

# SEC NEWS DIGEST

Issue 99-148

August 3, 1999

---

## COMMISSION ANNOUNCEMENTS

---

### SEC EDGAR SYSTEM CERTIFIED Y2K COMPLIANT

On August 2, the Commission announced that its EDGAR (Electronic Data Gathering Analysis and Retrieval) system is Year 2000 compliant. After extensive testing, the EDGAR system has been found to be fully compliant with requirements for dealing with documents dated after the turn of this century. (Press Rel. 99-89)

---

## RULES AND RELATED MATTERS

---

### APPROVAL OF PROPOSED FOURTEENTH AMENDMENT TO THE INTERMARKET TRADING SYSTEM PLAN

The Commission approved a proposed plan amendment submitted under Rule 11A by the Intermarket Trading System (ITS) (4-208) to provide for the linkage of the PCX Application of the OptiMark System to ITS. (Rel. 34-41668)

---

## ENFORCEMENT PROCEEDINGS

---

### IN THE MATTER OF CERTAIN BROKER-DEALERS WHO FAILED TO FILE ALL OR PART OF FORM BD-Y2K

The Commission's preparations for the Year 2000 have resulted in an initial decision in which an Administrative Law Judge found that J.W. Barclay & Co., Inc., Stonegate Securities, Inc., V.B.C. Securities, and William Scott & Co., did not file complete copies of Form BD-Y2K either on August 31, 1998, or September 21, 1998, as they were required to do. The initial decision finds that these registered broker-dealers received abundant notice from the Securities and Exchange Commission and the National Association of Securities Dealers about their filing requirements. Based on findings that their conduct violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-5 thereunder and the lack of mitigating circumstances, the Administrative Law Judge censured the

Respondents, ordered them to cease and desist from violating the provision of the statute and applicable rule, and imposed civil penalties of \$50,000 each on Barclay, Stonegate, and V.B.C. Securities, and \$20,000 on William Scott. (Initial Decision No. 146; File No. 3-9759)

**DEFENDANT JAMES RAMMELT'S ATTORNEY WITHDRAWS EARLIER STATEMENTS CONCERNING COMMISSION'S ALLEGATIONS IN INSIDER TRADING MATTER**

On June 22, 1999, the Commission filed a civil action in the United States District Court for the District of Arizona against six defendants, including James L. Rammelt (Rammelt) of Racine, Wisconsin, for insider trading in the stock of Bio-Dental Technologies Corp. (Bio-Dental). The complaint alleged that the defendants traded prior to the June 3, 1996 announcement that Zila, Inc. would acquire Bio-Dental. Rammelt settled the Commission action and agreed to pay a total of \$83,203 in disgorgement, interest and civil penalties.

Subsequently, Rammelt's attorney, Patrick J. Lubenow (Lubenow) made statements which were construed by the Commission as denials of the allegations of the complaint, thereby violating his agreement to settle the proceeding without admitting or denying the allegations. Rather than have the Commission vacate the judgment and restore the proceeding to its active docket, Lubenow issued the following statement which the Commission has accepted:

My client, James L. Rammelt has agreed to settle this civil litigation without admitting or denying any of the allegations in the complaint. To comply with Mr. Rammelt's settlement with the Securities and Exchange Commission, I withdraw all statements I have made that are inconsistent with the terms of the settlement. I further withdraw all statements I have made which are inconsistent with the allegations contained in the Commission's complaint. I will have no further comment. [SEC v. John R. Manion, Rocco J. Anselmo, James L. Rammelt, Ivan Kron, Donald S. Italia and William E. Sklar, Action No. CIV 99-1103 PHX, ROS, D. Ariz.] (LR-16228)

**SEC SEEKS TO COMPEL COMPRESSSENT, INC. TO FILE DELINQUENT PERIODIC REPORTS**

On July 30, 1999, the Commission filed a complaint in the United States District Court for the District of Columbia against Compressent, Inc. (Compressent), an issuer whose securities are traded on the OTC Bulletin Board. The complaint alleges that Compressent, a company that markets and develops computer software, failed to make available to the investing public current and accurate information about its financial condition and results of operations through the filing of periodic reports with the Commission as required by the Securities Exchange Act of 1934 (Exchange Act). Specifically, the complaint alleges that Compressent has not filed its Annual Report on Form 10-K for the fiscal year ended September 30, 1998, its Quarterly Reports on Form 10-Q for the fiscal quarters ended December 31, 1998 and March 31, 1999 and three Notifications of Late Filing with respect to its

delinquent reports. In addition, Compressent has not filed its Current Report on Form 8-K disclosing the resignation of its auditors. The Commission seeks to compel Compressent to file its delinquent periodic reports and enjoin Compressent from further violations of Section 13(a) of the Exchange Act of 1934 and Rules 12b-25, 13a-1, 13a-11 and 13a-13 thereunder. [SEC v. Compressent, Inc., Civil No. 99-CV-02039, D.D.C.] (LR-16229)

#### **CEASE AND DESIST ORDER AND SUSPENSION ENTERED AGAINST STEVEN COOK**

Steven J. Cook, formerly a registered representative with the Logan, Utah office of a registered broker-dealer, has been ordered to cease and desist from violations of the antifraud provisions of the federal securities laws and suspending Cook from association with any broker or dealer for a period of twelve months. The order instituting and simultaneously settling these proceedings made findings that Cook engaged in unauthorized and unsuitable transactions in certain of his clients' accounts. The Commission also found that Cook recklessly made false statements to his customers in connection with the offer, purchase and sale of the securities of a microcap issuer involving price projections, the likelihood of the stock being listed on Nasdaq, and the profitability of the issuer. Based on this alleged conduct, Cook consented to be ordered to: (1) cease and desist from committing or causing any violation or any future violation 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; and (2) be suspended from association with any broker or dealer for a period of twelve months. In determining to accept the Offer, the Commission considered cooperation afforded the Commission staff by Cook. (Rel. 33-7708; 34-41679; File No. 3-9944)

#### **ADMINISTRATIVE PROCEEDING INSTITUTED AGAINST FASTLANE FOOTWEAR, INC. AND PRESIDENT, JOHN LEFERE**

The Commission announced that on August 3 it instituted a public cease and desist proceeding against Fastlane Footwear, Inc. (Fastlane), a Jackson, Michigan based designer, manufacturer and marketer of licensed casual footwear, and its president, John H. Lefere (Lefere), pursuant to Section 8A of the Securities Act of 1933 (Securities Act). The Commission's Order alleges that Fastlane violated, and Lefere caused the violation of Sections 5(a) and 5(c) of the Securities Act. These sections of the Securities Act prohibit the offer or sale of unregistered securities in interstate commerce unless an exemption from registration applies.

The Commission's Order alleges that between December 1995 and September 1996, Fastlane and Lefere were involved in the sale of approximately 500,000 shares of Fastlane stock to investors in several states. The Order further alleges that the sales, which raised approximately \$1.3 million for Fastlane, were made despite there being no registration statement on file with the Commission. Finally, because no registration statement was filed with the Commission before the sale of the securities, the Commission's Order alleges Fastlane violated and Lefere caused the violation of

Sections 5(a) and 5(c) of the Securities Act.

A hearing will be scheduled to take evidence on the staff's allegations and to afford the Respondents the opportunity to present any defense thereto. The purpose of the hearing is to determine whether the allegations are true and whether any remedial action should be ordered by the Commission. (Rel. 33-7710; File No. 3-9950)

#### **IN THE MATTER OF DYNAMIC AMERICAN CORPORATION**

The Commission has instituted proceedings against Dynamic American Corporation to determine whether the registration of Dynamic American's stock under the Securities Exchange Act of 1934 should be revoked. Dynamic American is a defunct Utah shell corporation. The order alleges that Dynamic American, which became an Exchange Act reporting company in 1972, failed to file required annual reports on Form 10-K or quarterly reports on Form 10-Q for any period after the quarter ended September 30, 1995. Rule 12(j) of the Exchange Act provides in part that the registration of a security may be revoked based on the issuer's failure to comply with any provision of the Exchange Act.

A hearing will be held before an administrative law judge to determine whether these allegations are true, and if so, what, if any, sanction is necessary or appropriate for the protection of investors. (Rel. 34-41688; File No. 3-9951)

#### **COMMISSION INSTITUTES ENFORCEMENT PROCEEDINGS AGAINST DEL MAR FINANCIAL SERVICES, INC., PRIVATE BROKERS CLEARING CORPORATION, OTHERS, IN CONNECTION WITH TRADING IN MICROCAP STOCK**

The Commission today instituted public administrative and cease and desist proceedings against Del Mar Financial Services, Inc., and Private Brokers Corporation (formerly Private Brokers Clearing Corporation), Del Mar's president, Kevin Conway Dills, PBCC's president Robert A. Roberts, two former employees of Del Mar, Philip S. Brandon and Matthew Jennings, and Jai Chaudhuri.

The order instituting proceedings charges the respondents with two separate fraudulent schemes involving Comparator Systems Corporation stock:

First, from January of 1995 until March of 1996, Dills, the owner and principal of Del Mar, received over \$360,000 in undisclosed compensation from Chaudhuri in connection with the sale of Comparator stock to Del Mar clients. Chaudhuri purchased large blocks of Comparator stock at a discount from investors. Dills caused Del Mar to mail promotional materials to actual and potential clients to generate buying interest in the stock. Del Mar then purchased Chaudhuri's stock on behalf of its clients. Chaudhuri, in turn, gave a portion of the profits of these transactions to Dills. To compensate Dills and Del Mar for their promotional efforts, Comparator gave additional shares of its stock to Chaudhuri.

Second, in May of 1996, Del Mar defrauded numerous Del Mar customers who sold Comparator stock on Friday, May 3 and Monday, May 6, 1996, when the price of Comparator's stock rose from \$.03 to \$1.00 per share. During this extraordinary price run-up, Del Mar's trader, Jennings, sold more Comparator stock to dealers from Del Mar's proprietary trading account than he purchased from Del Mar's customers into that account. Del Mar, therefore, sold Comparator stock short and had to cover those short positions as the price was rising. This resulted in Del Mar's suffering trading losses of over \$900,000.

As Del Mar's "clearing broker," PBCC handled the "back-office" paperwork associated with completing securities transactions and cleared trades by Del Mar's customers. If Del Mar had not been able to meet its obligations with respect to trades, PBCC, as its clearing broker, would have been required to do so. In order to recoup Del Mar's trading losses, Dills, acting at the suggestion of Roberts and PBCC, fraudulently canceled and "corrected" a substantial portion of Del Mar's trades with its retail customers by reducing the prices of those trades on the order tickets. Jennings and Brandon participated in the changing of order tickets, and Brandon subsequently misrepresented the reasons for the changes to Del Mar customers.

The changes to the order tickets reduced Del Mar's loss to less than \$90,000, while shifting over \$800,000 of Del Mar's trading loss to its customers, in the form of diminished profits on those customers' trades. Roberts and PBCC were aware of the losses and the fact that changing the client order tickets was improper. Nevertheless, Roberts suggested to Dills that Del Mar change the tickets, and, with Roberts' knowledge, PBCC issued false trade confirmations and account statements which misstated the amount the customers should have received for the sale of their Comparator stock.

The order charges that, as a result of this conduct, (1) Del Mar willfully violated Sections 17(a) of the Securities Act of 1933 (Securities Act) and Sections 10(b), 15(c)(1)(A), 15(c)(3) and 17(a) of the Securities Exchange Act of 1934 (Exchange Act) and Rules 10b-5, 10b-10, 15c1-2, 15c3-1, 17a-3 and 17a-11 thereunder; (2) Dills willfully violated Sections 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and caused and willfully aided, abetted, counseled, commanded, or induced Del Mar's violations of Sections 15(c)(1)(A), 15(c)(3) and 17(a) of the Exchange Act and Rules 10b-10, 15c1-2, 15c3-1, 17a-3 and 17a-11 thereunder; (3) PBCC and Roberts willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, PBCC additionally violated Sections 15(c)(1)(A) and 17(a) of the Exchange Act and Rules 10b-10, 15c1-2 and 17a-3 thereunder, Roberts caused and willfully aided, abetted, counseled, commanded, or induced those violations, and Roberts and PBCC caused and willfully aided, abetted, counseled, commanded, or induced Dills's and Del Mar's violations of Section 17(a) of the Securities Act, Sections 10(b), 15(c)(1)(A) and 17(a) of the Exchange Act and Rules 10b-5, 10b-10, 15c1-2 and 17a-3 thereunder; (4) Brandon and Jennings caused and willfully aided, abetted,

counseled, commanded, or induced Del Mar's violations of Section 17(a) of the Securities Act and Sections 10(b), 15(c)(1)(A) and 17(a) of the Exchange Act and Rules 10b-5, 10b-10, 15c1-2 and 17a-3 thereunder, and (5) Chaudhuri violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, and Chaudhuri caused Dills's and Del Mar's violations of Sections 17(a) of the Securities Act and Sections 10(b) and 15(c)(1)(A) of the Exchange Act and Rules 10b-5 and 15c1-2 thereunder.

This proceeding has been instituted pursuant to Section 8A of the Securities Act and Sections 15(b)(4), 15(b)(6), and 21C of the Exchange Act. A hearing will be held before an administrative law judge to determine whether the allegations against the respondents are true, and if so, to determine what remedial sanctions are appropriate and in the public interest, and whether the respondents should be ordered to pay disgorgement and/or civil penalties.

This enforcement action is a result of the Commission's investigation concerning Comparator and trading in its securities. On May 14, 1996, the Commission suspended trading in the stock of Comparator, and on May 31, 1996, the Commission filed an action in the United States District Court for the Central District of California alleging that Comparator and others had disseminated false information regarding Comparator's purported fingerprint identification products and financial condition. The Court has issued a number of injunctions and orders against Comparator and its officers and directors requiring disgorgement and other relief. See Litigation Release No. 15855 and Accounting and Auditing Enforcement Release No. 1068, dated August 20, 1998; Litigation Release No. 14927 and Accounting and Auditing Enforcement Release No. 786, dated May 31, 1996; Litigation Release No. 14979 and Accounting and Auditing Enforcement Release No. 801, dated July 11, 1996; Securities Exchange Act Release No. 37702 and Accounting and Auditing Enforcement Release No. 818, dated September 19, 1996; and Litigation Release No. 15056 and Accounting and Auditing Enforcement Release No. 819, dated September 19, 1996.

This enforcement action is part of the Commission's four-pronged approach to attacking microcap fraud: enforcement, inspections, investor education and regulation. For more information about the SEC's response to microcap fraud and the litigation release for this case, visit the SEC's Microcap Fraud Information Center at <http://www.sec.gov/news/extra/microcap.htm>. (Rels. 33-7717; 34-41695; File No. 3-9959)

**CEASE AND DESIST ORDER ENTERED AGAINST NICHOLAS CATALANO, A FORMER DIRECTOR OF FIRST ENTERTAINMENT, INC.**

The Commission ordered Nicholas Catalano (Catalano), a director of First Entertainment, Inc. (First Entertainment), a microcap company headquartered in Denver, Colorado, to cease and desist violating the antifraud and filing provisions of the federal securities laws in

the aftermath of his having signed several periodic filings that vastly understated compensation paid to Abraham B. Goldberg (Goldberg), the president and a director of the company. Catalano, a resident of Flushing, New York, was a director of First Entertainment from March 1992 through August 1998.

In the Order, the Commission found that from 1995 through 1997 Goldberg received almost \$400,000 in money and stock through various related party transactions, usually involving his wife, that were not disclosed in First Entertainment's filings signed by Catalano. It further found that Catalano knew or should have known of the related party transactions, but took no steps to insure that they and the potential compensation to Goldberg were disclosed in First Entertainment's filings. Finally, the Commission found that from 1992 through 1997 Catalano failed to report his beneficial ownership of First Entertainment securities and changes in his securities holdings.

Catalano was ordered to cease and desist from committing or causing any violation and any future violations of Section 17(a) of the Securities Act of 1933 and Sections 10(b), 13(a), 14(a), and 16(a) of the Securities Exchange Act of 1934 and Rules 10b-5, 12b-20, 13a-1, 14a-3, 14a-9, and 16a-3 thereunder. Catalano consented to the entry of the Order without admitting or denying its findings. (Rel. 33-7715; 34-41693; File No. 3-9957)

**JEFFREY BERNS BARRED FROM ASSOCIATION WITH ANY BROKER OR DEALER AND ORDERED TO DISGORGE BRIBE AND PAY PENALTY**

The Commission barred Jeffrey W. Berns (Berns) from association with any broker or dealer after concluding that he received a bribe in exchange for recommending that customers purchase the stock of First Entertainment, Inc. (First Entertainment), a microcap company. Berns resides in New York, New York, and was formerly employed by D.H. Blair & Co., Inc. in New York City.

The Commission found that in 1995, while recommending that customers purchase First Entertainment stock, Berns received shares of First Entertainment stock worth over \$27,000 from Morton Lempel (Lempel), whom he knew to be affiliated with the company. The Commission further found that Berns failed to disclose to customers the compensation he received from Lempel for soliciting them to buy the stock and indeed tried to conceal the payment by having Lempel transfer the stock to Berns' mother.

Berns was barred from association with any broker or dealer and 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 Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Berns was also ordered to disgorge \$39,171 and to pay a penalty in the amount of \$27,500. Berns consented to the entry of the Order without admitting or denying its findings. (Rel. 33-7714; 34-41692; File No. 3-9956)

**SEC SUES ARETE INDUSTRIES, INC. F/K/A TRAVIS INDUSTRIES, INC., STEPHEN CAYOU, JEFFREY SKINNER AND THOMAS RAABE FOR FALSE AND MISLEADING PRESS RELEASES**

The Commission filed a complaint charging Arete Industries, Inc. (Arete), a microcap company, and three former or current officers with misrepresenting the status of a planned acquisition and the business prospects of that acquisition target. The three officers are Thomas P. Raabe, Arete's current chairman and chief executive officer, Stephen E. Cayou, then its president, and Jeffrey R. Skinner, then its chief financial officer.

The complaint alleges that, from approximately January through March 1998, Arete, then known as Travis Industries, Inc., and the three officers violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by falsely representing in press releases: (1) that Planet Sports, Inc., a private entity that Arete had tentatively agreed to acquire, had reached a preliminary agreement to acquire a private sports apparel company, Next Level Sportsystems, Inc. (Next Level); (2) that Next Level had accounts with, orders in hand from, or would soon become a confirmed vendor for J.C. Penney & Co. and other major retailers; and (3) that Next Level would achieve sales for 1998 of over \$10 million and, by the year 2000, sales in excess of \$60 million. The complaint alleges, moreover, that the respondents failed to timely issue a corrective press release when they received additional information contradicting prior press releases. Finally, the complaint alleges that, from January 1988 to April 1999, Arete violated Section 15(d) of the Exchange Act and Rules 15d-1 and 15d-13 thereunder by failing to file, or filing late, at least 37 required periodic reports and that Cayou and Skinner caused these violations.

The complaint, filed in the U.S. District Court for the District of Colorado, seeks to permanently enjoin Arete, Raabe, Cayou, and Skinner from further violations of Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder. Additionally, the complaint seeks to enjoin Arete, Cayou and Skinner from violating Section 15(d) of the Exchange Act and Rules 15d-1 and 15d-13 thereunder. The complaint also seeks civil penalties in regard to all defendants. [SEC v. Arete Industries, Inc., et al., Civil Action No. 99B1487, D. Colo.] (LR-16235)

**IN THE MATTER OF JETHRO BARLOW, CPA, ALAN BURTON, J. EDWARDS COX, ROBERT WEEKS, DAVID HESTERMAN AND KENNETH WEEKS**

The Commission has instituted administrative and cease and desist proceedings against the above-named Respondents alleging that between June 1995 and November 1996, they made false and misleading statements and failed to disclose information concerning: the Weeks and Hesterman's control of Dynamic American Corporation, a now-defunct Utah shell; the \$40 million value assigned to Dynamic American's Bolivian mineral properties and the \$4.3 million value assigned to its U.S. mineral assets; and the nature and status of the company's Bolivian and U.S. operations. The Order further



alleges that the Weeks and Hesterman caused Dynamic American to issue 50.55 million shares of common stock in an unregistered distribution and that they received nearly \$4 million in profits in doing so. The Order also alleges that Barlow, who compiled financial statements for Dynamic American, engaged in improper professional conduct as a CPA by failing to assure that the statements were in accordance with GAAP in that they failed to properly value the company's Bolivian and U.S. mineral properties and assets. Finally, the Order alleges that the Respondents violated, variously, the periodic filing, books and records, internal accounting controls and securities ownership provisions of the federal securities laws.

The Commission is seeking cease and desist orders against all the Respondents, and an accounting, disgorgement and civil penalties, and the imposition of a penny stock bar against the Weeks and Hesterman. Finally, the Order also institutes proceedings against Barlow pursuant to Rule 102(e)(1)(ii) of the Commission's Rules of Practice to determine whether he engaged in improper professional conduct and pursuant to Rule 102(e)(1)(iii) based upon Barlow's willful violations of the federal securities laws.

A hearing will be held to determine whether the staff's allegations are true, and if so, what, if any remedial sanctions are in the public interest, and whether respondents should be ordered to pay disgorgement and civil penalties. (Rels. 33-7711; 34-41689; AAE Rel. 1149; File No. 3-9952)

**SEC SUES SOUTHERN CALIFORNIA BASED FORMER SECURITIES INDUSTRY PROFESSIONAL**

On August 2, the Commission sued a Southern California based former securities industry professional for manipulating the stock of a Michigan footwear manufacturer, Fastlane Footwear, Inc.. The lawsuit charges the defendant with fraud and seeks the return of profits realized from the manipulation. The Commission alleges that from June 26, 1996 through July 8, 1996, Lambert D. Vander Tuig, age 40, pumped up the price of Fastlane stock 56%, from its initial sale price of \$3.12 to \$4.88 a share.

The Commission's lawsuit charges Vander Tuig with buying and selling Fastlane stock using nominee accounts and engaging in wash sale transactions. This was done, according to the Commission, to dominate and control the supply and create artificial demand for the security.

As part of its lawsuit, the Commission charged Vander Tuig with violating the antifraud provisions of the Securities Act and the Exchange Act, as well as the registration provisions of the Securities Act. The Commission is seeking a permanent injunction, disgorgement of all ill-gotten gains plus prejudgment interest and civil penalties. [SEC v. Lambert D. Vander Tuig, Civil Action No. 99-07900 RAP, RCx, C.D. Cal.] (LR-16236)

## SEC SUES OPERATORS OF SOUTHERN CALIFORNIA MICROCAP COMPANY

The Commission on August 2 filed a civil injunctive action in federal district court in Los Angeles against the former operators of an Orange County-based public company, whom the Commission alleges committed financial fraud and insider trading, as well as looting more than \$900,000 in investor funds to finance their lavish lifestyles. The Commission's complaint alleges that William Posnett Lynas, III, and his wife, Janeen Hauxhurst-Lynas, both of Newport Beach, California, controlled American Telephone + Data, Inc. (AT+D), a Costa Mesa company purportedly engaged in the telecommunication businesses in the mid-1990s. The complaint alleges that during 1993 Lynas and Hauxhurst-Lynas facilitated a public market for AT+D's common stock, which at that time traded on the OTC Bulletin Board, by filing with the Commission a series of materially false and misleading financial statements. Those financial statements included fictional assets, which resulted in the overstatement of the company's total assets by between 74% and 87%. Chief among these bogus assets were certain purported licensing rights to a high-speed facsimile transmission system that were valued on AT+D's balance sheets at \$10 million. The Commission alleges that the licensing rights did not exist.

The Commission's complaint also alleges that Lynas and Hauxhurst-Lynas misappropriated at least \$900,000 of the company's corporate funds to pay personal expenses. The stolen funds represented, for the most part, the proceeds of sales of AT+D warrants and common stock to the investing public. The complaint also alleges that, from October 1993 to January 1994, the Lynases sold more than 45,000 shares of AT+D common stock at prices ranging from \$8.00 to \$9.50 per share, realizing at least \$400,000 in illegal profits. During the time of these sales, AT+D's publicly-filed financial statements materially overstated the company's assets.

The Commission's complaint charges the Lynases with violating Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 (Exchange Act), and Rules 10b-5 and 13b2-1 thereunder and the company they controlled, AT+D, with violations of Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of Exchange Act and Rules 10b-5, 13a-1, 13a-11, 13a-13, and 12b-20. The Commission is seeking to permanently enjoin Lynas Hauxhurst-Lynas and AT+D from violating the above provisions of the federal securities laws and to permanently bar Lynas and Hauxhurst-Lynas from serving as officers or directors of public companies. The Commission also seeks an order requiring the Lynases to disgorge all funds obtained from their illegal activities, plus prejudgment interest.

Simultaneously with the filing of the Commission's complaint, a fourth defendant, Daniel Kratochvil of Tacoma, Washington, consented, without admitting or denying the Commission's allegations, to an order permanently enjoining him from violating the antifraud provisions of the securities laws, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The complaint alleges

that Kratochvil, who served as AT+D's acting chief financial officer from November 1993 to January 1994, filed with the Commission false and misleading quarterly reports that materially overstated the company's assets.

In a separate proceeding, the Commission today instituted public administrative proceedings, pursuant to Section 12(j) of the Exchange Act, to revoke AT+D's registration statement.

In another related administrative proceeding filed today, Gerald R. Hinshaw, CPA, of Sherwood, Illinois, consented, without admitting or denying the allegations in the order instituting proceedings, to an order barring him from appearing or practicing before the Commission as an accountant, pursuant to Rule 102(e) of the Commission's Rules of Practice. The Commission's order found that Hinshaw, a certified public accountant licensed in Illinois and Michigan, engaged in improper professional conduct by issuing unqualified audit opinions on AT+D financial statements that were filed with the Commission in 1993. Among other things, the Commission's order finds that Hinshaw failed to comply with applicable auditing standards and failed to determine or report that AT+D's financial statements failed to comply with Generally Accepted Accounting Principles (GAAP).

This enforcement action is part of the Commission's four-pronged approach to attacking microcap fraud: enforcement, inspections, investor education and regulation. For more information about the SEC's response to microcap fraud and the litigation release for this case, visit the SEC's Microcap Fraud Information Center at <http://www.sec.gov/news/extra/microcap.htm>. [SEC v. American Telephne + Data, Inc., William Posnett Lynas, III, Janeen Hauxhurst-Lynas and Daniel W. Kratochvil, Civil Action No. SACV-99-988AHS, ANx, C.D. Cal.] (LR-16232; AAE Rel. 1148); Administrative Proceedings in the Matter of American Telephone + Data, Inc. - (Rel. 34-41681, File No. 3-9946); Administrative Proceedings in the Matter of Gerald Hinshaw, CPA - (Rel. 34-41680; AAE Rel. 1147; File No. 3-9945)

#### **COMPLAINT FILED AGAINST PUBLIC RELATIONS FIRM FOR ILLEGALLY TOUTING STOCK**

As part of its nationwide crackdown on stock promoters who tout microcap stock, the Securities and Exchange Commission filed a civil action in federal district court in San Diego, California against North American Corporate Consultants (NACC), a financial public relations firm, and its principals, Robert Leslie Millstone and Jay Franklin Johnson. The complaint alleges that the defendants touted the stock of seven clients, including six microcap companies, without disclosing that the issuers of the stocks paid for those promotional efforts.

According to the complaint, from the Fall of 1995 through the Summer of 1998, NACC touted the stock of corporate clients by featuring the companies in a variety of newsletters published by NACC and distributed to thousands of investors. Although NACC's touts appeared to be independent, NACC in fact had agreements to receive compensation from the companies featured in the newsletters and

received almost \$1 million in cash and stock from the seven companies. The complaint further alleges that NACC violated the anti-touting provisions of the Securities Act because it failed to disclose that NACC (1) had agreements to receive compensation from the featured companies in exchange for the touts and (2) received almost \$1 million in cash and stock from the seven companies. The complaint seeks permanent injunctions, civil penalties, and other relief. [SEC v. North American Corporate Consultants, Inc., Robert Leslie Millstone, and Jay Franklin Johnson, Civil Action No. 99-1613, BTM, S.D. Cal.] (LR-16234)

**THE COMMISSION INSTITUTES ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS AGAINST G. BRADLEY TAYLOR**

The Commission instituted administrative and cease and desist proceedings against a registered representative, G. Bradley Taylor (Taylor), formerly employed by Investors Associates, Inc., in Chicago, charging that he received a bribe in exchange for recommending that customers purchase the stock of First Entertainment, Inc. (First Entertainment), a microcap company. Taylor resides in Wheaton, Illinois, and is currently a registered representative associated with Stifel, Nicolaus & Company, Inc. in Chicago, Illinois.

The Commission alleges that in 1995, while recommending that customers purchase First Entertainment stock, Taylor received shares of First Entertainment stock worth almost \$60,000 from Morton Lempel (Lempel), whom he knew to be affiliated with the company. The Commission further alleges that Taylor failed to disclose to customers the compensation he received from Lempel for soliciting them to buy the stock and indeed tried to conceal the payment by having Lempel transfer the stock to Taylor's mother.

The Commission alleges that Taylor violated Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. A hearing will be scheduled to determine whether the allegations against Taylor are true, and if so, what, if any, remedial action is appropriate and whether respondent should be ordered to pay disgorgement and/or civil penalties. (Rel. 33-7713; 34-41691; File No. 3-9955)

**PUBLIC ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS INSTITUTED AGAINST RICHMARK CAPITAL CORPORATION AND DOYLE MARK WHITE**

The Commission today announced the institution of Administrative and Cease and Desist Proceedings against RichMark Capital Corporation (RichMark), a broker-dealer registered with the Commission, and Doyle Mark White (White), a principal and registered representative associated with RichMark.

The Commission's Order alleges that RichMark and White willfully violated the antifraud provisions of the federal securities laws. According to the Order, they caused an information brochure, which profiled and recommended the purchase of the stock of a NASDAQ Small

Cap Company (Company) that RichMark had a consulting relationship with and received compensation from, to be circulated to RichMark customers and other broker-dealers and failed to disclose that RichMark had a financial incentive to recommend and sell the securities of the Company to its brokerage customers, and other prospective investors. RichMark and White failed to disclose that RichMark was receiving compensation from the Company at the same time that RichMark was recommending the purchase of the Company's stock to its customer. They also misled RichMark's customers by recommending that customers purchase the Company's stock while RichMark was simultaneously selling its shares of the Company's stock.

A hearing will be scheduled to determine whether the staff's allegations are true, and, if so, what, if any remedial action should be ordered, and whether respondent should be ordered to pay disgorgement and/or civil or penalties. (Rel. 33-7712; 34-41690; File No. 3-9954)

#### **BROKER-DEALER AND PENNY STOCK BARS IMPOSED AGAINST MICHAEL REILLY**

Michael R. Reilly, a New York resident, has been barred from association with a broker or dealer and from participating in an offering of any penny stock. The order instituting and simultaneously settling these proceedings alleges that Reilly was the publisher of a newsletter which touted microcap stocks and received large amounts of American Image Motor Company stock, one of the issuers profiled in the newsletter. The order further alleges that Reilly failed to disclose control of 46% of American Image stock and that he was selling American Image stock while recommending its purchase. Reilly was enjoined for his conduct by the United States District Court for the Southern District of New York from further violations of Section 10(b) of Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and Rule 102 of Regulation M promulgated under the Exchange Act. Based on the alleged conduct and the injunction, Reilly consented to be (1) barred from participating in an offering of any penny stock; and 2) barred from association in any capacity with any broker or dealer. (Rel. 34-41685; File No. 3-9947)

#### **ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS INSTITUTED AGAINST NATIONAL STOCK TRANSFER, INC., KRISTA CASTLETON NIELSEN, AND ROGER LEE GREER, FOR ISSUING UNREGISTERED SECURITIES**

The Commission instituted public administrative proceedings wherein the Division of Enforcement charged National Stock Transfer, Inc. (NST), a registered transfer agent, with causing and willfully aiding and abetting registration violations. Two officers, Roger Lee Greer and Krista Castleton Nielsen, were also charged. The charges involve unregistered issuances of stock in PanWorld Minerals International, Inc., a microcap company. The Commission previously charged PanWorld and its president Robert G. Weeks with registration violations as part of a civil injunctive case.

The Order Instituting Proceedings alleges that Greer directed NST to issue 98.9 million shares based on Weeks' claim that the shares were registered on Form S-8. Greer had reason to know they were not registered. Nielsen allegedly caused NST to issue 4.3 million shares that Weeks claimed were exempt under Regulation S. Nielsen had reason to know that the recipient of the stock was a U.S. resident who could not use Regulation S.

A hearing will be held to determine whether these allegations are true, and, if so, what remedial sanctions, if any, are appropriate and in the public interest, whether a cease and desist order should be issued, and whether monetary penalties are appropriate. (Rel. 33-7709; 34-41687; File No. 3-9949)

#### **BROKER-DEALER AND PENNY STOCK BARS IMPOSED AGAINST JOHN KENNA**

John J. Kenna, a New York resident, has been barred from association with a broker or dealer and from participating in an offering of any penny stock. The order instituting and simultaneously settling these proceedings alleges that Kenna was the publisher of a newsletter which touted microcap stocks and received large amounts of American Image Motor Company stock, one of the issuers profiled in the newsletter. The order further alleges that Kenna failed to disclose control of 46% of American Image stock and that he was selling American Image stock while recommending its purchase. Kenna was enjoined for his conduct by the United States District Court for the Southern District of New York from further violations of Section 10(b) of Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and Rule 102 of Regulation M promulgated under the Exchange Act. Based on the alleged conduct and the injunction, Kenna consented to be (1) barred from participating in an offering of any penny stock; and 2) barred from association in any capacity with any broker or dealer. (Rel. 34-41686; File No. 3-9948)

#### **MORTON LEMPEL ORDERED TO DISGORGE \$89,000 FOR PAYING BRIBES TO BROKERS**

The Commission ordered Morton B. Lempel (Lempel) to cease and desist from violating the antifraud provisions of the federal securities laws after concluding that he paid bribes to two brokers in exchange for their recommending that customers purchase the stock of First Entertainment Inc. (First Entertainment), a microcap company headquartered in Denver, Colorado. Lempel is a resident of Spring Valley, New York.

In the Order, the Commission found that, from April to June 1995, Lempel gave First Entertainment stock worth approximately \$87,000, to two registered representatives, Jeffrey W. Berns, formerly employed by D. H. Blair & Co., Inc. in New York City, and G. Bradley Taylor, formerly employed by Investors Associates, Inc. in Chicago, in exchange for their recommending First Entertainment securities to their customers. It further found that Lempel and the brokers tried to conceal the stock payments by having Lempel transfer the stock to accounts maintained by relatives of each broker. Finally, the Commission found that Lempel received \$89,138 from sales of First

Entertainment stock that he had been given by the company for his services.

Lempel was 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 Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Lempel was also ordered to pay disgorgement of \$89,138, but the payment was waived based upon Lempel's demonstrated financial inability to pay. Lempel consented to the entry of the Order without admitting or denying its findings. (Rels. 33-7716; 34-41694; File No. 3-9958)

#### **SEC CHARGES FIFTEEN INDIVIDUALS AND ENTITIES IN A FRAUDULENT MICROCAP OFFERING AND STOCK MANIPULATION SCHEME**

On August 2, the Commission filed a complaint in federal district court against fifteen individuals and entities for their roles in a fraudulent offering and market manipulation of a microcap stock, Los Angeles-based PSA, Inc. (PSA). The complaint alleges that the fraud, which occurred between December 1997 and September 1998, caused the price of PSA stock to rise artificially from approximately \$.50 per share to \$5.00 per share in less than two weeks, before the price plummeted to a few pennies a share. Defendants reaped over \$1 million in illegal profits by secretly controlling the supply of PSA stock, making false representations about PSA, and selling their supply of stock at inflated prices. The complaint seeks disgorgement of these illegal profits, monetary penalties, and permanent injunctions prohibiting future violations of the securities laws.

As a result of the conduct alleged in the complaint, Durante, Vishno, Donahue, Sanders, First New Haven, and Investment Resources (a corporation controlled by Donahue) are alleged to have violated Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (Securities Act), Section 10(b) of the Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder, Sections 15(a) and 15(g) of the Exchange Act and Rules 15g-2 through 15g-6 thereunder, and Rule 101 of Regulation M. The complaint also charges that World International Marketing, a corporation controlled by Durante and his wife, relief Defendant Janice Sheeley Durante, violated Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. In addition, the complaint alleges that Pinchin violated Sections 5(a), 5(c), and 17(b) of the Securities Act and Section 15(a) of the Exchange Act. Shareholder Communications Group is alleged to have violated Sections 5(a), 5(c) and 17(b) of the Securities Act, and Pacific Corporate Equities is charged with violations of Sections 5(a) and 5(c) of the Securities Act and Section 15(a) of the Exchange Act. The complaint also alleges that Morris, Gould, Williams, and SynCom violated Sections 5(a) and 5(c) of the Securities Act. In addition to the remedies noted above, the Commission's complaint seeks the return of proceeds from the illegal scheme from relief defendants Walter Zink, Stanley Deck, and Janice Sheeley Durante.

Simultaneous with the filing of the complaint, Scalzo consented, without admitting or denying the allegations, to the issuance of a final judgment permanently enjoining him from committing future violations of Sections 15(a) and 10(b) of the Exchange Act and Rule 10b-5 thereunder. Scalzo also consented to the issuance of an order in a related administrative proceeding to be filed by the Commission that suspends him from association with any broker or dealer for twelve months. [SEC v. EDWARD A. DURANTE (aka EDWARD DURANT), FIRST NEW HAVEN CORPORATION, BURTON G. VISHNO, THOMAS J. DONAHUE, INVESTMENT RESOURCES, INC., DANIEL C. SANDERS, THOMAS G. SCALZO, JR., TIMOTHY J. PINCHIN, SHAREHOLDER COMMUNICATIONS GROUP, LLC., PACIFIC CORPORATE EQUITIES, LLC., JACKSON L. MORRIS, MARK E. GOULD, THOMAS K. WILLIAMS, SYNCOM, INTERNATIONAL, INC., and WORLD INTERNATIONAL MARKETING, INC., Defendants, and JANICE SHEELEY DURANTE, STANLEY T. DECK, SR., AND WALTER J. ZINK, Relief Defendants, United States District Court for the Northern District of California, Civil Action No.: 99-3690, JL] (LR-16237)

#### **TEN FORMER REGISTERED REPRESENTATIVES OF W.J. NOLAN SUED FOR SALES PRACTICE ABUSES IN THE SALE OF MICROCAP SECURITIES**

The Commission announced that on August 2 it filed a complaint in the United States District Court for the Northern District of Illinois against Kfir Barzilay(a/k/a Steven Steele), Eugene Beigelman, Yan Dikshteyn (a/k/a Jon Dixon), Oleg Feldman (a/k/a Alec Feldman), Boris Fidler (a/k/a Brian Fidler), Stanslav Kaminsky (a/k/a Stan Kaminsky), Lawrence Pross, David Rubinov (a/k/a David Rubin), Ernest Salgan and Garri Zhigun, registered representatives formerly associated with the Chicago, Illinois and Park Avenue, New York offices of W.J. Nolan, a registered broker-dealer headquartered in New York, New York. The complaint alleges that from April through November, 1997, these ten registered representatives churned and made unauthorized and unsuitable trades in certain microcap securities for the accounts of 77 of their customers. The complaint further alleges that based on their fraudulent conduct these ten registered representatives earned over \$250,000 in commissions and caused approximately \$833,000 in customer losses.

The complaint also alleges that all ten registered representatives falsified books and records of W.J. Nolan, including new account forms. Finally, the complaint alleges that Fidler and Pross instructed unregistered persons, cold callers, to use the names "Fidler" and "Pross" to effect securities transactions in customer accounts.

The complaint seeks to enjoin all ten registered representatives from future violations of the antifraud provisions of the federal securities laws, Section 17(a) of the Securities Act, Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder. In addition, the complaint seeks to enjoin Fidler and Pross from future aiding and abetting violations of the registration provisions of the Securities Exchange Act, Section 15(b)(7) and Rule 15b7-1 thereunder. The complaint seeks an accounting, disgorgement, prejudgment interest and civil penalties.



This enforcement action is part of the Commission's four-pronged approach to attacking microcap fraud: enforcement, inspections, investor education and regulation. For more information about the SEC's response to microcap fraud, visit the SEC's Microcap Fraud Information Center at <http://www.sec.gov/news/extra/microcap.htm>. [SEC v. Barzilay, et al., Civil Action No. 99-C-5023, USDC, NDIL] (LR-16238)

## **SEC v. JANSON CAPITAL, INC.**

The Commission announced today that it filed a complaint in the United States District Court in Houston, Texas against Janson Capital, Inc., (Janson Capital), and its two principals, Jan E. Bonner (Bonner) and Robert A. Klutts (Klutts). Janson Capital, Bonner and Klutts are the publishers of an investment newsletter named, Angels Stock Watch (ASW), which publishes profiles of various "microcap" companies whose securities are traded in the over-the-counter market.

Janson Capital is a Texas corporation based in Houston that was formed in August 1998.

Bonner, age 41, of Houston, Texas, is the president and 50% owner of Janson Capital. Bonner participated in producing and disseminating the ASW newsletter.

Klutts, age 46, of Houston, Texas, is vice president and 50% owner of Janson Capital. Klutts participated in producing and disseminating the ASW newsletter.

According to the Commission's complaint, the ASW newsletter is promotional in tone, speaks of the featured companies in glowing terms, and encourages readers to purchase the securities of those companies. The Commission's complaint alleges that Janson Capital has disseminated up to 400,000 copies of the ASW newsletter through unsolicited faxes and e-mails, known as "spams." However, in three instances in late 1998, the newsletter did not disclose that Janson Capital had agreements with the featured companies under which it would receive compensation -- including both cash and stock -- for touting their securities. In addition, the complaint charges that the ASW newsletter was misleading because it represented that the newsletter's publisher was an independent firm when, in fact, the newsletter was little more than a paid promotional piece. Further, the complaint charges that the recommendation that ASW's readers purchase stock in the featured companies was misleading because Janson Capital, Bonner and Klutts, in a fraudulent practice known as "scalping," were simultaneously selling shares of the same stocks.

The defendants' false and misleading statements regarding their independence, and their scalping activities, are alleged to have violated the antifraud provisions found in Section 17 (a) of the Securities Act of 1933 (Securities Act) and Section 10(b) of the Securities and Exchange Act of 1934, and Rule 10b-5 thereunder. Additionally, their failure to disclose the receipt of cash and/or shares in the companies they promoted as compensation, is alleged to

have violated the antitouting provisions contained in Section 17(b) of the Securities Act. The complaint seeks a permanent injunction against Janson Capital, Bonner and Klutts, as well as civil penalties. Janson Capital, Bonner and Klutts have offered to simultaneously settle the case under terms in which they would consent, without admitting or denying any wrongdoing, to permanent injunctions and to each pay a penalty of \$5,000. [SEC v. JANSON CAPITAL, INC., ET AL., Civil Action No. H-99-2463] (LR-16230)

#### **SEC v. RICHARD STEINBERG, ET AL.**

On August 2, the Commission filed a federal lawsuit alleging that five individuals manipulated the price of a microcap stock through matched trades that gave the false appearance of demand during an unregistered public distribution of the stock. The defendants include three residents of the Denver area, Richard H. Steinberg, Timothy J. Brasel, and Joseph J. Peirce, a Florida resident, Roger M. Taft, and Taft's son Stuart J. Taft, a resident of Connecticut. Steinberg has previously been enjoined and convicted in federal courts for violating the securities laws. The trading involved stock of Music Tones Limited, a public shell corporation controlled by Steinberg and other family members, and quoted on the OTC Bulletin Board.

The Commission alleges in its complaint that on February 20, 1997, Music Tones filed a Form 8-K with the Commission announcing that it had signed a letter of intent to purchase Simplex Medical Systems, Inc., a private operating company in Florida. Trading in the stock of Music Tones, orchestrated by Steinberg, commenced the next day, more than a week in advance of the merger. Over the next four trading days, the price rose from 3.125 cents per share to \$2.50 per share. Almost all of the volume during this period involved sales by members of Steinberg's family and matching purchases by the promoters who then quickly resold the shares at prices up to \$3.00 per share. These transactions also allegedly violated the registration provisions because Steinberg was directing sales of stock owned by persons who controlled Music Tones, but did not register the sales with the Commission or comply with any exemption from registration. The promoters who bought the stock from Steinberg through the matched trades also allegedly violated the registration provisions when they resold the stock, because they were underwriting an unregistered distribution of Music Tones stock to the public.

The Commission seeks preliminary and permanent injunctions to prevent Steinberg and the four promoters from continuing to violate the antifraud and registration provisions of the securities laws, specifically Sections 5(a) and (c), and 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The Commission also seeks an accounting, disgorgement, prejudgment interest, and the imposition of civil penalties.

This enforcement action is part of the Commission's four-pronged approach to attacking microcap fraud: enforcement, inspections,

investor education and regulation. For more information about the SEC's response to microcap fraud and the litigation release for this case, visit the SEC's Microcap Fraud Information Center at <http://www.sec.gov/news/extra/microcap.htm>. Finally, the Commission would like to acknowledge the assistance of the NASDR in completing this investigation. [SEC v. Richard H. Steinberg, Timothy J. Brasel, Joseph J. Peirce, Roger M. Taft and Stuart J. Taft, Civil Action No. 99B1488, D. Colo.] (LR-16231)

**COMPLAINT FILED AGAINST KANAKARIS COMMUNICATIONS, INC., ALEXANDER FRANK KANAKARIS, DAVID VALENTI AND SHAWN HACKMAN; SETTLEMENTS REACHED WITH ALL DEFENDANTS EXCEPT HACKMAN**

A complaint has been filed seeking permanent injunctions against Kanakaris Communications, Inc., Alexander Frank Kanakaris, David R. Valenti and Shawn F. Hackman alleging violations of the securities registration and antifraud provisions of the federal securities laws. The Commission's complaint also seeks injunctions against all defendants, disgorgement from Hackman and civil penalties against Kanakaris, Valenti and Hackman.

The complaint alleges that from January 1997 through January 1998, Kanakaris and Valenti both officers of KCI, fraudulently sold the securities of KCI and its predecessor company to individuals in several states. In soliciting investments, it is alleged Kanakaris and Valenti made misrepresentations regarding KCI's financial condition and operations. It is also alleged that Kanakaris and Valenti misrepresented to investors that KCI had a joint venture agreement with Microsoft Corporation. Some of these misrepresentations were allegedly also posted on KCI's web site. In addition, it is alleged that Hackman, a Las Vegas attorney, prepared a false offering memorandum for KCI, sold KCI stock using the offering memorandum, and collected and distributed the proceeds of those sales, retaining a substantial portion of those funds for his own use. It is further alleged that Hackman, without authorization from KCI, prepared and filed a registration statement with the Commission which, among other things, misrepresented the shareholdings of KCI's management and major shareholders, stated that no unregistered offerings of KCI's securities had been made within the previous year and, rather than including audited financial statements, contained a review of KCI's financial statements without obtaining the consent of the accountants who prepared the review.

KCI, Kanakaris and Valenti have agreed to settle the action by consenting, without admitting or denying the allegations of the complaint, to be enjoined from future violations of Sections 5(a), 5(c) and 17 (a) of the Securities Act of 1933 and Section 10 (b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder; Kanakaris and Valenti also have agreed to pay civil money penalties of \$25,000 each. [SEC v. Kanakaris Communications, Inc., et al., Civil Action No. CV-S-99-0967-JBR-LRL] (LR-16233)

## **SEC v. FIRST ENTERTAINMENT, INC.**

The Commission today sued First Entertainment, Inc., (First Entertainment) and its president, Abraham B. Goldberg (Goldberg), charging that the company and Goldberg fraudulently failed to disclose approximately \$350,000 in money and stock paid to Goldberg. First Entertainment, a microcap company headquartered in Denver, Colorado, owns the Comedy Works nightclub in Denver. Goldberg lives in Aurora, Colorado, and has a history of securities violations.

The Commission alleges that from 1995 through 1997 Goldberg received compensation of approximately \$350,000 that was not disclosed in First Entertainment's public filings. Goldberg allegedly tried to conceal the compensation by directing the money or stock through his wife in a series of related party transactions. Specifically, the Commission alleges that First Entertainment paid stock to certain consultants of First Entertainment who paid kickbacks to Goldberg's wife, Nannette Goldberg. Goldberg and his wife also each allegedly received consulting fees that should have been disclosed. In addition, the Commission alleges that Nannette Goldberg received \$100,000 worth of First Entertainment stock in 1997 without approval of the First Entertainment board. The Commission alleges that material facts or omissions concerning Goldberg's compensation were contained in First Entertainment's 1995 and 1996 annual reports and in a registration statement and a proxy statement filed by the company in 1997. Finally, the Commission also charges that Goldberg failed to report his beneficial ownership of First Entertainment securities and changes in his securities holdings.

The Commission alleges that First Entertainment violated the antifraud and filing provisions of the securities laws, Section 17(a) of the Securities Act of 1933 (Securities Act) and Sections 10(b), 13(a), and 14(a) of the Exchange Act of 1934 (Exchange Act) and Rules 10b-5, 12b-20, 12b-25, 13a-1, 13a-13, 14a-3 and 14a-9. The Commission alleges that Goldberg violated Section 17(a) of the Securities Act and Sections 10(b), 14(a), and 16(a) of the Exchange Act and Rules 10b-5, 12b-20, 14a-3, 14a-9, and 16a-3 thereunder, and that Goldberg aided and abetted First Entertainment's violations of Section 13(a) of the Exchange Act and Rules 12b-25, 13a-1, and 13a-13. The Commission filed its complaint in federal court in Denver, Colorado, and seeks a permanent injunction against First Entertainment and Goldberg and seeks disgorgement, civil money penalties, and an officer and director bar against Goldberg. [SEC v. First Entertainment, Inc., Civil Action No. 99K1489] (LR-16239)

## **DAVID SNOW AND ENERGY EQUITIES, INC. CENSURED, ORDERED TO CEASE AND DESIST, AND ORDERED TO PAY \$15,000 PENALTY**

The Commission issued an Order against David G. Snow (Snow) and his investment adviser firm Energy Equities, Inc. (EEI) finding that they failed to disclose their conflicts of interest in recommending certain stocks to advisory clients. EEI, an investment adviser owned by Snow and located in Wayne, New Jersey, wrote and published analyst reports recommending the purchase of securities but failed

to disclose that Snow received finder's fees from one issuer and that he engaged in personal trading in at least two of the recommended stocks.

The Order finds that between 1995 and 1997, Snow received a \$26,440 finder's fee from an issuer for introducing investors who participated in a private placement or other new financing for the issue. The Order finds that EEI made no disclosure, in its Form ADV or in any reports recommending clients purchase securities of that issuer, that Snow received or expected to receive finder's fees or other compensation from the issuer. The Order also finds that Snow bought and sold stock in companies that EEI recommended but, in some reports distributed between 1996 and 1998, EEI and Snow did not make disclosure that Snow or EEI owned, purchased or sold such stock.

The Order censures EEI and Snow and orders EEI and Snow to cease and desist from committing or causing any violation and any future violation of Sections 204, 206(2), and 207 of the Investment Advisers Act and Rule 204-1 thereunder. Additionally, EEI and Snow are ordered to pay a \$15,000 civil penalty. Snow and EEI consented to the entry of the Order without admitting or denying its findings. (Rel. IA-1811; File No. 3-9953)

---

## **INVESTMENT COMPANY ACT RELEASES**

---

### **THE WACHOVIA FUNDS, ET AL.**

An order has been issued on an application filed by The Wachovia Funds, et al. for an order exempting applicants from Section 17(a) of the Investment Company Act. The order permits certain common trust funds to transfer their assets to certain series of registered open-end management investment companies in exchange for shares of the series. (Rel. IC-23928 - July 30)

### **NOTICES OF DEREGISTRATIONS UNDER THE INVESTMENT COMPANY ACT**

For the month of July, 1999, a notice has been issued giving interested persons until August 24, 1999, to request a hearing on any of the following applications for an order under Section 8(f) of the Investment Company Act declaring that the applicant has ceased to be an investment company:

Midwest Equity Trust, Financial Securities Series 1 [File No. 811-7058]  
internet.com(TM) Index Fund, Inc. [File No. 811-9343]  
Van Kampen Foreign Securities Fund [File No. 811-7571]  
MAP-Government Fund, Inc. [File No. 811-3548]  
The Emerging Mexico Fund, Inc. [File No. 811-6134]  
Putnam Advisory International Trust [File No. 811-2862]  
The PanAgora Institutional Funds [File No. 811-7464]  
Investors' Governmental Securities Income Trust, Series 1 and Subsequent Series [File No. 811-2834]

Fidelity Advisor Emerging Asia Fund, Inc. [File No. 811-8308]  
(Rel. IC-23939 - July 30)

**WAYNE HUMMER INVESTMENT TRUST, ET AL.**

An order has been issued on an application filed by Wayne Hummer Investment Trust, et al. granting exemptions from Sections 12(d)(1)(A) and (B) and 17(a) of the Investment Company Act and permitting certain joint transactions under Section 17(d) of the Act and Rule 17d-1 under the Act. The order permits certain registered open-end management investment companies to use uninvested cash to purchase shares of affiliated money market funds. (Rel. IC-23930 - July 30)

**AMERICAN SKANDIA ADVISORS FUNDS, INC., AMERICAN SKANDIA TRUST, AMERICAN SKANDIA MASTER TRUST AND AMERICAN SKANDIA INVESTMENT SERVICES, INC.**

A notice has been issued giving interested persons until August 24 to request a hearing on an application filed by American Skandia Advisors Funds, Inc., American Skandia Trust, American Skandia Master Trust and American Skandia Investment Services, Inc. for an order under Section 6(c) of the Investment Company Act exempting applicants from Section 15(a) of the Act and Rule 18f-2 under the Act. The order would permit applicants to enter into and materially amend investment management agreements with subadvisers without shareholder approval. (Rel. IC-23931 - July 30)

---

**HOLDING COMPANY ACT RELEASES**

---

**COLUMBIA ENERGY GROUP, ET AL.**

An order has been issued authorizing a proposal by Columbia Energy Group, a registered holding company, and its nonutility subsidiaries, to expand its natural gas exploration and production activities in Canada and to increase its investment in these activities from \$5 million to \$55 million. (Rel. 35-27055)

**GPU, INC.**

A supplemental order has been issued extending through December 31, 2008 the authority of GPU, Inc., a registered holding company, to issue its common stock to outside directors under a restricted stock plan. (Rel. 35-27056)

**APPALACHIAN POWER COMPANY**

A notice has been issued giving interested persons until August 23 to request a hearing on a proposal by Appalachian Power Company (Appalachian), an electric public-utility subsidiary company of American Electric Power Company, Inc., a registered holding company. Appalachian is proposing to effect the refunding of up to \$30

million of pollution control revenue bonds issued in connection with the financing of pollution control facilities. (Rel. 35-27057)

#### **NATIONAL FUEL GAS COMPANY, ET AL.**

A notice has been issued giving interested persons until August 23 to request a hearing on a proposal by National Fuel Gas Company, a registered holding company, and its subsidiary, Data-Track Account Services, Inc. (Data-Track). Data-Track proposes to provide customer account collection services for nonassociate companies. (Rel. 35-27057)

#### **AMERICAN ELECTRIC POWER COMPANY, ET AL.**

A notice has been issued giving interested persons until August 23 to request a hearing on a proposal by American Electric Power Company, Inc. (AEP), a registered holding company, and its nonutility subsidiaries AEP Resources, Inc. (AEPR), AEP Energy Services, Inc. (AEPES), and AEP Resources Services Company (Resco). AEPR proposes to establish a subsidiary (Management Company) that would provide certain energy-related services to industrial, commercial and institutional customers in the United States. AEPR also proposes to establish a subsidiary (Capital Company, and together with Management Company, New Ventures) that would provide financing to Management Company's customers. In connection with the establishment of the New Ventures, AEP proposes to guarantee certain investment obligations of AEPR under agreements with third parties and AEP and AEPR propose to guarantee certain obligations of the New Ventures. Also, AEP and AEPR request authority for the New Ventures and their subsidiaries to pay dividends from time to time out of capital or unearned surplus. Further, applicants seek an exemption from the "at cost" requirements of the Act for the sale of goods and services among certain AEP nonutility subsidiaries and the New Ventures. (Rel. 35-27057)

---

#### **SELF-REGULATORY ORGANIZATIONS**

---

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

The Commission approved a proposed rule change submitted by the Chicago Board Options Exchange (SR-CBOE-97-67) to revise and restructure the Exchange's margin requirements for stock options, stock index options, and other securities, as currently set forth in CBOE Rule 12.3, "Margin Requirements." Publication of the order is expected in the Federal Register during the week of August 2. (Rel. 34-41658)

The Commission approved a proposed rule change filed by The Depository Trust Company (SR-DTC-99-14). Under the rule change, DTC will establish an automated foreign tax reclaim service that will assist its participants in preparing forms that are required to reclaim tax that is withheld on income payments on non-U.S.

securities. (Rel. 34-41677)

#### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

A proposed rule change (SR-NYSE-99-35) filed by the New York Stock Exchange to extend through November 1, 1999, the existing Pilot Fee Structure governing the reimbursement of NYSE member organizations for costs incurred in the transmission of proxy and other shareholder communication materials to shareholders owning securities in street name has become immediately 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 August 2. (Rel. 34-41669)

The Depository Trust Company filed a proposed rule change (SR-DTC-99-19), which has become effective, revising the service fees for the MBS Division of DTC. Publication of the proposal is expected in the Federal Register during the week of August 2. (Rel. 34-41683)

The Stock Clearing Corporation of Philadelphia filed a proposed rule change (SR-SCCP-99-02) under Section 19(b)(3)(A) of the Exchange Act. The proposed rule change, which became effective upon filing, adopts a trade recording fee for transactions conducted through the Volume Weighted Average Price Trading System. Publication of the proposal is expected in the Federal Register during the week of August 2. (Rel. 34-41670)

#### PROPOSED RULE CHANGES

Emerging Markets Clearing Corporation filed a proposed rule change (SR-EMCC-99-7) to implement clearing agency cross-guaranty agreements between EMCC and other clearing agencies. Publication of the proposal is expected in the Federal Register during the week of August 2. (Rel. 34-41673)

The Depository Trust Company filed a proposed rule change (SR-DTC-99-15) to restate its procedures for a settling bank's failure to settle. Publication of the proposal is expected in the Federal Register during the week of August 2. (Rel. 34-41678)

#### ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval of a proposed rule change (SR-EMCC-99-8) filed by the Emerging Markets Clearing Corporation under Section 19(b)(1) of the Exchange Act. The proposal will extend EMCC's interim margin and loss allocation procedures until the earlier of (i) September 30, 1999, or (ii) the date on which Daiwa Securities America Inc. ceases to perform clearing functions for interdealer brokers. Publication of the proposal is expected in the Federal Register during the week of August 2. (Rel. 34-41671)



## WITHDRAWALS GRANTED

An order has been issued granting the application of Hasbro, Inc. to withdraw its Common Stock, par value \$.50 per share, and related Preference Share Purchase Rights from listing and registration on the American Stock Exchange. (Rel. 34-41674)

An order has been issued granting the application of Bowne & Co., Inc. to withdraw its Common Stock, par value \$.01 per share, and associated Preferred Stock Purchase Rights from listing and registration on the American Stock Exchange. (Rel. 34-41675)

---

## 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>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

- S-1 INTERWOVEN INC, 1195 W FREMONT AVE, STE 2000, SUNNYVALE, CA 94087  
(408) 774-2000 - 50,000,000 (\$50,000,000) COMMON STOCK (FILE 333-83779 -  
JUL 27) (BR 3)
- S-8 REDBACK NETWORKS INC, 1389 MOFFETT PARK DR, SUNNYVALE, CA 94089  
(408) 548-3500 - 426,322 (\$72,675,000) COMMON STOCK. (FILE 333-83783 -  
JUL 27) (BR 8)
- S-8 HARBOR FEDERAL BANCORP INC, 705 YORK RD, BALTIMORE, MD 21204  
(410) 321-7041 - 170,000 (\$2,677,500) COMMON STOCK. (FILE 333-83785 -  
JUL 27) (BR 7)
- S-8 BIOTRANSPLANT INC, BUILDING 75, 3RD AVENUE, BLDG 96 13TH ST,  
CHARLESTOWN, MA 02129 (617) 241-5200 - 50,000 (\$272,000) COMMON STOCK  
(FILE 333-83791 - JUL 27) (BR 1)
- S-8 BIOTRANSPLANT INC, BUILDING 75, 3RD AVENUE, BLDG 96 13TH ST,  
CHARLESTOWN, MA 02129 (617) 241-5200 - 750,000 (\$4,080,000) COMMON STOCK  
(FILE 333-83793 - JUL 27) (BR 1)
- S-11 BOSTON CAPITAL TAX CREDIT FUND IV LP, ONE BOSTON PLACE, STE 2100,  
BOSTON, MA 02210 (617) 624-8900 - 8,000,000 (\$80,000,000)  
COMMON SHARES OF BENEFICIAL INTEREST (FILE 333-83795 - JUL 27) (BR 8)
- S-3 BANK UNITED CORP, 3200 SOUTHWEST FREEWAY, SUITE 2600, HOUSTON, TX 77027  
(713) 543-6500 (FILE 333-83797 - JUL 27) (BR 7)
- S-8 MESA AIR GROUP INC, 410 NORTH 44TH STREET, SUITE 700, PHOENIX, AZ 85008  
(602) 685-4000 - 189,527 (\$1,493,472 76) COMMON STOCK (FILE 333-83799 -  
JUL 27) (BR 5)

S-8 MESA AIR GROUP INC, 410 NORTH 44TH STREET, SUITE 700, PHOENIX, AZ 85008  
(602) 685-4000 - 150,000 (\$1,182,000) COMMON STOCK (FILE 333-83801 -  
JUL 27) (BR 5)

S-8 MESA AIR GROUP INC, 410 NORTH 44TH STREET, SUITE 700, PHOENIX, AZ 85008  
(602) 685-4000 - 1,600,000 (\$12,608,000) COMMON STOCK. (FILE 333-83803 -  
JUL 27) (BR 5)

S-8 MESA AIR GROUP INC, 410 NORTH 44TH STREET, SUITE 700, PHOENIX, AZ 85008  
(602) 685-4000 - 1,250,000 (\$9,580,000) COMMON STOCK. (FILE 333-83805 -  
JUL 27) (BR 5)

SB-2 ALARON COM HOLDING CORP, 822 W WASHINGTON BLVD, CHICAGO, IL 60607  
(312) 563-8000 - 1,728,000 (\$20,736,000) COMMON STOCK. 150,000 (\$1,500)  
WARRANTS, OPTIONS OR RIGHTS 150,000 (\$2,160,000) COMMON STOCK. (FILE  
333-83807 - JUL 27) (NEW ISSUE)

S-8 APPLIED INDUSTRIAL TECHNOLOGIES INC, 3600 EUCLID AVE, CLEVELAND, OH  
44115 (216) 881-8900 - 800,000 (\$12,100,000) COMMON STOCK (FILE  
333-83809 - JUL 27) (BR 6)

S-8 FRONTIER AIRLINES INC /CO/, 12015 EAST 46TH AVE, DENVER, CO 80239  
(303) 371-7400 - 2,000,000 (\$36,250,000) COMMON STOCK. (FILE 333-83811 -  
JUL 27) (BR 5)

S-8 AMERICAN INTERNATIONAL GROUP INC, 70 PINE ST, NEW YORK, NY 10270  
(212) 770-7000 - 1,000,000 (\$118,100,000) COMMON STOCK. (FILE 333-83813 -  
JUL 27) (BR 1)

S-4 CAITHNESS COSO FUNDING CORP, C/O CAITHNESS ENERGY LLC,  
1114 AVENUE OF THE AMERICAS 41ST FLOOR, NEW YORK, NY 10036 (212) 921-9099  
- 413,000,000 (\$413,000,000) STRAIGHT BONDS. (FILE 333-83815 - JUL. 27)  
(BR 7 - NEW ISSUE)

S-3 CABOT OIL & GAS CORP, 15375 MEMORIAL DR, HOUSTON, TX 77079  
(281) 589-4600 (FILE 333-83819 - JUL 27) (BR. 4)

S-8 VIDEO SERVICES CORP, 240 PEGASUS AVENUE, NORTHVALE, NJ 07647  
(201) 767-1000 - 855,000 (\$2,659,050) COMMON STOCK (FILE 333-83821 -  
JUL 27) (BR 5)

S-8 METRO-GOLDWYN-MAYER INC, 2500 BROADWAY ST, SANTA MONICA, CA 90404  
(310) 449-3000 - 21,874,935 (\$476,463,146) COMMON STOCK. (FILE 333-83823 -  
JUL 27) (BR 5)

S-4 WASTE CONNECTIONS INC/DE, 2260 DOUGLAS BLVD, SUITE 280, ROSEVILLE, CA  
95661 (916) 772-2221 - 6,000,000 (\$149,625,000) COMMON STOCK. (FILE  
333-83825 - JUL 27) (BR 6)

S-3 REMEC INC, 9404 CHESAPEAKE DRIVE, SAN DIEGO, CA 92123 (619) 560-1301 -  
137,183 (\$2,100,615) COMMON STOCK (FILE 333-83827 - JUL 27) (BR 5)

S-8 IVI CHECKMATE CORP, 1003 MANSELL ROAD, ROSWELL, GA 30076 (770) 594-6000  
- 150,000 (\$525,000) COMMON STOCK. (FILE 333-83829 - JUL. 27) (BR. 3)

S-8 CYBEX COMPUTER PRODUCTS CORP, 4912 RESEARCH BLVD, HUNTSVILLE, AL 35805  
(205) 430-4000 - 765,225 (\$9,986,592) COMMON STOCK. (FILE 333-83831 -  
JUL 27) (BR 3)

S-8 CYBEX COMPUTER PRODUCTS CORP, 4912 RESEARCH BLVD, HUNTSVILLE, AL 35805  
(205) 430-4000 - 1,125,000 (\$27,192,318) COMMON STOCK. (FILE 333-83833 -  
JUL 27) (BR 3)

S-3 FPIC INSURANCE GROUP INC, 1000 RIVERSIDE AVE, STE 800, JACKSONVILLE, FL  
32204 (904) 354-5910 - 263,816 (\$12,482,454.04) COMMON STOCK. (FILE  
333-83835 - JUL 27) (BR 1)

S-1 VION PHARMACEUTICALS INC, 4 SCIENCE PARK, NEW HAVEN, CT 06511  
(203) 498-4210 - 4,140,000 (\$22,252,500) COMMON STOCK. (FILE 333-83837 -  
JUL 27) (BR 9)

S-1 VITAMINSHOPPECOM INC, 380 LEXINGTON AVE STE 1700, NORTH BERGEN, NJ 07047  
(201) 866-7711 - 57,500,000 (\$57,500,000) COMMON STOCK. (FILE 333-83849 -  
JUL 27) (BR 8 - NEW ISSUE)

SB-2 GREENVILLE FIRST BANCSHARES INC, 1805 LAURENS RD, GREENVILLE, SC 29607  
(864) 241-7806 - 1,380,000 (\$13,800,000) COMMON STOCK. (FILE 333-83851 -  
JUL 27) (NEW ISSUE)

S-1 E TEK DYNAMICS INC, 1865 LUNDY AVE, SAN JOSE, CA 95131 (408) 546-5000 -  
6,900,000 (\$283,331,250) COMMON STOCK (FILE 333-83857 - JUL. 27) (BR 5)

S-3 BOSTON PROPERTIES INC, 800 BOYLSTON STREET, SUITE 400, BOSTON, MA 02199  
(617) 236-3300 - 2,170,864 (\$75,437,524) COMMON STOCK. (FILE 333-83859 -  
JUL 27) (BR 8)

S-3 BOSTON PROPERTIES INC, 800 BOYLSTON STREET, SUITE 400, BOSTON, MA 02199  
(617) 236-3300 - 16,796,118 (\$583,665,100.50) COMMON STOCK (FILE  
333-83861 - JUL 27) (BR 8)

S-3 BOSTON PROPERTIES INC, 800 BOYLSTON STREET, SUITE 400, BOSTON, MA 02199  
(617) 236-3300 - 815,409 (\$28,335,462.75) COMMON STOCK. (FILE 333-83863 -  
JUL 27) (BR 8)

S-8 MATRIX PHARMACEUTICAL INC/DE, 34700 CAMPUS DR, FREMONT, CA 94555  
(415) 742-9900 - 1,100,000 (\$4,224,000) COMMON STOCK (FILE 333-83865 -  
JUL 27) (BR 1)

S-3 BOSTON PROPERTIES INC, 800 BOYLSTON STREET, SUITE 400, BOSTON, MA 02199  
(617) 236-3300 - 146,898 (\$5,104,705 50) COMMON STOCK (FILE 333-83867 -  
JUL 27) (BR 8)

S-3 BOSTON PROPERTIES INC, 800 BOYLSTON STREET, SUITE 400, BOSTON, MA 02199  
(617) 236-3300 - 343,077 (\$11,921,925 75) COMMON STOCK (FILE 333-83869 -  
JUL 27) (BR 8)

S-3 MICROSOFT CORP, ONE MICROSOFT WAY #BLDG 8, NORTH OFFICE 2211, REDMOND,  
WA 98052 (425) 882-8080 - 664,030 (\$58,912,077 57)  
COMMON SHARES OF BENEFICIAL INTEREST (FILE 333-83873 - JUL 27) (BR 3)

S-8 WAKE FOREST BANCSHARES INC, 302 SOUTH BROOKS STREET, PO BOX 707,  
WAKE FOREST, NC 27588 (919) 556-5146 - 76,248 (\$986,496 62) COMMON STOCK  
(FILE 333-83875 - JUL 27) (BR. 7)

S-3 KEY PRODUCTION CO INC, 707 17TH STREET SUITE 3300,  
STE 2050 ONE NORWEST CTR, DENVER, CO 80202 (303) 837-0779 (FILE 333-83879 -  
JUL 27) (BR 4)

S-4 UNISYS CORP, TOWNSHIP LINE & UNION MEETING RDS, BLUE BELL, PA 19424  
(215) 986-4011 - 2,364,135 (\$93,898,843) COMMON STOCK (FILE 333-83881 -  
JUL 27) (BR 3)

S-8 MITY LITE INC, 1301 W 400 N, OREM, UT 84057 (801) 224-0589 - 500,000  
(\$8,833,363) COMMON STOCK (FILE 333-83883 - JUL 28) (BR 9)

S-1 UOL PUBLISHING INC, 8251 GREENSBORO DRIVE, SIUTE 500, MCLEAN, VA 22102  
(703) 893-7800 - 5,494,466 (\$32,856,906.68) COMMON STOCK. (FILE 333-83885  
- JUL 28) (BR. 8)

S-1 CHARTER COMMUNICATIONS INC /MO/, 12444 POWERSCOURT DRIVE, ST LOUIS, MO  
63131 (314) 965-0555 - \$3,450,000,000 COMMON STOCK (FILE 333-83887 -  
JUL 28) (NEW ISSUE)