

SEC NEWS DIGEST

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COMMISSION ANNOUNCEMENTS

SEC APPROVES OPTIONS INTERMARKET LINKAGE PLAN

Commission Also Issues Two Rule Proposals on Market Fragmentation

The Commission today approved an options intermarket linkage plan that was jointly submitted by the Chicago Board Options Exchange, International Securities Exchange and the American Stock Exchange. The Commission also approved a rule proposal regarding the quotation obligations of options exchanges and market makers, and disclosure by broker-dealers of executions of customer options orders at prices inferior to the quote.

In addition, the Commission approved the issuance of a second rule proposal arising from its request for comments on issues of fragmentation and internalization in the securities markets. The rule proposal would require greater disclosure of order routing and order execution practices by brokers and market centers. Following publication in the Federal Register, the public is encouraged to submit comments on both proposals to the Commission in a 45-day comment period. Text of the rule proposals will be available shortly on the SEC's website, www.sec.gov.

The following additional materials are available:

Fact Sheet: www.sec.gov/news/extra/mfrgfact.htm

Statement by Chairman Levitt: www.sec.gov/news/speeches/spch392.htm
(Press Rel. 2000-101)

SEC TO ESTABLISH ADVISORY COMMITTEE ON MARKET INFORMATION

The Commission today announced that it is establishing a federal advisory committee to assist it in evaluating issues relating to the public availability of market information in the equities and options markets. The Securities and Exchange Commission Advisory Committee on Market Information will have a broad mandate to explore both

fundamental matters, such as the benefits of price transparency and consolidated market information, and practical issues such as the most effective methods of consolidating market data. The committee will be chaired by Joel Seligman, Dean of the Washington University School of Law in St. Louis and a renowned scholar on securities regulation.

Specifically, the committee is expected to address issues such as: (1) the value of transparency to the markets; (2) the ramifications of electronic quote generation and decimalization for market transparency; (3) the merits of providing consolidated market information to intermediaries and customers; (4) alternative models for disseminating and consolidating information from multiple markets; (5) how market information fees should be determined, including the role of public disclosure of market information costs, fees, revenues, and other matters, and how the fairness and reasonableness of fees should be evaluated; and (6) appropriate governance structures for joint market information plans, as well as issues relating to plan administration and oversight. The Advisory Committee will be composed of 20 to 25 members representing a wide range of perspectives, including investors, markets, broker-dealers, vendors and other market participants, as well as the public at large.

One of the purposes of the committee will be to further explore the issues raised by the Commission in its December 1999 concept release on the regulation of market information fees and revenues,¹ which solicited public comment on the arrangements currently in place for disseminating market information to the public. In particular, the concept release focused on the fees charged for market information and the role of revenues derived from these fees in funding the operation and regulation of the markets. The comment letters received by the Commission in response to the concept release expressed widely varied views on how market information should be made available and who should receive payment for it.

Chairman Arthur Levitt said, "Market information is at the core of price transparency and is one of the pillars of our national market system. In light of the fundamental importance of market information and the difficult questions raised by the commenters, I believe it is necessary to explore the issues relating to the public availability of market data in more depth. The Commission will benefit greatly from the expertise of this broad-based Advisory Committee, and I am grateful that such an eminent scholar as Joel Seligman has agreed to lead this important initiative. My hope is that the Advisory Committee will be able to forge a consensus on a range of issues concerning market information, and issue a written report containing its recommendations to the Commission by September of next year."

Dean Joel Seligman said, "I look forward to the challenge that Chairman Levitt has presented us. So much has changed in this area of the securities industry: new ways of disseminating quote and last sale information; alternative trading systems; on-line trading; the increased potential of wireless communication; dramatic increases in the

¹ Securities Exchange Act Release No. 42208 (December 9, 1999), 64 FR 70613 (December 17, 1999).

volume of trading; and other fundamental factors. The time seems appropriate for a fresh look at the securities industry's consolidated tape and consolidated quotation systems." (Press Rel. 2000-102)

RULES AND RELATED MATTERS

COMMISSION ISSUES INTERPRETIVE RELEASE ON MINI-TENDER OFFERS AND LIMITED PARTNERSHIP TENDER OFFERS

The Commission today published interpretive guidance regarding disclosure and dissemination of mini-tender offers and disclosure for tender offers for limited partnership units. Mini-tender offers are tender offers for five percent or less of a company's securities. The Commission interpretive release enhances investor protection by setting forth our views on disclosure, dissemination and other obligations involving these types of tender offers. The purpose of the interpretive release is to make participants in mini-tender offers and tender offers for limited partnership units aware of their obligations under the antifraud provisions of the federal securities laws. The interpretive release is available at the SEC website address <http://www.sec.gov/rules/concindx.htm>. For further information concerning mini-tender offers, investors may review "Mini-Tender Offers: Tips for Investors" found at the SEC website address <http://www.sec.gov/consumer/minitend.htm>. For further information about the interpretive release, contact Dennis O. Garris, Chief, or Nicholas P. Panos, Special Counsel, Office of Mergers and Acquisitions, Division of Corporation Finance, at (202) 942-2920. (Rels. 34-43069; IC- 24564)

ENFORCEMENT PROCEEDINGS

UNDERWRITER CHARGED WITH MANIPULATING TWO MICROCAP IPOs

On July 24, the SEC instituted administrative proceedings against LT Lawrence & Co., Inc., a New York broker-dealer, and its owners Todd E. Roberti of Florham Park, New Jersey, and Lawrence Principato of Staten Island, New York, for manipulating the initial public offering of two microcap companies. In the Order Instituting Proceedings the Division of Enforcement alleges that LT Lawrence, through Roberti and Principato, underwrote two microcap IPOs between December 1995 and July 1996 and manipulated the price of both securities, defrauding its retail customers of at least \$2 million. The SEC also instituted administrative proceedings against Thomas J. Dalton of Levittown, New York, LT Lawrence & Co., Inc.'s head trader, for aiding and abetting both schemes.

The Division alleges that LT Lawrence underwrote the IPOs of Ecotyre Technologies, Inc. on December 12, 1995, and Bigmar, Inc. on June 19, 1996. Both Ecotyre and Bigmar traded on the NASDAQ SmallCap market. The Division also alleges that

Roberti and Principato, through LT Lawrence, engaged in a classic pump-and-dump manipulative scheme to artificially increase the price of the Ecotyre and Bigmar securities. Roberti and Principato, through LT Lawrence, controlled the distribution of both IPOs and dominated and controlled the first day of aftermarket trading in both Ecotyre and Bigmar securities. In both schemes, Roberti and Principato accumulated a large inventory position at LT Lawrence and then dumped the securities on its retail customers at the manipulated price. In addition, LT Lawrence had large short positions in its inventory accounts at the end of the first day of aftermarket trading in both securities.

The Division is seeking sanctions against the respondents including cease-and-desist orders, disgorgement and pre-judgment interest, monetary penalties, and other remedial action. A hearing will be held to determine whether the allegations are true and, if so, to determine what remedial sanctions are appropriate and in the public interest. (Rel. 33-7876; 34-43067; File No. 3-9923)

SETTLED ENFORCEMENT PROCEEDINGS AGAINST GUILFORD MILLS, INC. AND TIMOTHY GAFFNEY

On July 24, the Commission announced settled enforcement proceedings against Guilford Mills, Inc., a textile company based in Greensboro, North Carolina, and Timothy J. Gaffney, the former controller of Guilford's Hofmann Laces subsidiary in Cobleskill, New York. The Commission filed a securities fraud complaint against Gaffney in the United States District Court for the District of Columbia and issued an administrative cease and desist order against Guilford.

In its complaint against Gaffney, the Commission alleged that Gaffney made a series of false accounting entries in 1997 and 1998 while employed as controller of Guilford's Hofmann Laces subsidiary, which Guilford had acquired in January 1996. According to the complaint, Gaffney's false entries materially understated accounts payable and materially overstated earnings for Hofmann Laces, which in turn caused Guilford's consolidated operating results to be materially overstated in the financial statements included in Guilford's quarterly reports on Form 10-Q filed with the Commission for the quarters ended December 28, 1997, March 29, 1998, and June 28, 1998. Without admitting or denying the allegations of the Commission's complaint, Gaffney consented to entry of a judgment that enjoins him from violating the antifraud, internal accounting controls, and record-keeping provisions of the Securities Exchange Act of 1934 (Sections 10(b) and 13(b)(5) and Rules 10b-5 and 13b2-1 thereunder), and orders him to pay a \$25,000 civil penalty. [SEC v. Timothy J. Gaffney, Case No. 1:00CV01725, RMU, USDC, D.D.C.] (LR-16634)

In the related administrative proceeding against Guilford, the Commission found that Guilford failed to implement and maintain adequate internal accounting controls following its acquisition of Hofmann Laces, which allowed Gaffney's false entries to go undetected and resulted in books and records that did not accurately and fairly reflect Guilford's transactions and asset dispositions. Based on those findings, the Commission

issued an order finding that Guilford violated the periodic reporting, internal accounting controls, and record-keeping provisions of the Exchange Act (Sections 13(a) and 13(b)(2) (A) and (B) and Rule 13a-13 thereunder) and requiring Guilford to cease and desist from committing or causing such violations. Guilford consented to the issuance of the Commission's order without admitting or denying the matters set forth therein. (Rel. 34-43068; File No. 3-10258; and AAE Rel. 1287)

INVESTMENT COMPANY ACT RELEASES

COLCHESTER STREET TRUST, ET AL.

A notice has been issued giving interested persons until August 18, 2000, to request a hearing on an application filed by Colchester Street Trust, et al. for an order under Sections 6(c), 12(d)(1)(J), and 17(b) of the Investment Company Act and under Section 17(d) and Rule 17d-1 to permit certain joint transactions. The order would amend a prior order that permits an interfund lending and borrowing facility. (Rel. IC-24563 – July 24)

HOLDING COMPANY ACT RELEASES

FIRSTENERGY CORP.

A notice has been issued giving interested persons until August 15, 2000, to request a hearing on a proposal by FirstEnergy Corp. (FirstEnergy), a public utility holding company claiming exemption from registration under Section 3(a)(1) of the Public Utility Holding Company Act by Rule 2 under the Act. FirstEnergy requests authority to acquire all of the issued and outstanding voting securities of American Transmission Systems, Incorporated, a corporation FirstEnergy intends to organize for the purpose of owning and operating certain transmission assets currently owned by each of FirstEnergy's public utility subsidiary companies. (Rel. 35-27202)

WGL HOLDINGS, ET AL.

A notice has been issued giving interested persons until August 15, 2000, to request a hearing on a proposal by WGL Holdings, Inc. (WGL) which is currently a wholly owned subsidiary of Washington Gas Light Company (Washington Gas), a gas utility company not currently subject to the Act, and Washington Gas' nonutility subsidiary companies, Hampshire Gas Company (Hampshire), Crab Run Gas Company (Crab Run), Washington Gas Resources Corp. (WGR), and Primary Investors, LLC (Primary Investors), (collectively, Applicants), all located at 1100 H Street, N.W., Washington, D.C. 20080, have filed an application-declaration requesting authorization through December 31, 2005 for a series of financings and activities including hedging

transactions, a money pool agreement, changes in capital stock of subsidiaries, payment of dividends out of capital or unearned surplus, energy consumer financing activities, services agreements, creation of certain subsidiary companies and issuance of common stock, preferred stock, debentures and guarantees. Washington Gas intends to reorganize with WGL becoming a holding company over Washington Gas. WGL will register under the Act. (Rel. 35-27202)

SELF-REGULATORY ORGANIZATIONS

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change filed by the Chicago Board Options Exchange (SR-CBOE-00-25) to trade standardized equity options on Trust Issued Receipts. Publication of the proposal is expected in the Federal Register during the week of July 24. (Rel. 34-43043)

APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change (SR-CBOE-99-15) filed by the Chicago Board Options Exchange that revises the CBOE's membership rules. Publication of the order is expected in the Federal Register during the week of July 24. (Rel. 34-43056)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change filed by the Philadelphia Stock Exchange (SR-Phlx-00-58) relating to the Exchange's Automated Communication and Execution System 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 July 24. (Rel. 34-43059)

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 MAXWELL TECHNOLOGIES INC, 9275 SKY PARK COURT, SAN DIEGO, CA 92123
(858) 279-5100 - 75,000 (\$1,101,563) COMMON STOCK. (FILE 333-41632 -
JUL. 18) (BR. 3)
- S-8 MAXWELL TECHNOLOGIES INC, 9275 SKY PARK COURT, SAN DIEGO, CA 92123
(858) 279-5100 - 294,030 (\$4,318,566) COMMON STOCK. (FILE 333-41634 -
JUL. 18) (BR. 3)
- 9 SB-2 COR DEVELOPMENT LLC, 13720 ROE, LEAWOOD, KS 66224 (913) 897-0120 -
1,600,000 (\$16,000,000) COMMON STOCK. (FILE 333-41636 - JUL. 18) (BR.
- NEW ISSUE)
- S-3 ALLEGHENY ENERGY INC, 10435 DOWNSVILLE PIKE, HAGERSTOWN, MD 21740
(301) 790-3400 - 300,000,000 (\$300,000,000) STRAIGHT BONDS. (FILE
333-41638 - JUL. 18) (BR. 2)
- S-8 LANGUAGEWARE NET CO LTD, C/O YOGAL ARNON & CO, 22 RIVLIN STREET,
JERUSALEM 91000 ISRAEL, L3 (719) 955-3400 - 13,266,639 (\$9,949,979)
FOREIGN COMMON STOCK. (FILE 333-41640 - JUL. 18) (BR. 3)
- TX S-3 SUMMIT ENVIRONMENTAL CORP INC, 414 EAST LOOP 281, STE 7, LONGVIEW,
75605 (405) 840-1585 - 4,321,000 (\$3,932,110) COMMON STOCK. (FILE
333-41642 - JUL. 18) (BR. 9)
- SB-2 GOLDEN CHOICE FOODS CORP, 180 NEWPORT CENTER DRIVE, SUITE 180,
NEWPORT BEACH, CA 92660 (949) 720-8470 - 2,638,908 (\$5,277,816)
COMMON STOCK. (FILE 333-41644 - JUL. 18)
- S-3 FLEXTRONICS INTERNATIONAL LTD, 11 UBI ROAD 1,
#07 01 02 MEIBAN INDUSTRIAL BLDG, SINGAPORE 408723, UO (065) 449-5255 -
9,242,415 (\$677,584,550) FOREIGN COMMON STOCK. (FILE 333-41646 - JUL.
18)
(BR. 5)
- S-8 FOUNDRY NETWORKS INC, 680 W MAUDE AVENUE, SUITE 3, SUNNYVALE, CA
94086
(408) 530-3300 - 13,425,683 (\$1,191,318,958) COMMON STOCK. (FILE
333-41648 - JUL. 18) (BR. 3)
- S-1 DYNATECH CORP, 3 NEW ENGLAND EXECUTIVE PARK, BURLINGTON, MA 01803
(617) 272-6100 - \$115,000,000 COMMON STOCK. (FILE 333-41650 - JUL. 18)
(BR. 5)
- S-8 AMPEX CORP /DE/, 500 BROADWAY, MAIL STOP 3-36, REDWOOD CITY, CA
94063
(650) 367-2011 - 2,500,000 (\$3,600,000) COMMON STOCK. (FILE 333-41652
-
JUL. 18) (BR. 7)

S-8 TELEFLEX INC, 630 W GERMANTOWN PK STE 450, SUITE 450, PLYMOUTH MEETING, PA 19462 (215) 834-6301 - 100,000 (\$3,656,250) COMMON STOCK. (FILE 333-41654 - JUL. 18) (BR. 5)

S-8 RNETHEALTH COM INC, 1411 5TH STREET, SUITE 250, SANTA MONICA, CA 90401 (310) 393-3979 - 1,850,000 (\$982,720) COMMON STOCK. (FILE 333-41656 - JUL. 18) (BR. 9)

S-8 PAIN THERAPEUTICS INC, 250 EAST GRAND AVENUE, SUITE 70, SOUTH SAN FRANCISCO, CA 94080 (650) 624-8200 - 3,841,821 (\$40,314,665) COMMON STOCK. (FILE 333-41660 - JUL. 18) (BR. 1)

S-8 SPRINT CORP, 2330 SHAWNEE MISSION PKWY, WESTWOOD, KS 66205 (913) 624-3000 - 8,000,000 (\$459,322,250) COMMON STOCK. (FILE 333-41662 - JUL. 18) (BR. 7)

S-3 BIOTRANSPLANT INC, BUILDING 75, 3RD AVENUE, BLDG 96 13TH ST, CHARLESTOWN, MA 02129 (617) 241-5200 - 168,591 (\$1,865,038) COMMON STOCK. (FILE 333-41664 - JUL. 18) (BR. 1)

S-8 PONTOTOC PRODUCTION INC, 808 EAST MAIN, ADA, OK 74820 (580) 436-6100 - 500,000 (\$4,340,500) COMMON STOCK. (FILE 333-41666 - JUL. 18) (BR. 9)

S-8 Z TEL TECHNOLOGIES INC, 601 S. HARBOUR ISLAND BLVD, SUITE 220, TAMPA, FL 33602 (813) 273-6261 - 8,250,000 (\$98,484,375) COMMON STOCK. (FILE 333-41668 - JUL. 18) (BR. 7)

S-8 SELECTIVE INSURANCE GROUP INC, 40 WANTAGE AVENUE, BRANCHVILLE, NJ 07890 (201) 948-3000 - 450,000 (\$8,381,250) COMMON STOCK. (FILE 333-41674 - JUL. 18) (BR. 1)

S-8 KENTUCKY NATIONAL BANCORP INC, 1000 NORTH DIXIE AVENUE, ELIZABETHTOWN, KY 42701 (502) 737-6000 - 48,000 (\$1,200,000) COMMON STOCK. (FILE 333-41676 - JUL. 18) (BR. 7)

SB-2 INFORMATION ANALYSIS INC, 11240 WAPLES MILL RD #400, FAIRFAX, VA 22030 (703) 383-3000 - 4,515,000 (\$2,122,050) COMMON STOCK. (FILE 333-41678 - JUL. 18) (BR. 3)

S-1 SOUTHERN ENERGY INC, 241 RALPH MCGILL BLVD NE, ATLANTA, GA 30308 (404) 506-7146 - 6,900,000 (\$345,000,000) PREFERRED STOCK. (FILE 333-41680 - JUL. 18) (BR. 2)

S-8 CEPHEID, 1190 BORREGAS, 408-969-0770, SUNNYVALE, CA 94089 (408) 541-4191 - 3,200,000 (\$44,800,000) COMMON STOCK. (FILE 333-41682 - JUL. 18) (BR. 5)

S-1 DWFCM INTERNATIONAL ACCESS FUND LP, TWO WORLD TRADE CENTER 62ND FL,
C/O DEMETER MANAGEMENT CORP, NEW YORK, NY 10048 (212) 392-5454 -
1,750,000
(\$24,482,500) LIMITED PARTNERSHIP CERTIFICATE. (FILE 333-41684 - JUL.
18)
(BR. 8)

S-3 BERKSHIRE HATHAWAY INC, 1440 KIEWIT PLZ, OMAHA, NE 68131 (402) 346-
1400
- 1,306 (\$56,948,431) COMMON STOCK. (FILE 333-41686 - JUL. 18) (BR. 1)

S-8 ALTERA CORP, 101 INNOVATION DR, SAN JOSE, CA 95134 (408) 544-8000 -
6,960,000 (\$709,334,385) COMMON STOCK. (FILE 333-41688 - JUL. 18) (BR.
5)

SB-2 DBS INDUSTRIES INC, 100 SHORELINE HWY, STE 100, MILL VALLEY, CA
94941
(415) 380-8055 - 6,700,550 (\$11,242,253) COMMON STOCK. (FILE 333-41690
-
JUL. 18) (BR. 7)