made to investors. Higgins may also be fined on each count, and required to pay restitution to the defrauded investors. [SEC v. Michael T. Higgins, et al., USDC, ND Ca., No. 00-1657-MEJ] (LR-16547)

SEC v. JOHN WAYNE ZIDAR, ET AL.

The Commission announced the filing of a civil action to halt an ongoing fraudulent securities scheme that has raised at least \$40 million from investors nationwide. The Commission's complaint alleges that John Wayne Zidar, of Gilbert, Arizona, John Wesley Matthews, of Chandler, Arizona, and Elizabeth Anne Phillips, formerly of Ravensdale, Washington, head the scheme, which is run under the names Oakleaf International, Rosewood International and Meliorations Management Teem [sic]. Since 1998, Zidar, Matthews and Phillips have allegedly offered investors the twin objectives of capital preservation and 120% annual returns on their investment without specifying the means by which these objectives would be accomplished. In fact, they have allegedly used investor funds for purposes that make it virtually impossible for them to deliver the promised returns, including the purchase of houses and cars for themselves, transfers of millions of dollars to offshore bank accounts that they control and payments of 25 per cent commissions to salespeople.

Through this scheme, Zidar, Matthews and Phillips allegedly violated Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Zidar and Phillips also allegedly violated Sections 5(a) and (c) of the Securities Act of 1933. The Commission's action, filed in federal district court in Seattle, seeks a temporary restraining order and preliminary and permanent injunctions to prevent future violations by the defendants, a freeze of their assets and other relief to recover investor funds. The Commission's complaint also names Meliorations Management Teem, a Turks and Caicos Islands trust, as a relief defendant to obtain any additional investor funds possessed by the trust. The Commission thanks the Office of the United States Attorney for the Western District of Washington for assistance with this action. [SEC v.

John Wayne Zidar, John Wesley Matthews and Elizabeth Anne Phillips, in their personal capacities and doing business as Oakleaf International, Rosewood International and Meliorations Management Team, No. C00-823C, USDC, W.D. Washington] (LR-16548)

SELF-REGULATORY ORGANIZATIONS

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change submitted by the Philadelphia Stock Exchange (SR-PHLX-00-06) relating to giving preference to options specialist units which resign from option trading privileges in the best interest of the exchange in future allocation decisions regarding such options. Publication in the Federal Register is expected during the week of May 15. (Rel. 34-42764)

APPROVAL OF PROPOSED RULE CHANGES

The Commission approved a proposed rule change (SR-PCX-99-07), and granted accelerated approval to Amendment No. 2 to that proposed rule change, filed by the Pacific Exchange to permit the PCX to implement a competing specialist program. Publication of the proposal is expected in the Federal Register during the week of May 15. (Rel. 34-42767)

The Commission approved a proposed rule change filed by The Options Clearing Corporation (SR-OCC-00-01) allowing OCC to conform the method used to establish settlement values for expiring stock index options with the method used to value futures on the underlying index when the primary market(s) for one or more component securities of an index is closed on the last trading day before expiration. (Rel. 34-42769)

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>.

F-10 NELVANA LTD, 32 ATLANTIC AVENUE, TORONTO ONTARO, CANADA M6K 1X8,
(212) 286-0300 - 4,312,500 (\$88,406,250) WARRANTS, OPTIONS OR RIGHTS.
(FILE 333-11882 - APR. 28) (BR. 5 - NEW ISSUE)

F-2 CRYSTALLEX INTERNATIONAL CORP, 700 W PENDER ST, STE 902,
VANCOUVER BRITISH COLUMBIA, A1 (604) 683-0672 - 4,000,000 (\$7,500,000)
FOREIGN COMMON STOCK. (FILE 333-11886 - MAY. 01) (BR. 4)

S-8 AUDIOCODES LTD, 4 HAHORESH RD, YEHUD 56470, ISRAEL, L3 - 3,195,297
(\$91,274,250.06) FOREIGN COMMON STOCK. (FILE 333-11894 - MAY. 02) (BR. 7)

F-3 ASIA PULP & PAPER CO LTD, WORLD TRADE CENTER LOBBY B,
C/O 1 MARITIME SQUARE #10-01, SINGAPORE 099253 SIN, U0 (650) 272-9288 -
146,000,000 (\$228,125,000) FOREIGN COMMON STOCK. (FILE 333-11908 -
MAY. 04) (BR. 4)

S-4 LEVI STRAUSS & CO, 1155 BATTERY ST, SAN FRANCISCO, CA 94111
(415) 544-6000 - 800,000,000 (\$800,000,000) COMMON STOCK. (FILE 333-36234
- MAY. 04) (BR. 2)

S-8 HA LO INDUSTRIES INC, 5980 W TOUHY AVE, NILES, IL 60714 (708) 647-2300
- \$3,025,506 COMMON STOCK. (FILE 333-36236 - MAY. 04) (BR. 2)

S-1 CORVIS CORP, 7015 ALBERT EINSTEIN DRIVE, COLUMBIA, MD 21046
(443) 259-4000 - \$400,000,000 COMMON STOCK. (FILE 333-36238 - MAY. 04)
(BR. 37)

S-3 CHEVY CHASE BANK FSB, 8401 CONNECTICUT AVE, C/O CHEVY CHASE BANK FSB,
CHEVY CHASE, MD 20815 (301) 986-7000 - 1,000,000 (\$1,000,000) COMMON
STOCK.
(FILE 333-36242 - MAY. 04) (BR. 8)

S-3 RESIDENTIAL FUNDING MORTGAGE SECURITIES II INC,
8400 NORMANDALE LAKE BLVD, SUITE 600, MINNEAPOLIS, MN 55437 (612) 832-7000
- 1,000,000 (\$1,000,000) COMMON STOCK. (FILE 333-36244 - MAY. 04) (BR. 8)

S-8 SINA COM, 1313 GENEVA DRIVE, SUNNYVALE, CA 94089 (408) 548-0000 -
12,137,380 (\$151,405,474.59) COMMON STOCK. (FILE 333-36246 - MAY. 04)
(BR. 3)

S-3 INNOVATIVE MEDICAL SERVICES, 1725 GILLESPIE WAY, STE H, EL CAJON, CA
92020 (619) 596-8600 - 1,214,822 (\$4,555,582.50) COMMON STOCK. (FILE
333-36248 - MAY. 04) (BR. 5)

S-8 VERIO INC, 8005 SOUTH CHESTER STREET, SUITE 200, ENGLEWOOD, CO 80112
(303) 645-1900 - 7,500,000 (\$203,437,500) COMMON STOCK. (FILE 333-36250 -
MAY. 04) (BR. 3)

S-8 HILTON HOTELS CORP, 9336 CIVIC CTR DR, BEVERLY HILLS, CA 90210
(310) 278-4321 - 1,000,000 (\$8,093,750) COMMON STOCK. (FILE 333-36252 -
MAY. 04) (BR. 8)

F-3 BIOVAIL CORPORATION INTERNATIONAL, 2488 DUNWIN DR, MISSISSIAUGA,
ONTARIO, A6 (416) 285-6000 - 150,000 (\$7,083,000) COMMON STOCK. (FILE
333-36256 - MAY. 04) (BR. 1)

S-8 JONES FINANCIAL COMPANIES LP LLP, 12555 MANCHESTER, ST LOUIS, MO 63131
(314) 851-2000 - 105,000,000 (\$105,000,000) COMMON STOCK. (FILE 333-36258
- MAY. 04) (BR. 7)

SB-2 TELECOM WIRELESS CORP/CO, 5299 DTC BOULEVARD STE 1120, 12TH FLOOR,
ENGLEWOOD, CO 80111 (303) 416-4000 - 2,197,868 (\$4,189,686) COMMON STOCK.
(FILE 333-36262 - MAY. 04) (BR. 4)

S-8 INPUT OUTPUT INC, 11104 W AIRPORT BLVD, SUITE 200, STAFFORD, TX 77477
(281) 933-3339 - 200,000 (\$1,612,500) COMMON STOCK. (FILE 333-36264 -
MAY. 04) (BR. 5)

S-8 INFINITE GROUP INC, 2364 POST RD, 923 INCLINE WAY 8, WARWICK, RI 02886
(401) 738-5777 - 2,340,000 (\$6,260,222) COMMON STOCK. (FILE 333-36266 -
MAY. 04) (BR. 5)

S-4 ATLAS AIR INC, 538 COMMONS DR, GOLDEN, CO 80401 (303) 526-5050 -
217,317,000 (\$217,317,000) PASS-THROUGH MORTGAGE-BACKED CERTIFICATE.
(FILE 333-36268 - MAY. 04) (BR. 5)

S-3 NORTHERN STATES POWER CO /MN/, 414 NICOLLET MALL 4TH FL, MINNEAPOLIS,
MN
55401 (612) 330-5500 - 4,000,000 (\$87,250,000) COMMON STOCK. (FILE
333-36270 - MAY. 04) (BR. 2)

S-8 ACTIVISION INC /NY, 3100 OCEAN PARK BLVD, STE 1000, SANTA MONICA, CA
90405 (310) 255-2000 - 250,000 (\$1,695,312) STRAIGHT BONDS. (FILE
333-36272 - MAY. 04) (BR. 3)

S-3 MAREX COM INC, 2701 SOUTH BAYSHORE DR STE 403, MIAMI, FL 33133
(305) 285-2003 - 3,230,762 (\$53,711,418) COMMON STOCK. (FILE 333-36276 -
MAY. 04) (BR. 9)

S-8 BEA SYSTEMS INC, 2315 NORTH FIRST ST, SUITE 105, SAN JOSE, CA 95131
(408) 743-4000 - 21,711,808 (\$891,541,116) COMMON STOCK. (FILE 333-36278
-
MAY. 04) (BR. 3)

S-3 REPLIGEN CORP, 117 FOURTH AVE, NEEDHAM, MA 02494 (781) 449-9560 -
2,728,873 (\$17,055,457) COMMON STOCK. (FILE 333-36280 - MAY. 04) (BR. 1)

S-8 ROME BANCORP INC, 100 WEST DOMINICK STREET, ROME, NY 13440
(315) 336-7300 - 216,629 (\$1,441,936.78) COMMON STOCK. (FILE 333-36282 -
MAY. 04) (BR. 7)

S-8 BEA SYSTEMS INC, 2315 NORTH FIRST ST, SUITE 105, SAN JOSE, CA 95131
(408) 743-4000 - 8,000,000 (\$328,500,000) COMMON STOCK. (FILE 333-36286 -
MAY. 04) (BR. 3)

S-8 INCUBATETHIS INC, 4400 ROUTE 9 SOUTH, 2ND FL, FREEHOLD, NJ 07728
(212) 750-7878 - \$2,388 COMMON STOCK. (FILE 333-36288 - MAY. 04) (BR. 9)

S-1 PALMWORKS INC, 2525 SOUTH SHORE BLVD, SUITE 309, LEAGUE CITY, TX 77573
- 762,393 (\$3,525,638) COMMON STOCK. (FILE 333-36290 - MAY. 04)
(NEW ISSUE)

S-8 HARRYS FARMERS MARKET INC, 1180 UPPER HEMBREE RD, ATLANTA, GA 30076
(404) 664-6300 - 285,000 (\$276,820) COMMON STOCK. (FILE 333-36292 -
MAY. 04) (BR. 2)

S-3 BEACON CAPITAL PARTNERS INC, ONE FEDERAL ST 26TH FL, BOSTON, MA 02110
(617) 457-0400 - 2,528,296 (\$34,561,806) COMMON STOCK. (FILE 333-36294 -
MAY. 04) (BR. 8)

S-1 LIBERTY MEDIA CORP /DE/, 9197 SOUTH PEORIA STREET, ENGLEWOOD, CO 80112
(720) 875-5400 - 810,000,000 (\$810,000,000) COMMON STOCK. (FILE 333-36296
- MAY. 04) (BR. 7)

S-4 PACIFIC CAPITAL BANCORP /CA/, 200 EAST CARRILLO STREET, SANTA BARBARA,
CA 93101 (805) 564-6298 - 1,830,500 (\$43,865,690) COMMON STOCK. (FILE
333-36298 - MAY. 04) (BR. 7)

S-3 ITURF INC, 435 HUDSON ST, NEW YORK, NY 10014 (212) 742-1640 - 3,783,622
(\$17,026,299) COMMON STOCK. (FILE 333-36300 - MAY. 04) (BR. 2)

S-8 ORATEC INTERVENTIONS INC, 3700 HAVEN COURT, 415-369-9904, MENLO PARK,
CA
94025 (650) 369-9904 - 4,699,218 (\$67,405,442.75) COMMON STOCK. (FILE
333-36302 - MAY. 04) (BR. 36)

SB-1 TMEX USA INC, 5031 BIRCH ST, STE G, NEWPORT BEACH, CA 92660
(949) 863-9872 - 4,347,826 (\$4,999,999.90) COMMON STOCK. (FILE 333-36306
-
MAY. 04) (BR. 9)

S-8 MOTOROLA INC, 1303 E ALGONQUIN RD, SCHAUMBURG, IL 60196 (847) 576-5000
- 37,500,000 (\$4,361,625,000) COMMON STOCK. (FILE 333-36308 - MAY. 04)
(BR. 7)

S-3 SEMICONDUCTOR LASER INTERNATIONAL CORP, 15 LINK DRIVE, BINGHAMTON, NY
13904 (607) 722-3800 - 18,800,000 (\$17,672,000) COMMON STOCK. (FILE
333-36310 - MAY. 04) (BR. 5)

S-1 ZENGINE INC, 6100 STEWART AVE, FREEMONT, CA 94538 (510) 651-6500 -
\$60,000,000 COMMON STOCK. (FILE 333-36312 - MAY. 04)

S-8 SPORT SUPPLY GROUP INC, 1901 DIPLOMAT DRIVE, FARMERS BRANCH, TX 75234
(972) 48-4 94 - 688,426 (\$5,183,265) COMMON STOCK. (FILE 333-36314 -
MAY. 04) (BR. 2)

S-3 INCYTE PHARMACEUTICALS INC, 3174 PORTER DR, PALO ALTO, CA 94304
(650) 855-0555 - 200,000,000 (\$200,000,000) COMMON STOCK. (FILE 333-36318
- MAY. 04) (BR. 1)

S-3 MOTOROLA INC, 1303 E ALGONQUIN RD, SCHAUMBURG, IL 60196 (847) 576-5000
- 3,408,075 (\$396,393,203) COMMON STOCK. (FILE 333-36320 - MAY. 05)
(BR. 7)

S-8 INTERACT COMMERCE CORP, 8800 N GAINNEY CTR DR, STE 200, SCOTTSDALE, AZ
85258 (480) 368-3700 - 2,629,802 (\$37,632,466) COMMON STOCK. (FILE
333-36322 - MAY. 04) (BR. 4)

S-8 MINUTEMAN INTERNATIONAL INC, 111 S ROHLWING RD, ADDISON, IL 60101
(708) 627-6900 - 150,000 (\$1,312,000) COMMON STOCK. (FILE 333-36324 -
MAY. 04) (BR. 6)

S-4 AMERICAN RIVER HOLDINGS, 1545 RIVER PARK DR, STE 107, SACRAMENTO, CA
95815 (916) 565-6114 - 641,104 (\$6,531,247) COMMON STOCK. (FILE 333-36326
- MAY. 05)

S-1 AXCELIS TECHNOLOGIES INC, 55 CHERRY HILL DRIVE, BEVERLY, MA 01915
(978) 232-4001 - \$500,000,000 COMMON STOCK. (FILE 333-36330 - MAY. 05)
(NEW ISSUE)

S-8 WESTERN DIGITAL CORP, 8105 IRVINE CENTER DR, IRVINE, CA 92618
(949) 932-5000 - 20,000,000 (\$136,250,000) COMMON STOCK. (FILE 333-36332
-
MAY. 05) (BR. 3)