

SEC NEWS DIGEST

Issue 2002-16

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COMMISSION ANNOUNCEMENTS

CHANGE IN THE MEETING: CANCELLATION OF MEETING/ADDITIONAL MEETINGS

The closed meeting scheduled for Tuesday, January 29, 2002, has been cancelled, and rescheduled for Wednesday, February 6, 2002, at 10:00 a.m. An additional closed meeting will be held on Thursday, February 7, 2002, at 10:00 a.m.

The subject matter of the closed meetings scheduled for Wednesday, February 6, 2002, and Thursday, February 7, 2002, will be: Institution and settlement of injunctive actions; Institution and settlement of administrative proceedings of an enforcement nature; Formal orders of investigation; and Adjudicatory matters.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

ENFORCEMENT PROCEEDINGS

ADMINISTRATIVE PROCEEDINGS SETTLED AGAINST BNB CAPITAL, INC AND VINCENT BEALE

The Commission announced that it accepted the settlement offers of Vincent W. Beale, Sr. (Beale) and BNB Capital, Inc. (BNB), a broker-dealer registered with the Commission, and issued an Order Making Findings and Imposing Sanction and Cease and Desist Order (Order). The Order finds that Beale willfully violated the anti-fraud and that Beale and BNB willfully violated the broker-dealer registration provisions of the federal securities laws.

According to the Order, in April and May 1996, Beale and another respondent, Tyrone Killebrew (Killebrew), offered and sold unregistered one year promissory notes issued by a start-up communications company for a 25 per cent commission. The Commission's Order further alleges that Beale made material misrepresentations and omissions, including: that

an investment in the convertible notes posed little or no risk; that the issuer had an enormous potential for profit; that the issuer owned rights to the communications technology it sought to develop; that investors could profit from an initial public offering by the issuer; and that Beale had personally invested \$1.6 million in the issuer. The issuer is no longer in business, and investors never received any return on their investment.

Additionally, the Commission's Order finds that before BNB was registered with the Commission as a broker-dealer, Beale agreed to have BNB offer a private placement of the unregistered common stock of a lighting company, in return for its expenses and a 10 per cent commission. Between February 1997 and July 1997, BNB, by and through Beale and Killebrew, raised approximately \$1.5 million from the sale of the lighting manufacturer's stock before BNB's registration became effective. Accordingly, the Order finds that Beale and BNB acted as unregistered broker-dealers.

Pursuant to the Order, Beale is ordered to cease and desist from committing or causing any violation and any future violation of Section 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder. Further, Beale is barred from association with any broker or dealer, with the right to reapply for association after 18 months. Finally, Beale is ordered to pay a civil penalty in the amount of \$20,000. Beale was not ordered to pay disgorgement in light of money he has paid to settle private litigation involving the same conduct covered by the Commission's Order.

The Commission Order requires BNB to cease and desist from committing or causing any violation or future violation of Section 15(a) of the Exchange Act. Additionally, the Order suspends BNB's broker-dealer registration for a period of three months and requires BNB to pay a civil penalty in the amount of \$5,000. (Rels. 33-8057; 34-45324; File No. 3-10286)

CEASE AND DESIST ORDER AND BAR IMPOSED ON ERIC SCHULTZ

The Commission instituted and settled a cease-and-desist and administrative proceeding against Eric V. Schultz. The Order finds that between August 1997 and September 1998, Schultz offered and sold securities in the form of investment interests in Iris Limited Partnership and raised approximately \$3 million from about 100 investors. Schultz offered and sold these interests for Jerry A. Womack and received about \$350,000 in commissions. Schultz, an unregistered broker-dealer, made misrepresentations of material fact, relating to the use of the funds and the returns to be expected.

Based on the above findings and the Respondent's settlement offer, the Commission imposed a cease-and-desist order on Schultz. Schultz is also barred from association with any broker, dealer or investment company, with the right to reapply after three years. The Commission ordered Schultz to pay \$775,000 in disgorgement, plus prejudgment interest, but waived payment of disgorgement and prejudgment interest and did not impose a civil penalty based on Schultz's sworn representations in his Statement of Financial Condition and other documents. Schultz consented to the entry of the Order, without admitting or denying the Commission's findings.

The Commission recently obtained a default judgment against Womack that ordered him to pay disgorgement of \$18,993,869.06, prejudgment interest, and a civil penalty of \$110,000 (LR-17293). (Rels. 33-8058; 34-45327; IC-25400; File No. 3-10686)

SEC CHARGES iCAPITAL MARKETS LLC, SUCCESSOR TO DATEK SECURITIES, WITH SECURITIES FRAUD; FIRM WILL PAY \$6.3 MILLION PENALTY TO SETTLE CHARGES

The Commission today charged iCapital Markets LLC, formerly Datek Securities Corp., with securities fraud and widespread violations of the Commission's broker-dealer books and records and reporting provisions. The Commission censured the firm and ordered iCapital to pay a \$6.3 million penalty. iCapital consented to the issuance of the order without admitting or denying the findings contained in it, and to the relief imposed.

The Commission found that from at least 1993 through March 1998, when it sold its day-trading business, Datek Securities engaged in a widespread fraudulent scheme by illegally executing proprietary trades through the Nasdaq Stock Market's Small Order Execution System (SOES). The SOES system was designed for small public customers, and until last year, a broker-dealer was prohibited from using the SOES system to trade for its own account. The SOES system was the only Nasdaq trading system that offered automatic execution at the best available price.

"Today's tough action by the Commission underscores the obligations of a broker-dealer to speak truthfully to the securities markets and to regulators," said William R. Baker III, Associate Director of the Division of Enforcement.

By hiding its use of the SOES system for proprietary trading, Datek Securities obtained SOES automatic execution which, combined with Datek Securities' day-trading software, gave it a significant advantage. The Commission found that Datek Securities fraudulently used the SOES system to execute millions of proprietary trades, resulting in tens of millions of dollars in trading profits. Datek Securities accomplished the fraud through the use of sophisticated software, dozens of nominee accounts, concealment and misrepresentations to regulators, fictitious books and records, and false reports filed with the Commission.

The Commission's order finds that:

From at least 1993 through March 1998, Datek Securities' New York City branch, the profit center for the entire firm, operated as a day-trading firm. Unlike other day-trading firms that provide services for customers who trade for their own accounts, Datek Securities traders traded for firm proprietary accounts. Datek Securities' volume of proprietary trading through SOES was enormous: from 1995 through March 1998, Datek Securities trades constituted over 30 percent of all SOES trades.

To hide its proprietary trading, Datek Securities set up nominee accounts and paid the nominees for the use of their identities and complete discretionary trading. Initially, nominees provided their own funds to set up the accounts, and Datek Securities promised to pay them a fixed rate of return.

In 1997 undisclosed principals of the firm began funding nominee accounts with profits from the illegal SOES scheme. Between May 1997 and March 1998, the undisclosed principals capitalized over 125 nominee accounts with a total of at least \$50 million. Nominees received payments from Datek Securities for the use of their identities.

In 1995 and 1996, Datek Securities distributed over \$200 million to undisclosed principals of the firm. Datek falsely recorded and reported the distribution of trading profits, which were made to companies owned by the principals, as expenses for “computer services.”

The Commission found that, from at least 1993 through March 1998, Datek Securities willfully violated:

The antifraud provisions, Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder, by devising and implementing the fraudulent scheme to gain access to and use the SOES system for proprietary trading;

Broker-dealer record-keeping provisions, Section 17(a) of the Exchange Act and Rules 17a-3(a)(1), 17a-3(a)(2), 17a-3(a)(3), 17a-3(a)(7), 17a-3(a)(9), and 17a-3(a)(12), by creating and maintaining false books and records that allocated proprietary trades to nominee accounts, recorded trades as customer trades, failed to reflect the true beneficial owner of the nominee accounts, improperly recorded the distribution of trading profits, and failed to maintain accurate forms relating to its traders;

Broker-dealer reporting provisions, Section 17(a)(1) of the Exchange Act and Rules 17a-5(a) and (d), by filing FOCUS reports and annual audited financial statements that were inaccurate as a result of the systematic allocation of trades and the improper classification of the distribution of trading profits;

Broker-dealer reporting provisions, Section 15(b) of the Exchange Act and Rule 15b3-1, by filing Forms BD and amendments to these forms that concealed and failed to disclose the control persons of the firm; and

Broker-dealer provisions, Section 15(b) and Rule 15b7-1, by permitting unregistered traders to purchase and sell securities, and by employing supervisors who never passed the requisite supervisory examinations, or who supervised Datek Securities employees even after they were no longer officially registered with Datek Securities.

The Commission’s order finds that in February 1998, Datek Securities reorganized under a holding company (the Company). On March 30, 1998, Datek Securities sold the assets of its day-trading business to Heartland Securities Corp. In the years following this sale, the Company hired new managers and other industry professionals without prior ties to Datek Securities. It also undertook to eliminate control and reduce ownership of certain shareholders in the Company. In determining to accept iCapital’s offer of settlement, the

Commission considered remedial acts undertaken by iCapital, and the Company's new management and investors, and cooperation afforded the staff.

The Commission's investigation as to others is continuing. (Rel. 33-8059; 34-45328; File No. 3-10687; Press Rel. 2002-16)

SECURITIES AND EXCHANGE COMMISSION INSTITUTES AND SETTLES PROCEEDINGS AGAINST UNITED CUSTODIAL CORPORATION

On January 22, the Commission instituted and simultaneously settled a public administrative proceeding against United Custodial Corporation (UCC), a business based in San Clemente, California. UCC, without admitting or denying the Commission's findings, consented to an order revoking its registration as an investment adviser. The order was based on the entry of a permanent injunction by consent in a related civil action against UCC.

The Commission's complaint in the civil action alleged that UCC was operating as an unregistered, full-clearing broker-dealer. The complaint further alleged that UCC was the custodian of over 5,400 federally insured certificates of deposit (CDs) that had a value at maturity of over \$337 million. UCC held the CDs for the benefit of investors who purchased securities in the form of interests in the CDs from a UCC-affiliated introducing broker-dealer. UCC, without admitting or denying the allegations in the Commission's complaint, consented to the entry of a final judgment permanently enjoining it from future violations of the broker-dealer registration and customer protection provisions of Sections 15(a) and 15(c)(3) of the Securities and Exchange Act and Rule 15c3-3 thereunder and ordering UCC to pay a \$10,000 civil money penalty. (Rel. IA-2011; File No. 3-10688)

DEFAULT JUDGMENT ENTERED AGAINST RAJIV VOHRA

The Commission announced today that the Honorable Patricia A. Seitz, United States District Judge for the Southern District of Florida, entered a default judgment as to defendant Rajiv Vohra (Vohra), permanently enjoining him from further violations of 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. The Court also ordered disgorgement against Vohra in the amount of \$598,911.55 and prejudgment interest of \$134,394.01, and imposed a civil penalty of \$110,000.

On September 5, 2000, the Commission alleged in its Complaint that defendant Vohra, Sean Healey, and three Bahamian companies, Lantern Investments, Ltd., Lipton Holdings, Ltd., and Beaufort Holdings, Ltd., used "wash sales" to create the appearance of active trading in the stock of New Directions Manufacturing, Inc., a small furniture manufacturing company. The Complaint alleged that Vohra and Healey then arranged to have a false and misleading research report published on a stock-picker web site, on their own web site, and through unsolicited mass e-mails (spam). The research report falsely claimed that New Directions had significantly expanded, that the author of the report was an independent analyst, and that the purported analyst had issued a buy recommendation. Vohra and Healey attempted to conceal their scheme by conducting much of their activity through Canadian brokerage accounts and the Bahamian companies. [SEC v. Rajiv

COMMISSION FILES SUBPOENA ENFORCEMENT ACTION AGAINST MARY CAPALBO

On January 18, the Commission filed an action to enforce a subpoena against Mary Lee Capalbo, a Rhode Island attorney. The Commission issued the subpoena on December 26, 2001, requiring Capalbo to appear for testimony at the Commission's Boston District Office on December 31. According to the Commission, although Capalbo was personally served with the subpoena on December 29, she failed to appear on December 31 and also refused to testify on January 16, 2002, a new date requested by her attorney. Accordingly, the Commission filed its Application for an Order to Show Cause and For an Order Requiring Compliance with Administrative Subpoena Against Mary Lee Capalbo. The action was filed in federal district court in Rhode Island.

In its Application and supporting papers, the Commission alleges that, on December 26, 2001, the Commission issued an Order Directing Private Investigation and Designating Officers to Take Testimony (Formal Order) in the matter of Brite Business Corporation. The Formal Order authorizes the staff to conduct an investigation into whether Brite Business or others violated the federal securities laws in connection with the solicitation of investments, and whether investor funds subsequently were misappropriated. According to the Commission, Brite Business maintained millions of dollars in investor funds in brokerage accounts at the Cranston, Rhode Island branch of Raymond James Financial Services, Inc. Capalbo's husband, Dennis Herula, served as the broker for at least two of those accounts. The Commission alleges that approximately \$15 million was transferred from the Brite Business accounts to an account held in Capalbo's name.

The Commission alleges in its papers that, shortly after Capalbo failed to appear for testimony on December 31, Capalbo's attorney contacted the Commission staff and requested that her testimony be rescheduled to January 16, 2002. He further requested that the staff take Capalbo's testimony in San Francisco instead of Boston. The staff agreed to these requests to accommodate his schedule. On January 15, 2002, less than 18 hours before testimony was to begin, and after a staff attorney had traveled from Boston to San Francisco to take Capalbo's testimony, Capalbo's counsel informed the staff that Capalbo would neither testify nor assert a valid privilege the following day because she needed more time to prepare. Although Capalbo appeared with her counsel the next day, she refused to testify or assert any privilege.

Pursuant to its Application, the Commission is seeking an order directing Capalbo to show cause why the Court should not enter an order requiring her to comply with the Commission's subpoena for testimony, and an order compelling her to appear for testimony at the Commission's Boston District Office. Capalbo's husband, Dennis Herula, is also the subject of a subpoena enforcement action filed by the Commission in Rhode Island federal district court on January 14, 2002, concerning his failure to produce documents in response to a "forthwith" subpoena in this investigation (SEC v. Herula, Litigation Rel. No. 17325, January 16, 2002). [SEC v. Capalbo, Misc No. 02-010-ML, USDC, D. RI] (LR-17334)

SEC HALTS \$74 MILLION SECURITIES FRAUD IN PACIFIC NORTHWEST

On January 23, the Commission filed an emergency action stopping an ongoing \$74 million securities fraud scheme by Kevin L. Lawrence, 36, of Bainbridge Island, Washington and his companies, Health Maintenance Centers, Inc. (HMC) and Znetix, Inc. HMC and Znetix, located on Bainbridge Island and in Seattle, purportedly develop and operate "medically integrated" health clubs. The scheme attracted more than 5,000 investors nationwide to invest with promises of an initial public offering of Znetix that was to occur within a specific time (one month to three years) and with a specific price of \$3 to \$60 per share.

In its lawsuit and request for emergency relief, the Commission alleges that Lawrence and Donovan Claflin, 31, of Redmond, Washington, Lawrence's right hand man and HMC Treasurer, misrepresented that: (1) investors would receive four shares of Znetix for every one share of HMC and that investors could immediately sell their shares in the IPO at \$3 to \$60 a share when, in fact, there has been no IPO nor is one possible in the foreseeable future; (2) Znetix has existing operations when in fact, it does not; and (3) the investment would be used for HMC/Znetix operations and to capitalize the Znetix IPO when, in fact, Lawrence and Claflin used more than \$16 million, or 22%, of investor funds for their own benefit or the benefit of others. Nearly \$14 million was used to finance Lawrence's grossly lavish lifestyle, which included spending \$2.1 million purchasing at least 23 automobiles including exotic cars such as a Lamborghini and Vipers for himself. He also spent almost \$500,000 on cars for his family and friends. Lawrence's other lavish spending included nearly \$2 million on homes, \$1 million on boats and \$330,000 on an engagement ring for his fiancée. Claflin spent more than \$2 million of investor funds for his personal use.

The lawsuit further alleges that, since May 2001, defendant Clifford G. Baird offered and sold about \$17 million of HMC securities through two entities, defendants Cascade Pointe of Arizona, LLC and Cascade Pointe of Nevis, LLC (collectively, Cascade). It appears that Cascade was established to evade a Cease and Desist order issued against Lawrence and HMC on April 9, 2001 by the State of Washington's Department of Financial Institutions, Securities Division (DFI). The action also names Bainbridge Human Performance Centers, Kimberly Alexander, Bonnie Couch, Vicki Lawrence and Stacy Gray as relief defendants who collectively received more than \$3 million of investor funds from Lawrence. The relief defendants are not charged with violations of the federal securities laws, but are charged for the purpose of recovering proceeds that they illegitimately received from the HMC/Znetix fraud.

In the lawsuit, which was filed in the United States District Court for the Western District of Washington, the Commission obtained an order freezing the assets of the defendants, and temporarily enjoining Lawrence, Claflin, HMC and Znetix from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a) of Securities Exchange Act of 1934 and Rule 10b-5 thereunder and

enjoining Baird and Cascade from future violations of Sections 5(a) and 5(c) of the Securities Act of 1933. The Commission also seeks preliminary and permanent injunctions, and other relief, including disgorgement and civil penalties against Lawrence, Claflin, HMC, Znetix, Baird and Cascade. The Commission also seeks disgorgement against the relief defendants. A hearing on whether a preliminary injunction should be issued against the defendants and whether a permanent receiver should be appointed over the companies is scheduled for January 31, 2002.

The Commission wishes to acknowledge the assistance of DFI, the FBI, the United States Attorney's Office for the Western District of Washington and the Internal Revenue Service, Criminal Investigation Division. The case was investigated jointly by the Commission, DFI, the FBI, the U.S. Attorney's Office, and the IRS Criminal Investigation Division. [SEC v. Health Maintenance Centers, Inc., Znetix, Inc., Cascade Pointe Of Arizona, LLC, Cascade Pointe Of Nevis, LLC, Kevin L. Lawrence, Donavon C. Claflin, Clifford G. Baird, Bainbridge Human Performance Centers, PLLC, Kimberly Alexander, Bonnie M. Couch, Stacy Gray, And Vicki L. Lawrence, Civil Action No. C 02-0153 P, W.D. Wash.] (LR-17335)

SEC CHARGES EMSANET INTERNET SERVICES, INC. AND OTHERS WITH DEFRAUDING INVESTORS OF OVER \$3.2 MILLION

The Commission announced that it filed a civil injunctive action today in the United States District Court for the Eastern District of New York, alleging that Emsanet Internet Services, Inc. (Emsanet), a start-up company purportedly attempting to create an Internet Service Provider, and others, offered and sold stock to investors in an unregistered offering and defrauded approximately 492 investors of \$3.2 million.

In its complaint, the Commission charged the following defendants:

- Emsanet, a Delaware corporation that maintained its offices in Cathedral City, California.
- Stefan Abel, age 41, a resident of Cathedral City, California. Abel has been Emsanet's President and CEO since March 5, 1999, when he founded the company.
- U.S. Funding, a New York corporation that operated as an unregistered broker-dealer and maintained offices in Westbury, New York and New York, New York.
- Peter C. Restivo, age 30, a resident of Valley Stream, New York. Restivo was the President and CEO of U.S. Funding.
- Nicola A. Liantonio, age 35, a resident of Lattingtown, New York. Liantonio helped manage U.S. Funding's operations.

- Cesare Iori, Jr., age 29, a resident of Long Beach, New York. Iori also helped manage U.S. Funding's operations.

The Commission's complaint alleges as follows:

Beginning in approximately March 1999, Emsanet and Abel planned to raise money for Emsanet by selling stock to investors through a private placement offering. Abel hired U.S. Funding, an unregistered broker-dealer, to conduct this offering. Restivo, Liantonio, and Iori managed U.S. Funding's operations, and they personally sold Emsanet stock, and hired salespersons to sell Emsanet stock to investors.

In connection with the sale of Emsanet stock, Abel drafted a Private Placement Memoranda (PPM), which was distributed to investors. The PPM contained numerous materially misleading statements. For instance, the PPM stated that Abel had substantial industry experience when, in fact, he did not. In the PPM, Emsanet predicted that by the end of 2001, its Internet Service Provider would have 1.7 million subscribers and the company would generate \$254,800,000 in revenues. Emsanet, however, lacked any operational infrastructure, and the company had no reasonable basis in fact to make this projection.

To facilitate the sale of Emsanet stock, U.S. Funding, Restivo, Liantonio, and Iori, directly and through U.S. Funding's salespersons, made materially misleading statements and failed to disclose material facts to investors. For instance, Restivo posted messages on various Internet message boards stating that Emsanet planned shortly to conduct an initial public offering at a price of \$20 per share, and that investors who had purchased stock in the private placement at \$3.50 per share would then be able to sell their shares. In fact, Emsanet had not undertaken steps to conduct an IPO, and Restivo had no basis in fact to make this statement. U.S. Funding, Restivo, Liantonio, and Iori also failed to disclose to investors that Emsanet was compensating U.S. Funding with approximately 25% commissions, in cash and stock, to sell Emsanet stock.

The Commission charged Emsanet, Abel, U.S. Funding, Restivo, Liantonio and Iori with violating Sections 5 and 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. The Commission also charged U.S. Funding, Restivo, Liantonio and Iori with violating Section 15(a) of the Securities Exchange Act of 1934. The Commission is seeking permanent injunctions, and disgorgement and prejudgment interest from all of the Defendants. The Commission is also seeking civil monetary penalties from Abel, U.S. Funding, Restivo, Liantonio, and Iori. [SEC v. Emsanet Internet Services, Inc., Stefan Abel, Peter C. Restivo, Inc. d/b/a U.S. Funding, Peter C. Restivo, Nicola A. Liantonio, Jr., and Cesare J. Iori, Jr., CV 02-532, ADS, USDC, EDNY] (LR-17336)

SEC OBTAINS TEMPORARY RESTRAINING ORDER, ASSET FREEZE TO HALT PUMP-AND-DUMP SCHEME INVOLVING THE STOCK OF TEL-ONE, INC.

The Commission announced that on January 22 it filed a complaint and obtained a temporary restraining order (TRO) against Tel-One, Inc., a Tampa-based company, and certain of its principals and promoters. The SEC's complaint alleges that Tel-One and defendant Media Broadcast Solutions, Inc. (Media Broadcast), a Tampa stock promoter, and certain of their principals have been involved in a pump-and-dump scheme that included false statements in advertisements in local and national newspapers, including the January 16, 2002 edition of the Wall Street Journal. The SEC's complaint and its motion for a temporary restraining order allege that the defendants, some of whom have recent felony convictions, dumped hundreds of thousands of Tel-One shares during their pump-and-dump scheme.

The TRO issued by the Court immediately enjoins Tel-One, Media Broadcast, W. Kris Brown (Tel-One's president), George Carapella (a Tel-One director at the time of the misconduct), Alan S. Lipstein (a former Tel-One director) and George LaFauci (Carapella's cousin and a principal of Media Broadcast) from violating the antifraud provisions of the federal securities laws, and freezes their assets.

According to the SEC's complaint and motion for a TRO, Tel-One is a start-up company in the videoconferencing industry. The SEC alleges that Carapella, who has multiple fraud convictions, and Lipstein, who is awaiting sentencing on a federal money laundering conviction, control both Tel-One and Media Broadcast. Since November 2001, Media Broadcast has sent unsolicited mass fax messages to prospective investors and published advertisements in local and national newspapers that make false claims regarding, among other things: (a) that investors should buy Tel-One stock "now" and that Tel-One is a good investment, when, in fact, Carapella and Lipstein were dumping hundreds of thousands of Tel-One shares; (b) that Tel-One's stock price (which was quoted at approximately \$2.50 per share at the time of the trading suspension) will reach a target of \$21 per share; and (c) that Tel-One is at the forefront of the videoconferencing industry and has a network of relationships with Fortune 2000 companies. The SEC also alleges that the defendants have tried to capitalize on the September 11, 2001 terrorist attacks by touting Tel-One as a leader in the videoconferencing industry, which the defendants claim will grow substantially as a result of travel and safety concerns.

Carapella and Lipstein paid for all of Tel-One's and Media Broadcast's touting activities, according to the SEC's motion for a TRO, including the recent Wall Street Journal advertisement. The SEC also alleges that since late November 2001, Carapella and Lipstein, through companies they control, have sold approximately \$1.7 million worth of Tel-One stock.

The SEC's complaint alleges that the above conduct violated the antifraud provisions of the federal securities laws, specifically 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. The SEC also announced that it had suspended trading in Tel-One stock effective at 9:30 a.m. on January 23, 2002 (Rel. 34-45323, January 23, 2002). The SEC wishes to acknowledge the assistance of NASDR, Inc. in this matter. [SEC v. Tel-One, Inc., et al., No. 8:02-CV-120-T-30TGW, M.D. Fla.] (LR-17337)

INVESTMENT COMPANY ACT RELEASES

AMERICAN SKANDIA LIFE ASSURANCE CORPORATION, ET AL.

A notice has been issued giving interested persons until February 19, 2002, to request a hearing on an application filed by American Skandia Life Assurance Corporation (ASLAC), American Skandia Life Assurance Corporation Variable Account B (Class 1 Sub-Accounts), American Skandia Life Assurance Corporation Variable Account B (Class 9 Sub-Accounts) (Account or Accounts), and American Skandia Marketing, Incorporated (ASM) (collectively, Applicants). The Applicants seek an order pursuant to Section 6(c) the Investment Company Act to the extent necessary to permit under specified circumstances the recapture of credits applied to contributions made under: (i) certain deferred variable annuity contracts and certificates that ASLAC will offer funded by the Accounts (the contracts and certificates, including certain endorsements, are collectively referred to as the "Contracts"), and (ii) contracts that ASLAC may offer in the future funded by the Accounts or any other separate account established in the future by ASLAC to support certain deferred variable annuity contracts and certificates issued by ASLAC (Future Account), which contracts are substantially similar in all material respects to the Contracts (Future Contracts). Applicants request that the order being sought extend to any other National Association of Securities Dealers, Inc. member broker-dealer controlling or controlled by, or under common control with, ASLAC whether existing or created in the future, that serves as a distributor or principal underwriter for the Contracts or Future Contracts offered through the Accounts or any Future Account. (Rel. IC-25373 - January 22)

ORDERS OF DEREGISTRATION UNDER THE INVESTMENT COMPANY ACT

Orders have been issued under Section 8(f) of the Investment Company Act declaring that each of the following has ceased to be an investment company:

- Somerset Exchange Fund [File No. 811-7703]
(Rel. IC-27374 - January 23, 2002)
- Kemper National Tax-Free Income Series [File No. 811-2353]
(Rel. IC-25375 - January 23, 2002)
- Kemper Income Trust [File No. 811-8983]
(Rel. IC-25376 - January 23, 2002)

Kemper Asian Growth Fund [File No. 811-7731]
(Rel. IC-25377 - January 23, 2002)

Kemper International Fund [File No. 811-3136]
(Rel. IC-25378 - January 23, 2002)

PaineWebber Investment Series [File No. 811-5259]
(Rel. IC-25379 - January 23, 2002)

Scudder California Tax Free Trust [File No. 811-3729]
(Rel. IC-25380 - January 23, 2002)

Farmers Investment Trust [File No. 811-9085]
(Rel. IC-25381 - January 23, 2002)

AARP Tax Free Income Trust [File No. 811-4050]
(Rel. IC-25382 - January 23, 2002)

AARP Managed Investment Portfolios Trust [File No. 811- 7933]
(Rel. IC-25383 - January 23, 2002)

Scudder GNMA Fund [File No. 811-3699]
(Rel. IC-25384 - January 23, 2002)

Kemper Global Income Fund [File No. 811-5829]
(Rel. IC-25385 - January 23, 2002)

Mercury Internet Strategies Fund, Inc. [File No. 811-9853]
(Rel. IC-25386 - January 23, 2002)

Master Internet Strategies Trust [File No. 811-9851]
(Rel. IC-25387 - January 23, 2002)

Kemper Income and Capital Preservation Fund [File No.
811-2305]
(Rel. IC-25388 - January 23, 2002)

Kemper Short-Term U.S. Government Fund [File No. 811-5195]
(Rel. IC-25389 - January 23, 2002)

Kemper Horizon Fund [File No. 811-7365]
(Rel. IC-25390 - January 23, 2002)

Kemper Securities Trust [File No. 811-8393]
(Rel. IC-25391 - January 23, 2002)

MCG Capital Corporation [File No. 811-10587]
(Rel. IC-25392 - January 23, 2002)

AARP Cash Investment Funds [File No. 811-3650]
(Rel. IC-25393 - January 23, 2002)

Trust for Financial Institutions [File No. 811-7067]
(Rel. IC-25394 - January 23, 2002)

Merrill Lynch Internet Strategies Fund, Inc. [File No.
811-9783]
(Rel. IC-25395 - January 23, 2002)

Mercury Senior Floating Rate Fund, Inc. [File No.
811-10023]
(Rel. IC-25396 - January 23, 2002)

Blue Ridge Total Return Fund [File No. 811-8391]

(Rel. IC-25397 - January 23, 2002)
Mentor Funds [File No. 811-6550]
(Rel. IC-25398 - January 23, 2002)
Cash Resource Trust [File No. 811-7862]
(Rel. IC-25399 - January 23, 2002)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGE

The Depository Trust Company filed a proposed rule change (SR-DTC-2001-05) to enable DTC's nominee, Cede & Co., to exercise certain rights as the recordholder of securities on deposit at DTC where Cede & Co. is only permitted to act with respect to 100% of the securities on deposit or not act at all. Publication of the order in the Federal Register is expected during the week of January 21. (Rel. 34-45316)

APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change (SR-CHX-99-18) submitted by the Chicago Stock Exchange relating to the display of limit orders on the Exchange. Publication of the order in the Federal Register is expected during the week of January 21. (Rel. 34-45325)

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-6 CITIC PACIFIC LTD/ADR, ONE WALL STREET, NEW YORK, NY 10286 -
20,000,000
(\$1,000,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-14268 -

JAN. 11) (BR. 99 - NEW ISSUE)

S-3 I MANY INC, 537 CONGRESS STREET, 5TH FLOOR, PORTLAND, ME 04101
(207) 774-3244 - 582,159 (\$4,744,595.85) COMMON STOCK. (FILE 333-76716

-

JAN. 15) (BR. 5)

S-3 MUTUAL RISK MANAGEMENT LTD, 44 CHURCH ST, BERMUDA, HAMILTON HM 12
BERMU,
DO (441) 295-5688 - 200,000,000 (\$200,000,000) COMMON STOCK. (FILE
333-76718 - JAN. 15) (BR. 1)

S-3 WASTE CONNECTIONS INC/DE, 620 COOLIDGE DRIVE, SUITE 350, FOLSOM, CA
95630 (916) 608-8200 - 87,433,125 (\$87,433,125) COMMON STOCK. (FILE
333-76722 - JAN. 15) (BR. 6)

S-3 HEADWATERS INC, 11778 S ELECTION DRIVE, STE 210, DRAPER, UT 84043
(801) 984-9400 - 1,330,211 (\$17,439,066.21) COMMON STOCK. (FILE 333-
76724
- JAN. 15) (BR. 4)

S-8 CAPITAL ONE FINANCIAL CORP, 2980 FAIRVIEW PARK DRIVE, SUITE 1300,
FALLS CHURCH, VA 22042 (703) 205-1000 - 385,104 (\$3,119,342.40)
COMMON STOCK. (FILE 333-76726 - JAN. 15) (BR. 7)

S-8 PLEXUS CORP, 55 JEWELERS PARK DR, NEENAH, WI 54957 (920) 722-3451 -
3,000,000 (\$79,620,000) COMMON STOCK. (FILE 333-76728 - JAN. 15) (BR.
5)

S-8 COMPUTER NETWORK TECHNOLOGY CORP, 6000 NATHAN LANE NORTH,
MINNEAPOLIS,
MN 55442 (763) 268-6000 - 400,000 (\$8,448,000) COMMON STOCK. (FILE
333-76730 - JAN. 15) (BR. 3)

S-8 COMPUTER NETWORK TECHNOLOGY CORP, 6000 NATHAN LANE NORTH,
MINNEAPOLIS,
MN 55442 (763) 268-6000 - 1,500,000 (\$31,680,000) COMMON STOCK. (FILE
333-76732 - JAN. 15) (BR. 3)

S-8 COMPUTER NETWORK TECHNOLOGY CORP, 6000 NATHAN LANE NORTH,
MINNEAPOLIS,
MN 55442 (763) 268-6000 - 1,450,000 (\$30,624,000) COMMON STOCK. (FILE
333-76734 - JAN. 15) (BR. 3)

S-2 APO HEALTH INC /NV/, 3590 OCEANSIDE ROAD, -, OCEANSIDE, NY 11572
(800) 365-2839 - 4,655,110 (\$2,374,106.10) COMMON STOCK. (FILE 333-
76736 -
JAN. 15) (BR. 9)

S-3 GENETRONICS BIOMEDICAL CORP, 11199 SORRENTO VALLEY RD, SAN DIEGO, CA
92121 (619) 597-6006 - 9,289,990 (\$6,781,692.70) COMMON STOCK. (FILE
333-76738 - JAN. 15) (BR. 5)

S-8 DIPPY FOODS INC, 1161 NORTH KNOLLWOOD CIRCLE, ANAHEIM, CA 92801

(714) 816-0150 - 8,500,000 (\$340,000) COMMON STOCK. (FILE 333-76740 - JAN. 15) (BR. 4)

S-8 PMI GROUP INC, 601 MONTGOMERY ST, SAN FRANCISCO, CA 94111 (415) 788-7878
- 550,000 (\$36,588,750) COMMON STOCK. (FILE 333-76742 - JAN. 15) (BR. 1)

S-8 ORCHID BIOSCIENCES INC, 303 COLLEGE RD. EAST, PRINCETON, NJ 08540 (609) 750-2200 - 3,313,978 (\$200,484,936.74) COMMON STOCK. (FILE 333-76744 - JAN. 15) (BR. 1)

S-8 GABELLI ASSET MANAGEMENT INC, ONE CORPORATE CENTER, RYE, NY 10580 (914) 921-3700 - 1,500,000 (\$33,413,460) COMMON STOCK. (FILE 333-76748 - JAN. 15) (BR. 7)

S-3 MARTEK BIOSCIENCES CORP, 6480 DOBBIN RD, COLUMBIA, MD 21045 (410) 740-0081 - 1,177,000 (\$25,446,740) COMMON STOCK. (FILE 333-76750 - JAN. 15) (BR. 1)

S-8 MARIMBA INC, 440 CLYDE AVE, MOUNTAIN VIEW, CA 94043 (650) 930-5282 - 5,490,029 (\$16,826,938.88) COMMON STOCK. (FILE 333-76752 - JAN. 15) (BR. 3)

S-8 PEERLESS MANUFACTURING CO, 2819 WALNUT HILL LN, DALLAS, TX 75229 (214) 357-6181 - 250,000 (\$4,575,000) COMMON STOCK. (FILE 333-76754 - JAN. 15) (BR. 6)

S-8 IRVINE SENSORS CORP/DE/, 3001 REDHILL AVE, COSTA MESA, CA 92626 (714) 549-8211 - 500,000 (\$665,000) COMMON STOCK. (FILE 333-76756 - JAN. 15) (BR. 5)

S-4 MARSHALL & ILSLEY CORP/WI/, 770 N WATER ST, MILWAUKEE, WI 53202 (414) 765-7801 - 1,100,000 (\$27,565,288) COMMON STOCK. (FILE 333-76758 - JAN. 15) (BR. 7)

S-3 IGEN INTERNATIONAL INC /DE/, 16020 INDUSTRIAL DR, GAITHERSBURG, MD 20877 (301) 984-8000 - 44,139 (\$1,641,088.02) COMMON STOCK. (FILE 333-76760 - JAN. 15) (BR. 4)

S-8 GENZYME CORP, ONE KENDALL SQ, CAMBRIDGE, MA 02139 (617) 252-7500 - 900,000 (\$43,632,000) COMMON STOCK. (FILE 333-76762 - JAN. 15) (BR. 1)

S-8 3COM CORP, 5400 BAYFRONT PLZ, SANTA CLARA, CA 95052 (408) 764-5000 - 112,310,597 (\$695,202,595.43) COMMON STOCK. (FILE 333-76764 - JAN. 15) (BR. 3)

S-8 GENZYME CORP, ONE KENDALL SQ, CAMBRIDGE, MA 02139 (617) 252-7500 - 7,513,742 (\$389,264,253.28) COMMON STOCK. (FILE 333-76766 - JAN. 15)

(BR. 1)

- S-8 GENZYME CORP, ONE KENDALL SQ, CAMBRIDGE, MA 02139 (617) 252-7500 -
600,000 (\$15,843,000) COMMON STOCK. (FILE 333-76768 - JAN. 15) (BR. 1)
- S-8 GENZYME CORP, ONE KENDALL SQ, CAMBRIDGE, MA 02139 (617) 252-7500 -
5,400,000 (\$223,340,000) COMMON STOCK. (FILE 333-76770 - JAN. 15) (BR.
1)
- S-8 ATCHISON CASTING CORP, 400 S 4TH ST, ATCHISON, KS 66002 (913) 367-
2121
- 1 (\$1) COMMON STOCK. (FILE 333-76772 - JAN. 15) (BR. 6)
- S-4 MAGNUM HUNTER RESOURCES INC, 600 E LAS COLINAS BLVD, STE 1200,
IVRVING,
TX 75039 (972) 401-0752 - 33,915,036 (\$288,956,106.72) COMMON STOCK.
(FILE 333-76774 - JAN. 15) (BR. 4)
- S-8 SAXON CAPITAL INC, 4800 COX ROAD, GLEN ALLEN, VA 23060 (804) 967-
3825 -
5,262,000 (\$53,146,200) COMMON STOCK. (FILE 333-76776 - JAN. 15) (BR.
7)
- S-3 CARDIMA INC, 47266 BENICIA STREET, FREMONT, CA 94538 (510) 354-0300
-
5,329,846 (\$10,233,304.32) COMMON STOCK. (FILE 333-76780 - JAN. 15)
(BR. 5)
- S-3 SOUTHERN NATURAL GAS CO, EL PASO ENERGY BLDG, 1001 LOUISIANA STREET,
HOUSTON, TX 77002 (713) 420-4757 - 200,000,000 (\$200,000,000) COMMON
STOCK.
(FILE 333-76782 - JAN. 15) (BR. 2)
- F-6 BIDVEST GROUP LTD, 111 WALL ST, NEW YORK, NY 10043 - 20,000,000
(\$1,000,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-14274 -
JAN. 15) (BR. 99)
- F-6 SOUTHERN PACIFIC PETROLEUM NL/ADR/, MARINE MIDLAND BANK,
ONE MARINE MIDLAND CENTER, BUFFALO, NY 14203 (212) 658-6555 -
50,000,000
(\$2,500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-14276 -
JAN. 15) (BR. 99)
- F-6 VI GROUP PLC/ADR, 620 AVENUE OF THE AMERICAS, 6TH FLOOR, NEW YORK,
NY
10011 - 100,000,000 (\$5,000,000) DEPOSITARY RECEIPTS FOR COMMON STOCK.
(FILE 333-14280 - JAN. 16) (BR. 99 - NEW ISSUE)
- F-6 WIMM-BILL-DANN FOODS OJSC/ADR, 16 YAUZSKY BLVD, MOSCOW, U2 00000 -
12,213,001 (\$610,650.05) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE
333-14282 - JAN. 17) (BR. 99 - NEW ISSUE)
- S-8 PRECISION DRILLING CORP, 112 4TH AVE SW, #700, CALGARY ALBERTA CANA,
AO

(403) 264-4882 - 891,363 (\$21,143,130.36) FOREIGN COMMON STOCK. (FILE 333-14284 - JAN. 17) (BR. 4)

S-3 TECH DATA CORP, 5350 TECH DATA DR, CLEARWATER, FL 33760 (727) 539-7429
- 290,000,000 (\$292,537,500) STRAIGHT BONDS. (FILE 333-76858 - JAN. 16)
(BR. 3)

S-8 ONCURE TECHNOLOGIES CORP, 700 YGNACIO VALLEY ROAD, SUITE 300, WALNUT CREEK, CA 94596 (925) 279-2273 - 3,000,000 (\$1,950,000) COMMON STOCK. (FILE 333-76892 - JAN. 16) (BR. 1)