

SEC NEWS DIGEST

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COMMISSION ANNOUNCEMENTS

SEC AND U.S. ATTORNEY BRING CIVIL AND CRIMINAL FRAUD CHARGES AGAINST JAMES MCDERMOTT, FORMER CHAIRMAN AND CEO OF INVESTMENT BANKING FIRM KEEFE, BRUYETTE & WOODS, FOR INSIDER TRADING

The Commission today filed civil fraud charges against James J. McDermott, Jr., the former Chairman and Chief Executive Officer of Keefe, Bruyette & Woods, Inc., an investment banking firm, and two other individuals for insider trading. The charges, filed in U.S. District Court in Manhattan, allege that McDermott provided material nonpublic information concerning at least six merger transactions to Kathryn B. Gannon, who in turn tipped a friend, Anthony P. Pomponio. The U.S. Attorney for the Southern District of New York today also filed criminal charges against the three individuals.

SEC Associate Enforcement Director Thomas C. Newkirk said, "As gatekeepers to our markets, there is simply no room for securities industry professionals to misuse inside information. If caught, the consequences will be severe."

The complaint alleges that from at least June 1997 through April 1998, McDermott, as Chairman and CEO of Keefe, Bruyette, obtained material nonpublic information in advance of merger transactions and provided it to Gannon, with whom he had a relationship. Gannon then purchased securities in relatively unknown regional banks: Central Fidelity Banks, Inc., First Commerce Corp., California State Bank (West Covina), First Commercial Corp., Advanta Corporation, and Barnett Banks, Inc. Each of the banks whose stock Gannon traded was either involved in merger negotiations with potential suitors or actually completed a merger transaction contemporaneously with her trading. In addition, with respect to all but one of Gannon's bank stock purchases, Keefe, Bruyette represented the target in the merger transaction or was otherwise associated in some way with one of the parties to the transaction. As a result of her illegal trading, Gannon made profits of at least \$88,135.

The complaint also alleges that Gannon tipped Pomponio, to whom she boasted that she had clients in New York City who were "well connected Wall Street types," including lawyers, stockbrokers and other "high level people." Pomponio, with knowledge of the

reliability of the material nonpublic information concerning pending mergers obtained from Gannon, traded in advance of five of the merger transactions, reaping profits of at least \$86,378.

The Commission seeks to permanently prevent McDermott, Gannon and Pomponio from violating the antifraud provisions of the federal securities laws. In addition, the complaint seeks disgorgement of all ill-gotten gains, prejudgment interest, and civil monetary penalties.

Also today, the United States Attorney for the Southern District of New York announced the filing of a criminal complaint against McDermott, Gannon, and Pomponio for two felony counts each, for violations of the federal securities laws, as well as a felony count against Pomponio for perjury. In addition, the U.S. Attorney announced today that McDermott and Pomponio were arrested, and an arrest warrant was issued for Gannon.

The Commission thanks the United States Attorney's office for its cooperation in this matter.

The Commission continues its investigation in this matter.

For further information contact: Tom Newkirk at 202.942.4500 or Paul Berger at 202.942.4854. (Press Rel. 99-174); [SEC v. James J. McDermott, Jr., Kathryn B. Gannon a/k/a Marilyn Star and Anthony P. Pomponio, Civil Action No. 99 Civ., SDNY] (LR-16395)

ENFORCEMENT PROCEEDINGS

IN THE MATTER OF WHEAT, FIRST SECURITIES, ET AL.

In actions brought by the Commission's Division of Enforcement, Administrative Law Judge Herbert Grossman has found that an affiliate of First Union bank and the former head of its South Florida public finance office Teressa Cawley violated Section 15B(c)(1) of the Securities Exchange Act of 1934 and Rule G-17 of the Municipal Securities Rulemaking Board by failing to disclose payments made to lobbyist Ronald Book in 1993 and 1994, after first falsely warranting to Broward County that they had not retained or agreed to pay anyone for soliciting an agreement to act as the County's financial advisor on certain bond refunding transactions.

As sanctions, Judge Grossman ordered that the First Union affiliate and Ms. Cawley cease and desist from further violations of Section 15B and Rule G-17 for a period of three years from the date of entry of the Commission's final order in the proceeding. In addition, Ms. Cawley is suspended from association with any broker, dealer, or municipal securities dealer for a period of three months from the date of the final decision. Judge Grossman also ordered First Union to pay disgorgement in the amount of \$114,493.31, plus prejudgment

interest, as well as \$20,000 in civil money penalties. Ms. Cawley was ordered to pay a civil penalty of \$15,000. (Initial Decision No. 155; File No. 3-9688 and 3-9794)

PENNY STOCK BAR ISSUED AGAINST ROBERT STRAUSS

The Commission announced that on December 17 it instituted and settled an administrative proceeding against Robert J. Strauss (Strauss) of Rome, Ga. based upon the entry of a permanent injunction enjoining him from further violations of the antifraud provisions and his conviction for fraud and conspiracy to commit fraud. As a result, Strauss based on his consent, was barred from participation in an offering of penny stock. The underlying conduct involved the fraudulent transfer of over of \$16 million belonging to his employer to purchase securities for the benefit of himself and his co-schemers and Strauss's accepting kickbacks from his co-schemers. He concealed these unauthorized transactions by falsifying entries on his employer's corporate books, falsifying reports to the State of Georgia regulatory authorities and making false representations to his employer's internal auditors. For more information, see LR-16378. (Rel. 34-42245; File No. 3-10120)

COMMISSION UPHOLDS NASD DISCIPLINE OF HARRY GLIKSMAN AND WILLIAMS GALLAGHER

The Commission sustained the NASD's disciplinary action against Harry Glikzman and Williams J. Gallagher. The NASD found that Glikzman recommended unsuitably frequent and short-term transactions to an unsophisticated customer in violation of Conduct Rule 2110 and 2310. The NASD censure Glikzman, suspended him for six months, and required him to requalify as a registered representative. The NASD further found that Gallagher failed to supervise Glikzman, and censure Gallagher, fined him \$5,000, required him to requalify as a general securities principal and to develop and implement adequate procedures for his firm, William J. Gallagher & Co., Inc.

The Commission found that Glikzman controlled trading in the customer's account. Glikzman engaged in 106 transactions over a 14-month period in the customer's account, turning the account over 14 times. He benefitted at the customer's expense from a share of the gross commission, markups, and markdowns equal to 21% of the account's initial principal.

The Commission rejected Gallagher's argument that he had delegated supervision over Glikzman to another person in Glikzman's branch office. The Commission found that person was not qualified as a general securities principal and thus could not supervise Glikzman. Gallagher limited his supervision of Glikzman's activities to review of the daily trading blotters and a twice yearly visit to Glikzman's branch office. The Commission found that Gallagher failed to implement procedures to detect excessive trading and failed to obtain copies of critical account documents. (Rels. 34-42255; File No. 3-9891)

INVESTMENT COMPANY ACT RELEASES

AETNA LIFE INSURANCE AND ANNUITY COMPANY, ET AL.

A notice has been issued giving interested persons until January 10, 2000, to request a hearing on an application filed by Aetna Life Insurance and Annuity Company (ALIAC) and its Variable Annuity Account B, Aetna Insurance Company of America (AICA), and any other separate accounts of ALIAC or AICA that support in the future deferred variable annuity contracts and certificates that are substantially similar in all material respects to the contracts described in the application (Applicants). Applicants seek an order under Section 6(c) of the Investment Company Act granting exemptions from the provisions of Sections 2(a)(32), 22(c) and 27(i)(2)(A) of the Act and Rule 22c-1 thereunder to permit the recapture of bonuses applied to purchase payments made under certain deferred variable annuity contracts. In addition, Applicants request that the order extend to any other National Association of Securities Dealers, Inc. member broker-dealer controlling or controlled by, or under common control with, ALIAC or AICA that serves as a distributor or principal underwriter of such contracts. (Rel. IC-24204 - December 16)

HARTFORD LIFE AND ANNUITY INSURANCE COMPANY, ET AL.

A notice has been issued giving interested persons until January 11, 2000, to request a hearing on an application filed by Hartford Life and Annuity Insurance Company, Hartford Life and Annuity Insurance Company Separate Account One (Hartford Life and Annuity Account), Hartford Life Insurance Company, Hartford Life Insurance Company Separate Account Two (Hartford Life Account), PFL Life Insurance Company and PFL Retirement Builder Variable Annuity Account (PFL Account, and together with Hartford Life and Annuity Account and Hartford Life Account, the Accounts), Mentor Variable Investment Portfolios (Mentor Trust) and Evergreen Variable Annuity Trust (Evergreen Trust). Applicants seek an order under Section 26(b) of the Investment Company Act approving the proposed substitution of shares of the Evergreen Trust's Evergreen VA Capital Growth Fund for shares of Mentor Trust's Mentor VIP Capital Growth Portfolio, shares of Evergreen Trust's Evergreen VA Growth Fund for shares of Mentor Trust's Mentor VIP Growth Portfolio, shares of Evergreen Trust's Evergreen VA High Income Fund for shares of Mentor Trust's Mentor VIP High Income Portfolio and shares of Evergreen Trust's Evergreen VA Perpetual International Fund for shares of Mentor Trust's Mentor VIP Perpetual International Portfolio currently held by the Accounts to support certain deferred premium variable annuity contracts. Applicants also seek an order under Section 17(b) of the Act granting exemptions from Section 17(a) to permit certain in-kind redemption and purchase transactions in connection with the substitutions. (Rel. IC-24205 - December 17)

HOLDING COMPANY ACT RELEASES

ENTERGY CORPORATION

A notice has been issued giving interested persons until January 10, 2000, to request a hearing on a proposal by Entergy Corporation (Entergy), a registered holding company, its generating subsidiary company, System Energy Resources, Inc. (SERI), and Entergy's other operating companies. SERI proposes to pay increased fees in connection with obtaining letters of credit. (Rel. 35-27115)

WISCONSIN ENERGY CORPORATION

A notice has been issued giving interested persons until January 10, 2000, to request a hearing on a proposal by Wisconsin Energy Corporation (WEC), a public-utility holding company exempt from registration under Section 3(a)(1) of the Act, to acquire, by means of a merger, all of the issued and outstanding common stock of WICOR, Inc., an exempt holding company. WEC also proposes that following the acquisition, WEC and each of its subsidiary companies will be exempt from all provisions of the Act, other than Section 9(a)(2), under Section 3(a)(1). (Rel. 35-27115)

CONECTIV, ET AL.

A notice has been issued giving interested persons until January 10, 2000, to request a hearing on a proposal by Conectiv, a registered holding company, and three of its nonutility subsidiary companies, Conectiv Solutions LLC, ATE Investment, Inc. and King Street Assurance Ltd. (KSA). KSA proposes to reinsure various business risks undertaken by associate companies. (Rel. 35-27115)

GPU, INC.

A notice has been issued giving interested persons until January 10, 2000, to request a hearing on a proposal by GPU, Inc., a registered holding company, to organize a new, wholly-owned subsidiary company to acquire limited partner interests in EnerTech Capital Partners II, L.P., a Delaware limited partnership formed to invest in companies engaged in activities primarily related to the electric and natural gas utilities and their convergence into the broader energy, communications and other utility-like service industries. (Rel. 35-27115)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGE

The National Association of Securities Dealers filed a proposed rule change (SR-NASD-99-45) relating to amendments to the Public

Disclosure Program. Publication of the proposal is expected in the Federal Register during the week of December 20. (Rel. 34-42240)

WITHDRAWALS GRANTED

An order has been issued approving the application of Pacific Bell to withdraw its Ten Year 7-1/4% Notes, due July 1, 2002; Twelve Year 6-1/4% Notes, due March 1, 2005; Thirty-Three Year 7-1/8% Debentures, due March 15, 2026; Forty Year 7-1/2% Debentures, due February 1, 2033; Thirty Year 6-7/8% Debentures, due August 15, 2023; and Forty-One Year 6-5/8% Debentures, due October 15, 2034, from listing and registration on the New York Stock Exchange. (Rel. 34-42246)

An order has been issued approving the application of Southwestern Bell Telephone Company to withdraw its Seven Year 6-1/8% Notes, due March 1, 2000; Eight Year 6-3/8% Notes, due April 1, 2001; Twelve Year 6-5/8% Notes, due April 1, 2005; Twenty-Two Year 7% Debentures, due July 1, 2015; Thirty Year 7-5/8% Debentures, due March 1, 2023; and Thirty-Two Year 7-1/4% Debentures, due July 15, 2025, from listing and registration on the New York Stock Exchange. (Rel. 34-42247)

DELISTINGS GRANTED

An order has been issued granting the application of the Philadelphia Stock Exchange to strike from listing and registration The Options Clearing Corporation, call and put option contracts relating to certain underlying securities. (Rel. 34-42250)

An order has been issued granting the application of the Boston Stock Exchange to strike from listing and registration Ionic Fuel Technology, Inc., Common Stock, par value \$.01, and Series B Redeemable Common Stock Purchase Warrants. (Rel. 34-42251)

An order has been issued granting the application of the Boston Stock Exchange to strike from listing and registration GulfWest Oil Company, Class A Common Stock, \$.001 par value. (Rel. 34-42252)

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration Philip Services Corp., Common Shares, no par value; and Allwaste, Inc. (subsidiary of Philip Services Corp.), 7-1/4% Convertible Subordinated Debentures, due June 1, 2014. (Rel. 34-42253)

An order has been issued granting the application of the New York Stock Exchange to strike from listing and registration Data-Design Laboratories, Inc. (presently known as SMTEK International, Inc.), 7% Convertible Subordinated Debentures, due May 15, 2001, and 8-1/2% Convertible Subordinated Debentures, due August 1, 2008. (Rel. 34-42254)

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-4 BLOCKBUSTER INC, 1201 ELM STREET, DALLAS, TX 75270 (214) 854-3000 - 144,000,000 (\$2,092,500,038) COMMON STOCK (FILE 333-92681 - DEC. 14) (BR 5)
- S-4 PEGASUS SYSTEMS INC, 3811 TURTLE CREEK BLVD, STE 1100, DALLAS, TX 75219 (214) 528-5656 - 3,990,000 (\$46,010) COMMON STOCK (FILE 333-92683 - DEC. 14) (BR 3)
- S-3 OBJECTSOFT CORP, CONTINENTAL PLAZA III, 433 HACKENSACK, HACKENSACK, NJ 07601 (201) 343-9100 - 1,300,000 (\$1,645,312 50) COMMON STOCK (FILE 333-92685 - DEC 14) (BR. 3)
- S-8 IRT INDUSTRIES INC, 6230 FARIVIEW ROAD, SUITE 102, CHARLOTTE, NC 28210 (704) 364-2066 - 1,110,000 (\$35,100) COMMON STOCK. (FILE 333-92689 - DEC. 14) (BR. 5)
- S-8 FACTUAL DATA CORP, 5200 HAHNS PEAK DRIVE, SUITE 200, FORT COLLINS, CO 80538 (970) 663-9700 - 175,000 (\$1,247,750) COMMON STOCK (FILE 333-92693 - DEC. 14) (BR. 9)
- S-8 POLYMEDICA CORP, 11 STATE ST, WOBURN, MA 01801 (617) 933-2020 - 200,000 (\$3,194,000) COMMON STOCK. (FILE 333-92695 - DEC. 14) (BR 1)
- S-8 LEARN2 COM INC, 925 WESTCHESTER AVENUE, WHITE PLAINS, NY 10604 (914) 682-4300 - 6,264,038 (\$19,105,315 90) COMMON STOCK. (FILE 333-92697 - DEC. 14) (BR 3)
- S-8 HEARTPORT INC, 200 CHESAPEAKE DR, REDWOOD CITY, CA 94063 (415) 306-7900 - 1,626,153 (\$7,984,411.23) COMMON STOCK. (FILE 333-92699 - DEC. 14) (BR. 5)
- S-8 MW MEDICAL INC, 7373 NORTH SCOTTSDALE ROAD, SUITE B-169, SCOTTSDALE, AZ 85253 (602) 483-8700 - 2,500,000 (\$5,175,000) COMMON STOCK (FILE 333-92701 - DEC. 14) (BR. 9)
- S-3 HOST AMERICA CORP, 2 BROADWAY, HAMDEN, CT 06518 (203) 248-4100 - 302,000 (\$1,195,920) COMMON STOCK. (FILE 333-92703 - DEC 14) (BR 2)
- S-8 AMDOCS LTD, C/O TOWER HILL HOUSE, LE BORDAGE GYL 3QT, ST PETER PORT, E7 00000 (314) 821-3242 - 6,600,000 (\$85,800,000) FOREIGN COMMON STOCK. (FILE 333-92705 - DEC. 14) (BR. 3)
- S-8 PERVASIVE SOFTWARE INC, 12365 RIATA TRACE PARKWAY, AUSTIN, TX 78727 (512) 231-6000 - 1,104,021 (\$14,989,217.24) COMMON STOCK. (FILE 333-92707 - DEC. 14) (BR. 3)

S-8 AZURIX CORP, 333 CLAY STREET SUITE 1000, HOUSTON, TX 77002
(713) 646-6001 - 17,500,000 (\$124,687,500) COMMON STOCK (FILE 333-92709 -
DEC. 14) (BR. 2)

S-8 LASERSCOPE, 3052 ORCHARD DR, SAN JOSE, CA 95134 (408) 943-0636 -
1,300,000 (\$1,300,000) COMMON STOCK. (FILE 333-92713 - DEC. 14) (BR. 5)

S-8 DQE INC, CHERRINGTON CORPORATE CENTER SUITE 100,
500 CHERRINGTON PARKWAY, CORAOPOLIS, PA 15108 (412) 262-4700 - 3,000,000
(\$106,050,000) COMMON STOCK. (FILE 333-92715 - DEC. 14) (BR. 2)

S-8 PROFESSIONAL WRESTLING ALLIANCE CORP, 5353 NOBLE AVENUE, NONE, VAN NUYS,
CA 91411 (302) -65-8-75 - 10,000,000 (\$11,870,000) COMMON STOCK. (FILE
333-92717 - DEC. 14) (BR. 4)

S-3 MATRITECH INC/DE/, 330 NEVADA ST, NEWTON, MA 02160 (617) 661-6660 -
3,092,241 (\$12,368,964) COMMON STOCK (FILE 333-92719 - DEC. 14) (BR. 1)

S-8 FRANKLIN ELECTRONIC PUBLISHERS INC, ONE FRANKLIN PLAZA, BURLINGTON, NJ
08016 (609) 386-2500 - 378,750 (\$1,905,586) COMMON STOCK. (FILE 333-92721
- DEC. 14) (BR. 3)

S-3 STM WIRELESS INC, ONE MAUCHLY, IRVINE, CA 92718 (714) 753-7864 -
571,429 (\$2,732,145) COMMON STOCK. (FILE 333-92723 - DEC 14) (BR. 7)

S-8 BOURBON BANCSHARES INC /KY/, 4TH & MAIN ST, P O BOX 157, PARIS, KY 40362
- 264,340 (\$4,962,459.20) COMMON STOCK. (FILE 333-92725 - DEC. 14)
(BR. 7)

S-8 TRITEL INC, 1080 RIVER OAKS DRIVE, SUITE B 100, JACKSON, MS 39208
(603) 929-2606 - 100,000 (\$1,800,000) COMMON STOCK. (FILE 333-92727 -
DEC. 14) (BR. 7)

S-8 TRIZETTO GROUP INC, 567 NICHOLAS DRIVE SUITE 360, NEWPORT BEACH, CA
92660 (949) 719-2200 - 4,000,000 (\$26,706,755) COMMON STOCK. (FILE
333-92729 - DEC. 14) (BR. 3)

S-1 MARIKONE INC, TWO EXECUTIVE DR, CHEMSFORD, MA 01824 - \$75,000,000
COMMON STOCK. (FILE 333-92731 - DEC. 14) (BR. 3)

S-4 CENTURY SOUTH BANKS INC, 60 MAIN STREET WEST, DAHLONEGA, GA 30533
(770) 287-9092 - 1,844,139 (\$12,265,610) COMMON STOCK (FILE 333-92733 -
DEC. 14) (BR. 7)

S-8 CASELLA WASTE SYSTEMS INC, 25 GREENS HILL LANE P O BOX 866, RUTLAND, VT
05701 (802) 775-0325 - 3,669,515 (\$78,056,760) COMMON STOCK. (FILE
333-92735 - DEC. 14) (BR. 6)

S-8 CHASE MANHATTAN CORP /DE/, 270 PARK AVE, NEW YORK, NY 10017
(212) 270-6000 - 2,770,000 (\$217,445,000) COMMON STOCK (FILE 333-92737 -
DEC. 14) (BR. 7)

S-8 TRITEL INC, 1080 RIVER OAKS DRIVE, SUITE B 100, JACKSON, MS 39208
(603) 929-2606 - 10,462,400 (\$188,323,200) COMMON STOCK. (FILE 333-92739 -
DEC. 14) (BR. 7)

S-3 KEYSTONE PROPERTY TRUST, 200 FOUR FALLS CORPORATE CENTER, SUITE 208,
WEST CONSHOCKEN, PA 19428 (484) 530-1800 - 6,536,228 (\$100,919,360)
COMMON STOCK. (FILE 333-92741 - DEC. 14) (BR. 8)

S-3 APARTMENT INVESTMENT & MANAGEMENT CO, 1873 S BELLAIRE ST, SUITE 1700,
DENVER, CO 80222 (303) 757-8101 - 510,613 (\$18,795,664) COMMON STOCK.
(FILE 333-92743 - DEC. 14) (BR. 8)

S-8 EXODUS COMMUNICATIONS INC, 2831 MISSION COLLEGE BLVD, SANTA CLARA, CA
95054 (408) 346-2200 - 376,331 (\$4,664,983) COMMON STOCK (FILE 333-92745
- DEC. 14) (BR. 8)

S-8 OXIGENE INC, ONE COPLEY PLACE, SUITE 602, BOSTON, MA 02116
(212) 431-0001 - 1,260,419 (\$18,895,004) COMMON STOCK. (FILE 333-92747 -
DEC. 14) (BR. 1)

S-2 CAMBRIDGE HEART INC, ONE OAK PARK DR, BEDFORD, MA 01730 (781) 271-1200
- 2,455,609 (\$6,522,098) COMMON STOCK. (FILE 333-92751 - DEC 14) (BR. 5)

SB-2 APPALACHIAN BANCSHARES INC, 829 INDUSTRIAL BLVD, ELLIJAY, GA 30540
(706) 276-8000 - 11,500,000 (\$11,500,000) PREFERRED STOCK 11,500,000
STRAIGHT BONDS. (FILE 333-92753 - DEC. 14) (BR. 7)