

# SEC NEWS DIGEST

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## COMMISSION ANNOUNCEMENTS

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### **CHARLES NIEMEIER NAMED CHIEF ACCOUNTANT OF THE DIVISION OF ENFORCEMENT; WILL ALSO LEAD DIVISION'S NEW FINANCIAL FRAUD TASK FORCE**

Chairman Arthur Levitt today named Charles D. Niemeier Chief Accountant of the Division of Enforcement and Chief Counsel of the Division's new Financial Fraud Task Force.

As Chief Accountant, Mr. Niemeier will advise the Division of Enforcement on accounting-related investigations. In addition to those duties, Mr. Niemeier, along with Associate Director Paul R. Berger, will lead the Division's new Financial Fraud Task Force, a team of accountants and lawyers who will focus exclusively on financial reporting and accounting investigations. With investor protection as its chief goal, this group will supplement the Commission's financial fraud enforcement efforts, work on complex and novel accounting issues, and increase the speed at which cases are brought. On a yearly basis, the Commission brings between 90-100 financial enforcement actions.

Chairman Levitt said, "Charley's experience and enthusiasm will contribute significantly to the Commission's continuing efforts to detect and punish those who break the accounting rules. The creation of the Financial Fraud Task Force affirms in spirit and in fact that improving the quality of our financial reporting system is a top priority of this Commission. We welcome Charley to the Commission and look forward to reaping the benefits of his extensive private sector experience."

Richard H. Walker, Director of the Division of Enforcement, said, "We are fortunate to have Charley help lead the SEC's stepped up fight against financial and accounting fraud. As both an accountant and a lawyer, Charley is uniquely qualified to spearhead our efforts to root out and prosecute those who cook their books. I am confident that his contributions will ensure the premier quality of financial reporting in this nation."

Mr. Niemeier, 43, has been with the Washington, DC law firm of Williams & Connolly LLP since 1989. Most recently, as a partner, he managed numerous significant matters

involving complex accounting and legal issues. From 1979 to 1989, Mr. Niemeier worked as a practicing certified public accountant at Charles D. Niemeier, P.C., Ernst & Whinney, Arthur Andersen, Fox & Company, and Carlson Petroleum. Mr. Niemeier received his B.B.A. from Baylor University and his J.D. from Georgetown University Law Center.

Mr. Niemeier, who will join the Commission shortly, succeeds Walter Schuetze as the Division's Chief Accountant. Mr. Schuetze, who recently returned to his home in San Antonio, Texas, is continuing to work with the Commission in a consulting capacity. (Press Rel. 2000-70)

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## **ENFORCEMENT PROCEEDINGS**

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### **DISTRICT COURT ENTERS FINAL JUDGMENT AGAINST NEW CONCEPTS, L.L.C., ARNOLD ZOUSMER, CJL CORPORATION AND CHARLES LIDMAN PERMANENTLY ENJOINING THEM FROM VIOLATING REGISTRATION PROVISIONS OF THE FEDERAL SECURITIES LAWS**

The Commission announced today that on May 5 the United States District Court for the Middle District of Florida entered a Final Judgment against New Concepts, L.L.C. (New Concepts), an Illinois company, Arnold Zousmer (Zousmer), a partner in New Concepts, CJL Corporation (CJL), a California consulting firm, and Charles J. Lidman (Lidman), the owner and president of CJL.

Without admitting or denying the Commission's allegations, New Concepts, Zousmer, CJL and Lidman consented to the entry of a judgment which permanently enjoins them from violating Sections 5(a) and 5(c) of the Securities Act of 1933 (Securities Act). The judgment requires these four defendants, jointly and severally, to pay disgorgement in the amount of \$963,000, including prejudgment interest. Finally, the judgment requires New Concepts to pay a civil penalty of \$20,000, and Zousmer and Lidman to pay a civil penalty of \$15,000 each.

The Commission alleged that the defendants violated the registration requirements of the Securities Act by selling the securities of clients of a public relations firm known as Corporate Relations Group, Inc. (CRG). These securities were not registered with the Commission nor was an exemption from registration available.

The Commission's enforcement action against CRG and other defendants, which alleged a variety of federal securities laws violations, including violations of the antifraud, antitouting and registration provisions, is proceeding in the Middle District of Florida (See Litigation Release No. 16294, September 27, 1999). [SEC v. Corporate Relations Group, Inc., et al., Civil Action No. 99-1222-CV-22-A, MD Fla., Orlando] (LR-16563)

## **RELIEF DEFENDANT ORDERED TO PAY DISGORGEMENT OF MORE THAN \$2.1 MILLION IN CONNECTION WITH HURST CAPITAL CORP. OFFERING**

The Commission announced that on December 16, 1999, the United States District Court for the Southern District of Florida entered an Order Setting and Partially Waiving Disgorgement against Relief Defendant Joseph C. Hurst (Joseph Hurst). Joseph Hurst was ordered to disgorge \$2,198,793, representing funds he received from his brother Defendant James F. Hurst (James Hurst) and/or Defendant Hurst Capital Corp. (Hurst Capital), plus prejudgment interest of \$53,394. In partial satisfaction of the disgorgement order, Joseph Hurst was ordered to turn over approximately \$814,302 in cash and real property to the court-appointed receiver in this matter. Based on Joseph Hurst's demonstrated inability to pay, payment of the remaining disgorgement and prejudgment interest thereon was waived.

In a complaint filed in February 1998, the SEC alleged that Defendants James Hurst and Hurst Capital, among others, violated the registration and anti-fraud provisions of the federal securities laws by defrauding hundreds of investors nationwide of \$49 million through the offer and sale of unregistered securities in the form of interests in accounts receivables. The SEC sought a temporary restraining order, an order freezing assets, an accounting, an order prohibiting the destruction of records, an order expediting discovery, and the appointment of a receiver, all of which were granted by the Court. In late February 1998, the Court entered a preliminary injunction against the Defendants, which kept in force the relief granted by the temporary restraining order.

In June 1998, the Court granted the SEC's motion to add Joseph Hurst as a Relief Defendant and to extend the asset freeze to him. The SEC alleged that Joseph Hurst received millions of dollars in fraudulently-obtained investor funds from his brother, Defendant James Hurst and/or Defendant Hurst Capital. Without admitting or denying any of the allegations in the SEC's Amended Complaint, Joseph Hurst consented to the entry of the Order Setting and Partially Waiving Disgorgement against him.

In April 2000, Defendant James Hurst pleaded guilty to one count of securities fraud in a criminal information filed by the United States Attorney for the Southern District of Florida. [SEC v. Hurst Capital Corp., et al., Case No. 98-8090-CIV-HURLEY] (LR-16564)

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## **INVESTMENT COMPANY ACT RELEASES**

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### **COHESION TECHNOLOGIES, INC.**

An order has been issued on an application filed by Cohesion Technologies, Inc under Sections 6(c) and 6(e) of the Investment Company Act granting an exemption from all provisions of the Act, except Sections 9, 17(e) (as modified in the application), 17(f) (as modified in the application), and 37 through 53, and the rules and regulations under those sections. The exemption is effective from today until the earlier of August 18, 2001 or the date applicant no longer may be deemed to be an investment company. (Rel. IC-24462 - May 23)

## **SEI INVESTMENTS MANAGEMENT CORPORATION, ET AL.**

An order has been issued on an application filed by SEI Investments Management Corporation, et al. granting relief from Sections 10(f), 12(d)(3), and 17(e) of the Investment Company Act and from Rule 17e-1 under the Act. The order permits certain registered open-end management investment companies advised by several investment advisers to engage in principal and brokerage transactions with a broker-dealer affiliated with one of the investment advisers and to purchase securities in certain underwritings. The transactions would be between the broker-dealer and a portion of the investment company's portfolio not advised by the adviser affiliated with the broker-dealer. The order also permits these investment companies not to aggregate certain purchases from an underwriting syndicate in which an affiliated person of one of the investment advisers is a principal underwriter. Further, the order permits a portion of an investment company's portfolio to purchase securities issued by a broker-dealer which is an affiliated person of an investment adviser to another portion, subject to the limits in Rule 12d3-1 under the Act. (Rel. IC-24463 – May 23)

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## **SELF-REGULATORY ORGANIZATIONS**

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### **PROPOSED RULE CHANGE**

The Philadelphia Stock Exchange filed a proposed rule change (SR-Phlx-00-28) to divide its Allocation, Evaluation and Securities Committee into two separate committees. (Rel. 34-42800)

### **IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE**

A proposed rule change (SR-PHLX-00-10) filed by the Philadelphia Stock Exchange to reduce the value of the over-the-counter prime index 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 May 29. (Rel. 34-42805)

### **APPROVAL OF PROPOSED RULE CHANGES**

The Commission approved a proposed rule change (SR-NASD-99-33) filed by the National Association of Securities Dealers relating to the establishment of trade and quote halt authority for the NASD's OTCBB service. Publication of the order is expected in the Federal Register during the week of May 29. (Rel. 34-42806)

The Commission approved a proposed rule change and granted accelerated approval to Amendment No. 1 to proposed rule change submitted by the International Securities Exchange (SR-ISE-00-03) relating to block and facilitation trades. Publication of this approval is expected in the Federal Register during the week of May 29. (Rel. 34-42807)

The Commission approved a proposed rule change and granted accelerated approval to Amendment No. 1 to a proposed rule change submitted by the International Securities Exchange (SR-ISE-00-01) relating to market maker allocations. Publication of this approval is expected in the Federal Register during the week of May 29. (Rel. 34-42808)

## WITHDRAWAL SOUGHT

A notice has been issued giving interested persons until June 14, 2000, to comment on the application of Boise Cascade Corporation to withdraw its Common Stock, \$2.50 par value, and associated Common Stock Purchase Rights from listing and registration on the Chicago Stock Exchange. (Rel. 34-42812)

## WITHDRAWALS GRANTED

An order has been issued granting the application of Maxim Pharmaceuticals, Inc to withdraw its Common Stock, \$.001 par value, and Redeemable Common Stock Purchase Warrants, expiring July 10, 2001, from listing and registration on the American Stock Exchange. (Rel 34-42819)

An order has been issued granting the application of Rogers Corporation to withdraw its Capital Stock, \$1 par value, and Rights to Purchase Capital Stock, \$1 par value, from listing and registration on the American Stock Exchange. (Rel. 34-42820)

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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 TEREX CORP, 500 POST ROAD EAST, STE 320, WESTPORT, CT 06880  
(203) 222-7170 - 2,000,000 (\$31,562,500) COMMON STOCK. (FILE 333-37262 -  
MAY. 18) (BR. 5)

S-8 MID WISCONSIN FINANCIAL SERVICES INC, PO BOX 90, MEDFORD, WI 54451  
(715) 748-4364 - 318,293 (\$8,727,804.40) COMMON STOCK. (FILE 333-37264 -  
MAY. 18) (BR. 7)

S-8 FAIRFIELD COMMUNITIES INC, 11001 EXECUTIVE CENTER DRIVE, LITTLE ROCK,  
AR  
72211 (407) 370-5200 - 1,500,000 (\$12,703,125) COMMON STOCK. (FILE  
333-37270 - MAY. 18) (BR. 8)

S-8 PEN INTERCONNECT INC, 1601 ALTON PARKWAY, IRVINE, CA 92606  
(949) 261-3131 - 2,515,000 (\$628,750) COMMON STOCK. (FILE 333-37274 -  
MAY. 18) (BR. 3)

S-8 KULICKE & SOFFA INDUSTRIES INC, 2101 BLAIR MILL RD, WILLOW GROVE, PA  
19090 (215) 784-6000 - 500,000 (\$27,562,500) COMMON STOCK. (FILE  
333-37276 - MAY. 18) (BR. 5)

S-8 KULICKE & SOFFA INDUSTRIES INC, 2101 BLAIR MILL RD, WILLOW GROVE, PA  
19090 (215) 784-6000 - 2,000,000 (\$110,250,000) COMMON STOCK. (FILE  
333-37278 - MAY. 18) (BR. 5)

S-8 NEW FOCUS INC, 2630 WALSH AVENUE, 408-980-8088, SANTA CLARA, CA 95051  
(408) 980-8088 - 8,476,434 (\$74,084,754) COMMON STOCK. (FILE 333-37280 -  
MAY. 18) (BR. 5)

S-8 ONLINE POWER SUPPLY INC, 6909 S HOLLY CIRCLE, #200, ENGLEWOOD, CO 80112  
(303) 741-5641 - 4,613,000 (\$16,145,500) COMMON STOCK. (FILE 333-37282 -  
MAY. 18) (BR. 9)

S-8 USA NETWORKS INC, 152 WEST 57TH ST, NEW YORK, NY 10019 (212) 314-7300 -  
750,000 (\$16,968,750) COMMON STOCK. (FILE 333-37284 - MAY. 18) (BR. 7)

S-8 MEDICALOGIC INC, 20500 NW EVERGREEN PARKWAY, STE 400, HILLSBORO, OR  
97124 (503) 645-6442 - 10,260,750 (\$111,401,047) COMMON STOCK. (FILE  
333-37294 - MAY. 18) (BR. 3)

S-8 MANAGEMENT NETWORK GROUP INC, 7300 COLLEGE BLVD., STE 302,  
OVERLAND PARK, KS 66210 (913) -34-5-93 - 3,534,576 (\$33,986,711.06)  
COMMON STOCK. (FILE 333-37304 - MAY. 18) (BR. 8)

S-8 IMAGING TECHNOLOGIES CORP/CA, 15175 INNOVATION DRIVE, SAN DIEGO, CA  
92128 (619) 613-1300 - 4,865,000 (\$973,000) COMMON STOCK. (FILE 333-37310  
- MAY. 18) (BR. 3)

S-8 E BIDD COM INC, 600 UNIVERSITY STREET, SUITE 2474, SEATTLE, WA 98101  
(506) 964-0404 - 1,000,000 (\$1,187,000) COMMON STOCK. (FILE 333-37312 -  
MAY. 18) (BR. 7)

S-8 ADAMS GOLF INC, 2801 EAST PLANO PARKWAY, PLANO, TX 75074 (972) 673-9000  
- 900,000 (\$1,116,000) COMMON STOCK. (FILE 333-37320 - MAY. 18) (BR. 5)

S-3 GOLDEN STATE BANCORP INC, 135 MAIN ST, SAN FRANCISCO, CA 94105  
(818) 500-2000 - 3,906,323 (\$63,126,179.68) COMMON STOCK. (FILE 333-37322  
- MAY. 18) (BR. 7)

S-8 S&K FAMOUS BRANDS INC, 11100 W BROAD ST, PO BOX 31800, RICHMOND, VA  
23294 (804) 346-2500 - 975,000 (\$6,825,000) COMMON STOCK. (FILE 333-37324  
- MAY. 18) (BR. 2)

- S-8 ENVIRONMENTAL SOLUTIONS WORLDWIDE INC, 30 WERTHEIM COURT SUITE 24,  
RICHMOND ONTARIO, CANADA L4B 1B9, A6 00000 (905) 763-3799 - 5,000,000  
(\$8,750,000) COMMON STOCK. (FILE 333-37330 - MAY. 18) (BR. 9)
- S-8 DDI CORP, 1220 SAMON CIRCLE, AHAMEIM, CA 92806 (714) 588-7200 -  
7,598,588 (\$94,748,172) COMMON STOCK. (FILE 333-37336 - MAY. 18) (BR. 5)
- S-8 MASCO CORP /DE/, 21001 VAN BORN RD, TAYLOR, MI 48180 (313) 274-7400 -  
20,000,000 (\$413,125,000) COMMON STOCK. (FILE 333-37338 - MAY. 18)  
(BR. 6)
- S-8 CHORUS COMMUNICATIONS GROUP LTD, 8501 EXCELSIOR DR,  
C/O MID PLAINS TELEPHONE CO, MADISON, WI 53717 (608) 828-2000 - 500,000  
(\$7,470,000) COMMON STOCK. (FILE 333-37352 - MAY. 18) (BR. 3)
- S-8 COVENANT TRANSPORT INC, 400 BIRMINGHAM HIGHWAY, CHATTANOOGA, TN 37419  
(423) 821-1212 - 651,550 (\$7,994,117) COMMON STOCK. (FILE 333-37356 -  
MAY. 18) (BR. 5)
- S-8 CALPINE CORP, 50 WEST SAN FERNANDO ST, SAN JOSE, CA 95113 (408) 995-  
5115  
- 1,000,000 (\$104,718,750) COMMON STOCK. (FILE 333-37366 - MAY. 18)  
(BR. 2)
- S-3 REUNION INDUSTRIES INC, 300 WEYMAN PLAZA, SUITE 340, PITTSBURGH, PA  
15236 (203) 324-8858 - 8,269,479 (\$10,078,427.53) COMMON STOCK. (FILE  
333-37368 - MAY. 19) (BR. 6)
- S-3 ESTEE LAUDER COMPANIES INC, 767 FIFTH AVE, NEW YORK, NY 10153  
(212) 572-4200 - \$517,500,000 COMMON STOCK. (FILE 333-37370 - MAY. 19)  
(BR. 2)
- S-8 RATIONAL SOFTWARE CORP, 18880 HOMESTEAD RD, CUPERTINO, CA 95014  
(408) 863-9900 - 9,428,623 (\$587,026,067.98) COMMON STOCK. (FILE  
333-37374 - MAY. 19) (BR. 3)
- F-1 REDIFF COMMUNICATION LTD, MAHALAXMI ENGINEERING ESTATE, 1ST FLOOR,  
BEHIND KHILANI COLLEGE, MUMBAI, K7 00000 (011) 912-2444 - \$75,000,000  
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-37376 - MAY. 19)  
(NEW ISSUE)