

# SEC NEWS DIGEST

Issue 2000-23

February 7, 2000

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## ENFORCEMENT PROCEEDINGS

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### FINAL JUDGMENT ENTERED AGAINST LAZARUS LONG

On January 20, 2000, the Honorable Michael Burrage, United States District Court for the Northern District of Oklahoma, entered a final judgment of permanent injunction against defendant Lazarus R. Long (Long) (a/k/a Howard Turney). The judgment permanently enjoined Long from violating 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. Defendant Long was also ordered to pay disgorgement in the amount of \$24,000, plus prejudgment interest, however payment of disgorgement and interest was waived based upon Long's sworn showing of inability to pay. Moreover, the Court did not order Long to pay a civil penalty because of his demonstrated inability to pay. Long consented to the entry of the judgment.

The complaint, which was filed by the Commission on April 8, 1999, alleged that between May 1998 and March 1999, Long offered and sold securities over the Internet to purportedly fund a new country he claimed was being developed in the middle of the Caribbean Ocean. Long named his new country "New Utopia." In connection with the sales of the New Utopia securities, the complaint alleged that Long made material misrepresentations and omissions concerning, among other things, the status of construction of the project, the companies associated with the project, the safety of the investment, and the status of the Commission's investigation into his activities. Long was successful in raising \$24,000 from the sales of securities. [SEC v. Lazarus R. Long (a/k/a Howard Turney), individually and doing business as New Utopia, USDC, NDOK, Tulsa, Civil Action No. 99CV 0257BU(M)] (LR-16425)

### FINAL JUDGMENTS ENTERED AGAINST MICHAEL JENKINS AND MICHAEL KINNEY

On January 27, 2000, the Honorable Sam A. Lindsay, United States District Court for the Northern District of Texas entered final judgments of permanent injunction against defendants Michael D. Jenkins and Michael L. Kinney. The judgments permanently enjoined both defendants from violating 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. Kinney was also enjoined from violating Section 15(a) of the Exchange Act. The Court did not order Jenkins to pay

disgorgement based on an existing restitution order in a related criminal case. Defendant Kinney was ordered to pay disgorgement in the amount of \$7,800, however payment of disgorgement was waived based upon Kinney's sworn showing of inability to pay. Moreover, the Court did not order either defendant to pay a civil penalty because of his demonstrated inability to pay. Jenkins and Kinney consented to the entry of the judgments.

The complaint, which was filed by the Commission on August 11, 1998, alleged that between 1992 and 1996, Jenkins' privately-held company offered and sold securities in the form of promissory notes, raising approximately \$4.5 million from at least 150 investors in fifteen states. The majority of the funds raised were for the stated purpose of developing a Missouri sand-mine that never became operational. The complaint alleged that Jenkins defrauded investors by failing to disclose material facts about the ownership of the sand-mine and by misappropriating approximately \$1.5 million of investor funds. Jenkins has previously pleaded guilty to one count of securities fraud based on the activities alleged in the Commission's complaint. Pursuant to his plea, Jenkins was sentenced to a 27 month federal prison term followed by a three year period of supervised release. Jenkins was further ordered to pay approximately \$1.5 million in restitution to his investors.

According to the complaint, defendant Kinney along with two other defendants, collectively raised approximately \$800,000 in promissory notes issued by Jenkins' company. The complaint further alleges that in connection with the offer and sale of the notes, Kinney made material misrepresentations and omissions of material fact concerning, among other things, the ownership of the sand mine, the use of investor funds, and the safety of the investment. [SEC v. Michael D. Jenkins, et al., USDC, NDTX, Dallas, 3-99CIV2222-D] (LR-16426)

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## INVESTMENT COMPANY ACT RELEASES

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### SCUDDER GLOBAL FUND, INC., ET AL.

A notice has been issued giving interested persons until February 28 to request a hearing on an application filed by Scudder Global Fund, Inc., et al. for an order under Section 12(d)(1)(J) of the Investment Company Act for an exemption from Sections 12(d)(1)(A) and (B) of the Act, under Sections 6(c) and 17(b) of the Act for an exemption from Section 17(a) of the Act, and under Section 17(d) of the Act and Rule 17d-1 under the Act to permit certain joint transactions. The order would permit certain registered management investment companies and certain entities that are excluded from the definition of investment company by Section 3(c)(1), 3(c)(7) or 3(c)(11) of the Act to invest uninvested cash in (a) affiliated money market funds or short-term bond funds or (b) one or more affiliated entities that operate as cash management investment

vehicles and that are excluded from the definition of investment company by Section 3(c)(1) or 3(c)(7) of the Act. (Rel. IC-24276 - February 3)

#### **PACIFIC LIFE INSURANCE COMPANY, ET AL.**

An order has been issued pursuant to Section 26(b) of the Investment Company Act to Pacific Life Insurance Company, Separate Account A of Pacific Life Insurance Company (Separate Account A), Separate Account B of Pacific Life Insurance Company (Separate Account B), Pacific Innovations Trust (Innovations Trust), and Pacific Select Fund (Select Fund) (collectively, Applicants), permitting each subaccount of Separate Account B to replace shares of each portfolio of Innovations Trust with shares of a designated portfolio of Select Fund. In addition, the order grants exemptions from Section 17(a) of the Act, pursuant to Section 17(b) of the Act, to the extent necessary: (i) to permit the consolidation of Separate Account A and Separate Account B, by transferring the assets and liabilities of Separate Account B to Separate Account A; and (ii) to permit Applicants to carry out the proposed substitutions by means of in-kind redemptions and purchases. (Rel. IC-24277 - February 3)

#### **FIRST AMERICAN INVESTMENT FUNDS, INC., ET AL.**

A notice has been issued giving interested persons until February 29 to request a hearing on an application filed by First American Investment Funds, Inc., et al. for an order exempting applicants from Sections 10(f) and 17(a)(1) of the Investment Company Act. The order would permit certain registered management investment companies to purchase certain securities from an affiliated underwriter and through group orders placed with an underwriting syndicate that includes the affiliated underwriter. (Rel. IC-24278 - February 4)

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#### **HOLDING COMPANY ACT RELEASES**

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#### **ALLIANT ENERGY CORPORATION, ET AL.**

An order has been issued clarifying certain financial terms of an order previously issued under the Public Utility Holding Company Act authorizing Alliant Energy Corporation, a registered holding company, and its wholly owned nonutility subsidiary Alliant Energy Resources, Inc., to, among other things, engage in various internal and intrasystem financing transactions through December 31, 2001. (Rel. 35-27130)

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

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#### **PROPOSED RULE CHANGES**

The American Stock Exchange filed a proposed rule change (SR-Amex-99-39) amending certain provisions of its listing standards. Publication of the proposal is expected in the Federal Register during the week of February 7. (Rel. 34-42378)

The New York Stock Exchange filed a proposed rule change (SR-NYSE-99-25) relating to amendments to Rule 134, governing error accounts, and new Rule 407A, concerning Floor member account disclosure. Publication of the proposal is expected in the Federal Register during the week of February 7. (Rel. 34-42381)

The Municipal Securities Rulemaking Board filed a proposed rule change (SR-MSRB-00-01) relating to supervision of correspondence with the public. Publication of the notice is expected in the Federal Register during the week of February 7. (Rel. 34-42385)

#### APPROVAL OF PROPOSED RULE CHANGES

The Commission approved a proposed rule change filed by the Chicago Board Options Exchange (SR-CBOE-98-27) relating to enhancements to the Exchange's processing of live ammo orders. (Rel. 34-42379)

The Commission approved a proposed rule change filed by the American Stock Exchange (SR-Amex-99-35) to rescind Exchange Rule 106, "Substitute Principals." Publication of the order is expected in the Federal Register during the week of February 7. (Rel. 34-42383)

#### IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change filed by the Chicago Board Options Exchange amending its market-maker surcharge fee schedule (SR-CBOE-99-52) has become immediately effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal is expected in the Federal Register during the week of February 7. (Rel. 34-42382)

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#### RECENT 8K FILINGS

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Form 8-k is used by companies to file current reports on the following events:

- Item 1. Changes in Control of Registrant
- Item 2. Acquisition or Disposition of Assets
- Item 3. Bankruptcy or Receivership.
- Item 4. Changes in Registrant's Certifying Accountant
- Item 5. Other Materially Important Events.
- Item 6. Resignations of Registrant's Directors
- Item 7. Financial Statements and Exhibits
- Item 8. Change in Fiscal Year
- Item 9. Regulation S Offerings

The following companies have filed 8-K reports for the date indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. 8-K reports 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>.

NAME OF ISSUER	STATE CODE	8K ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
ABN AMRO MORTGAGE CORP	DE	X									01/25/00	
ABN AMRO MORTGAGE CORP SERIES 1998- 2	DE	X									01/25/00	
ABN AMRO MORTGAGE CORP SERIES 1999- 4	DE	X									01/25/00	
ABN AMRO MORTGAGE CORP SERIES 1999- 5	DE	X									01/25/00	
ACCEL INTERNATIONAL CORP	DE		X				X				01/20/00	
ACCOM INC	DE		X								01/21/00	
ADVANCE COMMUNICATIONS TECHNOLOGIES INC	FL	X	X		X		X				02/03/00	
AMAZON COM INC	DE				X		X				01/21/00	
AMERCO /NV/	NV						X				01/31/00	
AMERICAN SOUTHWEST FINANCIAL SECURI TIES CORP	AZ	X									01/25/00	
ARMSTRONG WORLD INDUSTRIES INC	PA				X		X				02/02/00	
ART CARDS INC	CO				X		X				01/28/00	
ASSET SECURITIZATION CORP COM MOR P S THR CERT SER 1999-C2	DE	X									01/25/00	
ASSOCIATES CORPORATION OF NORTH AME RICA	DE				X						02/04/00	
ATLAS CORP	DE			X			X				12/11/99	
AVANIR PHARMACEUTICALS	CA				X		X				01/31/00	
BEAR STEARNS COMMERCIAL MORTGAGE SE CURITIES INC	DE	X									01/21/00	
BEAR STEARNS COMMERCIAL MORTGAGE SE CURITIES INC	DE				X		X				02/04/00	
BOMBARDIER CAPITAL MORTGAGE SECURIT IZATION CORP	VT						X				01/31/00	
CAPITAL GAMING INTERNATIONAL INC /N J/	NJ				X		X				02/04/00	
CAREINSITE INC	DE		X				X				01/18/00	
CARNIVAL CORP	DE					X	X				02/02/00	
CENTENNIAL BANCORP	OR		X								01/31/00	
CHOLESTECH CORPORATION	CA		X				X				01/21/00	
COMPUCOM SYSTEMS INC	DE					X	X				02/04/00	
CONMAT TECHNOLOGIES INC					X						01/26/00	
CONSECO FINANCE SECURITIZATIONS COR P	MN						X				02/03/00	
COYOTE NETWORK SYSTEMS INC	DE				X		X				01/25/00	
CREDIT SUISSE FIR BOS MOR SEC COPP MO BK PA TH CE SE 99-WM1							X	X			01/31/00	
CREDIT SUISSE FIR BOS MOR SEC CORP MO BK PA TH CE SE 99-WM2							X	X			01/31/00	
CSX TRADE RECEIVABLES CORP	DE				X		X				01/25/00	
CWABS INC ASSET BACKED CERTIFICATES SERIES 1999 4	DE				X		X				08/25/99	
CWABS INC ASSET BACKED CERTIFICATES SERIES 1999-1	DE				X		X				08/25/99	
CWABS INC ASSET-BACKED CERTIFICATES SERIES 1998-2	DE				X		X				08/25/99	
DECISIONONE CORP /DE								X			01/26/00	
DECISIONONE HOLDINGS CORP	DE							X			01/26/00	
DONALDSON LUFKIN & JENRETTE INC /NY	DE				X		X				01/21/00	

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NAME OF ISSUER	STATE CODE	BK ITEM NO.									DATE	COMMENT
		1	2	3	4	5	6	7	8	9		
EA ENGINEERING SCIENCE & TECHNOLOGY INC	DE				X						02/04/00	
ENVIRONMENTAL MONITORING & TESTING CORPORATION	DE	X									01/25/00	
FAMILY GOLF CENTERS INC	DE				X	X					01/28/00	
FIRST MEDICAL GROUP INC	DE	X				X					01/31/00	
FIRST NILES FINANCIAL INC	DE				X	X					01/28/00	
FORD MOTOR CO	DE			X	X						02/04/00	
FORD MOTOR CREDIT CO	DE				X	X					02/04/00	
FORD MOTOR CREDIT CO	DE				X	X					02/04/00	AMEND
FRONTIER INSURANCE GROUP INC	DE	X				X					01/20/00	
GATEWAY 2000 INC	DE				X	X					01/19/00	
GENERAL SEMICONDUCTOR INC	DE				X	X					02/03/00	
GPU INC /PA/	PA				X	X					02/03/00	
HARTCOURT COMPANIES INC	UT				X	X					01/26/00	
HOLLIS EDEN PHARMACEUTICALS INC /DE/ /	DE				X	X					01/20/00	
HUFFY CORP	OH				X	X					01/26/00	
HYSEQ INC	NV				X						02/01/00	
IKON OFFICE SOLUTIONS INC	OH				X	X					01/13/00	
INAMED CORP	DE				X	X					02/01/00	
INTER CONTINENTAL SERVICES CORP	MO				X						02/01/00	
INTERNATIONAL REMOTE IMAGING SYSTEM S INC /DE/	DE				X						02/03/00	
IOS CAPITAL INC	DE				X	X					01/13/00	
JACOBSON RESONANCE ENTERPRISES INC	NV			X		X					01/28/00	
KERR MCGEE CORP	DE				X	X					02/04/00	
KINDER MORGAN ENERGY PARTNERS L P	DE	X			X	X					01/20/00	
KINDER MORGAN INC	KS	X			X	X					01/20/00	
KINDER MORGAN INC	KS	X			X	X					01/20/00	AMEND
KRAUSES FURNITURE INC	DE				X	X					02/04/00	
LATIN AMERICAN CASINOS INC	DE				X						01/27/00	
LEVEL 3 COMMUNICATIONS INC	DE				X						02/02/00	
LEXINGTON PRECISION CORP	DE				X	X					01/27/00	
MARKEL CORP	VA				X	X					02/02/00	AMEND
MATTHEWS STUDIO EQUIPMENT GROUP	CA	X				X					01/21/00	
MCCLAIN INDUSTRIES INC	MI					X					02/04/00	
METROPOLITAN EDISON CO	PA				X	X					02/03/00	
MICRO COMPONENT TECHNOLOGY INC	MN	X				X					01/31/00	
MJD COMMUNICATIONS INC	DE				X	X					12/30/99	
MTR GAMING GROUP INC	DE				X	X					01/27/00	
MYPOINTS COM INC	DE				X	X					02/04/00	
NETCURRENTS INC/	DE						X				02/03/00	
NETOPTIX CORP	DE				X	X					01/26/00	
NEVADA MANHATTAN GROUP INC	NV				X						02/03/00	
NEW BRUNSWICK SCIENTIFIC CO INC	NJ	X				X					11/23/99	AMEND
NIAGARA MOHAWK HOLDINGS INC/NY/	NY				X	X					02/04/00	
NIAGARA MOHAWK POWER CORP /NY/	NY				X	X					02/04/00	
NORTH VALLEY BANCORP	CA				X	X					02/04/00	
ODWALLA INC	CA				X	X					02/02/00	
OLSTEN CORP	DE				X						07/12/99	
ONYX SOFTWARE CORP/WA	WA				X						01/31/00	
ORBCOMM GLOBAL L P	DE	X				X					01/26/00	
PELICAN PROPERTIES INTERNATIONAL CO RP	FL			X		X					02/04/00	
PENNSYLVANIA ELECTRIC CO	PA				X	X					02/03/00	
PHARMAKINETICS LABORATORIES INC	MD				X	X					01/28/00	
PICCARD MEDICAL CORP	DE		X								01/31/00	
PLANET HOLLYWOOD INTERNATIONAL INC	DE	X	X			X					01/21/00	
PRIMUS KNOWLEDGE SOLUTIONS INC	WA		X			X					01/21/00	

NAME OF ISSUER	STATE	8K ITEM NO.								DATE	COMMENT	
	CODE	1	2	3	4	5	6	7	8			9
PRISM FINANCIAL CORP	DE					X	X				01/27/00	
PROFESSIONAL BENEFITS INSURANCE CO	TX							X			12/31/99	
PROVIDIAN MASTER TRUST						X					01/18/00	
PROVIDIAN NATIONAL BANK /NEW/						X					01/18/00	
QUIDEL CORP /DE/	DE					X	X				01/21/00	
RAILAMERICA INC /DE	DE		X				X				02/04/00	
RESIDENTIAL ASSET SECURITIES CORP	DE					X					02/04/00	
SBA COMMUNICATIONS CORP	FL		X				X				02/04/00	
SETO HOLDINGS INC	NV		X								10/31/99	AMEND
SIMMONS CO /GA/	DE		X					X			01/21/00	
SOUTHWESTERN ELECTRIC POWER CO	DE					X	X				02/04/00	
SPARTA SURGICAL CORP	DE					X					02/01/00	
ST PAUL COMPANIES INC /MN/	MN					X					01/27/00	
SYNBIOTICS CORP	CA					X	X				01/12/00	
TERRA NOVA BERMUDA HOLDING LTD						X	X				02/02/00	
THOMASTON MILLS INC	GA					X	X				02/02/00	
TITAN CORP	DE					X	X				01/28/00	
TRIMERIS INC	DE					X	X				01/28/00	
TRITON ENERGY LTD	E9					X	X				02/01/00	
U S PLASTIC LUMBER CORP	NV					X	X				01/31/00	
UACSC AUTO TRUSTS	DE					X	X				02/02/00	
UNIFIED FINANCIAL SERVICES INC	DE					X	X				11/17/99	
UNITEL VIDEO INC/DE	DE					X		X			01/31/00	
UNIVERSAL CORP /VA/	VA					X	X				02/03/00	
USA SERVICE SYSTEMS INC	CO					X					01/31/00	
VALENTIS INC	DE					X	X				02/02/00	
VALUE CITY DEPARTMENT STORES INC /C H	OH					X	X				02/02/00	
VANTAS INC	NV					X	X				01/20/00	
XCL LTD	DE		X								02/02/00	
21ST CENTURY TELECOM GROUP INC	IL					X					02/04/00	
3TEC ENERGY CORP	DE					X	X				01/18/00	