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SEC NEWS DIGEST

Issue 2001-128

July 3, 2001

COMMISSION ANNOUNCEMENTS

ADDITIONAL APPEARANCE OF SENIOR COMMISSION OFFICIAL – JULY 2001

The following is an addition to our list of public appearances by senior SEC officials scheduled for July 2001. For additional information, please call the contact number listed. As events are subject to change, please confirm with the SEC's Office of Public Affairs or the sponsoring organization.

When: Wednesday, July 18
Who: Acting Chairman Laura S. Unger
What: Exchequer Club Speech
Where: Washington, D.C.
Contact: Nina Faunt, (202) 326-5303

ENFORCEMENT PROCEEDINGS

FORMER CONTROLLER NAMED IN RULE 102(e) ORDER

CPA Scott K. Barton, 47, of Spring, Texas, cannot practice before the Commission as an accountant for three years, according to a Rule 102(e) Order entered by the Commission. Barton consented to the order and a United States District Court injunction entered June 20, 2001 in related proceedings.

In the proceedings, the Commission alleged that Barton, formerly the controller of Paracelsus Healthcare Corporation, and others, caused Paracelsus to overstate its quarterly and annual earnings by as much as 303 percent in filings with the Commission from 1993 through August 1996. According to the Commission, Barton and others created "cookie jar" reserves that were not based on probable and estimable exposures and used the reserves to conceal a decline in Paracelsus' earnings, actions that were inappropriate under Generally Accepted Accounting Principles. Additionally, the complaint alleges that Barton and others failed to disclose all material facts regarding the reserves to Paracelsus' auditors. Paracelsus was formerly listed on the New York Stock Exchange. For further information see also

[SEC v. Ron Messenger, James T. Rush, Scott K. Barton and Gary Hubschman, Civil Action No. H-01-2022, USDC, SDTX (Houston Div.); LR-17042. (Rel. 34-44500; AAE Rel. 1417; File No. 3-10528)

FORMER CFO NAMED IN RULE 102(e) ORDER

James T. Rush, 52, of Sioux Falls, South Dakota, cannot practice before the Commission as an accountant for three years, according to a Rule 102(e) Order entered by the Commission. Rush consented to the order and a United States District Court injunction entered June 20, 2001 in related proceedings.

In the proceedings, the Commission alleged that Rush, formerly the Chief Financial Officer of Paracelsus Healthcare Corporation, and others, caused Paracelsus to overstate its quarterly and annual earnings by as much as 303 percent in filings with the Commission from 1993 through August 1996. According to the Commission, Rush and others concealed \$15 million in uncollectible accounts receivable, created "cookie jar" reserves that were not based on probable and estimable exposures and used the reserves to conceal a decline in Paracelsus' earnings, actions that were inappropriate under Generally Accepted Accounting Principles. Additionally, the complaint alleges that Rush and others failed to disclose all material facts regarding the reserves and the receivables to Paracelsus' auditors. Paracelsus was formerly listed on the New York Stock Exchange. For further information see also [SEC v. Ron Messenger, James T. Rush, Scott K. Barton and Gary Hubschman, Civil Action No. H-01-2022, USDC, SDTX (Houston Div.); LR-17042]. (Rel. 34-44501; AAE Rel. 1418; File No. 3-10529)

TEMPORARY RESTRAINING ORDER AND ASSET FREEZE ENTERED IN INTERNET OFFERING FRAUD INVOLVING BOGUS SECURITIES

On June 28, United States District Court Judge Lee R. West, issued emergency orders, including a temporary restraining order and asset freeze, against Garry W. Stroud, an alleged Internet investment swindler operating from British Columbia, Canada, and Lynden, Washington. The Commission charged Stroud with conducting an ongoing Internet investment scheme involving investment-contract securities that fleeced over 2,200 investors worldwide of approximately \$1 million since 1998. According to the complaint, Stroud operated the scheme using several fictitious businesses, including Angelic International, Diamond Global Holding Trust, and Euro Credit & Exchange Bank Ltd. Stroud offered and sold seven spurious investments under these names using Internet websites and e-mail. The offerings included interests in so-called "Morgenthau Gold Bond Certificates," foreign gold-mining projects, and phony "prime-bank" trading programs and promised investors extraordinary returns with little or no risk, the complaint said. The complaint further alleged that these investments were, in every case, pure shams. The complaint also named Adele Louros, a Canadian citizen, as a relief defendant, claiming that she possessed proceeds from the fraudulent offerings.

In its complaint, the Commission alleged that Stroud violated the following provisions of the federal securities laws: (1) the antifraud provisions, at Section 17(a) of the Securities

Act of 1933 (Securities Act), Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder; (2) and the registration provisions, at Sections 5(a) and 5(c) of the Securities Act. In addition; the Commission is seeking preliminary and permanent injunctions restraining future violations of the foregoing provisions of the federal securities laws, an order requiring the defendant to disgorge all wrongfully obtained profits plus prejudgment interest, and civil penalties. The Commission is also seeking the disgorgement of fraudulent proceeds from the relief defendant. [SEC v. Garry W. Stroud, Individually and d/b/a Diamond Global Holding Trust, Euro Credit and Exchange Bank Ltd., and Angelic International. Case No. Civ-01-999 L, USDC, Western District of Oklahoma, Oklahoma City Division] (LR-17057)

JUDGMENT ENTERED AGAINST FORMER WIZ TECHNOLOGY OFFICERS FOR ACCOUNTING FRAUD

A United States District Court has entered judgment against Mar-Jeanne Tendler and Arthur Tendler, both of Dana Point, California. The Tendlers were former officers and directors of a consumer software manufacturer, WIZ Technology, Inc. The judgment prohibits them from engaging in securities fraud in the future. The judgment also prohibits the couple from acting as directors or officers of any public company and requires that they pay \$25,000 in disgorgement.

The Commission alleged in its complaint that Mar-Jeanne and Arthur Tendler used accounting gimmicks, sham sales, and backdated agreements artificially to inflate WIZ's publicly reported sales, income, and assets in quarterly reports and press releases issued during 1995, 1996, and 1997. The company filed bankruptcy in 1997.

The Tendlers consented to the entry of the judgment without admitting or denying the allegations made by the Commission.

A third defendant, Billie M. Jolson, passed away while the action was pending and the Commission voluntarily dismissed the case against her.

The action was brought and the injunction entered under Section 17(a) of the Securities Act of 1933, Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B), 13(b)(5) and 16(a) of the Securities and Exchange Act of 1934, and Rules 10b-5, 12b-20, 13a-13, 13b2-1 and 16a-3. For further information see Litigation Release 16298. [SEC v. Mar-Jeanne Tendler, Arthur Tendler and Billie M. Jolson, Case No. C 99-1200 DOC, USDC, CDCal.] (LR-17058; AAE Rel. 1419)

INVESTMENT COMPANY ACT RELEASES

NOTICES OF DEREGISTRATIONS UNDER THE INVESTMENT COMPANY ACT

For the month of June, 2001, a notice has been issued giving interested persons until July 24, 2001, to request a hearing on any of the following applications for an order under Section 8(f) of the Investment Company Act of 1940 declaring that the applicant has ceased to be an investment company:

Kentucky Daily Municipal Income Fund, Inc. [File No. 811-8423]
Tennessee Daily Municipal Income Fund, Inc. [File No. 811-8427]
Texas Daily Municipal Income Fund, Inc. [File No. 811-8429]
Calvert New World Fund, Inc. [File No. 811-8924]
Leland Funds, Inc. [File No. 811-9573]
Leland Real Estate Collective Investment Trust [File No. 811-9775]
Putnam Dividend Income Fund [File No. 811-5852]
WCT Funds [File No. 811-8335]
1-800 MUTUALS Fund Group, Inc. [File No. 811-9099]
Gen-Net Realty Unit Investment Trust, Corporate-Government Series
[File No. 811-9949]
The Emerging Markets Telecommunications Fund, Inc. [File No. 811-6562]
The Latin America Equity Fund, Inc. [File No. 811-6413]
Group Variable Annuity Account [File No. 811-8538]
Advisor's Fund [File No. 811-8843]
SBL Variable Annuity Account X [File No. 811-8779]
(Rel. IC-25056 – June 29)

HOLDING COMPANY ACT RELEASES

AMEREN CORPORATION

A notice has been issued giving interested persons until July 24 to request a hearing on a proposal by Ameren Corporation (Ameren), a registered holding company, to issue and sell, directly or indirectly, short-term debt, long-term debt, common stock, preferred stock, other preferred securities, and equity-linked securities. Ameren also proposes to provide credit support on behalf or for the benefit of its direct and indirect nonutility subsidiaries and enter into hedging transactions with respect to existing indebtedness and anticipatory debt issuances. (Rel. 35-27424)

WISCONSIN ENERGY CORPORATION, ET AL.

A notice has been issued giving interested persons until June 24 to request a hearing on a proposal by Wisconsin Energy Corporation (WEC), an exempt holding company, and Wisconsin Electric Power Company (WEPCo), WEC's utility subsidiary and also an exempt holding company. WEPCo proposes to acquire the securities of Wisconsin Gas, a

gas utility indirectly wholly owned by WEC, in exchange for WEPCo's gas utility assets. WEC and WEPCo also request exemptions from the Act under Section 3(a)(1). (Rel. 35-27424)

TRUST INDENTURE ACT RELEASES

ALLIED WASTE NORTH AMERICA, INC.

The Commission has issued a notice giving interested persons until August 7, 2001, to request a hearing on an application by Allied Waste North America, Inc., pursuant to Section 304(d) of the Trust Indenture Act of 1939. The application refers to 8-7/8% Senior Notes, due 2008 under an indenture dated December 23, 1998 and supplemented by an indenture date January 30, 2001, between Allied Waste North America, Inc., and U.S. Bank Trust National Association. The application requests that the Commission exempt the 8-7/8% Senior Notes due 2008 from the provisions of Section 314(d) of the 1939 Act. (Rel. TI-2390; Rel. 22-28498)

SELF-REGULATORY ORGANIZATIONS

ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission granted accelerated approval to a proposed rule change submitted by the National Association of Securities Dealers (SR-NASD-98-26). The proposed rule change continues to suspend the current PMM standards and extends the Short Sale Rule pilot until March 1, 2002. Publication in the Federal Register is expected during the week of July 2. (Rel. 34-44497)

The Options Clearing Corporation filed a proposed rule change (SR-OCC-2001-06) under Section 19(b)(2) of the Securities Exchange Act. The proposed rule change will delete an OCC requirement that applicants for membership in OCC "propose to engage upon acceptance in the clearance of options transactions for the applicant's firm account or for the accounts of customers." Publication of the proposal and order is expected in the Federal Register during the week of July 2. (Rel. 34-44498)

The Commission granted accelerated approval to a proposed rule change (SR-NASD-2001-35) submitted by the National Association of Securities Dealers that eliminates the interval delay between executions against the same market maker at the same price level in the Nasdaq National Market Execution System. Publication of the order is expected in the Federal Register during the week of July 9. (Rel. 34-44504)

APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change (SR-NASD-2001-14) and Amendment No. 1 thereto submitted by the National Association of Securities Dealers, through its subsidiary, The Nasdaq Stock Market, Inc., to modify certain initial and continued listing standards on Nasdaq. (Rel. 34-44499)

DELISTING GRANTED

An order has been issued granting the application of the American Stock Exchange to strike from listing and registration 4 1/2 Convertible Subordinated Notes, due September 15, 2004, of Friede Goldman Halter, Inc., effective at the opening of business on July 3, 2001. (Rel. 34-44503)

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-B PANAMA REPUBLIC OF, 2862 MCGILL TERRACE NW, C/O AMBASSADOR OF
PANAMA,
WASHINGTON, DC 20008 (000) 000-0000 - 1,000,000,000 (\$1,000,000,000)
FOREIGN GOVERNMENT AND AGENCY DEBT. (FILE 333-13652 - JUN. 22) (BR.
99)

S-8 CHARTERED SEMICONDUCTOR MANUFACTURING LTD,
60 WOODLANDS INDUSTRIAL PARK D STREE 2, SINGAPORE, (653) 622-838 -
10,000,000 (\$25,800,000) COMMON STOCK. (FILE 333-63816 - JUN. 26) (BR.
5)

S-4 INDUSTRIAL HOLDINGS INC, 7135 ARDMORE, HOUSTON, TX 77054 (713) 747-
1025
- 41,000,000 (\$22,943,600) COMMON STOCK. (FILE 333-63834 - JUN. 26)
(BR. 6)

- S-8 ANADIGICS INC, 35 TECHNOLOGY DR, WARREN, NJ 07059 (908) 668-5000 -
3,650,000 (\$68,218,500) COMMON STOCK. (FILE 333-63836 - JUN. 26) (BR.
5)
- SB-2 EP MEDSYSTEMS INC, 100 STIERLI COURT, SUITE 107, MOUNT ARLINGTON, NJ
07856 (973) 398-2800 - 2,700,000 (\$6,885,000) COMMON STOCK. (FILE
333-63852 - JUN. 26) (BR. 9)
- S-8 FLUOR CORP, ONE ENTERPRISE DR, ALISO VIEJO, CA 92656 (949) 349-2000
\$1,045,000 COMMON STOCK. (FILE 333-63858 - JUN. 26) (BR. 6)
- S-8 MONRO MUFFLER BRAKE INC, 200 HOLLEDER PKWY, ROCHESTER, NY 14615
(716) 647-6400 - \$1 COMMON STOCK. (FILE 333-63880 - JUN. 26) (BR. 5)
- S-3 VERIZON NEW JERSEY INC, 540 BROAD ST, NEWARK, NJ 07101 (201) 649-
9900 -
816,400,000 (\$816,400,000) STRAIGHT BONDS. (FILE 333-63882 - JUN. 26)
(BR. 7)
- S-3 VERIZON NEW ENGLAND INC, 185 FRANKLIN STREET, BOSTON, MA 02110
(617) 743-9800 - 1,500,000,000 (\$1,500,000,000) STRAIGHT BONDS. (FILE
333-63884 - JUN. 26) (BR. 7)
- S-3 VERIZON MARYLAND INC, ONE E PRATT ST, BALTIMORE, MD 21202 (410) 539-
9900 -
1,000,000,000 (\$1,000,000,000) STRAIGHT BONDS. (FILE 333-63886 -
JUN. 26) (BR. 7)
- S-3 VERIZON PENNSYLVANIA INC, 1717 ARCH ST, 32ND FLOOR, PHILADELPHIA, PA
19103 (215) 466-9900 - 1,000,000,000 (\$1,000,000,000) STRAIGHT BONDS.
(FILE 333-63888 - JUN. 26) (BR. 7)
- S-3 PETROQUEST ENERGY INC, 400 E KALISTE SALOOM RD SUITE 3000,
LAFAYETTE, LA
70508 (337) 232-7028 - 6,095,000 (\$41,476,475) COMMON STOCK. (FILE
333-63920 - JUN. 27) (BR. 4)