

SEC NEWS DIGEST

Issue 2002-15

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COMMISSION ANNOUNCEMENTS

COMMISSION MEETINGS

CLOSED MEETING - TUESDAY, JANUARY 29, 2002 - 10:00 A.M.

The subject matter of the closed meeting scheduled for Tuesday, January 22, 2002, will be: Institution and settlement of injunctive actions; Institution and settlement of administrative proceedings of an enforcement nature; and Formal orders of investigation.

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

ORDER OF SUSPENSION OF TRADING ENTERED AGAINST TEL-ONE, INC.

The Commission announced the temporary suspension, pursuant to Section 12(k) of the Securities Exchange Act of 1934 (Exchange Act), of trading of the securities of Tel-One, Inc. (Tel-One) of Tampa, Florida, at 9:30 a.m. EST on January 23, 2002 and terminating at 11:59 p.m. EST on February 5, 2002.

The Commission temporarily suspended trading in the securities of Tel-One because of questions that have been raised about the accuracy and adequacy of publicly disseminated information concerning, among other things, (1) the company's claims about its prospects in the video teleconferencing industry; (2) the future price of Tel-One's stock; and (3) the involvement of persons in control of the operations and management of the company in efforts to tout, and inflate artificially the price of, Tel-One's stock. (Rel. 34-45323)

STATEMENT OF CHAIRMAN PITT ON NEW SEC COMMISSIONERS

Securities and Exchange Commission Chairman Harvey L. Pitt today issued the following statement regarding President Bush's appointment of two commissioners and the resignation of Commissioner Laura S. Unger:

"I am delighted by the reappointment of Commissioner Isaac C. Hunt to the Commission. Commissioner Hunt is an extraordinary public servant who, over the past five years, has helped the Commission achieve many remarkable milestones. That the Commission will continue to benefit from his remarkable insights and thoughtful judgment should be of enormous comfort to investors everywhere.

"I am also delighted to welcome Cynthia A. Glassman to the Commission at a time securities regulation is at a crossroads. I look forward to working with her and calling on her formidable

expertise as we embark on an incredible journey to modernize securities regulation for the benefit of investors worldwide.

"At the same time, I am saddened by the departure from the Commission of Commissioner Unger. During her more than four years of service, including six months as acting Chairman, Laura's judgment, intellect, dedication, and common sense benefited investors and our capital markets tremendously. Her work on winning pay parity for Commission employees and fee reductions for investors will benefit millions of Americans. I wish her every success in the future." (Press Rel. 2002-12)

LINDA CHATMAN THOMSEN NAMED DEPUTY DIRECTOR OF THE DIVISION OF ENFORCEMENT

The Commission today announced the appointment of Linda Chatman Thomsen as deputy director of the Division of Enforcement. Thomsen succeeds Stephen M. Cutler, who was appointed director of the division in October 2001 by SEC Chairman Harvey L. Pitt.

"I am pleased that Linda has agreed to take on this new role at the Commission," Pitt said. "She brings to the position a record of forceful and effective advocacy for the Commission and for the nation's investors. Steve Cutler and Linda Thomsen are exemplary leaders. With their creativity and toughness, they will move our enforcement efforts forward, enabling the Enforcement Division to build on its excellent track record."

As deputy director, Thomsen will assist the enforcement director in formulating policies and will play a key role in the management of the Division of Enforcement.

"With Linda as deputy, the Enforcement Division will have more opportunities to benefit from her knowledge of the securities laws and leadership skills," Cutler said. "She has demonstrated her ability to manage complex investigations and inspire her colleagues to work at the highest level. As the Division continues its fight against financial fraud and its work in other priority areas, Linda's keen analytic and strategic abilities, as well as her tough prosecutorial bent, will serve the investing public well."

Thomsen, 47, came to the Commission in 1995 as assistant chief litigation counsel. In 1997, Thomsen was named assistant director for the division of enforcement, and in 2000, she became associate director for the division.

During her tenure at the Commission, she has overseen the investigation and litigation of numerous cases. Among other things, she successfully investigated and settled actions charging MicroStrategy with financial reporting violations and its top officers with financial fraud; investigated and settled a case against a broker-dealer for having inadequate policies and procedures designed to prevent misuse of material nonpublic information; investigated and settled two cases charging major corporations with violations of the federal securities laws in connection with making illegal foreign payments; and tried and settled insider trading cases, including emergency cases involving foreign trading. She was a member of the team that obtained a \$47 million judgment against Michael Milken in the 1998 Commission case against Milken for violating the Commission's 1991 Order barring him from the securities industry.

Before coming to the Commission, Ms. Thomsen was an attorney at the law firm of Davis Polk & Wardwell in Washington, D.C., and New York, and also served as an Assistant U.S. Attorney in the District of Maryland. She received her A.B. from Smith College and her law

ENFORCEMENT PROCEEDINGS

FINAL JUDGMENT OF PERMANENT INJUNCTION ENTERED AGAINST WORLD HOMES, INC., MERLE FERGUSON AND SUSAN DONOHUE

On January 14, the Honorable Phillip M. Pro issued final judgments of permanent injunction against World Homes, Inc., currently known as Composite Industries of America, Inc., and Merle Ferguson, its President and Chief Executive Officer, enjoining them from future violations of the securities registration and antifraud provisions of the federal securities laws. In addition, Susan Donohue, the company's Secretary-Treasurer, was enjoined from future violations of the securities registration provisions. The defendants consented to the orders without admitting or denying the Commission's allegations. Ferguson was also ordered to pay a civil money penalty in the amount of \$120,000.

The complaint alleges that from approximately January 2000 through February 2001, World Homes, through Ferguson, distributed several false and misleading press releases misrepresenting, among other things, the following material facts: 1) that World Homes operated and maintained a production facility for its cement product; 2) that World Homes had obtained financing loans of fifteen million dollars; and 3) that World Homes had generated over \$480 million in contracted business. These false press releases resulted in an increase in the price of World Homes' common stock and an increase in the volume of shares traded on the OTC Bulletin Board. In doing so, the complaint alleges World Homes and Ferguson 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.

In addition, it is alleged that from on or about July 16, 1999, through on or about February 20, 2001, World Homes made nine filings with the Commission on Form S-8, registering 4,892,977 of its shares with a stated maximum value of \$3,777,313. It is further alleged that many of these shares were issued to Ferguson and Donahue, or entities controlled by them. Ferguson and Donahue sold these shares into the market and remitted most of the proceeds to World Homes, which used the funds to finance the issuer's operations. The complaint alleges this conduct by World Homes, Ferguson and Donahue violated Section 5 of the Securities Act. [SEC v. World Homes, Inc. et al., Civil Action No. CV-S-01-0658-PMP (LRL), USDC D.Nev.] (LR-17328)

CIVIL ACTION AGAINST KIRK KOSKELLA, O. JAY EEELEY AND ELTC LIMITED

The Commission today announced that the Honorable William J. Hibbler, United States District Court Judge for the Northern District of Illinois has entered Final Judgments of Permanent Injunctions against Kirk I. Koskella (Koskella) and O. Jay Neeley, both of Orem, Utah, and their company, ELTC Limited (ELTC) (collectively, Defendants) as the result of an action the Commission filed against the Defendants on August 14, 2001. The Commission's Complaint alleged that Koskella and Neeley, through ELTC, used fraudulent private placement memoranda to solicit offers from various institutional investors and lenders to purchase or to provide them with a margin loan or commercial loan for two phony industrial revenue bonds with face values of \$250,000,000 each. To induce institutional investors and lenders to allow them to do so, the Defendants misrepresented and omitted material facts concerning the

legitimacy of the bonds. Among other things, they misrepresented that the bonds were: (i) valid debt securities issued by JMC and Northstar in legitimate private placement offerings in exchange for consideration equal to the face value of the bonds; and (ii) rated by Moody's. They also omitted to state, among other things, that: (i) the bonds were worthless, (ii) neither JMC nor Northstar had ever paid interest on the bonds, and (iii) neither company had any assets, revenues or other financial resources to pay interest on the bonds in the future. The Defendants also sent institutional investors and lenders misleading documentation regarding the bonds, including information reflecting that the bonds were listed on the Reuters Screen. The Defendants knew, but failed to inform the institutional investors and lenders, that the Reuters Screen information was misleading because it created the false impression that the bonds were legitimate debt securities. The Complaint also alleged that, by these activities, Koskella, Neeley and ELTC violated Sections 17(a)(1) and 17(a)(3) of the Securities Act. In addition to ordering permanent injunctions, the final judgments entered against the Defendants provide for a subsequent hearing to set civil penalties against Koskella and Neeley. [SEC v. Kirk I. Koskella, O. Jay Neeley and ELTC Limited, Civil Action No. 01-C-6227 (N.D. Ill.) (WJH)] (LR-17329)

CIVIL AND CRIMINAL INSIDER TRADING CHARGES FILED IN CONNECTION WITH ACQUISITION OF TIMES MIRROR BY TRIBUNE COMPANY

On January 22, the Commission filed a complaint in federal court in Los Angeles, California alleging illegal insider trading by Daniel J. Wooten III, age 38, a resident of Torrance, California and former Controller for Rustic Canyon Group. The complaint alleges that Wooten obtained material nonpublic information during his employment for Rustic Canyon Group regarding the 2000 acquisition of Times Mirror Company by the Tribune Company, and that he used that information to trade in Times Mirror Company securities.

The Commission charged Wooten with insider trading in violation of the antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The complaint seeks an injunction against Wooten from future antifraud violations. Wooten consented to the entry of a permanent injunction barring him from committing further violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

The complaint does not seek disgorgement from Wooten of his insider trading profits because he agreed to pay restitution, in the amount of \$76,652, in a related criminal action. The complaint also does not seek civil penalties from Wooten. [SEC v. Daniel J. Wooten III, Civil Action No. CV 02-00581 TJH (FMOx) (C.D. Cal.) (LR-17330)]

BRITISH SUBJECT ORDERED TO PAY \$265,644 IN INSIDER TRADING CASE

The Commission today announced that on January 16 the Honorable John G. Koeltl, United States District Judge for the Southern District of New York, entered a final judgment of permanent injunction and other relief against defendant Stephen J. Cowley, a British subject and resident. The judgment settles the Commission's claims against Cowley in a civil action filed by the Commission on November 28, 2001, which alleged that Cowley violated the antifraud provisions of the federal securities laws when he engaged in insider trading in the securities of 4Front Technologies, Inc. in advance of the August 3, 2000 public announcement that NCR, Inc. would acquire 4Front. At the time the Complaint was filed, the Commission also sought and obtained a freeze of Cowley's assets located in the U.S. The final judgment permanently enjoins Cowley from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and orders Cowley to pay disgorgement in the amount of \$127,288, pre-judgment interest in the amount of \$11,068, and a civil penalty of

\$127,288, for a total payment of \$265,644. Cowley consented to entry of the final judgment without admitting or denying the allegations in the complaint.

As alleged in the complaint, in the three weeks immediately preceding the 4Front/NCR merger announcement, Cowley purchased 8,000 shares of 4Front common stock and 460 4Front call options at a total cost of over \$250,000, through a U.S. brokerage account he maintained at Salomon Smith Barney. His purchases began shortly after 4Front and NCR began merger negotiations. According to the complaint, taped recordings of conversations between Cowley and his broker reveal Cowley's knowledge of very specific details concerning the ultimately-announced merger, including the price of the proposed transaction and the timing of the contemplated agreement and announcement. On August 3, 2000, 4Front and NCR jointly announced their agreement to merge. Cowley immediately sold all his 4Front stock and call options, realizing illicit trading profits of \$127,288. [SEC v. Stephen J. Cowley, 00 Civ. 9045 (JGK) (SDNY)] (LR- 17331)

COMMISSION OBTAINS PRELIMINARY INJUNCTION AND OTHER RELIEF AGAINST EIGHT FLORIDA CORPORATIONS AND THREE INDIVIDUALS IN MINI-TENDER OFFER FRAUD

On January 5, the Honorable Daniel P. Hurley, United States District Judge for the Southern District of Florida, entered an order of preliminary injunction order granting a temporary restraining order and other relief against Genesis Leasing IX, Inc.; Kadie Corp.; George Robert Hoffman; Lisa Klinger Paonessa (Klinger); Brian Dominick Paonessa; Rainwater Investment Group Holdings XI LLC; Excalibur investment Group PAIF II, Inc.; Excalibur Investment Group Holdings, Inc.; Excalibur Investment Group, Inc.; Trident/KD Investment Group, Inc.; and Endeavor Investment Group, Inc. The Court's order enjoins defendants from violating Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, freezes the assets of the defendants, and grants other expedited relief.

The Commission's complaint alleges that individual defendants Hoffman, Klinger, and Paonessa controlled and caused the corporate defendants to make at least 21 fraudulent mini-tender offers for the securities of five publicly traded limited partnerships since 1997. The complaint alleges that defendants made the mini-tender offers by means of separate, but substantially similar three-page offering circulars. The complaint further alleges that the defendants deliberately designed the circulars to conceal from investors the true offering price by stating a certain offering price in large, bold print on the first page and burying deductions in very small, closely spaced print on the second page. According to the complaint, the defendants paid investors who tendered their limited partnership units pursuant to such mini-tender offers only a small fraction of the offering price stated on the first page of the circular because of deductions buried on the second page of the circular. As a result of the fraudulent mini-tender offers, the defendants obtained more than 80,000 units of five limited partnerships from more than 4,000 investors. Based on the prices the defendants actually paid for the units and the market prices of the units, the defendants appear to have profited by more than \$2 million. [SEC v. Genesis Leasing IX, Inc., Kadie Corp., George Robert Hoffman, Lisa Klinger Paonessa, Brian Dominick Paonessa, Rainwater Investment Group Holdings XI LLC, Excalibur Investment Group Holdings PAIF II, Inc., Excalibur Investment Group Holdings, Inc., Excalibur Investment Group, Inc., Trident/KD Investment Group, Inc., and Endeavor Investment Group, Inc., United States District Court for the Southern District of Florida, Civil Action File No. 01-9111-CIV-Hurley (S.D. Fl.)] (LR-17332)

INVESTMENT COMPANY ACT RELEASES

WELLS FARGO FUNDS MANAGEMENT LLC AND WELLS FARGO FUNDS TRUST

A notice has been issued giving interested persons until February 11, 2002, to request a hearing on an application filed by Wells Fargo Funds Management LLC and Wells Fargo Funds Trust for an order under Section 6(c) of the Investment Company Act requesting an exemption from Section 12(d)(3) of the Act. The order would permit a registered open-end management investment company to: (a) acquire securities of an entity involved in securities-related activities in connection with a merger with another non-affiliated registered open-end management investment company and; (b) continue to hold the securities for up to two years to effect their orderly liquidation following the merger. (Rel. IC-25371 - January 18)

THE HARTFORD MUTUAL FUNDS, INC., ET AL.

A notice has been issued giving interested persons until February 12, 2002, to request a hearing on an application filed by The Hartford Mutual Funds, Inc., Hartford Series Fund, Inc., Hartford Advisers HLS Fund, Inc., Hartford Money Market HLS Fund, Inc., Hartford Bond HLS Fund, Inc., Hartford Index HLS Fund, Inc., HL Investment Advisors, LLC and Hartford Investment Financial Services, LLC for an order under Section 6(c) of the Investment Company Act for an exemption from Section 15(f)(1)(A) of the Act. The order would permit certain registered open-end investment companies not to reconstitute their boards of trustees to meet the 75 percent non-interested director requirement of Section 15(F)(1)(A) of the Act, following the acquisition of the assets of certain other registered open-end investment companies. (Rel. IC-25372 - January 18)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGES

MBS Clearing Corporation filed a proposed rule change (SR-MBSCC-2001-02) under Section 19(b) of the Securities Exchange Act. The proposed rule change will implement a real-time trade matching service. Publication of the proposal is expected in the Federal Register during the week of January 21. (Rel. 34-45299)

A proposed rule change has been filed by the National Association of Securities Dealers, through its subsidiary, The Nasdaq Stock Market, Inc. (SR-NASD-2001-69) under Section 19(b)(1) of the Securities Exchange Act of 1934 amending NASD Rule 4720 to delineate the use of SelectNet by UTP Exchanges. Publication of the proposal is expected in the Federal Register during the week of January 21. (Rel. 34-45319)

The Philadelphia Stock Exchange filed a proposed rule change (SR-Phlx-2001-115) and Amendment No. 1 thereto under Section 19(b)(1) of the Securities Exchange Act of 1934 relating to the volume thresholds for the options specialist shortfall fee and corresponding shortfall credit. Publication of the proposal is expected in the Federal Register during the week of January 28. (Rel. 34-45322)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

The Depository Trust Company filed a proposed rule change (SR-DTC-2001-15) under Section 19(b) of the Securities Exchange Act. The proposed rule change revises DTC's fee schedule to impose fees for images of deposited securities. Publication of the proposal is expected in the Federal Register during the week of January 21. (Rel. 34-45317)

The Depository Trust Company filed a proposed rule change (SR-DTC-2001-20) under Section 19(b) of the Securities Exchange Act. The proposed rule change revises DTC's fee schedule. Publication of the proposal is expected in the Federal Register during the week of January 21. (Rel. 34-45318)

A proposed rule change filed by the American Stock Exchange (SR-Amex-2001-79) under Section 19(b)(1) of the Securities Exchange Act of 1934 relating to a number of technical changes to various Amex rules has become effective under Section 19(b)(3)(A) of the Act. Publication of the proposal is expected in the Federal Register during the week of January 21. (Rel. 34-45320)

SECURITIES ACT REGISTRATIONS

The following registration statements have been filed with the SEC under the Securities Act of 1933. The reported information appears as follows: Form, Name, Address and Phone Number (if available) of the issuer of the security; Title and the number and/or face amount of the securities being offered; Name of the managing underwriter or depositor (if applicable); File number and date filed; Assigned Branch; and a designation if the statement is a New Issue.

Registration statements may be obtained in person or by writing to the Commission's Public Reference Branch at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the following e-mail box address: <publicinfo@sec.gov>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

S-8 TTI HOLDINGS OF AMERICA CORP, 76 N. BROADWAY, C, HIKSVILLE, NY
11801 (516) 931-5700 - 55,500 (\$9,900) COMMON STOCK. (FILE 333-
76790 - JAN. 16) (BR. 9)

S-8 EXTREME NETWORKS INC, 3585 MONROE STREET, SANTA CLARA, CA
95051 (408) 579-2800 - 5,601,777 (\$90,412,680.78) COMMON STOCK.
(FILE 333-76798 - JAN. 16) (BR. 3)

S-8 TUTOGEN MEDICAL INC, 1719 ROUTE 10 STE 314, STE 130, PARSIPPANY,
NJ 07054 (973) -35-9-84 - 1,000,000 (\$3,050,000) COMMON STOCK.
(FILE 333-76800 - JAN. 16) (BR. 5)

S-8 DIVERSIFIED SECURITY SOLUTIONS INC, 280 MIDLAND AVE, SADDLE
BROOK, NJ 07662 (201) 794-6500 - 500,000 (\$3,800,000) COMMON STOCK.
(FILE 333-76802 - JAN. 16) (BR. 9)

S-8 ALLOS THERAPEUTICS, 7000 NORTH BROADWAY, SUITE 400, DENVER, CO
80221 (303) 426-6262 - 1,000,000 (\$6,370,000) COMMON STOCK.
(FILE 333-76804 - JAN. 16) (BR. 1)

S-8 INTERNET PICTURES CORP, 1009 COMMERCE PARK DR, OAK RIDGE, TN
37830 (865) 482-3000 - 6,000,000 (\$19,500,000) COMMON STOCK.
(FILE 333-76808 - JAN. 16) (BR. 8)

S-8 AMTECH SYSTEMS INC, 131 S CLARK DR, TEMPE, AZ 85281
(602) 967-5146 - 250,000 (\$1,672,500) COMMON STOCK.
(FILE 333-76812 - JAN. 15) (BR. 5)

S-3 PEOPLEPC INC, 100 PINE STREET, SUITE 1100, SAN FRANCISCO, CA
94111 (415) 732-4400 - 509,381,788 (\$81,501,086.08) COMMON STOCK.
(FILE 333-76818 - JAN. 16) (BR. 8)

S-3 ALTAIR INTERNATIONAL INC, 1725 SHERIDAN AVE, SUITE 140, CODY, WY
82414 (307) 587-8245 - 6,855,836 (\$9,049,704) COMMON STOCK.
(FILE 333-76820 - JAN. 16) (BR. 4)

S-8 VERITAS SOFTWARE CORP /DE/, 1600 PLYMOUTH STREET, MOUNTAIN VIEW,
CA 94043 (650) 335-8000 - 28,177 (\$368,555.15) COMMON STOCK.
(FILE 333-76822 - JAN. 16) (BR. 3)

S-3 ENTREMED INC, 9640 MEDICAL CNTR DR, STE 200, ROCKVILLE, MD 20850
(301) 217-9858 - 3,652,040 (\$26,258,168) COMMON STOCK.
(FILE 333-76824 - JAN. 16) (BR. 1)

S-8 RURAL METRO CORP /DE/, 8401 EAST INDIAN SCHOOL RD, SCOTTSDALE,
AZ 85251 (480) 994-3886 - 1,000,000 (\$400,000) COMMON STOCK.
(FILE 333-76826 - JAN. 16) (BR. 5)

S-3 ARRAY BIOPHARMA INC, 1885 33RD ST, BOULDER, CO 80301
(303) 381-6600 - 4,830,000 (\$70,518,000) COMMON STOCK.
(FILE 333-76828 - JAN. 16) (BR. 1)

S-1 WORLD WIRELESS COMMUNICATIONS INC, 5670 GREENWOOD PLAZA BLVD,
SUITE 340, ENGLEWOOD, CO 80111 (801) 575-6600 - 19,857,773
(\$14,496,174) COMMON STOCK. (FILE 333-76832 - JAN. 16) (BR. 7)

S-8 NUCLEAR SOLUTIONS INC, 1530 EAST COMMERCIAL ST., SUITE 109,
MERIDIAN, ID 83642 (208) 846-7868 - 100,000 (\$182,000) COMMON
STOCK. (FILE 333-76836 - JAN. 16) (BR. 9)

S-8 SENIOR OPTICIAN SERVICE INC, 15945 QUALITY TRAIL NORTH, SCANDIA,
MN 55073 (651) 433-3522 - 300,000 (\$30,000) COMMON STOCK.
(FILE 333-76838 - JAN. 16) (BR. 2)

S-3 ACTIVISION INC /NY, 3100 OCEAN PARK BLVD, STE 1000, SANTA
MONICA, CA 90405 (310) 255-2000 - 133,690 (\$3,143,052) COMMON
STOCK. (FILE 333-76840 - JAN. 16) (BR. 3)

S-1 MEDSOURCE TECHNOLOGIES INC, 110 CHESHIRE LANE, MINNEAPOLIS, MN
55305 - \$138,000,000 COMMON STOCK. (FILE 333-76842 - JAN. 16)

S-3 MEDIMMUNE INC /DE, 35 W WATKINS MILL RD, GAITHERSBURG, MD 20878
(301) 417-0770 - 3,859,250 (\$203,900,000) COMMON STOCK.
(FILE 333-76844 - JAN. 16) (BR. 1)